

**EXPLANATORY DOCUMENT FOR THE**

**CARICOM/DOMINICAN REPUBLIC**

***FREE TRADE AGREEMENT***

## Preface

## Table of Content

## Table of Content

## Dominican Republic – Country Facts

Official Name	Dominican Republic
Capital	Santo Domingo
Area	48,380 sq km
Population Size	8,833,634 (July 2004 est.)
Population Growth	1.33% (2004 est.)
Demographics	<i>0-14 years:</i> 33.3% (male 1,502,062; female 1,435,135) <i>15-64 years:</i> 61.4% (male 2,767,880; female 2,658,861) <i>65 years and over:</i> 5.3% (male 219,230; female 250,466) (2004 est.)
Location	Caribbean, eastern two-thirds of the island of Hispaniola, between the Caribbean Sea and the North Atlantic Ocean, east of Haiti. 19 00 N, 70 40 W
Official Language	Spanish
Currency	Dominican peso (DOP)
Territorial Organisation	31 provinces (provincias, singular - provincia) and 1 district
Government System	Representative Democracy
President	Leonel Fernández Reyna
Exchange Rate	US\$1=34.75DOP
Official Time	GMT -5 hours
Telephone Area Code	809
Main Airports	Santo Domingo (Las Américas and Herrera), Puerto Plata (La Romana, Punta Cana), Barahona (Maria Montez). Samana has two airports (Portillo and Arroyo Barril) that offer domestic service and can be habilitated for international flights of small airplanes.
Main Ports	Barahona, La Romana, Puerto Plata, San Pedro de Macoris, Santo Domingo

# Economic Indicators

## Key Economic Indicators 1998 - September 2004

In US\$ Millions	Jan-Sep						
	1998	1999	2000	2001	2002	2003	2004*
<b>DOMESTIC ECONOMY</b>							
Real GDP Growth	7.3%	8.0%	7.8%	4.0%	4.3%	-0.4%	1.40%
Inflation Rate	7.8%	5.1%	9.02%	4.38%	10.51%	42.66%	31.11%
Unemployment Rate	14.4%	13.8%	13.9%	15.6%	16.1%	17.0%	...
<b>EXTERNAL ECONOMY</b>							
Trade Balance	-2,616.8	-2,904.4	-3,741.8	-3,451.3	-3,672.7	-2,444.0	-1,385.5
<i>Change</i>	31.2%	11.0%	28.8%	-7.8%	6.4%	-33.5%	-18.8%
<i>As Percent of GDP</i>	-16.5%	-16.7%	-19.0%	-15.9%	-16.9%	-14.5%	... c
Exports	4,981.0	5,136.7	5,736.7	5,332.9	5,165.0	5,439.4	4,291.4
<i>Growth</i>	8.0%	3.1%	11.7%	-7.0%	-2.8%	5.3%	3.9%
Imports	7,597.0	8,041.0	9,478.0	8,784.2	8,837.0	7,883.4	5,676.9
<i>Growth</i>	14.9%	5.8%	17.9%	-7.3%	1.1%	-10.8%	-2.8%
Service Balance	1,182.0	1,602.2	1,854.3	1,703.8	1,757.3	2,219.2	1,840.8
Tourism Receipts	2,153.0	2,483.3	2,860.2	2,689.8	2,730.4	3,110.4	2,471.4
<i>Growth</i>	2.6%	15.3%	15.2%	-6.0%	1.5%	13.9%	0.7%
Income Balance	(890.0)	(974.8)	(1,041.3)	(1,118.9)	(1,151.8)	(1,243.6)	(971.5)
Net Current Transfers	1,987.0	1,847.8	1,902.3	2,027.5	2,269.3	2,335.5	1,779.4
Family Remittances	1,326.0	1,518.7	1,689.0	1,807.9	1,959.6	2,060.5	1,588.5
<i>Growth</i>	21.8%	14.5%	11.2%	7.0%	8.4%	5.1%	6.5%
Current Account Balance	-338.0	-429.2	-1,026.5	-838.9	-797.9	867.1	1,263.2
<i>As a Percent of GDP</i>	-2.1%	-2.5%	-5.2%	-3.9%	-3.7%	5.1%	...
Capital and Financial Account Balance	690.7	1,072.7	1,596.6	1,722.9	1,289.2	-853.4	-789.52
Direct Investment	700.0	1,337.8	952.9	1,198.4	961.1	309.9	463.2
Gross International Reserves	658.9	881.3	818.2	1,340.8	828.9	489	800.8
<i>Import Months</i>	1.0	0.8	1.0	1.8	1.1	...	...
Net International Reserves	354.0	547.0	441.9	962.3	376.0	123.6	372.9
Exchange Rate [RD\$=1US\$]	15.27	16.03	16.42	16.82	20.75	34.95	30.6 a
<i>Change in Nominal Rate</i>	7.0%	5.0%	2.4%	3.3%	23.4%	68.4%	-12.4% a
<i>Change in Real Effective Rate</i>	-0.9%	-1.8%	3.4%	0.2%	17.5%	...	...
<b>EXTERNAL DEBT</b>							
Total Foreign Public Debt	3,537.0	3,656.0	3,684.7	4,137.3	4,459.0	5,694.1	6,297.6
<i>As a percent of GDP</i>	22.3%	21.0%	18.53%	19.10%	20.99%	33.80%	...
<b>FINANCIAL INDICATORS</b>							
Fiscal Balance Central Government (IMF methodology)	70.7	(104.9)	181.8	59.0	(14.4)	112.7	...
<i>As a Percent of Current GDP</i>	0.4%	-0.6%	1.1%	0.39%	-0.1%	0.7%	...
Change in Money Supply [M1]	4.9%	21.4%	-10.1%	24.7%	5.6%	77.42%	43.20%
Change in Broad Money [M2]	15.9%	24.0%	13.6%	29.7%	11.6%	64.75%	23.00%
Lending Rate [weighted average on loans]	25.6%	25.05%	26.8%	23.6%	26.1%	31.4%	31.69% a
Savings Rate [weighted average on CDs]	17.7%	16.07%	17.7%	15.4%	16.8%	20.5%	21.0% a
<b>MEMORANDUM</b>							
Current GDP	15,877.8	17,392.6	19,745.4	21,678.6	21,685.0	16,846.5	...
GDP Per Capita	1,991.4	2,142.8	2,389.7	2,577.3	2,532.5	1,932.7	...

\*Figures for the January-September 2004 period, unless otherwise indicated.

\*Percentages are comparing the January-June 2004 period with the same period of 2003.

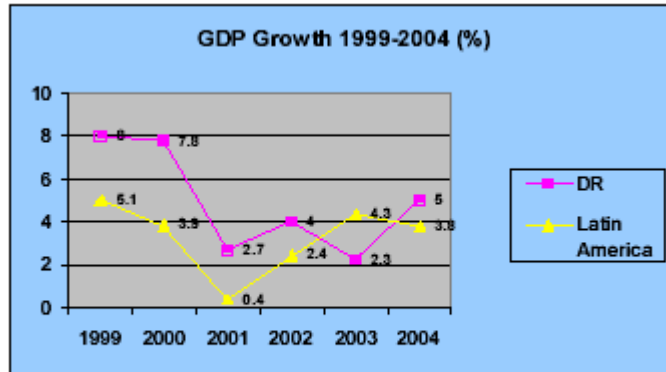
SOURCE: Central Bank of the Dominican Republic, unless otherwise indicated.

a=updated as of January 2005.

c=Economic Research Center for the Antilles [associated with the Wharton Econometric Forecasting Associates].

The indicator data sheet updated as of September, 2004.

... = not available or applicable; and p = projected.



Sources: Central Bank / Forecasts of The Economist

## Workforce and Infrastructure

The country has a diverse workforce ranging from university graduates at manager level to technicians and workers with basic skills. The economically active population is estimated to be around 2.3 million, of which 49% are dedicated to agriculture, 33% to services and 18% to the industry.

Apart from electricity, infrastructure is highly developed, and transport facilities, both at a local and international level, are very good. The domestic road network is one of the best in the region, and the maritime and air services include the main cargo lines and airlines worldwide. The three main airports receive cargo and passengers directly from North and South America, as well as from Europe. The country has also many important seaports, such as the Haina Port, which is located west of Santo Domingo and is one of the most modern in the Caribbean.

## Labor Laws

### **Labor Laws**

The Labor Code, contained in Law 16-92 of 17 June 1992 regulates the relations between companies and their employees. The Secretariat of State for Labor sees to the compliance of these provisions, while Labor Courts have jurisdiction over labor disputes.

### *Working Conditions*

Quota of Dominican workers. At least 80% of the workers of a company should be Dominican citizens. Supervising officers should preferably be Dominicans, but there are no restrictions at manager level. When a Dominican citizen substitutes a foreigner in an employment position the Dominican employee will be entitled to the same salary, rights and conditions as the foreign employee.

Working periods. The normal working week is 44 hours, with a working day of 8 hours. The usual practice is to work 40 hours from Monday to Friday and, in some companies, the remaining 4 hours on Saturday.

The working week of part-time employees cannot exceed 29 hours.

Paid leaves of absence. Mandatory paid leaves of absence are the following: 5 days in the event of marriage, 3 days in the event of death of a close family member, and 2 days for the worker whose wife gives birth.

Vacations. Pursuant to Law 97-97, workers who have completed one year of employment are entitled to a paid vacation of 14 working days. This law extended the vacation period by almost a week, by declaring that it should be calculated on the basis of working days and not calendar days, as set forth in the Labor Code.

Sexual harassment. Labor laws forbid employers or their representatives to commit actions that may be considered as sexual harassment against an employee.

Maternity protection. The employer cannot terminate without just cause the work contract of a female employee during her pregnancy and up to three months after the birth. Furthermore, in order to dismiss her with just cause the employer must obtain the prior authorization of the Ministry of Labor, among other formalities. Otherwise the employer would have to pay an indemnity amounting to 5 months of salary plus the corresponding severance payments. Pregnant women may request their vacation immediately after their pre and postnatal leave, which must be paid on the basis of her normal salary, and are entitled for the next year to a leave of half a day per month in order to take the child to the pediatrician.

### *Wages*

Dominican labor laws set forth a minimum wage for private sector employees, which is periodically fixed by the National Salaries Committee of the Secretariat of State for Labor. The current monthly minimum wage is RD\$3,890 for companies with assets over RD\$500,000. Other minimum wages are fixed for certain sectors. This is the case of free zone companies (RD\$2,490 per month) and the tourist sector (RD\$3,030 for companies with assets over RD\$500,000).

In the event of overtime, night and holiday work, the premium to be paid by the employer over the basic wages of the employee is 35% for overtime, 15% for night work, and 100% for overtime implying an increase of more than 68 working hours per week, as well as for work on Sundays and holidays.

### *Fringe Benefits*

Legally mandated fringe benefits amount to approximately 35% of the basic wages of the employee, but most firms estimate that the amount of fringe benefits usually paid by them amounts to 45% of the salary.

Christmas bonus. All employees are entitled to receive, latest on December 20, an additional month's salary.

Participation in company profits. Workers are entitled to receive a 10% participation in the yearly net profits of the company. The amount received by the employee may not exceed 45 days' salary for workers with less than three years in the company, and 60 days' salary for those with more.

Mining, industrial, agricultural and forest companies are exempted of this obligation during the first three years of operation, while free zone companies regardless of their capital, as well as agricultural companies having no more than one million pesos capital, are completely exempted.

Payment of vacations. The amount to be paid to the employee for yearly vacations depends on his seniority, being 14 days' salary if he has been in the company from 1 to 5 years, and 18 days' salary for more than 5 years' seniority.

## Public Holidays

### **Public Holidays - 2005**

<b>Jan 1</b>	New Year's Day
<b>Jan 6</b>	Epiphany
<b>Jan 21</b>	Our Lady of Altagracia
<b>Jan 26</b>	Duarte's Birthday
<b>Feb 26</b>	Carnival
<b>Feb 27</b>	Independence Day
<b>Mar 25</b>	Good Friday
<b>Mar 27</b>	Easter Sunday
<b>May 1</b>	Labour Day
<b>May 26</b>	Corpus Christi
<b>Aug 16</b>	Restoration Day
<b>Sep 24</b>	Our Lady of Las Mercedes
<b>Nov 6</b>	Constitution Day
<b>Dec 25</b>	Christmas Day

## Business Hours

- **Office hours:**

Monday - Saturday 0800-1200 and 1400-1800.

- **Government office hours:**

Monday - Friday 0800-1500.

## Trade Agreements

Trinidad & Tobago's Exports to Dominican Republic

## Dominican Republic's Principal Trading Partners

## Product Groups Imported by Dominican Republic

## Customs Regulations

### *Custom Duties*

The Customs Code, contained in Law 14-93 of 28 August 1993, harmonized customs tariffs, adopting the internationally recognized Harmonized System of Codification and Designation of Goods. The wide variety of categories and rates that previously existed was in this way eliminated, and only six tariffs were established. These amendments simplified considerably the procedure for the calculation and collection of custom duties.

However, these amendments were still far behind the requirements of the GATT and this situation, together with the fact that custom authorities use very discretionary valuation methods, resulted in the country having the highest custom duties of the region. That is the reason why a customs duties reform was passed by way of Law 146-00 of 27 December 2000, which sets new duty rates of 0.3%, 8%, 14% and 20%, thus reducing the top 35% existing before. Furthermore, duty exemptions for strategic economic sectors have been maintained and reinforced.

In this regard, duties were reduced for a series of raw materials, equipment and high technology accessories used for these sectors, some of which are even subject to a zero rate in order to make them more competitive. The Bill for Custom Duties Rectification submitted to Congress reinforces these measures, enlarging the number of products that will benefit from reduced duties with the aim to improve competitiveness of the national industry.

On the other hand, from July 2001, Article VII of the GATT as method of valuation of merchandises entered into effect, as provided in Law 146-00 (as amended by Law 12-01 of 17 January 2001). The WTO has authorized the Dominican Republic to exempt 24 items from being subject to the GATT

valuation method for a transition period of two years. These include milk, milled rice, clinker, used tires, air conditioners, fridges, laundry machines, ceramic, used vehicles, tractors, etc. Custom duties are calculated and paid in Dominican pesos. The conversion into pesos of the value of the goods is made according to the official exchange rate applicable at the time of payment.

In addition to custom duties, the importer has to pay (i) the selective consumption tax charged on certain products, which ranges from 10% to 80%, calculated on the CIF price of the good plus custom duties, and(ii) the tax on the transfer of industrialized goods and services (ITBIS), which accounts for 12% of the CIF price of the product plus duties and (i). Apart from free zones, there are very few exemptions to the payment of import taxes. These are limited to some basic products, agricultural products like insecticides and herbicides, articles to be used by international organizations or the diplomatic corps, articles to be used for religious worship and samples for exhibition at international fairs.

#### *Import Documents*

In some cases, such as for chemical and pharmaceutical products, import licenses are required. Furthermore, certain permits are required for the import of agricultural products. Some of these products, like rice, sugar, corn, onions, garlic and chicken parts, are subject to import quotas.

A consular invoice that approves the transaction must accompany all imports. The cost of this invoice depends on the value of the goods imported into the country and may be obtained at the Dominican consulate closest to the port of loading. Generally considered by exporters to the Dominican Republic as an unnecessary hindrance to trade, the possibility of its elimination and substitution by a fixed value stamp has been the object of much debate.

## Terms of Payments

## Shipping Information

### Free Trade Zones & Warehouses

#### **Industrial Free Zones**

##### *Overview and Perspectives*

The free zone system of the Dominican Republic is one of the most advanced worldwide. The country has been developing its free zone network since 1969, when less than a dozen industrial zones existed throughout the world. It ranks currently as fourth in terms of quantity of free zones, having 52 free zones with approximately 539 companies.

The first free zones were government sponsored, but today 27 are private, 22 are State owned and three are mixed. During the year 2000, the sector experienced a growth of 8.0%, thus reverting the trend of the year before, when it had dropped close to -2.5%. This growth was the result of the installation of many new companies that were attracted by the benefits resulting from the Textile Parity Law passed by the United States, which allows a greater variety of textile products to be exported duty-free to the US.

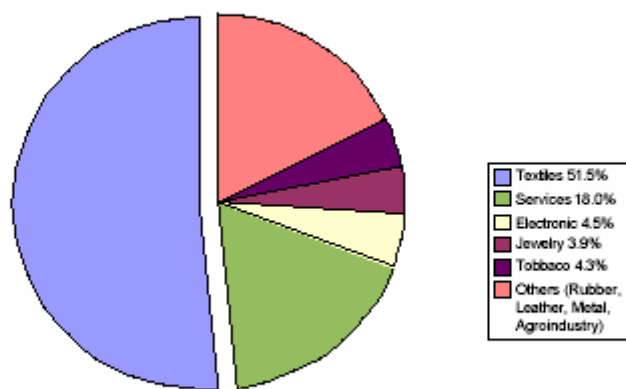
Free zone exports reached in that year US\$4,770.6 million in 2000, for an increase of 10.1% in relation to the previous year.

Due to their dependency on the US market, the economic conjuncture of 2001 caused in that year a 4.9% reduction of free zone exports, while the overall growth of the sector went down 4.6%.

However, this affected mainly free zone companies in the textile sector, and in the year 2001, the authorities still approved the installation of 83 new free zone companies, mostly related to other sectors. In addition, the authorities authorized the establishment of seven new industrial parks.

In order to increase the competitiveness of the sector against the adverse international environment of that year, several measures were adopted by presidential decree on behalf of free zone companies, such as the granting of more flexibility to working schedules, elimination of certain technical hindrances to customs clearance of imports, and the construction of new industrial parks in less economically developed regions, and the establishment of additional incentives to companies that set their operations in those areas. In the year 2002, the sector showed a 7.9% decline, while exports dropped 3.3%, due to continued stagnation of US economy. However, investors trusted in the recovery of the sector and the number of new companies grew 1.2%, while the authorities approved the installation of 84 new companies. The amount of jobs generated by the sector went down 2.4% in that year, for a number of 170,833 positions. Free zone activities have been gradually diversifying, although textile activities still predominate.

**Free Zone Companies per  
Branch of Activity on 31/12/2002**



*Source: National Council of Free Zones*

As to the origin of investments, almost half of the companies are owned by US investors, followed by Dominican investors who own 30% of the free trade zone companies, and by European and Asian investors. In relation to destination markets, most of the goods produced in free zones are exported to the United States and Puerto Rico, followed by European countries like France, Belgium, United Kingdom, Holland and Germany.

#### *Advantages of the Dominican Free Zone Network*

The advantages offered by the Dominican free zone network which have contributed to its fast development are the following:

- Attractive legal framework which exempts free zone companies from the payment of import duties, income tax and most other tax obligations.
- Preferential access rights which allow Dominican exports to enter the markets of United States and Europe without having to pay custom duties.
- Possibility of obtaining financing from local or foreign institutions.
- Facilities to freely repatriate abroad the profits in foreign currency.

- Workforce available at low cost.
- Background of political stability.

*Legal Framework: Law 8-90*

*a) National Free Zone Council (CNZF)*

Industrial free zones are regulated by Law 8-90 of January 15, 1990, which seeks to promote the establishment of free zones and the growth of existing ones. It created the National Free Zone Council (CNZF), which is the entity charged of regulating and supervising the sector and has, among others, the following attributions: (i) to recommend to the Executive Power the installation of free zones, (ii) to approve or not the requests for granting installation permits to free zone companies, and (iii) to enforce all applicable laws and provisions regarding free zones. The CNZF is formed of representatives of both the public and private sectors.

*b) Definition and Types of Free Zones*

Law 8-90 defines a free zone as a geographic zone of the country subject to special custom and tax controls, which provides for the installation of companies whose production is destined to foreign markets, through the granting of the necessary incentives for their development. The creation of a free zone needs to be authorized by the Executive Power. There are three different kinds of free zones according to location:

- Industrial or services free zones, which can be located anywhere in the country;
- Border free zones, which must be located near the Haitian border and are granted additional incentives; and
- Special free zones, which due to the nature of the manufacture process of their products need to be located in particular places (i.e. close to the source of raw materials).

*c) Management of Free Zones*

Free zones are managed by "free zone operators", who are charged of negotiating and contracting with the companies wishing to operate in the free zone. Operators may sell, lease and rent buildings or facilities to the interested companies, as well as carry out promotion and marketing activities, being free to fix space and maintenance costs. Operators must have a permit issued by the CNZF and ratified by the Executive Power, and are bound to comply with certain infrastructure and maintenance requirements in the free zone.

There are also free zones belonging to the State, which are managed by the Industrial Promotion Corporation ("Corporacion de Fomento Industrial- CFI").

*d) Installing a Free Zone Company*

Free zone companies are persons or companies which have been authorized by the CNZF to install themselves in a free zone and whose production is destined for export. Usually a Dominican company is incorporated to make the request, which can belong entirely to foreign investors. In order to obtain an installation permit the following documents must be submitted:

- Duly completed CNZF installation permit form.
- Rent contract with the respective free zone.
- Incorporation documents of the company.
- Samples of the product to be manufactured.
- Proof of solvency of the main investors.
- Certified check for the payment of newspaper publications.

*e) Incentives*

Free zone companies are exempt from the following taxes and duties: income tax, taxes on constructions, registration or transfer of real property rights, taxes for incorporation of companies and increase of capital, municipal charges, ITBIS, consular fees, export or reexport taxes.

Furthermore, they are exempt from the payment of all custom duties, import taxes and related charges on:

- Raw materials, equipment, construction materials, office equipment and any other goods necessary for the construction, preparation and operation of the company.
- Materials and equipment needed for the construction of housing facilities, cafeterias, health services or others established for the benefit of workers.
- Transportation vehicles, including cargo trucks, garbage collectors, buses for workers, etc., upon approval of the CNZF.

These benefits are granted for a period of fifteen years. Companies located in border free zones benefit from a longer period of twenty years, enjoying also other additional benefits such as rent subsidies, priority treatment for the export of goods limited by foreign quotas and for the assignment of development funds, etc.

*f) Sale of Production in Local Market*

Free zone companies can sell all their production in the local market, after payment of all applicable custom duties, as long as (i) the goods or services are not produced or imported in the country, and (ii) the goods or services have local components accounting for 25% of their value.

When the products or services are manufactured or imported in the country the free zone company can only sell up to 20% of its production in the Dominican market.

## Labeling, Marking and Packaging Requirements

## Leading Sectors for Exports

Distribution & Sales Channels

Pricing Products

## Use of Agents/Distributors

## Important Contacts

## AGREEMENT ESTABLISHING THE FREE TRADE AREA BETWEEN THE CARIBBEAN COMMUNITY AND THE DOMINICAN REPUBLIC

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The Caribbean Community (CARICOM), of the one part, and the Dominican Republic, of the other part, (which hereinafter shall be referred to as "the Parties");

**CONSIDERING** growing process of economic globalisation and the intensification of the regional and sub-regional economic integration processes in which the Parties are deeply involved, and with the purpose of achieving more adequate integration in these processes and a more significant joint presence at their fora of negotiation;

**CONSIDERING** the urgent need to broaden the markets of the Parties in order to achieve the economies of scale that will support better levels of efficiency, productivity and competitiveness;

**CONSIDERING** that the symmetry and complementarity that exist between the economies of the Parties enable them to achieve levels of cooperation and integration that favour the economic development of both Parties;

**CONSIDERING** the significance accorded by the Parties to the development of closer, more dynamic and balanced trade and investment relations between them, with clear and accurate guidelines that permit full participation of all economic agents;

**CONSIDERING** the importance that the Parties accord to economic co-operation between them for their economic development;

**CONSIDERING** that in order to achieve a balance of rights and obligations within the framework of this Agreement, liberalisation should include trade in goods and services, and investment regimes;

**CONSIDERING** the rights and obligations of Member States of CARICOM and the Dominican Republic as Members of the World Trade Organisation (WTO), and other relevant international agreements as well as those existing among the Member States of CARICOM under the Treaty of Chaguaramas;

The Parties agree to create a Free Trade Area that includes Trade in Goods and Services, Investment and Economic Co-operation.

## **ARTICLE I - ESTABLISHMENT OF THE FREE TRADE AREA**

1. (i) The Free Trade Area between CARICOM, comprising the States listed in 1 (ii) and the Dominican Republic, (hereinafter referred to as "the Parties") is hereby established.  
  
(ii) Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.
2. For the purpose of this Agreement, its Annexes and Appendices, reference to the "territory of the Parties" shall:  
  
(i) for each Member State of CARICOM mean its territory, as well as its maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which that State exercises, in accordance with international law, jurisdiction or sovereign rights for the purpose of exploration and exploitation of the natural resources of such areas;  
  
(ii) for the Dominican Republic mean the land areas, maritime area, air space, subsoil as well as the airspace above them in accordance with its national legislation and international law.
3. For the purpose of this Agreement, its Annexes and Appendices, the More Developed Countries of CARICOM (hereinafter referred to as "the MDCs") are:  
  
(i) Barbados  
(ii) Guyana

- (iii) Jamaica
- (iv) Suriname
- (v) Trinidad and Tobago

4. For the purpose of this Agreement, its Annexes and Appendices, the Less Developed Countries of CARICOM (herein after referred to as "the LDCs") are:

- (i) Antigua and Barbuda
- (ii) Belize
- (iii) Dominica
- (iv) Grenada
- (v) Montserrat
- (vi) St Kitts and Nevis
- (vii) Saint Lucia
- (viii) St Vincent and the Grenadines

## **ARTICLE II- OBJECTIVE**

The fundamental objective of the Agreement shall be to strengthen the commercial and economic relations between the Parties through:

- (i) the establishment of a Free Trade Area between the Parties consistent with the Marrakesh Agreement Establishing the World Trade Organisation (the WTO);
- (ii) the promotion and expansion of the sale of goods originating in the territories of the Parties through, inter alia, free access to the markets of the Parties, elimination of non-tariff barriers to trade, and the establishment of a system of Rules of Origin, Customs Co-operation and the Harmonisation of Technical, Sanitary and Phyto-Sanitary Procedures;
- (iii) the progressive liberalisation of trade in services;
- (iv) the liberalisation of the movement of capital between the Parties, and the promotion and protection of investments aimed at taking advantage of the opportunities offered by the markets of the Parties, and the strengthening of their competitiveness;
- (v) the promotion of the active participation of private economic agents with a view to deepening and broadening the economic relations between the Parties, including the promotion and establishment of joint ventures;
- (vi) the promotion and development of cooperative activities in the following areas: agriculture, mining, industry, construction, tourism, transportation, telecommunications, banking, insurance, capital markets, professional services and science and technology;
- (vii) the discouragement of anti-competitive business practices between and within the Parties.

## **ARTICLE III- THE JOINT COUNCIL**

The Parties hereby establish a Joint Council comprising representatives of both Parties.

2. The Joint Council (hereinafter referred to as " the Council") shall:

(i) supervise the implementation and administration of the Agreement, its Annexes and Appendices;

(ii) resolve any dispute which may arise out of the interpretation, execution of, or non-compliance with, or application of this Agreement, its Annexes and Appendices in accordance with its powers under Article XV dealing with Settlement of Disputes;

(iii) establish and delegate responsibilities to **ad hoc** or standing committees, working groups or expert groups;

(iv) supervise the work of all **ad hoc** or standing committees, working groups and expert groups established under this Agreement, its Annexes and Appendices;

(v) consult with governmental, inter-governmental and non-governmental entities as necessary;

(vi) keep this Agreement, its Annexes and Appendices under periodic review, evaluating the functioning of this Agreement and recommending measures it considers suitable to better achieve its objective;

(vii) carry out any other functions which maybe assigned to it by the Parties;

(viii) consider any other matter that may affect the operation of this Agreement, its Annexes and Appendices and take appropriate action.

3. (i) The Council shall establish its rules and procedures.

(ii) All decisions shall be taken by consensus.

(iii) The decisions of the Council shall have the status of recommendations to the Parties.

4. Each Party shall designate a representative to transmit and receive correspondence on its behalf.

#### **ARTICLE IV-MEETINGS OF THE JOINT COUNCIL**

The Council shall convene in ordinary session at least once a year and in extraordinary sessions at such other times as may be agreed between the Parties.

The meetings of the Council shall be chaired jointly by the Parties.

Meetings shall be held alternately in the Dominican Republic and in a Member State of CARICOM or such other place as may be agreed between the Dominican Republic and CARICOM.

The Agenda for each ordinary meeting of the Council shall be settled by the Parties at least one month before each proposed meeting.

#### **ARTICLE V - TRADE IN GOODS**

The Parties agree to implement a programme to liberalise the trade in goods between them.

The conditions under which goods covered by this Agreement will be traded in the Free Trade are set out in the Agreement on Trade in Goods that appears as Annex I.

The Rules of Origin shall be those set out in Appendix I to Annex I.

#### **ARTICLE VI - TRADE IN SERVICES**

The Parties agree to progressively liberalise trade in services between themselves by the establishment of a framework of principles and rules as contained in the Agreement on Trade in Services that appears as Annex II.

#### **ARTICLE VII - INVESTMENTS**

The Parties agree to promote and facilitate investments within the Free Trade Area through the provisions contained in the Agreement on Reciprocal Promotion and Protection of Investments that appears as Annex III.

#### **ARTICLE VIII - TRADE FINANCING**

The Council shall periodically review trade financing arrangements between the Member States of CARICOM and the Dominican Republic and recommend those mechanisms which may be implemented to facilitate this activity.

The Parties, recognising the importance of timely payments for the development of trade, undertake to ensure that neither the Dominican Republic nor any Member State of CARICOM shall impose undue impediments to trade transactions and the corresponding timely payment for goods and services traded within the context of this Agreement.

#### **ARTICLE IX - ECONOMIC COOPERATION**

The Parties agree to develop a broad co-operation programme in the following areas: agriculture, mining, industry, construction, tourism, transportation, telecommunications, banking, insurance, capital markets, professional services, and science and technology and such other areas as may be agreed by the Parties.

The Parties agree to encourage joint production of goods and collaboration in the provision of services, especially those intended to take advantage of market opportunities in third states.

#### **ARTICLE X - DOUBLE TAXATION AGREEMENTS**

The Parties agree to work towards the adoption of agreements to prevent and avoid double taxation between the Member States of CARICOM and the Dominican Republic.

## **ARTICLE XI - GOVERNMENT PROCUREMENT**

The Parties agree to work towards the adoption of an agreement to encourage and facilitate greater participation by their economic entities in business opportunities arising from government procurement activities.

## **ARTICLE XII - INTELLECTUAL PROPERTY RIGHTS**

The Parties agree to develop and adopt an Agreement on Intellectual Property Rights, taking into account the rights and obligations provided for in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), contained in Annex IC of the Agreement establishing the WTO, and other relevant international agreements to which all the Member States of CARICOM and the Dominican Republic are signatories.

Pending the adoption of the Agreement referred to in paragraph 1, the provisions of the TRIPS and the other relevant international agreements to which all the CARICOM Member States and the Dominican Republic are signatories will apply to intellectual property rights issues which may arise between them.

## **ARTICLE XIII- PRIVATE SECTOR ACTIVITIES**

The Parties agree to promote active participation of the private sector in the fulfillment of the objective of this Agreement. To this end, the Parties establish a CARICOM/Dominican Republic Business Forum to analyse trade and investment opportunities, exchange business information and organise business encounters, and deal with any other relevant matter including any matter as may be referred to it by the Council. The Forum shall regulate its own procedures and may make recommendations to the Council on any matter within its competence.

## **ARTICLE XIV - COMMITTEES**

There shall be the following Standing Committees which shall operate under the guidance of the Council:

- (i) Committee on Trade in Goods;
- (ii) Committee on Technical Barriers to Trade;
- (iii) Committee on Sanitary and Phyto-sanitary Measures;
- (iv) Committee on Rules of Origin and Customs Cooperation;
- (v) Committee on Trade in Services;
- (vi) Committee on Investment;
- (vii) Committee on Intellectual Property Rights;

(viii) Committee on Anti-Competitive Business Practices;

(ix) Any other Committee which may be established by the Council pursuant to Article III 2(iii).

2. Each Committee shall, *inter alia*, have the following functions:

(i) monitor the implementation of the provisions of the Agreement, Annex or Appendix within its area of competence;

(ii) consider all matters relating to the subject area within its competence, including such matters as may be referred to it by the Parties;

(iii) consult on issues of mutual concern relating to its subject area which arise in international fora;

(iv) facilitate information exchange among the Parties;

(v) create working groups or convene expert panels on topics of mutual interest relating to its subject area;

(vi) any other function assigned to it by the Council.

3. Each Committee shall meet as may be agreed by its members and shall regulate its own proceedings.

## ARTICLE XV - SETTLEMENT OF DISPUTES

1. The Parties agree to adopt the following Rules for the Settlement of Disputes arising under this Agreement, its Annexes and Appendices.

2. The Rules governing Settlement of Disputes (the Rules) shall apply to all disputes between the Parties relating to interpretation, application, execution of or non-compliance with the provisions of the Agreement, its Annexes and Appendices with the exception of matters covered in Annex III.

3. The Parties shall first seek to resolve any dispute referred to in paragraph 2 above through informal consultations and seek to arrive at a mutually satisfactory solution. In the case of perishables, the Parties shall notify the Council immediately of the dispute and of the action being taken.

4. Where the Parties fail to arrive at a mutual solution within 30 days, or in the case of perishables within 10 days, pursuant to paragraph 3 above, the aggrieved Party may deliver to the other Party a request in writing for the intervention of the Council. The request to the Council shall contain sufficient information to enable examination of the request.

5. The Council shall ordinarily meet within 15 days of receipt of a request and, in the case of perishables, within 5 days of receipt of a request. In special circumstances the timeframe may be adjusted by mutual agreement between the Parties. The Council shall render its decision within a reasonable time.

6. The Council may engage expert advisors in seeking solutions to disputes between the Parties.

7. The Council shall within one (1) year after the entry into force of this Agreement establish mechanisms for the settlement of disputes.

8. Pending the adoption of mechanisms provided for in paragraph 7, the Council may exercise the option of conciliation, mediation and/or "arbitration to resolve any dispute which may arise between the Parties.

#### **ARTICLE XVI - AMENDMENTS**

This Agreement, its Annexes and Appendices may be amended by the Parties. Proposals made by one Party for amendments shall be submitted to the Council for its consideration.

Amendments shall enter into force once the Parties have notified each other through diplomatic channels, that all internal legal procedures have been completed.

#### **ARTICLE XVII - EVALUATION OF THE AGREEMENT**

Three (3) years after the entry into force of this Agreement, the Council shall carry out an evaluation of the Agreement, its Annexes and Appendices with respect to the achievement of their objectives and recommend what further measures may be taken to achieve them. The recommendations shall take into account any national, regional and international developments affecting the matters covered by this Agreement, its Annexes and Appendices.

#### **ARTICLE XVIII - TERMINATION**

Any Party may at any time withdraw from this Agreement by giving written notice of termination to the other Party. Termination shall take effect six (6) months after such notice is received by the other Party. The rights acquired and the obligations assumed under this Agreement shall cease on the effective date of termination, except as provided in paragraphs 2 and 3 of this Article.

Obligations undertaken prior to termination with respect to trade in goods and services shall continue in force for a further period of one year, unless the Parties agree to a longer period.

The provisions of the Agreement on the Reciprocal Promotion and Protection of Investments (Annex III) shall continue to apply to investments established or acquired prior to the date of termination, for a period of ten years from the date of termination, except in so far as those provisions extend to the establishment of covered investments.

#### **ARTICLE XIX - ACCESSION BY OTHER STATES**

This Agreement shall be open to other States subject to prior negotiations between the Parties and those States which have requested to become Parties to this Agreement.

The negotiations shall take into account that this Agreement, its Annexes and its Appendices establish preferential treatment by the Dominican Republic to the Less Developed Member States of CARICOM by reason of their lesser degree of development.

## **ARTICLE XX - STATUS OF ANNEXES AND APPENDICES**

The Annexes and Appendices of this Agreement shall form an integral part thereof.

## **ARTICLE XXI - DEPOSITARY**

This Agreement shall be deposited with the Secretary-General of the Caribbean Community who shall transmit certified copies to the Parties.

## **ARTICLE XXII - ENTRY INTO FORCE**

This Agreement, its Annexes and Appendices shall enter into force on the 1st. day of January 1999, or as soon thereafter as the Parties have notified each other through diplomatic channels that all internal legal procedures have been completed.

**IN WITNESS WHEREOF**, I the undersigned Plenipotentiaries, being duly authorised, have affixed their signatures to this Agreement.

**DONE AT** Santo Domingo in the Dominican Republic in the English and Spanish languages, both being equally authentic, this 22nd day of August 1998

## ANNEX I: AGREEMENT ON TRADE IN GOODS

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### ARTICLE I - COVERAGE

The Parties agree that the conditions under which goods covered by this Agreement will be traded in the Free Trade Area are set out in this Annex.

### ARTICLE II - DEFINITIONS

Except as provided herein, words and phrases shall have the meaning ascribed to them in the relevant Agreements of the WTO.

**Competent Authority** - The authority which, in conformity with the legislation of the Parties, is responsible for the administration of their customs tariff laws and regulations.

**Customs Tariff** - Any tariff, tax or duty levied on imports and of any type applied to the importation of goods, including any form of surcharge or additional charge on imports, except any equivalent charge or internal tax established in conformity with Article III.2 of the GATT 1994. This definition of a customs tariff does not include taxes or duties of lighterage, wharfage, storage and handling of merchandise, nor any others as may be required for port, custody or transport services; nor does it include exchange rate differences or other measures adopted by any Party.

**Duties** - Customs duties and any other charges of equivalent effect which are discriminatory in their application, whether fiscal, monetary, or of any kind, which are applied to imports. Rates and analogous charges where they represent the cost of the services rendered are not included in this concept of "duties".

**Goods** - Any materials or finished articles.

**Identical Goods** - Goods whose characteristics all coincide with those of the good it is compared.

**Indirect Material** - A good used in the production, verification or inspection of a good, but which is not physically incorporated into the latter; or a good used in the maintenance of buildings or the operation of equipment related to the production of a good.

### **ARTICLE III - MARKET ACCESS**

**1.** The Parties agree to promote a programme of trade liberalisation between them, at the same time taking into account, in particular, the differences in the levels of development between the Dominican Republic and the LDCs of CARICOM.

**2.** Each Party agrees to grant goods produced in the territory of the other Party access to its market under the following arrangements:

**(i)** the goods originating in Member States of CARICOM which satisfy the conditions contained in the Rules of Origin that appear as Appendix I to this Annex shall receive the following treatment on entry into the market of the Dominican Republic:

- (a)** duty-free access for all goods other than those set out in Appendices II and III;
- (b)** phased reduction of the Most Favoured Nation (MFN) rate of duty on goods as set out in Appendix II;
- (c)** the application of the MFN rate of duty to those goods as set out in Appendix III;

**(ii)** the goods originating in the Dominican Republic which satisfy the conditions contained in the Rules of Origin shall receive the following treatment on entry into the markets of CARICOM Member States:

- (a)** duty-free access for all goods other than those set out in Appendices IV and V on entry into the markets of the MDCs;
- (b)** phased reduction of the MFN rate of duty on goods as set out in Appendix IV on entry into the markets of the MDCs;
- (c)** application of the MFN rate of duty on those goods set out in Appendix V on entry into the markets of the MDCs;
- (d)** application of the MFN rate of duty on all goods on entry into the markets on the LDCs.

**3.** The Lists of goods will be reciprocal unless the Parties agree otherwise.

**4.** The LDCs shall not be required to extend the treatment provided for in paragraph 2(ii)(a) and (b) to products originating in the Dominican Republic on entry into their territories up to 2005. A review of the provisions of this paragraph will be undertaken by the Parties in 2004.

**5.** The Parties agree that they will not apply any quantitative restrictions with respect to the trade under this Agreement, always taking into account the obligations that the CARICOM Member States have under the Treaty Establishing the Caribbean Community. In this context, the Parties agree that any products affected will be placed on the MFN List pending any specific arrangements which might be negotiated.

**6.** The Council may consider any request by the Parties for the modification of the Lists at Appendices II to V.

**7.** The Parties agree that CARICOM entrepreneurs, both natural and legal persons, shall, in the Dominican Republic, be allowed to promote or to manage the import, sale, rent or any other form of traffic or sale of merchandise or products of CARICOM origin, either as agents, representatives, commission agents, exclusive distributors, licensees or under any other nomenclature, on the same basis as nationals of the Dominican Republic.

### **ARTICLE IV - RULES OF ORIGIN**

The Rules of Origin to be applied under this Annex shall be those set out in Appendix I.

#### **ARTICLE V - TECHNICAL BARRIERS TO TRADE**

The Parties agree to apply the provisions of Appendix VI on Technical Barriers to Trade.

#### **ARTICLE VI - SANITARY AND PHYTO-SANITARY MEASURES**

The Parties agree to apply the provisions of Appendix VII on Sanitary and Phyto-Sanitary Measures.

#### **ARTICLE VII - GENERAL EXCEPTIONS**

Nothing in this Agreement shall prevent the adoption or enforcement by the Dominican Republic or any Member State of CARICOM of measures:

**(i)** which are necessary -

- (a)** to protect public morals;
- (b)** to prevent crime or the maintenance of public order;
- (c)** to protect its essential security interests;
- (d)** to protect human, animal and plant life ;
- (e)** to secure compliance with laws or regulations which are not consistent with the provisions of this, Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII of GATT 1994, the protection of patents, trademarks and copyrights and the prevention of deceptive practices;
- (f)** and essential to the acquisition or distribution of products in general or local short supply; provided that any such measure shall be consistent with the principle that the Parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with the other provisions of the Agreement, shall be discontinued as soon as the conditions giving rise to them have ceased to exist;

**(ii)** which relate to -

- (a)** gold or silver production or trade;
- (b)** the products of prison labour;
- (c)** the preservation of the environment and the conservation of natural resources; and

**(iii)** which are imposed for the protection of national treasures of artistic, historical, anthropological, paleontological or archaeological value.

#### **ARTICLE VIII - TRADE PROMOTION**

The Parties agree to:

- (i)** establish trade promotion programmes;
- (ii)** facilitate the activities of official and private trade missions;
- (iii)** organise fairs and expositions; and

(iv) promote the continuous exchange of information, market studies and activities leading to the maximum utilisation of opportunities offered by the liberalisation of trade between the Parties.

#### **ARTICLE IX - BILATERAL SAFEGUARD MEASURES**

1. The Dominican Republic and the Member States of CARICOM acknowledge that, as Members of the WTO, they have recourse to the Agreement on Safeguards in the WTO.
2. The Member States of CARICOM and the Dominican Republic may apply bilateral safeguard measures of a temporary nature when:
  - (i) imports of products from any Member State of CARICOM or the Dominican Republic are made in such quantities that such products cause serious injury or threat of serious injury to the domestic industry producing like or directly competitive products of the importing country;
  - (ii) it is necessary to redress balance-of-payment deficits or to protect the external financial position of the importing country.
3. Safeguard measures shall consist of the temporary suspension of the tariff preferences and the reinstatement of the MFN duties for the specific product.
4. Safeguard measures shall be applied for an initial period of no longer than one year. This term may be renewed for no more than one year, if the causes that motivated the imposition of the safeguard measure persist.
5. The importing country seeking to impose or renew any safeguard measure shall request a meeting of the Council in order to have consultations on the imposition or renewal of such measures. This imposition or renewal does not require consensus.

#### **ARTICLE X - UNFAIR TRADE PRACTICES**

Where there is evidence of injury, material injury, threat of injury or material injury to the domestic industry of a Party due to unfair trade practices such as export subsidies and dumping, that Party may apply corrective measures, provided the application of these measures is in conformity with the Agreement on Subsidies and Countervailing Measures and the Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994.

#### **ARTICLE XI - ANTI-COMPETITIVE BUSINESS PRACTICES**

1. The Parties will seek to discourage anti-competitive business practices in the Free Trade Area and work towards the adoption of common provisions to prevent such practices.
2. The Parties will undertake to establish mechanisms aimed at facilitating and promoting competition policy provisions and ensuring their application among and within the Parties.

#### **ARTICLE XII - CUSTOMS COOPERATION**

The Parties, through their Customs authorities, agree to:

- (i) strengthen their bonds of cooperation and mutual assistance to resolve any differences in relation to the administration of this Agreement;

(ii) stimulate as much as possible the practices, procedures, terms and conditions of mutual assistance as well as to intensify the relationships between themselves with the aim of sharing experiences that may improve and harmonise the systems and customs procedures applicable, based on the principle of reciprocity; and

(iii) strengthen the cooperation through mechanisms that may speed up the movement of goods and clearance through customs; without prejudice to the application of necessary measures and controls to avoid illegal trade and other practices that cause distortions to international trade.

2. The Parties will facilitate the release of all originating merchandise in conformity with the measures and procedures agreed, after the entry into force of this Agreement.

3. The Parties will give priority to the areas of harmonisation of customs procedures, computer technology and training.

4. The Parties will simplify and make available to the trading community information on procedures for the international transit of goods, the required documentation, the mode of transport, the customs operation schedule, and information on the established sea ports and airports.

5. (i) Each party, through its customs authorities, shall speedily release the goods originating in the other Party that enter its territory. In order to facilitate the clearance of goods originating in the other Party, automatic controls for time of stay, selective or aleatory criteria for revision, weight control, physical verification of the goods and direct release to importers shall be applied.

(ii) The Parties agree to simplify documents needed for the transit of originating goods in accordance with the national legislation of the importing Party.

(iii) Each Party, in conformity with its legislation, shall inform the other of procedures that will facilitate and speed up the release of goods, including the requirements for importation and entry to the territory of the Party.

6. The Customs authorities of the Parties will exchange, where possible, and subject to domestic legislation and regulations relating to confidentiality, information and experience on:

(i) Classification and Customs Valuation;

(ii) Rules of Origin;

(iii) documents and requirements for the import and export of goods;

(iv) general or specific statistics of imports and exports;

(v) goods subject to non-tariff measures;

(vi) the customs regimes and procedures;

(vii) the current domestic legislation relating to import taxes, customs and port charges, and any subsequent amendments;

(viii) new technologies for preventing and detecting customs fraud;

(ix) new trends in customs infractions.

7. Without prejudice to the provisions of other agreements, upon entry into force of this Agreement, each Party agrees to notify the customs authorities of the other Party of any intention to implement new customs regulations.

## APPENDIX I TO ANNEX I: RULES OF ORIGIN

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### ARTICLE I - DEFINITIONS

For the purposes of this Appendix, the following definitions shall apply:

- (i) Materials:** means raw materials, intermediate goods and parts or components utilised in production;
- (ii) Goods:** means any materials or finished articles;
- (iii) Production:** means planting, extraction, harvesting, fishing, hunting, manufacturing, processing or assembly of goods or products;
- (iv) Originating goods:** means goods or materials which meet the Rules of Origin established in this Appendix.

2. The Transaction Value shall be determined according to the national Legislation of the Parties.

### ARTICLE II - SCOPE OF APPLICATION

The scope of application of the Rules of Origin and its amendments is limited to the trade of goods governed by the provisions of this Agreement.

### ARTICLE III - CRITERIA FOR DETERMINING ORIGINATING STATUS

Goods shall be considered as originating in the territory of one of the Parties to this Agreement where they comply with either of the following conditions:

- (i)** they must be wholly produced in one of the Parties; or

(ii) they must be produced in one of the Parties wholly or partly from materials imported from countries other than the Parties by a process which effects a substantial transformation characterised -

(a) by the goods being classified in a six-digit subheading of the Harmonised Commodity Description and Coding System different from that in which any of the materials imported from countries other than the Parties are classified, as specified in the Attachment to this Appendix; or,

(b) by other criteria specified in the Attachment to this Appendix.

#### **ARTICLE IV - WHOLLY PRODUCED GOODS**

Wholly Produced Goods are:

(i) products from the mineral, plant or animal kingdoms (including those from hunting and fishing), extracted, harvested or gathered, born, bred or captured in the territories of the Parties, or in their territorial waters or in their exclusive economic zones;

(ii) products of the sea extracted beyond the territorial waters of the Parties and their exclusive economic zones by ships, wholly or partially owned by nationals of the Parties, legally chartered, leased or contracted under joint venture arrangements by enterprises established in the territories of the Parties;

(iii) products of factory ships, wholly or partially owned by nationals of the Parties, legally chartered, leased or contracted under joint venture arrangements by enterprises established in the territories of the Parties produced from goods or products of the sea, extracted by ships in accordance with the provisions in (i) and (ii) above;

(iv) the slag, ashes, residues, waste or scrap, gathered or obtained from manufacturing and processing operations performed in the territories of the Parties, fit only for the recovery of raw materials, as long as they do not constitute toxic or hazardous wastes in accordance with national and international law;

(v) goods produced in the territories of the Parties which are made solely from originating goods.

#### **ARTICLE V - INSUFFICIENT WORKING OR PROCESSING**

Goods shall not be treated as originating if they are produced by any operation or process which consists only of one or more of the following:

(i) operations to ensure the preservation of goods or products during transportation or storage, such as ventilation, refrigeration, freezing, addition of preservatives or salt, removal of damaged parts and the like;

(ii) operations such as dust removal, washing or cleaning, sifting, peeling, shelling, winnowing, maceration, drying, sorting, classification, grading, selection, crushing, filtering, diluting in water, painting or cutting up;

(iii) the simple formation of sets of goods;

(iv) the packing, placing in containers or repackaging;

(v) the dividing up or assembly of packages;

(vi) the affixing of brands, labels, or other similar distinctive signs;

(vii) the simple mixture of materials, if the characteristics of the product obtained are not essentially different from the characteristics of the materials which have been mixed;

(viii) the slaughter of animals.

## **ARTICLE VI - MATERIALS NOT INCORPORATED IN THE GOODS**

Any material, input or product which is not physically incorporated in goods used in the production, verification and inspection of the goods, and operation of equipment related with it or for the maintenance of buildings, will be considered originating regardless of the country where it was manufactured or produced.

2. These include:

(i) fuel, electrical, catalysts and solvents;

(ii) equipment, apparatus and accessories used for the verification or inspection of goods;

(iii) gloves, protective eyemasks, footwear, apparel, security equipment and accessories;

(iv) tools, dies (for die-cutting) and moulds;

(v) spare parts and materials used in the maintenance of equipment and buildings;

(vi) lubricants, oils, compound products and other products used in the production process, equipment operation or maintenance of buildings; and

(vii) any other material or product which is not incorporated in the goods, but which can be shown to be part of the said production.

## **ARTICLE VII - CUMULATION**

For the purpose of the origin requirements, materials or products originating in the territory of any of the Parties, incorporated in particular goods in the territory of the other Party, shall be considered as goods originating in the Party where final production takes place.

## **ARTICLE VIII - REGIONAL VALUE CONTENT**

The Regional Value Content (RVC) of the goods shall be calculated based on the Transaction Value method, applying the following formula:

$RVC = [(TV - NOG) / TV] * 100$  where:

RVC = Regional Value Content, expressed as percentage.

TN= Transaction Value of the merchandise, adjusted on an FOB base.

NOG = Value of non-originating goods used in the production of the final product.

2. Where the value of the goods is on a basis other than FOB it shall be adjusted to FOB for purposes of this Article.

3. When the origin is determined by the Regional Value Content, the required percentage shall be specified in the Attachment to this Appendix.

4. All costs considered in the calculation of Regional Value Content, shall be registered and kept in accordance with generally accepted accounting principles, applicable in the territory of the Party where the good is produced.

## **ARTICLE IX - DE MINIMIS**

Where the value of all non-originating materials used in the production of goods that do not undergo an applicable change in tariff classification as set out in the Attachment to this Appendix is not more than seven percent (7%) of the transaction value of the goods adjusted to a FOB basis, these materials shall be considered to be originating goods.

## **ARTICLE X - MANAGEMENT OF INVENTORY**

The Parties will ensure that enterprises will apply appropriate systems in the management of this Appendix provided that the systems are based on generally accepted accounting principles.

2. Each Party will inform the other of the systems in use to manage inventories including those of interchangeable goods.

## **ARTICLE XI - SETS**

Sets, as defined in General Rule 3 of the Harmonised System, shall be regarded as originating when all component articles are originating products. Nevertheless, when a set is composed of originating and non-originating articles, the set as a whole shall be regarded as originating provided that the value of the non-originating articles does not exceed seven per cent (7%) of the FOB price of the set.

## **ARTICLE XII - ASSEMBLY**

The rules governing assembly goods shall be defined on a case-by-case basis in the Attachment to the Appendix provided for in Article III.

## **ARTICLE XIII - ACCESSORIES, SPARE PARTS AND TOOLS**

The accessories, spare parts and tools despatched with a piece of equipment, machine, apparatus or vehicle which are part of the normal equipment, will not be considered in determining if all non-originating materials or products used in the production of a piece of equipment, machine, apparatus or vehicle comply with the correspondent change in the classification established in this Appendix and its Attachment, provided that:

(i) the accessories, parts and tools are not separately billed from the piece of equipment, machine, apparatus or vehicle, regardless of any detailed information contained in the invoice; and

(ii) the quantity and the value of these accessories, parts and tools are the normal ones used for related goods.

2. The origin of the accessories, parts and tools that do not fulfill the conditions in the preceding paragraph will be determined by applying the corresponding rule of origin to each one of them separately.

## **ARTICLE XIV - TREATMENT OF RETAIL PACKING**

Packing presented with the merchandise and classified with the goods that they contain, will not be considered for determining the origin of the related goods; as long as they are used on a normal basis.

2. Where the packing is not that used on a normal basis, each Party may treat goods separately from their packing to determine the origin of the goods and the packing.

## **ARTICLE XV - TREATMENT OF PACKING REQUIRED FOR THE TRANSPORT OR STORAGE OF GOODS**

No part of any packing required for the transport or storage of goods will be considered when determining origin of goods as a whole.

#### **ARTICLE XVI - DIRECT TRANSPORT**

In order for goods to benefit from the preferential treatment provided for under this Agreement, they must be directly delivered from the exporting country to the importing country.

2. For this purpose, the following shall be considered as direct consignment:

(i) goods transported without going through third countries;

(ii) goods transported in transit through one or more third countries, with or without transshipment or temporary storage under the surveillance of Customs Authorities of such countries, provided that:

(a) the transit is justified by geographical reasons or by considerations related to transport requirements;

(b) they are not designed for trade or use in the transit country; and

(c) they do not undergo during transportation or storage any operation other than loading or unloading or operations to keep them in good condition and ensure their conservation.

#### **ARTICLE XVII - TRANSHIPMENT THROUGH THE PARTIES**

Nothing in Article XVI shall preclude the transshipment of goods through the Parties.

2. Where such transshipment takes place, the Certifying Authority in the State through which the goods are transhipped shall affix on the relevant transport documentation the approved stamp and an authorised signature pursuant to Article XIX.

#### **ARTICLE XVIII - DECLARATION AND CERTIFICATION OF ORIGIN**

The Certificate of Origin shall include:

(i) a declaration by the exporter or the final producer that the origin requirements prescribed in this Appendix have been met;

(ii) a certificate by the authorised body of the exporting country that the declaration by the exporter or the final producer, as the case may be, is accurate.

2. Where the exporter is not the final producer of the goods or products, the former shall present the declaration of origin to the authorised body.

3. In every case, the Certificate of Origin shall be prepared by an exporter in the country of final production.

4. The competent authority in the exporting country shall carry out such control as is necessary to permit the certification provided for in this Article and shall confirm all the data set out in the Certificate of Origin.

5. The Certificate of Origin shall have affixed the signature of an official notified by the authorised body of the exporting country pursuant to Article XIX.

6. The date of the Certificate of Origin may not precede that of the relevant commercial invoice.

7. The Certificate of Origin shall be valid for a period of 180 days from the date of issue.

8. Where the goods traded under this Agreement are accompanied by a Certificate of Origin, that Certificate shall be deemed to satisfy the requirement of the Consular Invoice.

#### **ARTICLE XIX - THE FUNCTIONS AND OBLIGATIONS OF BODIES AUTHORISED TO CARRY OUT CERTIFICATION**

The Bodies authorised by the Parties to carry out Certification will:

(i) verify the accuracy of the declaration presented to them by the final producer or the exporter by way of systems or procedures which ensure the accuracy of the data;

(ii) provide to the other Party the administrative cooperation, required for the control of documentary proof or origin.

2. The bodies authorised by the Parties will, no later than thirty (30) days after entry into force of the Agreement, transmit through their respective Foreign Ministries, the approved list of the bodies authorised to issue the certificates mentioned in this Appendix, along with a list of authorised signatories, facsimiles of the authorised signatures and the stamps of the authorised bodies.

3. Any changes to such listings shall enter into force thirty (30) days after receipt of notification.

#### **ARTICLE XX - REQUIREMENT TO MAINTAIN RECORDS AND DOCUMENTS**

Each party shall require the exporter or final producer who completes and signs a Certificate of Origin to keep all the records and documents pertaining to the origin of the goods for a minimum of three years from the date of the Certificate and to produce these records and documents as requested by the competent authority, in accordance with national legislation.

#### **ARTICLE XXI - NON-REQUIREMENT OF THE CERTIFICATE OF ORIGIN**

An invoice, with a duly signed declaration that the goods were produced in a CARICOM Member State or in the Dominican Republic, shall be deemed to satisfy the requirement of the Certificate of Origin, where the value of the goods expressed in national currency, does not exceed the equivalent of One Thousand US Dollars (US\$1,000.00).

2. This exception will not apply where the imports are proven to be the result of two or more parts of a consignment.

#### **ARTICLE XXII - CONFIDENTIALITY**

Each Party shall maintain, in accordance with its national legislation, the confidentiality of confidential business information collected pursuant to this Agreement and shall protect that information from disclosure that could prejudice the competitive position of the persons providing the information.

2. The confidential business information collected pursuant to this Agreement may be disclosed only to those authorities responsible for the administration and enforcement of determinations of origin and of customs and revenue matters.

## ARTICLE XXIII - ORIGIN VERIFICATION

For purposes of determining whether goods imported into its territory from the territory of another Party qualify as originating goods, a Party may conduct verification solely by means of:

- (i) submitting to the competent authority of the exporting Party request for information from an exporter or a producer, in a territory of another Party;
- (ii) visits to the premises of an exporter or producer in the territory of another Party to review records and observe the production of the goods;
- (iii) other procedures agreed upon by the Parties whenever necessary.

2. Prior to conducting verification pursuant to Paragraph 1, a Party shall, through its designated entity, notify the competent authority of the exporting Party of its intention to carry out verification. Within five (5) days of dispatch of this notification, the competent authority in the exporting Party shall notify the exporter and/or the producer of the goods.

3. The competent authority of the importing Party shall obtain the written consent of the exporter or producer of the goods whose premises are to be visited.

4. The notification of visits which are provided for in Paragraph 1(ii) shall include:

- (i) the identity of the designated entity issuing the notification;
- (ii) the name of the exporter or producer whose premises are to be visited;
- (iii) the date and place of the proposed verification visit;
- (iv) the object and scope of the verification visit, including specific reference to the goods which are the subject of the verification;
- (v) the names and designation of the officials who will carry out the visit; and
- (vi) the legal basis for the verification visit.

5. The competent authority of the exporting Party may, at the request of the Party wishing to carry out verification pursuant to paragraph 1, call on the producer or the exporter to make available, *inter alia*, documentation and accounting records and permit inspection of materials, production facilities and processes.

6. Where a verification has been notified, any modification of the information referred to in this Article shall be notified in writing to the competent authority of the exporting Party, who in turn shall immediately notify the modifications to the producer or the exporter. Such modifications shall be notified by the importing Party no later than fifteen (15) days after the initial notification.

7. Where an exporter or a producer does not either give written consent to a proposed verification visit or provide any information requested as provided for in this Article within thirty (30) days of despatch of the notification, the Party which has notified intention to carry out verification may deny preferential tariff treatment to goods which would have been the subject of such verification.

8. The Competent Authority of the importing Party may grant to the competent authority of the exporting Party an extension of not more than ten (10) days for the submission of any documents which may be required to support an application for verification of origin under this Agreement.

9. Each Party shall provide that, where its competent authority receives notification, the competent authority may, within seven (7) days of receipt of the notification, postpone the proposed verification visit for a period not exceeding fifteen (15) days from the date of such receipt or for such longer period as the Parties may agree.

10. The Parties shall permit an exporter or a producer whose goods are the subject of a verification visit to designate two observers to be present during the visit, providing that:

(i) the observers do not participate in a manner other than as observers; and

(ii) the failure of the exporter or producer to designate observers shall not result in the postponement of the visit.

#### **ARTICLE XXIV - FINDINGS OF THE VERIFICATION**

The Party conducting a verification shall provide the exporter or producer whose goods are the subject of the verification with a written determination of whether or not the goods qualify as originating goods, including findings of fact and the legal basis for the determination, within twenty-one (21) days of the conclusion of the verification exercise.

#### **ARTICLE XXV - GUARANTEE OF PAYMENT OF REVENUE**

In no case shall the customs authorities of the Parties interrupt an import procedure of the products covered by a Certificate of Origin. However, the competent authorities of the importing Party, in addition to requesting the appropriate additional information from the competent authorities of the exporting Party, may adopt any action it deems necessary to safeguard its fiscal interests.

2. The competent authorities of the importing Party shall take appropriate action with respect to any financial security given to protect the fiscal interest based on the determination of the verification.

#### **ARTICLE XXVI - APPEALS**

Each Party will establish procedures for the review of decisions by the various authorities regarding the origin verification procedures.

#### **ARTICLE XXVII - PENALTIES**

Each Party, in its legislation, shall provide penalties for breaches of the provisions of this Appendix which shall be similar to those applied for breaches of its laws and regulations in similar circumstances.

## APPENDIX VI TO ANNEX I: TECHNICAL BARRIERS TO TRADE

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### ARTICLE I - DEFINITIONS

For the purposes of this Appendix the terms defined in the Seventh Edition (1996) of the ISO/IEC Guide 2 Standardization and related activities - General Vocabulary, shall, when used in this Appendix have the same meaning given in the said Guide. In addition, the following definitions shall apply:

**Risk Assessment:** The evaluation of the potential of adverse effects to the health and safety of human, animal or plant life, onto the environment resulting from any goods or services traded between the Parties.

**Standards-related Measure:** A standard, technical regulation or conformity assessment procedure.

**Standard:** A document approved by a recognised body, that provides for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

**International Standard:** A standard or other guide or recommendation, adopted by an international standardising body and made available to the public.

**Legitimate Objectives:** Objectives such as safety, protection of human, animal or plant life or health, the environment or consumers (including matters relating to quality and identifiability of goods or services); or, sustainable development, considering, among other things, where appropriate, fundamental climatic, geographical, technological or infrastructural factors or scientific justification.

**Conformity Assessment Procedure:** Any procedure used directly or indirectly, to determine that relevant requirements in technical regulations or standards are satisfied.

**Technical Regulation:** Document which lays down product characteristics or their related processes and production methods, including applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

**Service:** Any service within the scope of this Appendix that is subject to standards-related or metrology measures including standardization, metrology and conformity assessment services themselves.

**Administrative Rejection:** Any action taken by a public administration agency of the importing Party, to restrict the entry to its territory of a shipment or the provision of a service, due to technical reasons.

**Dangerous Wastes:** Any material generated in the extraction, transformation, production, consumption, utilisation, control or treatment processes, whose properties do not allow for its re-use, and that, due to its corrosive, toxic, poisonous, reactive, radioactive, explosive, flammable, biologically infectious or irritating characteristics, represents a hazard to health or to the environment.

**Hazardous Substance:** Any substance that is hazardous to health and safety of human, animal or plant life, or to the environment and that is identified as such by national and international agencies.

**Make Compatible:** To bring different standards-related measures of the same scope approved by different standardising bodies to a level such that they are either identical, equivalent, or have the effect of permitting goods or services to be used in place of one another or fulfill the same purpose.

## **ARTICLE II - SCOPE OF APPLICATION**

This Appendix applies to the standards-related and metrological measures of the Parties, as well as to other related measures that may directly or indirectly affect trade in goods or services between the Parties.

2. The Parties affirm their existing rights and obligations under the Agreement on Technical Barriers to Trade of the World Trade Organisation (WTO) and other international agreements to which the Member States of CARICOM and the Dominican Republic are parties, including agreements relating to health, the environment and the protection of the consumer.

3. This Appendix does not apply to Sanitary and PhytoSanitary Measures.

## **ARTICLE III - NON-DISCRIMINATORY TREATMENT**

Each Party shall, in respect of standards-related measures, accord to goods and service-providers of the other Party, treatment no less favourable than that accorded to like goods or service-providers of national origin and to like goods, or service-providers originating in any other country.

## **ARTICLE IV - USE OF INTERNATIONAL STANDARDS**

Each Party shall use, as a basis for the development and application of its standardisation measures, current international standards, or international standards whose completion are imminent, except where such standards would be an ineffective or inappropriate means to fulfill its legitimate objectives.

2. When one Party applies procedures for conformity assessment which restrict or restrain the access of goods, that Party shall consider the use of the pertinent international standards as the basis of access until a final decision is taken.

## **ARTICLE V - RISK ASSESSMENT**

Each Party may conduct risk assessment in its territory, provided that such assessment does not have the intention, or effect of creating unnecessary obstacles to trade between them. In so doing, the Parties shall take into consideration the risk assessment methods developed by international agencies.

2. When conducting risk assessment, the Party performing it shall take into consideration all available pertinent scientific evidence, technical information, the intended end use, and the associated technology.

3. Once the protection level that is considered adequate has been established and the risk assessment conducted, each Party shall avoid making arbitrary or unjustifiable distinctions between similar goods and services, if those distinctions:

(i) result in arbitrary or unjustifiable discrimination against goods or services-providers of the other Party;

(ii) constitute a disguised restriction on trade between the Parties; or

(iii) discriminate between similar goods or services for the same use under the same conditions, that hold the same level of risk, and that result in similar benefits.

## **ARTICLE VI - COMPATIBILITY AND EQUIVALENCE**

Without prejudice to the rights of the Parties under this Appendix and taking into account international standardisation activities, the Parties shall, to the extent practicable, make compatible their standards-related measures, without reducing the level of safety or of protection of human, animal or plant life or health, the environment or the consumer.

2. Each Party shall accept a technical regulation adopted or maintained by an exporting Party as equivalent to its own where the exporting Party, in cooperation with the importing Party, demonstrates to the satisfaction of the importing Party that its technical regulation adequately fulfills the importing Party's legitimate objectives.

3. Upon the request of the exporting Party, the importing Party shall communicate in writing its reasons for not accepting any particular technical regulation of the exporting Party as equivalent to its own in accordance with paragraph 2 of this Article.

4. The Parties recognize the need to review, revise and update standards and technical regulations to achieve greater harmonisation.

5. The Parties further affirm the need to review procedures for conformity assessment systems in order to facilitate certification, accreditation and the issuing of marks of conformity.

## **ARTICLE VII - CONFORMITY ASSESSMENT**

If it is of mutual benefit, each Party shall in a reciprocal manner, accredit, approve, licence or otherwise recognize the conformity assessment bodies in the territory of the other Party, on terms no less favourable than those applicable to such bodies in its territory.

2. The Parties may utilise the technical and institutional capability of the conformity assessment bodies established in the territory of the Parties, and recognised in accordance with paragraph 1 of this Article.

3. Whenever it is possible, the Parties shall provide for the carrying out of conformity assessment procedures in production facilities and the issuing of marks of conformity assessments when the product satisfies the requirements of the standard or technical regulation.

4. Each Party shall acknowledge the results of the conformity assessment procedures in the other Party's territory.

5. Prior to acceptance of results of a conformity assessment procedure pursuant to paragraph 4 of this Article and to enhance confidence in the continued reliability of each other's conformity assessment results, the Parties may consult on such matters as the technical competence of the conformity assessment bodies involved, including verified compliance with relevant international standards.

6. The Parties shall ensure the confidentiality of information about products or services originating in the territory of the other Party arising from, or supplied in connection with, conformity assessment procedures in the same way as for domestic products and in such a manner that legitimate commercial interests are protected.

#### **ARTICLE VIII - METROLOGICAL STANDARDS**

In fulfilling the requirements of this Appendix, each Party shall, as far as practicable, ensure the traceability of its metrological standards in accordance with the recommendations of the International Bureau of Weights and Measures (IBPM) and the International Organisation of Legal Metrology (OIML).

#### **ARTICLE IX - FILLING, PACKAGING AND LABELLING**

The Parties shall develop agreed standards with respect to filling, packaging and labelling and will submit them through *such* mechanisms created in accordance with Article XI. With respect to this Article, the relevant principles adopted by the International Organisation for Standardization (ISO) shall generally be followed.

2. While, the agreed standards are being developed, each Party shall apply, inside its territory, its standards for filling, packaging and labelling.

3. In the case of foods and food-additives, in order to ensure that standards developed do not contradict themselves (either in meaning or in practice) the basis of harmonisation shall preferably be standards and documents issued by Codex Alimentarius.

#### **ARTICLE X - NOTIFICATION**

Each Party shall notify the other Party of the initiation of any activity leading to the promulgation of any standards-related measure.

2. Each Party shall notify the other Party when a standards-related measure is withdrawn.

3. A Party which proposes that the adoption or modification of some standards-related or metrological measure may have a significant effect on trade between the parties, shall:

(i) at least sixty (60) days prior to such adoption or modification publish a notice and notify the other Party in writing, using the same form of notification of the World Trade Organisation (WTO), in such a manner as to enable interested persons to become acquainted with the proposed measure;

(ii) upon request, provide to the other Party, particulars or copies of the proposed measure, and whenever possible, identify the parts which in substance deviate from relevant international standards;

(iii) allow reasonable time for the other Party to make comments in writing, discuss these comments upon request, and take these written comments and the results of these discussions into account;

(iv) provide the other Party, through the Enquiry Point, with a copy of the finalised measure to be implemented;

(v) where urgent problems of safety, health, environmental protection or national security arise or threaten to arise for a Party, that Party may omit any of the steps enumerated in paragraph (iii) of this Article as it finds necessary, provided that the Party upon adoption of the measure notifies the other Party of the nature of the urgent problem, provides copies of the measure and takes any comments into consideration;

(vi) each Party shall annually, or as later determined, notify in writing the other Party of its standardization work programme;

(vii) when one of the Parties administratively refuses a shipment or a service provision due to noncompliance with a standards-related or metrological measure it shall notify in writing, without delay, the owner(s) of the shipment of the service provider(s) the technical justification for the refusal;

(viii) a copy of the technical justification provided for in paragraph (vii) of this Article shall immediately be notified to the Enquiry Points of the other Party;

(ix) unless otherwise specified, any notification required under this Article shall be issued through the Enquiry Point designated under Article XI.

#### **ARTICLE XI - ENQUIRY POINTS**

Each Party shall ensure that an Enquiry Point exists, which is able to respond to all reasonable enquiries from the other Party, and other interested person(s), as well as to provide the relevant documents regarding standards-related and metrological measures adopted or proposed in its territory by Governmental or non-Governmental agencies.

2. The Parties shall inform each other of the institutions which they have designated as Enquiry Points.

3. Each Party Shall take reasonable measures to ensure that where copies of documents are requested by the other Party, or by other interested person(s) in accordance with paragraph 1 of this Article, they are supplied at an equitable price (if any) which shall, apart from the actual cost of delivery, be the same for the nationals<sup>1</sup> of the Party concerned.

#### **ARTICLE XII - HANDLING OF HAZARDOUS SUBSTANCES AND WASTE**

The Parties shall apply the provisions, guidelines or recommendations of the pertinent United Nations Convention, the Basle Convention and the relevant international agreements and standards to which the Parties adhere in addition to the existing legislation of the Parties for the control and handling of hazardous substances and dangerous waste.

2. Each Party shall regulate in accordance with its legislation the introduction, acceptance, deposit, transport and transit through its territory of hazardous substances or dangerous waste, whether originating inside or outside of its territory.

#### **ARTICLE XIII - PROTECTION OF THE ENVIRONMENT**

Each Party undertakes to preserve and protect the environment by applying relevant provisions, guidelines or recommendations of the United Nations Environmental Programme (UNEP) and the pertinent international agreements and standards to which they adhere.

#### **ARTICLE XIV - PROCEDURES FOR REGISTRATION OF GOODS**

The goods subject to registration in the territory of any of the Parties, shall be registered by a recognised institution, or accredited by the competent authority of that Party based upon a national system by which such registration is mandatory. Such registration of goods shall be performed as expeditiously as possible and on grounds no less favourable than that extended to registration of like goods of national origin.

#### **ARTICLE XV - TECHNICAL COOPERATION**

Each Party shall encourage technical cooperation between its agencies for standardization and metrology, promoting the provision of information and technical assistance, according to available resources and under terms mutually agreed, in order to assist in the attainment of this objective and to enhance the activities, processes, standardization and metrological systems and measures of both Parties.

**2.** The Parties shall undertake joint efforts for the purpose of securing technical cooperation and assistance from third countries.

<sup>1</sup> "Nationals" here shall be deemed, in the case of a separate customs territory Party, to mean persons, natural or legal, who are domiciled or who have a real and effective industrial or commercial establishment in that customs territory

## APPENDIX VII TO ANNEX I: AGREEMENT ON SANITARY AND PHYTO-SANITARY MEASURES

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### ARTICLE I - RIGHTS AND OBLIGATIONS

In compliance with the World Trade Organization (WTO) Agreement for Sanitary and Phyto-Sanitary Measures, each Party has the right to establish, adopt, maintain or apply any Sanitary and Phyto-Sanitary Measures necessary to protect human, animal or plant life or health in its territory, more stringent than relevant regional and international standards, guidelines or recommendations.

2. Each Party will ensure that any Sanitary or Phyto-Sanitary Measure adopted, maintained or applied:

(i) is based on scientific principles, taking into account, when necessary, all pertinent facts as well as the different national and regional conditions;

(ii) is only maintained when there is scientific justification;

(iii) is based on a risk assessment that is appropriate to the circumstances;

(iv) does not restrict trade more than is necessary in order to protect human, animal or plant life or health;

(v) does not have as an objective or consequence, a disguised restriction on trade between the Parties; and

(vi) is based on national/regional/ international standards, guidelines or recommendations, or on the imminent adoption of such measures except when these measures do not constitute an adequate and effective means of protecting human, animal or plant life or health in its territory.

3. Notwithstanding any other provision of this Appendix, each Party, in order to protect human, animal or plant life or health in its territory, has the right to establish appropriate levels of protection, taking into account the associated risk from the point of view of consequences for the introduction, establishment or spread of a pest or disease. For this purpose, the methodologies of analysis and risk assessment of relevant international organizations, CODEX ALIMENTARIUS, International Plant Protection Convention (IPPC), and the International Office of Epizootics (IOE), as well as relevant specialized regional organizations to which the Parties are members, shall be taken into account.

4. The risk assessment conducted by the importing Party in order to establish the respective Sanitary and Phyto-Sanitary Measures shall be completed within four months from the date when the analysis is requested of the competent authority. By mutual agreement, an extension of one month will be granted when necessary.

5. Each Party shall inform the Committee for Sanitary and Phyto-Sanitary Measures of its Competent Notifying Authority and shall utilize the designated Enquiry Points as the channel for notifying the other Party.

6. The Parties shall abide by the control, inspection and approval procedures for the application of Sanitary and Phyto-Sanitary Measures contained in Article III.

7. The Parties shall not apply punitive Sanitary and Phyto-Sanitary Measures in the context of their reciprocal trade relations. The application of retaliatory measures will be considered punitive.

## ARTICLE II - DEFINITIONS

For the purpose of this Appendix, the following definitions shall apply

**Animal:** Any vertebrate or invertebrate, including aquatic and wild fauna.

**Appropriate Level of Sanitary or Phyto-Sanitary Protection:** The level of protection deemed appropriate by the Party establishing a Sanitary or Phyto-Sanitary Measure to protect human, animal or plant life or health within its territory.

**Approval Procedure:** Any registration, certification, notification or any other obligatory administrative procedure for approving the use of an additive or to establish a level of tolerance for contaminants for defined purposes or under conditions agreed upon for food, beverage or feedstuffs prior to permitting its use or commercialization whenever any of these contains the additive or contaminant.

**Area of Low Pest or Disease Prevalence:** An area, whether all of a country, part of a country or all or parts of several countries, as identified by the competent authorities, in which a specific pest or disease occurs at low levels, and which are subject to effective surveillance, control or eradication measures.

### **Biological Products:**

- (i) biological reagents for use in the diagnosis of certain diseases;
- (ii) sera for use in the prevention or treatment of certain diseases;
- (iii) inactivated or modified vaccines for use in the preventive vaccination against certain diseases;
- (iv) microbial genetic material.

**Contaminant:** Any substance not intentionally added to food, which is present in such food as a result of the production (including operations carried out in crop husbandry, animal husbandry and veterinary medicine), manufacture, processing, preparation, treatment, packing, packaging, transport or holding of such food or as a result of environmental contamination. The term does not include insect fragments, rodent hairs and other extraneous matter.

**Control or Inspection Procedure:** Any procedure utilized directly or indirectly to determine compliance with a Sanitary or Phyto-Sanitary Measure. This includes sampling, testing, inspection, verification, monitoring,

auditing, conformance evaluation, accreditation and other procedures involving the physical examination of the goods, packaging equipment and installations directly related to the production, commercialization or utilization of a goods, but not referred to as an approval procedure.

**Disease:** A clinical or sub-clinical infection cause by one or more aetiological agents as listed in the IOE and IPPC Codes.

**Feedstuffs:** Balanced daily food allowance for animal use.

**Food:** Any substance, whether processed, semi-processed or raw, which is intended for human consumption, and includes drink, chewing gum and any substance which has been used in the manufacture, preparation or treatment of "food" but does not include cosmetics or tobacco or substances used only as drugs.

**Food Additive:** Any substance not normally consumed as a food by itself and not normally used as a typical ingredient of the food, whether or not it has nutritive value, the intentional addition of which to food for a technological (including organoleptic) purpose in the manufacture, processing, preparation, treatment, packing, packaging, transport or holding of such food results, or may be reasonably expected to result, (directly or indirectly) in it or its by-products becoming a component of or otherwise affecting the characteristics of such foods. The term does not include "contaminants" or substances added to food for maintaining or improving nutritional qualities.

**Food Safety:** Quality that ensures that food is free of risk to human health.

**Goods:** Food, animals, plants, their products and by-products, and biological products.

**Harmonization:** The establishment, recognition and application of common Sanitary and Phyto-Sanitary Measures by the Parties.

**International Standards, Guidelines and Recommendations:**

(i) for food safety: the standards, guidelines and recommendations established by the CODEX ALIMENTARIUS COMMISSION relating to food additives, veterinary drug and pesticide residues, contaminants, methods of analysis and sampling, and codes and guidelines of hygienic practice;

(ii) for animal health and zoonoses: the standards, guidelines and recommendations developed under the auspices of the International Office of Epizootics;

(iii) or plant health: the international standards, guidelines and recommendations developed under the auspices of the Secretariat of the International Plant Protection Convention in co-operation with regional organizations operating within the framework of the International Plant Protection Convention; and

(iv) for matters not covered by the above organizations: appropriate standards, guidelines and recommendations promulgated by other relevant international organizations open for membership to the Parties, as identified by the Committee on Sanitary and Phyto-Sanitary Measures.

**Pest:** Any species, strain or biotype of plant, animal or pathogenic agent, injurious to plants, animals and their products.

**Pest or Disease-Free Area:** An area, whether all of a country, part of a country, or all or parts of several countries, as identified by the competent authorities, in which a specific pest or disease does not occur. A pest or disease-free area may surround, be surrounded by or be adjacent to an area - whether within part of a country or in a geographic region which includes parts of or all of several

countries - in which a specific pest or disease is known to occur but is subject to regional control measures such as the establishment of protection, surveillance and buffer zones which will confine or eradicate the pest or disease in question.

**Pesticide:** Any substance intended for preventing, destroying, attracting, repelling, or controlling any pest including unwanted species of plants or animals during the production, storage, transport, distribution and processing of food, agricultural commodities, or animal feeds or which may be administered to animals for the control of ectoparasites. The term includes substances intended for use as a plant-growth regulator, defoliant, desiccant, fruit thinning agent, or sprouting inhibitor and substances applied to crops either before or after harvest to protect the commodity from deterioration during storage and transport. The term normally excludes fertilizers, plant and animal nutrients, food additives, and animal drugs.

**Pesticide Residues:** Any specified substance in food, agricultural commodities, or animal feed resulting from the use of a pesticide. The term includes any derivatives of a pesticide, such as conversion products, metabolites, reaction products, and impurities considered to be of toxicological significance.

**Plants:** Live plants and parts thereof, including seeds and germ plasm, forest and wild flora.

**Risk Assessment:** The evaluation of the likelihood of entry, establishment or spread of a pest or disease within the territory of an importing Party according to the Sanitary or Phyto-Sanitary Measures which might be applied, and of the associated potential biological and economic consequences; or the evaluation of the potential for adverse effects on human or animal health arising from the presence of additives, contaminants, toxins or disease-causing organisms in food, feedstuffs and beverages.

**Sanitary or Phyto-Sanitary Measures:**

- (i) to protect animal or plant life or health within the territory of the Party from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
- (ii) to protect human or animal life or health within the territory of the Party from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
- (iii) to protect human life or health within the territory of the Party from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or
- (iv) to prevent or limit other damage within the territory of the Party from the entry establishment or spread of pests.

Sanitary or Phyto-Sanitary Measures include all relevant laws, decrees, regulations, requirements and procedures including, *inter alia*, end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labeling requirements directly related to food safety.

**Scientific Information:** Data or information derived from scientific principles and methods.

**Transportation:** Means or mode of transport, and the form of packaging used for the movement of goods, as established by a Sanitary or Phyto-Sanitary Measure.

## **ARTICLE III - CONTROL INSPECTION AND APPROVAL PROCEDURES IN THE APPLICATION OF SANITARY AND PHYTO-SANITARY MEASURES**

In order to expedite the application of Sanitary and Phyto-Sanitary Measures in the territories of the Parties, and to facilitate trade flows, the procedures for control, inspection and approval of Sanitary and Phyto-Sanitary Measures will be governed by the provisions of this Article.

### **2. Transparency:**

In order to ensure adequate transparency in the adoption and application of Sanitary and Phyto-Sanitary Measures, the competent Notifying Authorities and Enquiry Points will utilize formats that are the same as or similar to those designed and utilized by the WTO Committee for Sanitary and Phyto-Sanitary Measures.

### **3. Harmonization:**

The Parties shall use international organizations and other specialized regional fora in the harmonization of their Sanitary and Phyto-Sanitary Measures.

### **4. Sanitary and Phyto-Sanitary Status:**

The Parties shall accept as valid, the Sanitary and Phyto-Sanitary status in accordance with the FAO database (food safety and plant health), the OIE database (animal health) and databases of relevant specialized regional organizations. In case of reasonable query by one Party, reasonable access for inspections, tests and other procedures will be permitted by mutual agreement in order to verify the said status.

### **5. Equivalence:**

In accordance with the provisions of this Appendix, in the process of recognition of equivalence of their Sanitary and Phyto-Sanitary Measures, the Parties, through bilateral consultations, will address issues relating to the effectiveness of measures, their impact on trade, cost effectiveness and the appropriate technology. These will be detailed in bilateral agreements for mutual recognition.

### **6. Risk Assessment and Determination of Appropriate Level of Protection:**

In conducting risk assessment, the Parties shall apply methodologies harmonized by relevant international organizations and where they do not exist, shall utilize those harmonized at the regional level, with the assistance of specialized regional organizations.

### **7. Inspection Criteria (including Inspection at Origin):**

Designated agencies shall be the only channel for inspections between Parties, and shall be authorized to determine inspection periods, time limits for informing the other Party, as well as for the signature of protocols or specific bilateral instruments according to the needs of the Parties.

Upon receipt of a request from one of the Parties, the Competent Notifying Authority shall be required to conduct the inspection, and report the findings and action taken to the other Party within 30 days.

When inspection is performed at a specific export point in the territory of a Party, the Certificate of Inspection will have a one-year validity, save for reasonable exceptions, particularly in the case of plants, by mutual agreement.

Inspection costs will be borne by the exporting country.

## 8. Pest or Disease Free Areas and Areas of Low Prevalence of Pest or Disease:

In the process towards recognizing pest or disease free areas and areas of low prevalence of pest or disease, the Parties shall first apply the methodologies utilized by relevant international organizations and, where such methodologies do not exist, those harmonized at the regional level with the assistance of specialized regional organizations. The Parties shall also establish specific bilateral protocols for particular cases.

## 9. Accreditation:

The Parties shall seek to standardize their accreditation procedures. Government institutions shall be recognized as accredited organizations and should select qualified and/or experienced personnel. Private sector institutions and professionals shall be appropriately certified.

# ANNEX II: AGREEMENT ON TRADE IN SERVICES

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## ARTICLE I - OBJECTIVE

The objective of this Agreement is to establish a framework for the liberalisation of trade in services among the Parties consistent with the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO). Such a framework will promote the interests of the Parties, on the basis of mutual advantages and the achievement of a global balance of rights and obligations among the Parties.

## ARTICLE II - DEFINITION

For the purposes of the present Agreement:

**(i) commercial presence:** means any type of business or professional establishment, including through the constitution, acquisition or maintenance of a juridical person, or creation or maintenance of a branch or a representative office located in the territory of any of the Parties, for the purpose of supplying a service;

**(ii) juridical person of another Party:** means any juridical person:

**(a)** constituted or otherwise organised under the law of that other Party, and is engaged in substantive business operations in the territory of that Party or the other Party; or

**(b)** in the case of the supply of a service through commercial presence owned or controlled by:

**(i)** natural persons of that Party; or

**(ii)** juridical persons of that other Party identified under sub-paragraph (a);

**(iii) natural person of another Party:** means a national of that other Party;

**(iv) service consumer:** means any person that receives or uses a service;

**(v) service of another Party:** means a service provided:

**(a)** from or in the territory of such Party; or

**(b)** by a service supplier of that other Party by means of commercial presence or through the presence of natural persons;

**(vi) service supplier:** means any person that supplies a service;

**(vii) services:** includes any service in any sector except services supplied in the exercise of governmental authority;

**(viii) services supplied in the exercise of governmental authority:** means any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers;

**(ix) speciality air services:** means aerial mapping, aerial surveying, aerial photography, forest fire management, fire fighting, aerial advertising, glider towing, parachute jumping, aerial construction, heli- logging, aerial sightseeing, flight training, aerial inspection and surveillance, and aerial spraying services;

**(x) supply of a service:** includes the production, distribution, marketing, sale and delivery of a service;

**(xi) trade In services:** means the supply of a service:

**(a)** from the territory of one Party into the territory of the other Party;

**(b)** in the territory of one Party to the service consumer of the other Party;

**(c)** by a service supplier of any Party, through commercial presence in the territory of the other Party; by a service supplier of one Party, through the presence of natural persons of a Party in the territory of the other Party.

Any other term not defined in paragraph 1 of this Article shall have the meaning agreed to in the GATS and its Annexes.

### **ARTICLE III - SCOPE**

This Agreement applies to measures by the Parties affecting trade in services, including those relating to:

**(i)** the production, distribution, marketing, sale and delivery of a service;

**(ii)** the purchase, use or payment of a service;

**(iii)** access to and use of, in connection with the supply of a service, services which are required to be offered to the public generally;

**(iv)** the presence, including the commercial presence of a service supplier in the territory of another Party; and

**(v)** the provision of a bond or other form of financial security, as a condition for the provision of a service.

2. This Agreement will not apply to:

(i) promotion and support measures provided by a Party or a state enterprise, including government-supported loans, guarantees, Insurance, grants and fiscal incentives provided by the Governments of the Parties;

(ii) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, and related services in support of air services, other than:

(a) aircraft repair and maintenance services during which an aircraft is withdrawn from service;

(b) specialty air services; and

(c) computerised reservation systems;

(iii) services or government functions such as, but not limited to, the enforcement of laws, social welfare services, income security or insurance, social security, public education, public training, health, and child care.

3. Nothing in this Agreement shall be construed to:

(i) impose any obligation on a Party with respect to a national of the other Party seeking access to its employment market, or employed on a permanent basis in its territory, or to confer any right on that national with respect to that access or employment; or,

(ii) impose any obligation nor confer any right to a Party, with respect to government procurement by the other Party, except for any provisions which may be agreed to on Government Procurement.

4. For the purposes of this Agreement, "measures adopted by the Parties" means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form taken by:

(i) central, regional, provincial, municipal or local government and authorities; and

(ii) non-governmental bodies in the exercise of powers delegated by government and authorities mentioned in sub-paragraph (i) above.

5. In fulfilling its obligations and commitments under this Agreement, each Party shall take such reasonable measures as may be available to it to ensure its observance by regional and local governments and authorities mentioned in paragraph 4 (a) above, and non- governmental bodies within its territory.

6. The provisions of this Agreement will not apply to those measures related to professional services, except as may be agreed to by the Parties.

#### **ARTICLE IV - MOST FAVOURED NATION TREATMENT**

Each Party shall accord immediately and unconditionally to services and service suppliers of the other Party treatment no less favourable than that which it accords to like services and service suppliers of any third country.

2. The provisions of this Agreement shall not be construed to prevent any Party from conferring or according advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

#### **ARTICLE V - TRANSPARENCY**

Each Party shall publish promptly and, except in emergency situations, at the latest by the time of their entry into force, all relevant measures of general application which pertain to/or affect the operation of this Agreement. International agreements pertaining to or affecting trade in services to which a Party is signatory shall also be published.

2. Where publication as referred to in paragraph 1 is not feasible or practicable, the Parties shall make them otherwise publicly available.

3. Each Party shall promptly and at least annually inform the other Party of the introduction of any new or any changes to existing laws, regulations or administrative guidelines which significantly affect trade in services covered by this Agreement.

4. Each Party shall respond promptly to all requests by the other Party for specific information on any of its measures of general application or international agreements within the meaning of paragraph 1.

5. For the purposes of complying with this Article, the Parties shall utilise the enquiry points established under Article III:4 of the GATS.

#### **ARTICLE VI - DISCLOSURE OF CONFIDENTIAL INFORMATION**

Nothing in this Agreement shall require any Party to provide confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or which would prejudice legitimate commercial interests of particular enterprises, public or private.

#### **ARTICLE VII - LICENSING AND CERTIFICATION**

With a view to ensuring that any measure adopted or maintained by a Party relating to domestic regulation of services sectors within the context of Article VI of the GATS or the licensing or certification of nationals of the other Party does not constitute an unnecessary barrier to trade, each Party shall endeavour to ensure that any such measure:

- (i) is based on objective and transparent criteria, such as competence and the ability to supply a service;
- (ii) is not more burdensome than necessary to ensure the quality of a service; and
- (iii) does not constitute a disguised restriction on the supply of a service.

#### **ARTICLE VIII - GENERAL EXCEPTIONS**

Notwithstanding the provisions of this Agreement, the Parties may adopt or enforce measures:

- (i) necessary to protect public morals or to maintain public order;

- (ii) necessary to Protect human life, animal or plant life or health, and to preserve the environment;
- (iii) necessary to protect essential security interests;
- (iv) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement including those relating to:
  - (a) the prevention of deception and fraudulent practices or to deal with the effects of a default on services contracts by natural or juridical persons of any of the Parties;
  - (b) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts; or
  - (c) safety;
- (v) necessary to protect national artistic, historical or archeological treasures:
- (vi) for prudential reasons, such as to:
  - (a) protect investors, depositors, financial market participants, policy holders, policy claimants or persons to whom a fiduciary duty is owed by a financial institution; and
  - (b) maintain the safety, soundness, integrity or financial responsibility of financial institutions;
- (vii) inconsistent with the provisions of the Attachment mentioned in Article XII, provided that the difference in treatment is aimed at ensuring the equitable or effective imposition or collection of direct taxes in respect of services or service suppliers of the other Party; and
- (viii) inconsistent with Article IV, provided that the difference in treatment is the result of an agreement on the avoidance of double taxation or provisions on the avoidance of double taxation in any other international agreement or arrangement by which the Party is bound.

2. Such measures can be applied subject to the requirement that they do not constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on trade in services.

## **ARTICLE IX - RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS**

In the event of serious balance of payments and external financial difficulties or threat thereof, a Party may adopt or maintain restrictions on trade in services with respect to the measures covered by the provisions in Articles IV, X and XIII and paragraph 1 of Article XIV, including payment or transfers for transactions related to sectors covered by such measures. It is recognised that particular pressures on the balance of payments of a Party in the process of economic development or economic transition may necessitate the use of restrictions to ensure, **inter alia**, the maintenance of a level of financial reserves adequate for the implementation or its programme of economic development or economic transition.

2. The restrictions referred to in paragraph 1:

- (i) shall not discriminate among the Parties;
- (ii) shall be consistent with the Articles of Agreement of the International Monetary Fund (IMF);

(iii) shall avoid unnecessary damage to the commercial, economic and financial interests of the other Party;

(iv) shall not exceed those necessary to deal with the circumstances described in paragraph 1; and

(v) shall be temporary and be phased out progressively as the situation specified in paragraph 1 improves.

3. In determining the incidence of such restrictions, the Parties may give priority to the supply of services which are more essential to their economic or development programmes. However, such restrictions shall not be adopted or maintained for the purpose of protecting a particular service sector.

4. Any restrictions adopted or maintained under paragraph 1, or any changes therein, shall be promptly notified to the other Party.

5. (i) A Party applying the provisions of this Article shall consult promptly on the restrictions adopted under this Article.

(ii) The Committee on Trade in Services shall establish procedures for periodic consultations with the objective of enabling such recommendations to be made to the other Party as it may deem appropriate.

(iii) Such consultations shall assess the balance-of-payments situation of the Party concerned and the restrictions adopted or maintained under this Article, taking into account, **inter alia**, such factors as:

(a) the nature and extent of the balance-of-payments and the external financial difficulties;

(b) the external economic and trading environment of the consulting Party; and,

(c) alternative corrective measures which may be available.

(iv) The consultations shall address the compliance of any restrictions with paragraph 2, in particular the progressive phase-out of restrictions in accordance with paragraph 2 (v); and,

(v) In such consultations, all statistical findings and other facts presented by the IMF relating to foreign exchange, monetary reserves and balance of payments, shall be accepted and conclusions shall be based on the assessment by the IMF of the balance of payments and the external financial situation of the consulting Party.

## **ARTICLE X - LOCAL PRESENCE**

No Party may require a service supplier of the other Party to establish or maintain a representative office of any form of enterprise, or to be resident, in its territory as a condition for the provision of a service.

## **ARTICLE XI - NON-DISCRIMINATORY QUANTITATIVE RESTRICTIONS**

No later than six (6) months after the date of entry into force of this Agreement, each Party shall set out in Appendix to this Agreement, a list of existing non-discriminatory quantitative restrictions.

2. The Parties shall periodically, but in any event at least every two (2) years, endeavour to negotiate the liberalisation or removal of:

(i) existing non-discriminatory quantitative restrictions maintained by each Party, as listed pursuant to paragraph 1; and

(ii) new non-discriminatory quantitative restrictions that the Parties adopted after the entry into force of this Agreement.

3. Each Party shall notify the other Party of any new non-discriminatory quantitative restriction that it adopts after the date of entry into force of this Agreement.

## **ARTICLE XII - MARKET ACCESS**

The terms on which each Party will grant market access to service providers of the other Party shall be set out in an Attachment to this Agreement.

## **ARTICLE XIII - NATIONAL TREATMENT**

With respect to services covered by this Agreement, the Parties will grant each other national treatment subject to the terms and conditions in the Attachment provided for in Article XII.

## **ARTICLE XIV - NON-CONFORMING MEASURES**

After the date of entry into force this Agreement, no Party shall increase the level of non-conformity of its existing measures with respect to the provisions of Articles IV, X and XIII. Any new measures and reform to existing measures shall not decrease the degree of conformity of the measure with respect to its level immediately before its introduction or reform.

2. Articles IV, X and XIII do not apply to any existing non-conforming measure maintained by a Party as set out in an Appendix to this Agreement no later than six (6) months after the date of entry into force of this Agreement.

3. The LDCs shall list existing non-conforming measures within one (1) year of the entry into force of this Agreement.

## **ARTICLE XV - DENIAL OF BENEFITS**

A Party may deny the benefits of this Agreement to a service provider of the other Party, with prior notification and consultation, where the first Party establishes that the service is being provided by an enterprise that is owned by persons of a third country and that conducts no substantial business activities in the territory of the second Party.

2. Such notification shall also be made to the Committee on Trade in Services. The resulting consultations shall be conducted within the Committee and shall be concluded within fourteen (14) days of the notification.

3. In the event that the consultations do not result in an agreement acceptable to the Parties, the benefits may be denied provisionally and the affected Party may seek to resolve the matter in accordance with the provisions

of Article XV of the Agreement establishing the Free Trade Area between the Caribbean Community and the Dominican Republic (Agreement on Free Trade).

#### **ARTICLE XVI - MONOPOLY AND EXCLUSIVE SERVICE SUPPLIERS**

Each Party shall ensure that any monopoly supplier of a service in its territory does not in the supply of the monopoly service in the relevant market act in a manner inconsistent with that Party's obligations under Articles IV, X and XIII.

2. Where a Party's monopoly supplier competes, either directly or through an affiliated company, in the supply of a service outside the scope of its monopoly rights and which is related to those sectors covered under this Agreement, the Party shall ensure that such a supplier does not abuse its monopoly position to act in its territory in a manner inconsistent with such commitments.

3. The Committee on Trade in Services may, at the request of a Party which has a reason to believe that a monopoly supplier of a service of the other Party is acting in a manner inconsistent with the provisions on paragraphs 1 or 2, request the Party establishing, maintaining or authorising such supplier to provide specific information concerning the relevant operations.

4. The provisions of this Article shall also apply to cases of exclusive service suppliers where a Party formally or in effect:

- (i) authorises or establishes a small number of service suppliers; and
- (ii) substantially prevents competition among those suppliers in its territory.

#### **ARTICLE XVII - ANTI-COMPETITIVE BUSINESS PRACTICES**

The Parties recognise that certain business practices of service suppliers other than those falling under Article XVI, may restrain competition and thereby restrict trade in services.

2. With respect to these business practices, in particular those anti-competitive business practices that may unfavourably affect competition and/or trade between and within Parties, the Parties shall apply the provisions on competition policy that may be in force or enter into force at the national level after the entry into force of this Agreement, as well as provisions that may be established in international agreements on competition policy.

3. Either Party shall, at the request of the other Party, enter into consultations with a view to eliminating practices referred to in paragraph 1. The Party addressed shall accord full and sympathetic consideration to such a request and shall cooperate through the supply of publicly available information on the application of domestic law relating to the matter in question.

#### **ARTICLE XVIII - FUTURE LIBERALISATION**

The Parties shall deepen the degree of liberalisation reached for trade in services, through future negotiations to be convened by the Council, with a view to eliminating any remaining restrictions set out in the Appendices, pursuant to Article XI and paragraph 2 of Article XIV.

#### **ARTICLE XIX - DISPUTE SETTLEMENT**

Any dispute that may arise under this Agreement shall be resolved pursuant to Article XV of the Agreement on Free Trade.

#### **ARTICLE XX - RELATIONSHIP WITH THE GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)**

Regarding matters not covered in this Agreement, the Parties agree to apply between themselves the provisions contained in the GATS.

### ANNEX III: AGREEMENT ON RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

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The Caribbean Community (CARICOM) and the Dominican Republic, "the Parties":

**Interested** in promoting greater economic cooperation amongst themselves, above all in the field of investments made by natural and juridical persons of one Party in the territory of the other Party;

**Recognising** the need to stimulate and protect investments in a manner that will promote economic growth and development of both Parties;

**Recognising** that the strengthening of economic ties can contribute to the well-being of workers in both Parties and promote respect for workers' rights;

**Agreeing** that these objectives can be achieved without relaxing health, safety and environmental measures of general application;

**Acknowledging** the importance of respect for the sovereignty and laws of the Party within whose territory the investment takes place.

**Resolved** to conclude this Agreement on Reciprocal Promotion and Protection of Investments.

Have decided the following:

#### ARTICLE I - DEFINITIONS

For the purposes of this Agreement:

**(i) Investments:** means every kind of asset and in particular, though not exclusively, includes:

- (a)** movable and immovable property and any other property rights such as mortgages, liens or pledges;
- (b)** shares, stocks and debentures of companies or interests in the property of such companies;
- (c)** a claim to money or a claim to any performance having financial value;

(d) intellectual and industrial property rights, including rights with respect to copyrights, patents, trademarks, trade names, industrial designs, trade secrets, technical processes and know-how and goodwill;

(e) business concessions conferred by law or under contract, including concessions to search for, cultivate, extract, or exploit natural resources.

(ii) **(a) An investor: means -**

(i) any natural person possessing the citizenship of a Party in accordance with its laws: and

(ii) any corporation, company, association, partnership, or other organization, legally constituted under the laws of a Party, whether or not organized for pecuniary gain, or privately, governmentally owned or controlled.

**(b) Returns:** means the amount yielded by an investment and, in particular, though not exclusively, includes profits, interests, capital gains, dividends, royalties or fees.

## **ARTICLE II - ADMISSION AND PROMOTION**

Each Party shall in its territory promote, as far as possible, the investment made in its territory by investors of the other Party, and shall admit these investments in accordance with its laws. To that end, they shall, within six months of the entry into force of the Agreement, consult with each other through their designated agencies, with a view to identifying the most effective ways of achieving that purpose.

2. Each Party, shall, subject to its laws, grant the necessary authorisations for these investments, allow licensing agreements for manufacturing and for technical, commercial, financial and administrative assistance, and grant the necessary permits for the activities of the professional staff and consultants hired by the investors of the other Party.

## **ARTICLE III - GENERAL PRINCIPLES GOVERNING TREATMENT**

Each Party shall admit and treat investments in a manner not less favourable than the treatment granted in similar situations to investments of its investors except for investments in areas to be identified in the Appendix to this Annex.

2. Each Party shall admit and treat investments in a manner not less favourable than the treatment granted in similar situations to areas related to Most-Favoured-Nation treatment except for investments in the areas identified in the Appendix to this Annex.

3. The obligation to grant treatment no less favourable than is granted to third States does not apply to:

(i) any treatment or advantage resulting from any existing or future customs union or free trade area or common market or monetary union or similar agreement to which a Party is a party: or

(ii) any international agreement or arrangement relating wholly or mainly to taxation.

## **ARTICLE IV - FAIR AND EQUITABLE TREATMENT**

Each Party shall ensure, at all times, fair and equitable treatment for investments and returns, which shall thus enjoy full protection and security, and shall not receive a treatment less favourable than established under international law.

## **ARTICLE V - COMPLIANCE WITH OBLIGATIONS**

Each Party shall comply with its commitments regarding investment and shall, in no way, impair, through the adoption of arbitrary and discriminatory measures, the management, development, maintenance, utilisation, usufruct, acquisition, expansion or transfer of said investments.

## **ARTICLE VI - ENTRY AND STAY OF FOREIGNERS**

Subject to the laws governing the entry and stay of foreigners and any arrangements which the Parties may negotiate, investors of each Party shall be allowed to enter and remain in the territory of the other Party for the purposes of establishing, developing or administering investments, or to advise on the establishment, development and administration of investments in which they have committed or are about to commit a substantial amount of capital or resources.

## **ARTICLE VII - PERFORMANCE REQUIREMENTS**

No Party shall impose any performance requirements which are contrary to the World Trade Organisation Agreement on Trade Related Investment Measures as a condition for establishing, expanding or maintaining investments.

## **ARTICLE VIII**

Each Party shall provide appropriate means and procedures for asserting claims and enforcing rights regarding investments and investment agreements.

## **ARTICLE IX - TRANSPARENCY**

Each Party shall publish all laws, judgments, administrative practices and procedures regarding investments, or which may affect the same.

## **ARTICLE X - COMPENSATION FOR LOSSES**

Investors of one Party whose investments in the territory of the other Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot in the territory of the latter Party shall be accorded by the latter Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which the latter Party accords to investors of any third State.

## **ARTICLE XI - CONDITIONS FOR EXPROPRIATION**

Investments shall not be expropriated or nationalised either directly or indirectly through the application of measures equivalent to expropriation, except for reasons of public interest, in non-discriminatory fashion, and after payment of prompt, adequate and effective compensation, in a freely convertible currency and in accordance with due process of law and with the general principles of treatment established in Articles III and IV.

## **ARTICLE XII - FREE CONVERTIBILITY AND FREE TRANSFER**

Each Party in whose territory an investment has been made shall grant in respect of such investment the right to the unrestricted transfer of -

(i) returns;

**(ii)** the proceeds from the total or partial liquidation of an investment; provided however, that in periods of serious balance of payments difficulties such transfers may be phased over a period of three years;

**(iii)** amounts for the repayment of loans incurred for the investment;

**(iv)** the net earnings of nationals of one Party who are employed and allowed to work in connection with an investment in the territory of the other Party;

**(v)** payments deriving from indemnifications arising from expropriations and compensation for losses provided for in Articles X and XI of this Agreement.

**2.** Such transfers shall be in freely convertible currency and at the exchange rate applicable at the time of remittance.

**3.** Notwithstanding the above paragraph, a Party may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

**(i)** bankruptcy, insolvency or the protection of the rights of creditors;

**(ii)** issuing, trading or dealing in securities;

**(iii)** criminal or penal offences;

**(iv)** reports of transfers of currency or other monetary instruments; or

**(v)** ensuring the satisfaction of judgments in adjudicatory proceedings.

## **STRUCTURE OF THE PROTOCOL IMPLEMENTING THE AGREEMENT ESTABLISHING THE FREE TRADE AREA BETWEEN THE CARIBBEAN COMMUNITY AND THE DOMINICAN REPUBLIC**

[Article I](#): Market Access with Respect to Trade in Goods

[Article II](#): Treatment of Goods and Services Produced in Free Trade Zones/Export Processing Zones

[Article III](#): Special Arrangements for Trade in Selected Agricultural Products

[Article IV](#): Application of Dominican Republic Law 173 to CARICOM Entrepreneurs

[Article V](#): Market Access with Respect to Trade in Services

[Article VI](#): Reciprocal Promotion and Protection of Investment

[Article VII](#): Government Procurement

[Article VIII](#): Temporary Entry of Business Persons

[Article IX](#): Status of the Attachments

[Article X](#): Status of the Protocol

[Article XI](#): Entry into Force

[Article XII](#): Provisional Application

**ATTACHMENT I** - GOODS WHICH SHALL BE SUBJECT TO PHASED REDUCTION OF MOST FAVOURED NATION (MFN) RATE OF DUTY

**ATTACHMENT II** - GOODS WHICH SHALL BE SUBJECT TO MOST FAVOURED NATION (MFN) RATE OF DUTY

**ATTACHMENT III** - SPECIFIC CRITERIA UNDER THE RULES OF ORIGIN

**[ATTACHMENT IV](#)** - CERTIFICATE OF ORIGIN

**[ATTACHMENT V](#)** - LIST AND SCHEDULES OF SELECTED AGRICULTURAL PRODUCTS WHICH SHALL BE SUBJECT TO SPECIAL TRADE ARRANGEMENTS

**[ATTACHMENT VI](#)** - ANNEX ON TEMPORARY ENTRY OF BUSINESS PERSONS

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**PROTOCOL IMPLEMENTING THE AGREEMENT ESTABLISHING THE FREE TRADE AREA BETWEEN  
THE CARIBBEAN COMMUNITY AND THE DOMINICAN REPUBLIC**

**THE CARIBBEAN COMMUNITY (CARICOM) AND THE DOMINICAN REPUBLIC** (hereinafter referred to as "the Parties");

**RECALLING** the Agreement establishing the Free Trade Area between the Caribbean Community and the Dominican Republic signed on 22 August 1998 ("the Agreement").

**RECALLING** further the Plan of Action annexed to the Agreement to promote its implementation;

**NOTING** that Annex I to the Agreement commits the Parties to a programme of trade liberalisation for goods, which takes into account the particular differences in the levels of development between the Dominican Republic and the Less Developed Countries of CARICOM (LDCs);

**DESIROUS** of providing special arrangements for trade in selected agricultural products;

**REITERATING** their commitment to the liberalisation of Trade in Services as provided for in the Agreement on Trade in Services which is at Annex II to the Agreement;

**REAFFIRMING** their mutual resolve to implement in the shortest possible time, a services regime as part of the Free Trade Area, bearing in mind that the Caribbean Community is currently working towards the implementation of a regime for Trade in Services within the Community;

**REAFFIRMING** also their commitment to develop other areas of cooperation including Reciprocal Promotion and Protection of Investment and Government Procurement;

**HAVE AGREED AS FOLLOWS:**

**ARTICLE I  
MARKET ACCESS WITH RESPECT TO TRADE IN GOODS**

The goods referred to in Article III:2(i)(b) and (ii)(b) of Annex I to the Agreement and set down in **Attachment I** to this Protocol shall be eligible, commencing with the entry into force of this Agreement, for Phased Reduction of the Most Favoured Nation (MFN) rate of duty to zero (0) percent by 1 January 2004 in the Dominican Republic and in the More Developed Countries (MDCs) of CARICOM, unless otherwise provided in the Notes to the Phased Reduction of the MFN Rate of Duty List (Attachment I to this Protocol). The Joint Council shall establish the Phased Duty Reduction Schedule in equal stages, within the first sixty (60) after the entry into force of the Agreement.

**2.** The goods referred to in Article III:2(i)(c) and (ii)(c) of Annex I to the Agreement and set down in **Attachment II** to this Protocol shall, on entry into force of the Agreement, be subject to the application of the MFN rate of duty in both Parties.

3. The criteria referred to in Article III of Appendix I to Annex I to the Agreement (the Rules of Origin) are set out in **Attachment III** to this Protocol.

4. The Joint Council shall, with respect to the goods set down in Chapters 84 to 94 of the Harmonised Commodity Description and Coding System (generally referred to as the Assembly Sector), within twelve (12) months of the entry into force of the Agreement, develop criteria which would be applicable to these goods under the Rules of Origin consistent with the provisions of Article XII of Appendix I to Annex I to the Agreement. Until there is a determination by the Joint Council in this regard, the goods of Chapters 84 to 94 of the Harmonised Commodity Description and Coding System shall be subject to the application of the most favoured nation rate of duty in Both Parties.

5. The Joint Council shall with respect to the goods of Chapter 62 and Sub-Headings 1806.31 and 1806.32 of the Harmonised Commodity Description and Coding System, develop criteria which would be applicable to these goods under the Rules of Origin within twelve (12) months of the entry into force of the Agreement. Until a determination of the criteria by the Joint Council, the goods of Chapter 62 and Sub-Headings 1806.31 and 1806.32 shall be subject to the application of the most favoured nation rate of duty in both Parties.

6. The Joint Council shall, pursuant to Article III:5 of Annex I to the Agreement, develop arrangements for trade in and the criteria which will apply under the Rules of Origin with respect to items referred to in Schedule IX to the Annex to the Treaty establishing the Caribbean Community and in particular the following goods:

- Coconuts (of heading 08.01)

- Animal or Vegetable Fats and Oils and their Cleavage Products; Prepared Edible Fats: Animal or Vegetable Waxes (of Chapter 15)

- Soap (of heading 34.01)

7. The Certificate of Origin provided for in Appendix I to Annex I to the Agreement shall be in the format set out in **Attachment IV** to this Protocol. The Committee on Rules of Origin and Customs Cooperation provided for in Article XVI paragraph (iv) of the Agreement may from time to time make such modifications to the Certificate of Origin as it considers appropriate.

8. The Less Developed Member States (LDCs) of CARICOM shall not be required to extend to any imports from the Dominican Republic entering into their territory treatment other than the MFN rate of duty up to the year 2005. In accordance with the provisions of paragraph 4 of Article III of the Agreement, this provision will be reviewed by the Parties in the year 2004.

## **ARTICLE II TREATMENT OF GOODS AND SERVICES PRODUCED IN FREE TRADE ZONES/EXPORT PROCESSING ZONES**

Goods produced in or shipped from Free Trade Zones/Export Processing Zones in the territory of a Party shall, when imported into the territory of the other Party, be subject to the most favoured nation (MFN) rate of duty.

2. Where either CARICOM or the Dominican Republic decides to alter the treatment accorded to goods produced in or shipped from Free Trade Zones/Export Processing Zones, the Joint Council will be advised of the action at the earliest opportunity and will consider the measures necessary to maintain the parity provided for in paragraph 1 of this Article.

3. The Parties will examine the conditions under which services produced in their respective Free Trade Zones/Export Processing Zones may be traded in the Free Trade Area, preferably within the framework of the negotiations on Market Access with respect to Trade in Services mandated in Article V of this Protocol.

4. The Parties will collaborate with a view to developing common positions for the negotiation of treatment of goods produced in or shipped from Free Trade Zones/Export Processing Zones under the arrangements providing for the Free Trade Area of the Americas and other multilateral trade negotiations such as in the World Trade Organisation (WTO).

### **ARTICLE III SPECIAL ARRANGEMENTS FOR TRADE IN SELECTED AGRICULTURAL PRODUCTS**

In order to avoid adverse impact on the demand for local production resulting in serious losses for producers/farmers, and having regard to the seasonal and perishable nature of agricultural products, the Parties agree that with respect to the agricultural products listed in Attachment V to this Protocol, which are eligible for duty free treatment, they may apply the most favoured nation (MFN) rate of duty during the periods identified in the schedule specified in the Attachment.

2. The Party taking action pursuant to paragraph 1 of this Article shall promptly notify the other Party.

3. The Joint Council shall at its first meeting direct that the Committee on Trade in Goods establish an Agricultural Experts Group which will meet periodically to review the schedule referred to in paragraph 1, in light of actual experience.

### **ARTICLE IV APPLICATION OF DOMINICAN REPUBLIC LAW 173 TO CARICOM ENTREPRENEURS**

For the purposes of Article III, paragraph 7 of Annex 1, to the Agreement, whenever a CARICOM entrepreneur engages in any of the activities provided for in that paragraph, whether directly or through a Dominican Republic national acting as representative or agent, Law 173 will not apply when the parties expressly agree that it will not.

### **ARTICLE V MARKET ACCESS WITH RESPECT TO TRADE IN SERVICES**

Regarding the terms under which each Party will grant market access to the service providers of the other Party referred to in Annex II to the Agreement (the Agreement on Trade in Services) specifically, Article XII on Market Access, the Parties recognising the growing importance of services to their economies agree:

(i) To commence without delay, the exchange of information on their services sector, exchanges of views on possible elements for a service regime, and after July 2000 but before 1 January 2001, the drafting of the relevant documents such as the list of sectors to be liberalised and other annexes and/or appendices including that relating to professional services to serve as a basis for negotiations.

(ii) To an indicative date of 1 January 2001 for the commencement of negotiations for the establishment of the services regime in the Free Trade Area (FTA), and an indicative date of 30 June 2001 for its conclusion. In the establishment of the services regime the Parties shall take into consideration their respective commitments in the General Agreement on Trade in Services (GATS) and the ongoing negotiations for services in the GATS.

(iii) To pay particular attention to, but are not limited to the following sectors:

(a) Tourism and Entertainment;

(b) Free Trade Zones/Export Processing Zones Services;

(c) Financial Services;

- (d) Professional Services (e.g. medical, legal, accounting and engineering);
- (e) Design;
- (f) Construction (skilled workers);
- (g) Informatics;
- (h) Telecommunications;
- (i) Transportation (without prejudice to Article III of Annex II of the Agreement).

2. This list of sectors may be amended.

3. The Parties agree that in view of the critical role which Telecommunications play in the development of their economies and societies, to undertake as a matter of priority, the exchange of information on developments in this Sector.

4. The Parties also agree to identify any elements critical to the development of trade in Services which may be implemented prior to the conclusion of negotiations on the Services regime.

5. Pending conclusion of the negotiations referred to in paragraph 1(ii) of this Article, each Party agrees to provide to services and service providers of the other Party, the most favourable treatment it accords to like services and service providers of any third country, without prejudice to existing obligations deriving from International Agreements with third countries.

## **ARTICLE VI RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENT**

The Parties agree to establish and maintain an investment-friendly environment including facilitative administrative procedures.

2. The Parties will exchange information on the exceptions to national and MFN treatment as well as their laws and regulations relevant to foreign investment.

## **ARTICLE VII GOVERNMENT PROCUREMENT**

The Parties, consistent with the provisions of Article XI of the Agreement and the Plan of Action and recognising the mutual benefit which can result from greater participation by their economic entities in business opportunities arising from Government Procurement activities agree that:

(i) Immediately after the Caribbean Community adopts a regional regime to regulate Government procurement among its Member States, the Parties will initiate negotiations for an agreement to facilitate participation by their economic entities in the procurement activities undertaken by the governments of the Dominican Republic and the Member States of CARICOM.

(ii) The Joint Council will supervise, as a matter of urgency, the exchange of information on the laws, rules, administrative arrangements and statistical data in the Parties relevant to Government procurement.

## **ARTICLE VIII TEMPORARY ENTRY OF BUSINESS PERSONS**

The Parties agree that on entry into force of the Agreement they will apply the provisions of the Annex on Temporary Entry of Business Persons attached to this Protocol as **Attachment VI**, and which shall be Annex IV to the Agreement.

**ARTICLE IX  
STATUS OF THE ATTACHMENTS**

The Attachments to this Protocol shall form an integral part thereof.

**ARTICLE X  
STATUS OF THE PROTOCOL**

This Protocol, and its Attachments shall form an integral part of the Agreement.

**ARTICLE XI  
ENTRY INTO FORCE**

This Protocol and its Attachments shall enter into force on the date that the Parties have notified each other through diplomatic channels that all internal legal procedures have been completed.

**ARTICLE XII  
PROVISIONAL APPLICATION**

Pending the entry into force of the Agreement, the Parties may apply Articles V and VI provisionally.

**IN WITNESS THEREOF** the Undersigned Plenipotentiaries being duly authorised, have affixed their Signatures to this Protocol.

Done at \_\_\_\_\_ in English and Spanish languages, both being equally authentic, this  
\_\_\_\_\_ day of \_\_\_\_\_ 2000.

**ATTACHMENT V TO THE PROTOCOL  
LIST AND SCHEDULES OF SELECTED AGRICULTURAL PRODUCTS WHICH SHALL BE SUBJECT TO  
SPECIAL TRADE ARRANGEMENTS**

<b>TARIFF HEADING NUMBER</b>	<b>DESCRIPTION</b>	<b>CET RATE</b>
0701.90	Potatoes, fresh or chilled	40%
07.02	Tomatoes, fresh or chilled	40%
0703.10	Onions and shallots, fresh or chilled	40%
0704.10	Cauliflower and headed broccoli, fresh or chilled	40%
0704.90	Cabbages, fresh or chilled	40%
0705.11	Cabbage lettuce (head lettuce), fresh or chilled	40%
0705.19	Other lettuce, fresh or chilled	40%
07.06.10	Carrots and turnips, fresh or chilled	40%
Ex 0706.90	Radishes, fresh or chilled	40%

07.07	Cucumbers and gherkins, fresh or chilled	40%
07.08	Leguminous vegetables, shelled or unshelled, fresh or chilled	40%
0709.60	Fruits of the <i>genus capsicum</i> or of the <i>genus pimenta</i>	40%
0709.70	Spinach, New Zealand spinach and orache spinach (garden spinach)	40%
Ex 0709.90	Ochro, pumpkin and sweet corn	40%
07.13	Dried leguminous vegetables, shelled, whether or not skinned or split	40%
0714.10	Manioc (cassava)	40%
0714.20	Sweet potatoes	40%
Ex 0714.90	Dasheen and yams	40%
08.03	Bananas, including plaintains, fresh or dried	40%
0804.30	Pineapples, fresh or dried	40%
0804.40	Avacados, fresh or dried	40%
Ex 0804.50	Guavas and mangoes, fresh or dried	40%
08.05	Citrus fruit, fresh or dried	40%
08.07	Melons (including watermelons) and papaws (papayas), fresh	40%
Ex 0810.90	Sapodillas, golden apples and carambolas fresh	40%

**Schedule for List of Selected Agricultural Products to be Subject to Special Trading Arrangements when Imported into CARICOM's MDC's from the Dominican Republic as Provided for in Article III of the Protocol**

	TARIFF	MONTHS											
COMMODITY	HEADING	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT	NOV.	DEC



YAM-NEGROE	O7.14	1	1					2	2	2	2	1, 2	1
-YELLOW	O7.14	1, 2	1, 2	2	2	2					2	1, 2	1, 2
-SWEET	O7.14	1, 2	1, 2	2								1, 2	1, 2
PLANTAIN	O8.03					1, 2	1, 2	1,2	1,2	1,2	1,2		
BANANA	O8.03					1, 2	1, 2	1,2	1,2	1,2	1,2		
PINEAPPLE	O8.04					2	2	2	2	2	2		
AVOCADO	O8.04							2	2	2	2	2	
GUAVA	O8.04	2	2	2							2	2	2
MANGO	O8.04				2	2	2	2	2	2			
CITRUS	O8.05	2	2	2	2	2						2	2
MELON	O8.07	1				2	2	2	2	1, 2	1, 2	1	1
PAPAYA	O8.07			2	2	2	2	2	2	2	2		

Note: The shaded area represents months of highest production and during which the country concerned may seek to apply the MFN rate of duty

Key:

1 Barbados

2 Jamaica

3 Trinidad and Tobago

\\3 - represents first half of the month

3\\ - represents second half of the month

**ATTACHMENT VI  
ANNEX ON TEMPORARY ENTRY OF BUSINESS PERSONS**

## **ARTICLE I DEFINITIONS**

For the purposes of this Annex, the following terms shall mean:

**Labour Certification:** The procedure effected by the relevant administrative authority to determine whether a foreigner, coming from one Party who wishes to temporarily enter the territory of another Party will provide a service in the same area without displacing the local workforce in the same labour field or seriously threaten the working conditions in the host Party.

**Temporary Entry:** The entry of a business person from one Party to a territory of another Party, without the intention of residing permanently in that territory. The period granted for temporary entry will be in accordance with the legislation and relevant regulations of the Parties.

**Immigration Policy:** Any policy on immigration.

**Business Person:** The national of one Party who trades in goods or offers his services, or invests.

**Recurrent Practice:** A practice repeatedly carried on by the immigration authorities of a Party during a specific representative period prior to and during the performance of the same.

**Business Activity:** Legitimate commercial activities created and operated with the aim of making a profit on the market. It excludes the possibility of obtaining employment, or salary or remuneration sourced from the Parties;

**Validity:** The nature of any obligations under the laws of the Parties at the time when the Agreement comes into force.

**Work Permit:** For the purposes of paragraph 1 of Section A, the written permission granted by the relevant administrative authorities of one Party to a national of another Party in which authorization is granted to obtain paid employment in the territory of the authorizing Party.

**Specialized Knowledge Essential for Business:** For the purposes of paragraph 1 of Section C, if an individual has specialized knowledge regarding the goods or services offered by the company, or if he has advanced knowledge regarding the processes and functioning of the company.

**To be in the Process of Committing a Significant Amount of Capital:** For the purposes of paragraph 1 of Section B, when the funds are irreversibly committed for investment in the territory of another Party.

**Supervisory Functions:** For the purposes of paragraph 1 of Section B, those functions in which the individual has supervisory responsibilities over an important part of the operations of a company and does not relate to supervision of low level employees;

**Executive Functions:** For the purposes of paragraph 1 of Section B and paragraph 1 of Section C, those functions assigned within an organisation, for which the individual has basically the following responsibilities:

- (i) Managing the administration of the organisation or a part or relevant function of that administration;
- (ii) Establishing the policies and objectives of the organisation, part or function; of the same; and,
- (iii) Receiving supervision or general guidance only from highest level executives, the Board, or the Administrative Council of the organization or shareholders of the organisation

**Management Functions:** For the purposes of paragraph 1 of Section C, those functions assigned within an organisation, for which the individual has the following responsibilities:

- (i) Execute administrative duties within the organisation or one essential function within the organisation;
- (ii) Supervise and control the work of other professional employees, supervisors or administrators;
- (iii) Have the authority to employ and discharge workers, or recommend these actions, as well as make recommendations affecting the management of personnel which he supervises, and perform senior level duties within the hierarchy of the organisation or with respect to the responsibilities of his post;
- (iv) Fulfill responsibilities regarding the daily operation of the task in which the individual has authority.

**Functions which require Special Skills:** For the purposes of paragraph 1 of Section B, when an individual with specialised knowledge or skills which are essentials for the effective operations of a company. The individual should be employed in a very responsible position, which requires independent judgment, creativity, training or supervision of other employees and should not be employed to carry out routine work which could be performed by qualified labour. He should have a high level of training and experience in the operation of the company.

## **ARTICLE II GENERAL PRINCIPLES**

For the purposes of this Annex, the Parties are:

- (i) CARICOM Members States of Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago;
- (ii) Dominican Republic.

2. Any State not listed in paragraph 1(i) of this Article, upon becoming a CARICOM Member, shall not be subject to the provisions of this Annex. The Parties shall negotiate the terms of this Annex with the said State.

3. The provisions of this Annex reflect the preferential trade relationship between the Parties, the desirability of facilitating temporary entry of business persons and the need to establish transparent criteria and procedures for this effect. Similarly, they reflect the need to guarantee border security, protect domestic labour force and permanent employment in their respective territories.

## **ARTICLE III GENERAL OBLIGATIONS**

Each Party shall apply the relevant measures of this Annex in accordance with Article II. In particular, they shall apply expeditiously those measures so as to avoid unduly impairing or delaying trade in goods or services, or conduct of investment activities covered in the Agreement.

2. The Parties shall endeavour to develop and adopt common criteria, definitions and interpretations for the implementation of this Annex.

3. Each Party modify its immigration policy, providing that these modifications are compatible with the commitments contracted in this Annex.

## **ARTICLE IV PERMIT FOR TEMPORARY ENTRY**

In accordance with the provisions of this Annex, including those contained in the Appendix to this Annex, each Party shall grant temporary entry to business persons who are otherwise qualified for entry under applicable measures relating to public health and safety, and national security.

2. Each Party may refuse to issue an immigration document which authorises a business person to work, when his temporary entry is deemed to adversely affect:

- (i) The settlement of any existing labour unrest that is in progress at the place or intended place of employment;
- (ii) the employment of anyone who becomes involved in this conflict;
- (iii) other matters of national interest.

3. When a Party refuses to deliver an immigration document which authorises employment, in accordance with paragraph 2, that Party:

- (i) shall normally inform the business person involved, in writing, of the reasons for the refusal; and
- (ii) shall do its best efforts to notify in writing the reasons for the refusal at the request of the Party whose national was refused entry, provided that this last Party considers that the refusal is a recurrent practice or an explanation in writing was not provided to the person involved.

4. Each Party shall, to the extent possible limit the amount of fees payable concerning the request for temporary entry to the approximate cost of the processing services required.

5. The temporary entry of business persons does not authorise the conduct of professional activities.

## **ARTICLE V AVAILABILITY OF INFORMATION**

Each Party:

- (i) shall provide the other Party with the information that will allow familiarity with measures relating to this Annex; and
- (ii) within twelve (12) months of the date on which the Agreement enters into force, shall prepare, publish and make available to the parties involved, both in its territory and that of the other Party, a comprehensive document which explains the requirements for temporary entry in accordance with this Annex, in order to make them known to the other Party's business community.
- (iii) Each Party shall compile, maintain and make available to the other Party, in accordance with its legislation, information relative to the granting of temporary entry, in accordance with this Annex to persons of the other Party to whom the immigration documents had been *issued*.

## **ARTICLE VI COMMITTEE ON THE TEMPORARY ENTRY OF BUSINESS PERSONS**

The Committee on Trade in Services shall be responsible for the administration of this Annex provided for in Article XIV of the Agreement.

## **ARTICLE VII DISPUTE SETTLEMENT**

The Parties may not initiate the proceedings set out in Article XV of the Free Trade Agreement on Settlement of Disputes, regarding a refusal to issue temporary entry permits, in accordance with this Annex, nor in any particular case included in the Article III unless

(i) the matter refers to a recurrent practice;

(ii) the affected person has exhausted the available administrative remedies existing in the national legislation of the Party refusing entry to the national of the other Party with respect to that particular matter.

2. The remedies referred to paragraph 1(b) shall be deemed exhausted if the relevant authority fails to achieve a definitive settlement up to twelve (12) months after the beginning of the administrative proceeding and the resolution has not been delayed by fault of the business man concerned.

## **ARTICLE VIII RELATIONSHIP WITH OTHER PROVISIONS**

No provision of this Annex shall impose any obligation on the Parties of their immigration policies.

## **TEMPORARY ENTRY OF BUSINESS PERSONS**

### **Section A: Business Visitors:**

Each Party shall grant temporary entry to business persons (who, subsequent to the request of a company or business association) seeking to engage in a business activity set out in the Appendix to this Section, without requiring that person to obtain an employment authorization provided that, the business person otherwise complies with existing immigration requirements applicable to temporary entry, on presentation of:

(i) proof of citizenship of a Party;

(ii) documentation supporting the prior request of the company established in the territory of a party;

(iii) documentation demonstrating that the business person will be so engaged and describing the purpose of entry; and

(iv) evidence demonstrating that the proposed business activity is international in scope and that the business person is not seeking to enter the labour market.

2. Each Party shall provide that a businessman may satisfy the requirements set out in paragraph 1(iv), when he proves:

(i) that the primary source of remuneration for the proposed business activity is located outside of the territory of the Party granting the temporary entry; and

(ii) that the business person's principal place of business and the actual place of accrual of profits, predominantly remains outside such territory.

3. For the purposes of paragraph 2, each Party may accept an oral declaration as to principal place of business and actual place of accrual of profits. When a Party requires additional proof, a letter from the employer who is registered in the Bilateral Listing or a national equivalent should suffice.

4. Each Party shall grant temporary entry to a business person seeking to engage in any business activity other than those indicated in the Appendix to this Annex, on a basis no less favourable than those provided under the existing provisions of the measures relating to immigration, foreign affairs and related matters, provided that that business person complies with existing immigration requirements applicable to temporary entry.

5. No Party may:

(i) as a condition to granting an entry permit in accordance with paragraph 1, require prior approval procedures, requests, labour certification tests for work certificates of other like procedures, and

(ii) impose nor maintain any restrictions on the number of persons relating to temporary entry in accordance with paragraph 1 or 4.

6. Notwithstanding the provisions of paragraph 5, a Party may require a business person seeking temporary entry in accordance with this section, to obtain a prior entry, a visa or its equivalent. The Parties shall consult among themselves in order to avoid and/or eliminate the requirements of a visa or its equivalent.

#### **Section B: Investors:**

(i) Each Party shall grant a temporary entry permit and issue the corresponding documentation to the business person seeking to establish, develop, administer or provide key advisory or technical services in a capacity that is supervisory or executive or providing skills essential to the administration of investments to which the business person or the business person's company have committed, or are in the process of committing a significant amount of capital provided that the business person otherwise complies with existing immigration requirements applicable to temporary entry.

(ii) No Party may require labour certification tests or other like procedures, as a condition for temporary entry as set out in paragraph 1; nor impose or maintain any restrictions on the number of persons relating to temporary entry in accordance with paragraph 1.

(iii) Notwithstanding the provisions of paragraph 2, a Party may examine expeditiously, the investment proposal of a business person to verify whether the business person complies with the legal provision which are applicable.

(iv) Notwithstanding the provisions of paragraph 2, a Party may require that a business person who is seeking temporary entry into accordance with this Section, to obtain a visa or its equivalent prior to entry.

#### **Section C: Intra-Company Transferees**

Each Party shall grant a temporary entry permit and shall expedite the necessary documents confirming that a business person is employed by a company established in its territory, who seeks to perform managerial or executive functions or functions which involve specialised knowledge, in that company or in one of its

subsidiaries or affiliates, provided that that business person and company otherwise comply with existing immigration measures applicable to temporary entry. A Party may require that the business person has been continuously employed by the company for at least one year, within the three-year period immediately preceding the date of application for admission.

**2.** No Party may:

(i) require labour certification tests or other like procedures, as a condition for temporary entry as set out in paragraph 1.

(ii) impose or maintain restrictions on the number of persons relating to temporary entry in accordance with paragraph 1.

**3.** Notwithstanding the provisions of paragraph 2, a Party may require that a business person who applies for a work permit in accordance with this Section, obtain a visa or its equivalent prior to entry. The Parties shall confer with each other in order to avoid and/or remove the requirements of a visa or its equivalent.

## **APPENDIX**

## ACTIVITIES OF VISITORS ON BUSINESS

**Research and Design:** Technical, scientific and statistical researchers whether independent of or on behalf of a company located in the territory of the other Party.

**Agriculture, Manufacturing and Production:** Personnel involved in purchasing and production, at the managerial level who is conducting commercial operations for a company located in the territory of the other Party.

**Marketing:** Personnel conducting research or analysis, including market research, whether independently or on behalf of a company established in the territory of the other Party.

Trade Fair and promotional personnel attending a trade convention.

**Sales:** Sales representatives and agents taking orders or negotiating contracts for goods or services for a company located in the territory of another Party, but not delivering goods nor providing services.

Buyers purchasing for a company located in the territory of the other Party.

**Distribution:** Custom brokers providing consulting services regarding the facilitation of the import or export of goods.

**After Sales Service:** Personnel who install, repair, maintain, supervise and have specialised technical knowledge, necessary to complete the contractual obligations of the seller and who offers services or trains workers to provide these services, in conformity with a warranty or other service contract connected to the sale of equipment or commercial or industrial machinery, including computer programmes purchased from a company located outside of the territory of the Party in which a temporary entry permit is sought, during the life of the warranty or service contract.

**General Services:** Management and supervisory personnel engaging in a commercial transaction for a company located in the territory of the other Party.

Public Relations and Advertising personnel consulting with business associates or attending or participating in conventions.

Tourism personnel (tour and travel agents, tour guides or tour operators) attending or participating in conventions.

Translators or interpreters who provide services as employees of a firm located in the territory of the other Party.

## **MEMORANDUM OF UNDERSTANDING**

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**NOW WHEREAS** The Caribbean Community (CARICOM) and the Dominican Republic (hereafter the Parties) signed the Agreement establishing the Free Trade Area between the Caribbean Community and the Dominican Republic on 22 August, 1998.

**AND WHEREAS** a Protocol to Implement the Agreement establishing the Free Trade Area between the Caribbean Community and the Dominican Republic was done on the 28th Day of April 2000

**NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

### **ARTICLE I**

That Article III 1 and 2 of the Agreement on Reciprocal Promotion and Protection of Investments, (hereafter the Agreement) Annex III to the Agreement establishing the Free Trade Area between the Caribbean Community and the Dominican Republic shall read as follows in the Spanish text, consistent with the English text.

### **ARTICLE II**

That Article VI shall read as follows in Spanish consistent with the English text of the Agreement

### **ARTICLE III GENERAL PRINCIPLES GOVERNING TREATMENT**

1. Each Party shall admit and treat investments in a manner not less favourable than the treatment granted in similar situations to investments of its investors except for investments in areas to be identified in the Appendix to this Annex.
2. Each Party shall admit and treat investments in a manner not less favourable than the treatment granted in similar situations to areas related to Most-Favoured-Nation treatment except for investments in the areas identified in the Appendix to this Annex.

### **- ARTICLE IV**

That Article XII paragraph 3 sub paragraph v shall read as follows in Spanish consistent with the English text of the Agreement:

### **ARTICLE V**

This Memorandum of Understanding shall enter into force on the date of the entry into force of the Agreement establishing the Free Trade Area between the Dominican Republic and the Caribbean Community.

### **ARTICLE VI ENTRY AND STAY OF FOREIGNERS**

Subject to the laws governing the entry and stay of foreigners and any arrangements which the Parties may negotiate, investors of each Party shall be allowed to enter and remain in the territory of the other Party for the purposes of establishing, developing or administering investments, or to advise on the establishment,

development and administration of investments in which they have committed or are about to commit a substantial amount of capital or resources.

### **ARTICLE III**

That Article VI shall read as follows in Spanish consistent with the English text of the Agreement:

### **ARTICLE VII PERFORMANCE REQUIREMENTS**

No Party shall impose any performance requirements which are contrary to the World Trade Organisation Agreement on Trade Related Investment Measures as a condition for establishing, expanding or maintaining investments.

### **ARTICLE XII FREE CONVERTIBILITY AND FREE TRANSFER**

(v) ensuring the satisfaction of judgments in adjudicatory proceedings.

DONE AT Santo Domingo in the Dominican Republic in the English and Spanish languages, both being equally authentic, this twenty eight (26) of April 2000.