

DOING BUSINESS WITH DOMINICA



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DOING BUSINESS WITH DOMINICA

1. GENERAL INFORMATION

Official Name: Commonwealth of Dominica

Capital: Roseau

Area: 754 sq km

Population: 72,386 (July 2007 est.)

Population growth index: 0.184% (2007 est.)

Population density: 96 inhabitants per square kilometer

Official language: English (official), French patois

Currency: East Caribbean dollar (XCD)

Exchange rate: EC\$2.7=U.S. \$1

Climate: tropical; moderated by northeast trade winds; heavy rainfall

Principal Cities and Population:(2001 est.)

Roseau	14,847
Portsmouth	2,977
Marigot	2,676
Grand Bay	2,288

Airports: There are two small airports on the island: the main one is Melville Hall Airport (DOM), about one hour away from Portsmouth; the second one is Canefield (DCF) which is about fifteen minutes' travel from Roseau.

Ports: Dominica has six official entry points. Woodbridge Bay is the main Seaport and the headquarters of the

Customs and Excise Division. Other Seaports include Portsmouth, Roseau, and Anse-de-Mai. Portsmouth and Anse-de-Mai are located in the northern region of the island, and Roseau is in the south.

Holidays:

New Year's Day	Jan 01
Mardi Gras	Feb 20
Good Friday	Apr 06
Easter	Apr 08
Easter Monday	Apr 09
May Day / Labor Day	May 01
Pentecost Monday	May 28
First Monday	Aug 06
Dominica Independence	Nov 03
Community Service Day	Nov 04
Christmas	Dec 25
Boxing Day	Dec 26

Life Expectancy: Total Population - 74.65 years

Literacy Rate: Total Population - 94 percent

Local Time: (UTC-4)

Telephone Codes: 767

Health: In 2000 there were 47 physicians, 353 nurses, 11 dentists, and 30 pharmacists. The one general hospital on Dominica is in Roseau, the 195-bed Princess Margaret Hospital. There are 7 health centers and 44 clinics scattered across the island. Serious tropical diseases such as yaws and malaria have been eradicated, but owing to the high humidity and rainy conditions, tuberculosis and other respiratory diseases continue to be a problem. Intestinal parasites afflict particularly those in the early years of life.¹

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<http://www.nationsencyclopedia.com/Americas/Dominica-HEALTH.html>

2. THE ECONOMY

2.1 Structure of the Economy

Agriculture is Dominica's mainstay and bananas in particular, but less than a third of the island is under cultivation due to the mountainous terrain. However, the sector is in decline, with its proportion of GDP falling from 25 percent in 1990 to 18 percent in 2005. In attempts to boost the economy Dominica is increasingly looking to niche markets in eco-agriculture and eco-tourism. There is also a small offshore financial sector, with an estimated 9000 international businesses. Weak export prices and the gradual phasing out of preferential access to the EU market have affected the banana industry, which has started to decline; along with the downturn in global tourism since 2001 this has caused the economy to struggle in recent years. Unemployment remains high at 23.1 percent

In the adjustment programme agreed with the IMF, the government has undertaken among other things to review the tax system, to conduct a public expenditure review and to initiate a civil service reform program. The aim is to broaden the tax base, increase the efficiency of public spending, reduce the public sector wage and increase the public services' efficiency. The government also plans to increase banana production and has begun to restructure the banana sector. At the same time, it is implementing a number of programs to reduce poverty, improve education and health services and protect the environment. VAT was introduced in March 2006.

The adjustment programme aims at structural reforms, but relies heavily on external financial and other assistance from institutions like the IMF, the World Bank, other CARICOM states, the Eastern Caribbean Central Bank and the EU. The EU has also provided funds for several projects.

In November 2004 Dominica suffered an earthquake which damaged buildings in the north of the island. In addition landslides were caused by heavy rains. Dominica also has several areas of volcanic activity, with an estimated 25 percent chance of a large eruption occurring in the next 25 years. This increases the uncertainty and risk for potential investors.²

2.2 Recent Economic Performance

Dominica's economy grew by 3.5 percent in 2005 and 4.0 percent in 2006, following a decade of poor performance. The country nearly had a financial crisis in 2003 and 2004. Growth in 2006 was attributed to gains in tourism, construction, offshore and other services, and some sub-sectors of the banana industry.

Bananas and other agriculture dominate Dominica's economy, and nearly one-third of the labor force works in agriculture. This sector, however, is highly vulnerable to weather conditions and to external events affecting commodity prices. In response to

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<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1020173366434>

decreasing European Union (EU) banana trade preferences, the government has diversified the agricultural sector by introducing coffee, patchouli, aloe vera, cut flowers, and exotic fruits such as mangoes, guavas, and papayas. Dominica has had some success in increasing its manufactured exports, primarily soap.

Dominica is mostly volcanic and has few beaches; therefore, tourism has developed more slowly than on neighboring islands. Nevertheless, Dominica's high, rugged mountains, rainforests, freshwater lakes, hot springs, waterfalls, and diving spots make it an attractive eco-tourism destination. Cruise ship stopovers have increased following the development of modern docking and waterfront facilities in the capital.

GDP (2005): US\$283.6 million.
GDP growth rate (2006): 4.0%.
Per capita GDP (2005): US\$3,790.
Unemployment (2005): 13.1%³

2.3 Balance of payments

Provisional data on merchandise trade indicate a deficit of US\$163.8m in the first six months of 2006, compared with US\$171.4m in the corresponding period of 2005. The decrease in the deficit was associated with a decline in the value of imports, largely machinery and equipment, and manufactured goods. The value of exports contracted by 12.1 percent to US\$48.7m, largely as a result of a decline in receipts from domestic exports. Earnings from domestic exports fell by 12.1 percent to US\$47.5m,

attributed in part to a decrease in receipts from the category "chemicals and related products", which includes soap. Receipts from soap exports declined by 6.6 percent, reflecting a decrease in the volume exported.

Gross inflows from travel are estimated to have increased by 14.7 percent to US\$87.3m, in line with growth in visitor arrivals. There were net inflows of US\$1.9m in commercial bank short-term capital, compared with US\$3.7m recorded in the first six months of 2005. Disbursements of external loans to the central government amounted to US\$2.3m compared with US\$13.1m in the first six months of 2005. Inflows of official grants rose by 86.3 percent to US\$38.5m, mainly attributed to the airport and stadium projects.⁴

2.4 Overview of Trade

Dominica represents a small market for British exports, but relies heavily on the UK to take about 50 percent of its total exports, including 90 percent of the banana crop. The UK's primary exports are machinery and transport equipment and food and beverages.

There has been a substantial increase of exports from Dominica to other OECS and CARICOM countries in the last ten years. In 2005, CARICOM accounted for almost 60% of Dominica's total exports, of which some 25% was directed to other OECS countries. The United States is the main source of Dominica's imports followed by the CARICOM.

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<http://www.state.gov/r/pa/ei/bgn/2295.htm>

⁴ Eastern Caribbean Central Bank June 2006 Economic and Financial Review DOMINICA

disinfectants. The major imports included petroleum products, flour, sugar cane, beer, soya bean oil, cartons and sacks and bags.

2.4.1 Exports

Exports (2005)--US\$41.0 million (merchandise) and US\$82.0 million (commercial services).

Major markets--European Union (27.8%), Jamaica (12.7%), Antigua and Barbuda (11.3%), Trinidad and Tobago (9.0%), and Saint Lucia (6.8%)⁵

2.4.2 Imports

Imports (2005) -US\$165 million (merchandise) and US\$49 million (commercial services).

Major suppliers--United States (36.6%), Trinidad and Tobago (20.5%), China (19.4%), European Union (13.4%), and Japan (4.6%)⁶

2.5 **Dominica's Trade with CARICOM**

In 2006, Dominica's imports from CARICOM were in excess of EC\$144 million while exports to CARICOM were EC\$70 million leading to a trade deficit of EC\$74 million.

Dominica's major exports to CARICOM in 2006 included; bananas, plantains, pebbles, gravel and broken or crushed stone, paints, toothpastes, soap, dishwashing liquids, detergents and

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<http://www.state.gov/r/pa/ei/bgn/2295.htm>

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<http://www.state.gov/r/pa/ei/bgn/2295.htm>

3. GENERAL MARKETING FACTORS

3.1 Distribution and Sales Channels

Manufacture agents/distributors is the most widely used form of importing goods into Dominica, since the small size of the market does not merit establishment of a distributor network. There is normally no specific legislation in this regard. Contracts normally state that the agent is not to be regarded as an employee or partner of the principal. However, long-term distributors/agents sometimes acquire certain claims on distribution rights that go beyond and, in some cases, supersede contract rights under local common law interpretations.

A strong network of manufacture agents exists throughout the Caribbean. These agents represent large manufactures and provide a sales and marketing team for the brand, and fully represent the company's interests in a particular country. They bring in container loads of product, warehouse, market, sell and distribute them. Often, these agents represent a full range of goods from suppliers.

Miami consolidators are used by many of the larger retail stores, which do regular buying trips to the large Miami consolidators, who offer the no frills buying concept at exceptionally good prices and consolidate container loads of goods.

Direct selling to the end retailer is far less used but could be advantageous where the range of products is large enough, or for a particular brand or type

of product that moves in large volumes. This is normally done by establishing a relationship with the large grocery stores, and sending a salesperson on a regular basis to place orders. Direct selling is almost non-existent in many CARICOM countries.

3.2 Promotion

TV, radio, print advertising are widely accepted practices.

3.3 Transportation

There are two small airports on the island: the main one is Melville Hall Airport (DOM), about one hour away from Portsmouth; the second one is Canefield (DCF) which is about fifteen minutes' travel from Roseau. Neither of them is big enough for typical commercial size airplanes, although Melville Hall is under expansion. As of 2007, American Airlines and LIAT are the major airlines that service the Melville Hall airport, and Carib Aviation operates service from Canefield. There is no night-time service, because the airports do not have night lights.

There is no major highway on the island. Before the road was built between Portsmouth and Roseau, people had to take boats which took several hours from one way to the other. Now, it takes about one hour to drive from Portsmouth to Roseau. Minibus services form the major public transport system. It costs about \$1 EC to go anywhere in Portsmouth area, about \$8 EC from Portsmouth to Roseau (2006).⁷

⁷ <http://en.wikipedia.org/wiki/Dominica>

4. MARKET ACCESS CONDITIONS

4.1 Customs Tariffs

The Customs and Excise Division of the Ministry of Finance is responsible for the control and management of the customs clearance of goods process. General Imports are subject to five different types of duties, taxes and surcharges.

4.1.1 Import Duty

Import duties levied against goods are based on the cost, insurance and freight (CIF) value and rates determined by the CARICOM Common External Tariff (CET). Dominica grants at least MFN treatment to all its trading partners. It has applied the CARICOM Common External Tariff (CET) since 1991 and implemented the fourth and final phase of the CARICOM CET reductions on 1 July 2001. The schedule is based on the Harmonized Commodity Description and Coding System 1996 since 1 January 1999. The tariff, as applied in 2002, comprises 6,333 tariff lines at the eight-digit level.⁸

Customs duties on imports from non-CARICOM countries range from 0% to 165%. Products facing the highest rate (165%) include enamels, paints, and varnishes. The highest rate applied on agricultural products is 150%, which corresponds to the final rate bound in the WTO.

In the case of industrial products, competing imports from non-CARICOM countries are subject to (non-CET) rates between 50% and 165%, for products not bound in the WTO. The only product subject to seasonal tariffs is potatoes (HS 0701.90). Tariff quotas are not used.

4.1.2 Customs Service Charge

A customs service charge (CSC) is levied at 3% and is applied on the c.i.f. value of all imports. Exemptions are provided for governmental imports, as well as imports by charitable organizations, and diplomatic missions.

4.1.3 Environmental Surcharge

An environmental surcharge imposed at specific rates on some products and on an *ad valorem* basis on others as follows:

Specific

- EC\$3,000.00 per unit on motor vehicles over five years old;
- EC\$10.00 per unit on used tyres;
- EC\$20.00 per unit on used refrigerators;
- EC\$20.00 per unit on used freezers;
- EC\$10.00 per unit on electric accumulators (batteries)

Based on c.i.f. value

1% on motor vehicles less than five years old; 1.5% on goods in containers made of plastic, glass, metal, paperboard or wood; 1% on all other goods

4.1.4 Excise Tax

Excise tax is levied on fuel, tobacco, alcohol and motor vehicles at various rates in accordance with Excise Tax Act 8 of 2005. Taxes apply to both imports

⁸ Import and Export Procedures in the Commonwealth of Dominica.

and domestic products. The tax on imported motor vehicles is based on the c.i.f. value, including the import duty. All other excise taxes on domestic and imported products are set at specific rates.

Goods subject to excise tax and their respective rates, as listed in the First Schedule of Excise Tax Act 8 of 2005 are as follows:

- Alcoholic beverages and tobacco: EC\$1.25 per litre on HS 2203.00.10-2203.00.90 (beer, stout, other); EC\$1.20 per litre on HS 22.04 and 22.05 (wine and vermouth; EC\$0.28 per litre on HS 2206.00.10, 2206.00.90 (shandy, other); EC\$8.50 per litre on HS 2208.20.00, 2208.50.00, 2208.60.00 (brandy, gin & Geneva, vodka); EC\$12.50 per litre on HS 2208.30.00 (whiskey); EC\$2.60 per litre on HS 2208.40.00, 2208.70.00, 2208.90.90 (rum & taffia, liqueurs & cordials, other); EC\$22.00 per kg on tobacco products
- Fuels: approved rates per gallon of fuel as obtained from the Ministry of Trade and SRO No. 5 of 2006: EC\$0.45 per kg on petroleum gases (LPG) and other gaseous hydrocarbons
- Motor vehicles: 15% of the sum of the c.i.f. value, import duty, environmental surcharge and customs service charge (CSC) on motor vehicles HS 87.02 (motor vehicles for the transport of ten or more persons including the driver); 87.11 (motor cycles); 28% of the sum of the c.i.f. value, import duty, environmental surcharge and CSC on motor vehicles HS 87.03 and 87.04

(motor cars and motor vehicles for transport of goods)

- Exemptions: Exemptions are listed in the Second Schedule of Excise Tax Act 8 of 2005: Non-alcoholic beverages; alcohol and spirits described under Customs Tariff Heading 22.07; aromatic bitters described under Custom Tariff Headings 2208.90.10 & 2208.90.20; tobacco described under Customs Tariff Heading 24.01; gases in gaseous state described under Customs Tariff Heading 2711.20.00; lubricating oils and greases described under the Customs Tariff Heading 2710.19.80; motor vehicles, alcohol and tobacco imported by Diplomatic Missions, International Organizations and Personnel; vehicles donated (as a gift) to approved charitable organizations; imports of building materials for churches who have met the following requirements as specified in the regulations; motor vehicles falling under HS 87.04 imported by approved farmers; goods imported into Dominica for temporary use with the permission of the Comptroller of Customs.

4.1.5 Value Added Tax

VAT has been in place since March 2006, under the Value Added Tax Act No. 7 of 2005; it is imposed at a general rate of 15%, but a reduced rate of 10% applies to hotel accommodation and 0% fuel, flour, milk, rice, sugar, certain agricultural and fishing inputs to the extent provided in regulations, invalid carriages and orthopaedic appliances

This tax replaced the consumption tax (20% on most goods), the sales tax (7.5% on all goods), the hotel occupancy tax (5%), and the entertainment tax. Most social services, as well as agricultural and fishing inputs, are exempt.⁹

4.2 Free Trade Agreements

4.2.1 Bilateral

Dominica has bilateral trade agreements with Colombia, Costa Rica, Cuba, Dominican Republic, and Venezuela through the Caribbean Community (CARICOM). It is a beneficiary of the General System of Preferences schemes of Australia, Bulgaria, Canada, the Czech Republic, the European Union, Hungary, Japan, New Zealand, Norway, Poland, Russia, the Slovak Republic, Switzerland, and the United States. The Caribbean Basin Initiative (CBI) provides for duty-free access to the U.S. market for a range of Dominica's exports. Exports from Dominica also enjoy preferential access to the Canadian market through the Canadian Programs for Commonwealth Caribbean Trade, Investment and Industrial Cooperation (CARIBCAN). Through CARICOM, Dominica is currently negotiating a free trade agreement to replace CARIBCAN as well as a free trade agreement with MERCUSOR.

4.2.2 Regional

Dominica participates in a number of regional and preferential trade arrangements, namely: the Caribbean Community (CARICOM) and the

Organization of Eastern Caribbean States (OECS). Through the latter it is a part of a fully established monetary union with the other states of the Eastern Caribbean. Dominica is currently negotiating an Economic Partnership Agreement with the EU through the CARIFORUM configuration. It is also involved in negotiations to form the hemispheric Free Trade Area of the Americas. Multilateral Dominica is a founding WTO Member and applies at least MFN treatment to all its trading partners. It has GATS commitments in 20 sectors.¹⁰

Dominica is a beneficiary of the U.S. Caribbean Basin Initiative that grants duty-free entry into the United States for many goods. Dominica also belongs to the predominantly English-speaking Caribbean Community and Common Market (CARICOM), the CARICOM Single Market and Economy (CSME), and the Organization of Eastern Caribbean States (OECS).¹¹

4.3 Non-Tariff Barriers

The government of Dominica does not require trade licenses for most goods and products. The Supplies Control (Restricted Imports and Exports) Order 14 of 2003 however, specifies a few items where licenses are necessary, depending on their source of origin. An import license for these goods must be

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<http://www.thecommonwealth.org/Internal/159364/148309/148341/dominica/>

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<http://www.state.gov/r/pa/ei/bgn/2295.htm>

⁹ IMF (2007), SMEP, p. 42.

obtained prior to the importation of any of these goods.

In order to receive a license for the import of these selected goods, the importers must fill out and submit an application form. The applications can be obtained from the Ministry of Trade, Industry and Marketing. The completed forms should be submitted to the Ministry of Trade, Industry and Marketing for approval through the Consumer Affairs Division. Processing usually takes one to two days and the license is valid for six weeks from the date of issue. The license period cannot be extended, however a new license may be issued by completing the process once again. When declaring their goods, an importer is required to submit the approved license along with the relevant customs declaration forms to the Customs Department.¹²

4.4 Import Documentation

The declaration (At minimum, four copies of the declaration form are required. In the case of duty free declarations and deposit entries, a minimum of five copies is required) must be accompanied by the following:

1. Invoices - Two copies - one original and one copy (two translated copies if in foreign language) relating to the customs value of the imported goods;
2. Bills of Lading/Airway Bills – Two copies
3. Value Declaration Forms;
4. Work sheets (split ups) - Two copies - when applicable

¹² Import and Export Procedures for the Commonwealth of Dominica.

5. Certificate of Origin – Two copies - (for goods from CARICOM member states) to validate Rules of Origin Criteria, when applicable;
6. Duty Free Exemptions (FTI 101 forms, Two copies for qualified firms, when applicable;
7. Duty Free Exemptions for Vehicles (FTI 104 Forms, Two copies for returning residents), when applicable;
8. Import licences and health permits, when applicable;
9. Delivery Notes, when applicable;
10. Packing list, when applicable;
11. Insurance certificates, when applicable;
12. Contract of sale, when applicable;
13. Proof of payment, when applicable;
14. Proof of exportation of goods re-imported, when applicable; and
15. Proof of warranty and exportation for goods under warranty that are imported, when applicable.

4.5 Labelling and Marking Requirements

The National Standards Council of Dominica adopted the following labeling standards on November 1, 2005:

- ❑ Labeling of Commodities Part 1: General Principles for Labeling of Goods DNS 2: Part 1: 2002
- ❑ Labeling of Commodities Part 2: Specification for the Labeling of Prepackaged Goods DNS 2: Part 2: 2002
- ❑ Labeling of Commodities Part 3: Specification for the Labeling of Prepackaged Foods DNS 2: Part 3: 2002 ICS: 67.230
- ❑ Labeling of Commodities - Specification for the Labeling of Brewery Products (Beer, Stout,

Brandy, Malt) DNS 10: 2002 ICS: 67.167.160¹³

4.6 Sanitary and Phytosanitary (SPS) Measures

The Plant Protection and Quarantine Act No. 10 of 1986 regulate the importation of plants to “provide for the protection of the agricultural resources from dangerous plants, pests and diseases”. The Ministry of Agriculture inspects imports of planting materials, fruit, vegetables, plant products, plant pests, soil or any other related plant articles. On importation, they may require an import license from the Minister of Agriculture and a Phytosanitary certificate provided by the appropriate government agency in the exporting country. All imports of plants, soil, dung, living insects, non-marine invertebrate animals, and any accompanying container or wrapping material must enter Dominica through a designated port of entry and be subject to examination by officers of the Plant Protection Office. The few exceptions to this requirement apply to dry hulled rice, nuts, dried, candied, canned, or other processed fruit and vegetables, roasted coffee, commercial yeast, cooked plant products, and seeds of vegetables or ornamental plants from Canada, the United Kingdom, and the United States.

If, in the process of declaration or inspection of goods, it is determined by Customs officials that an inspection by the Ministry of Agriculture is warranted, officers of the Plant Protection Office

located at the port of entry are notified, and arrangements will be made to inspect the goods.¹⁴

4.7 Prohibited and Restricted Imports

In Dominica, like in most other countries there are prohibitions and restrictions on the importation of certain items. It is basically intended for health and safety reasons, to safeguard society, or to curb the illegal use and importation of certain products.

A prohibited item means that there is a complete veto against its importation/exportation. Part 1 of the 5th Schedule of the Customs (Control and Management) Act Chap 69:01 of the revised laws of Dominica lists a number of goods and products that are prohibited. Common examples are:

- Counterfeit coins
- Fictitious stamps
- Food unfit for human consumption
- Indecent or obscene articles (pornography)
- Infected animals
- Pistols in the form of stylographic pens or pencils
- Any goods bearing the Coat of Arms of Dominica

It should also be noted that the importation of live and dead frogs or parts thereof into Dominica is prohibited under the Importation of Frogs (Prohibitions) Regulations SRO 6 or 2004.

¹³ Dominica Food and Agricultural Import Regulations and Standards Country Report 2005

¹⁴ Import and Export Procedures for the Commonwealth of Dominica.

A restricted item means that there is a conditional veto against its importation/exportation. Therefore whenever these items are imported there are certain conditions that must be met. Part 2 of the 5th Schedule of the Customs (Control and Management) Act Chap 69:01 of the revised laws of Dominica lists a number of goods and products that are restricted.¹⁵

4.8 Warranty and Non-Warranty Repairs

Procedure for Duty Rebate on Goods Short-shipped or damaged, and Drawback on Goods Re-exported is provided for under Sections 59, 63 and 64 of the Customs (Control and Management) Act Chapter 69:01 of the Revised Laws of 1990 of Dominica.

The following steps should be taken by anyone applying for duty rebate or drawback on goods:

Ensure that the case is verified by Customs and Excise Division.

- Prepare and submit a signed claim addressed to the Comptroller of Customs indicating the reason(s) for the duty rebate or drawback, the amount refundable, the amount paid, the applicable rate of duty and the amount which should be paid where appropriate.
- Obtain a Landing and Delivery Certificate where appropriate for goods short-shipped or damaged and submit it with your claim.

Copies of the following documents should be attached to the claim:

- A legible copy of the declaration on which duty was paid, indicating the receipt number and date paid.
- The invoice, bill of lading, and certificate of origin where appropriate.
- The split-up, where appropriate, which should provide details of the apportioned charges and the value for refund.¹⁶

4.9 Standards

The Dominica Bureau of Standards (DBOS) is the National Standards Body as mandated by Standards Act No. 4 of 1999. It is a statutory body under the aegis of the Ministry of Foreign Affairs, Trade, Labour and Public Service, and its general administration is guided by a fourteen member National Standards Council (NSC) appointed by the Minister. Additionally, many persons are drawn from Government Departments/ Ministries and the private sector, to serve voluntarily on Standards Technical Committees and Working Groups to assist with the National Standardization effort.

The Dominica Bureau of standards develop, establish, maintain and promote standards for improving industrial development and efficiency, promote the health and safety of the consumers, protect the environment, food and food products, the quality of life for the citizenry, and the facilitation of trade. They are developed in response to market demand, and are based on consensus among the interested parties

¹⁵ Import and Export Procedures for the Commonwealth of Dominica.

¹⁶ Import and Export Procedures for the Commonwealth of Dominica.

which ensures widespread applicability of the standards.¹⁷

With respect to imports, the DBOS may order the inspection of goods for which a technical regulation has been declared in Dominica: the goods may enter only after certification that the samples examined conform to the standard.

4.10 Product Certification

Specification for the Certification of Goods Covered by Regional Standards (ICS 03.120.20)

This standard describes the procedures for the Certification of Goods which are covered by Regional Standards. It communicates the role of the Competent Authority and the duties and powers of these Authorities under these procedures. It specifies the procedures for routine Certification of Standardized Commodities in Regional Trade. The request for certificates, the waiving of certificates of compliance, transportation of samples, calibration, quality control, climatic conditions and fees are all discussed.¹⁸

¹⁷ Import and Export Procedures for the Commonwealth of Dominica.

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<http://www.dominicastandards.org/standards/question.php?qstId=88>

5. INVESTMENT PROFILE

5.1 Investment Incentives Schemes

The Government of Dominica encourages the development of new businesses and the expansion of existing ones, and as part of its contribution to the development of these businesses. The Government of Dominica provides a range of fiscal incentives to investors under the following legislations:

- The Fiscal Incentives Act 42 of 1973 (amended in 1983 & 1990), Chpt. 84:51,
- The Hotels Aid Act, Chpt. 85:04,
- The Income Tax Act, Chpt. 67:01.
- Value Added Tax Act, No. 7 of 2005

Persons who are investing in the Tourism Sector, Manufacturing Sector, Agro-processing Sector, Information & Communication Technology Sector and any other approved sector can qualify for concessions once their project meets all the necessary requirements.

Incentives available include:

- The granting of a tax holiday of up to twenty (20) years for approved hotel and resort developments;
- Exemption from payment of import duties on building materials, furniture & fittings, and operation vehicles;
- Equipment and machinery are provided for the construction, upgrading, expansion and renovation of hotel properties;
- An Alien Land Holding License can be waived for approved hotel projects;

- Withholding Tax Exemptions on dividends, interest payments, and other relevant external payments;
- Exemption from payment of import duties on plant, machinery, equipment, spare parts, raw and packaging materials, and vehicles are offered;

Other incentives may be granted where appropriate.

Note: Section 38 (b) of the Value Added Tax (Amendment) Act 2006 allows for the exemption from the provisions of the Value Added Tax Legislation in respect of capital investments for the initial investment up to commencement of operations. This benefit shall be extended only to direct imports of approved items on the Master List consigned directly to the approved enterprise.

Application procedures for applying for fiscal incentives:

Any enterprise - small, large, domestic, or foreign - can apply for incentives. In practice, the applicant approaches the Invest Dominica Authority, which prepares an application package and recommendation to be delivered to a full session of the Cabinet based on the information provided by the applicant.

Effective January 1st 2008, the Government of Dominica intends to implement the following over a three year period:

- The Withholding Tax will be made uniform at the current lower rate of 15%;

- Increase the tax free allowance threshold to EC\$20,000;
- Reduce the rate on the first EC\$20,000 of taxable income to 15 percent;
- Reduce the rate on the first EC\$30,000 of taxable income to 25 percent; and
- Reduce the rate on taxable income above EC\$30,000 to 35 percent.¹⁹

5.2 Foreign Investment Regime

With one exception, foreign investment in Dominica is not subject to any restrictions, and foreign investors receive national treatment. The only restriction is a requirement for non-national investors to obtain an Alien Landholding Licence in order to purchase property for residential and commercial purposes.

Under the Alien Landholding Act No. 17 of 1995, non-nationals are allowed to acquire and hold up to one acre of land for residential purposes, and up to three acres of land for trade or business purposes, without an Alien Landholding Licence, except in areas prescribed by the Minister, by Order, and published in the *Gazette*.²⁰ In addition to the licence requirement, the landholder must pay a tax equivalent to 10% of the market value of the land to the Government. Foreign investors can receive exemption from the provisions of the Alien Landholding Act if: they are party to an agreement with the Government for

financing the development of housing, industry, tourism, forestry, fisheries, or agriculture; they embark on an undertaking that has been declared an approved enterprise under the provisions of the Fiscal Incentives Act; and if it is in the public interest to do so. All licences are subject to the submission of a satisfactory application to Cabinet and the payment of licence fees.

Dominica's investment policy has not changed substantially in the last decade. Foreign investment policy is the responsibility of the Ministry of Tourism, Industry and Private Sector Relations and Invest Dominica Authority. The Government's strategy for the past 20 plus years has been attracting foreign investors by offering various incentive schemes; some of this policy is guided by agreements and arrangements with the OECS and CARICOM.²¹

Dominica's legislation governing fiscal and other incentives is similar to incentive-related legislation in a number of other OECS states. A number of conditions apply to foreign investors with respect to their bona fides, the source of financing, the number of foreign employees with respect to local employees, the goods to be produced, and the markets targeted, among others.

Foreign investors may hold up to 100% of an investment. There are no restrictions on the repatriation of dividends for totally foreign-owned firms; a mixed (foreign-domestic) company, the repatriation of profits is allowed to the extent of the foreign

¹⁹ <http://www.investdominica.dm/>

²⁰ Invest Dominica online information. Viewed at: <http://www.investdominica.dm/alienlandholdinglicense.cfm>.

²¹ See for example Article 68 of the Revised Treaty of Chaguaramas 2001.

participation in the company. Unless granted an exemption under the Fiscal Incentives Act, foreign investment profits are subject to a 30% tax rate for both individuals and companies.

range of products varies according to each country's scheme.

Although the Government places particular emphasis on tourism, manufacturing, agri-processing and information technology, investment in any other sector of economic activity is welcome and may be eligible for incentives if the proposed investment meets policy and legislative requirements. Horizontal incentives for foreign investors are also in place with respect to exemptions from foreign exchange remittance limitations under the Foreign Exchange Control Act.

5.3 Investment Agreements

Dominica has active bilateral investment treaties with Germany and the United Kingdom.²² It has double taxation treaties with Canada, the United Kingdom, the United States, and arrangements with other CARICOM countries to prevent double taxation of income earned by CARICOM nationals in Dominica.²³

Products from Dominica are eligible for the Generalized System of Preferences (GSP) schemes of Australia, Canada, the European Union, Japan, New Zealand, Switzerland and the United States. The

²² CTRC online information. Viewed at:
http://ctrc.sice.oas.org/investment/bitsbycountry/dom_e.asp#Dominica.

²³ Invest Dominica online information. Viewed at:
<http://www.investdominica.dm/taxation.cfm>.

6. ESTABLISHMENT OF BUSINESSES

6.1 Right to Private Ownership

Management of Lands is governed and regulated by civil acts including:

- The State Lands Act and State Lands Regulations chapter 53:01, 1990 revised.
- The Alien Land Holding Licence Regulation Act, Number 17 of 1995.
- The Title by Registration Act, Chapter 56:50, 1991
- The Physical Planning Act, 2002

A purchase transaction by non-citizens will follow the same process described above for Dominican citizens. However, prior to proceeding on this process, individuals or corporate bodies who are not citizens of one of the member states and who are seeking to acquire land may require a licence prior to the execution of the transaction depending on the amount of land to be purchased.

In the case of the acquisition of land for commercial purposes, the Minister must publish in the Gazette areas in Dominica in which an alien may not acquire land without obtaining a licence under the Act.

The procedures to purchase land from the State:

- Submit application to the Commissioner of Lands/Director of Surveys. No application fee is required.
- Application is submitted to the Ministry of Agriculture for approval.
- Decision is taken by Cabinet.

- State grant agreement draft submitted to Legal Affairs.
- Applicant signs agreement.
- Fees are payable once the land sale is approved and the documents are processed.

There is no death tax, capital gains tax or estate duties in Dominica.²⁴

6.2 Establishing an Office

To establish a business in Dominica persons must do the following:

1. Incorporate and register their business with the Registrar of Companies.

Establishing a business in Dominica is regulated by the Companies Act (Act 21 of 1994), the Companies Regulations (S.R.O 22 of 1997 and S.R.O 57 of 2002), the International Business Act (Act 10 of 1996), and the Business Names Act (Chapter 78-46 of the Laws of the Commonwealth of Dominica).

The following procedures apply:

- Statutory Declaration by an Attorney-At-Law
- Article of Incorporation (2 copies)
- Memorandum of Association
- Notice of the names of Directors
- Notice of the address of the Registration office
- License from Cabinet

An affidavit from a Director that the Company is registered in another

²⁴ Dominica Property Law, 2007 Invest Dominica Authority.

country and documents to prove this registry (for external companies only)
Issuance of License

2. Register with the Dominica Social Security

All employers MUST register with the Dominica Social Security. All employers are required to register with the Dominica Social Security within seven days of hiring an employee. The employer pays 7 percent of the wage to maximum of EC\$350.00 (US\$ 129.63) per month and the employee pays 4 percent of wage to maximum of EC \$ 150.00 (US\$55.56) per month.

3. Register with the Inland Revenue Division

All businesses MUST register with the Inland Revenue Division, to obtain a tax number.²⁵

6.3 Work Permit Requirements

The Immigration and Passport Act, 1941, as amended, governs the issuance of work permits to expatriates. The Caribbean Community Skilled Nationals Act, exempts nationals with certain qualifications from other participating CARICOM countries from work permit requirements. The Dominican Labour Commissioner is chiefly responsible for administering the process of acquiring a work permit for expatriates. The Labour Commission's policy is to ensure that preference for hiring is given to Dominican citizens and residents over

expatriates. If hiring a resident who is a non-national, a work permit is required.

Holding a work permit automatically confers residency status if the term of employment lasts for more than six months. Residency does not however, exempt expatriates from the stipulations of the Alien Landholders Act, which restricts land purchase for non-Dominican citizens.

All work permits are valid for one-year duration and can be renewed. An application involves the submission of two completed copies of the relevant form together with the following supporting documents:

- Medical certificate
- Two testimonials
- Banker's financial reference/statement
- Police record/statement
- Proof of return ticket
- Two (2) passport size photographs
- Marriage certificate (where applicable)
- Letter stating duration and type of employment

According to the 2003 amendment of the Immigration and Passport Act, certain individuals are not required to obtain a work permit in Dominica. These include:

- Expatriates working for the Dominican government, whether paid directly by the government or not
- Diplomats duly accredited to Dominica
- Representatives of the United Nations and other international and

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<http://www.investdominica.dm/starting.cfm>

regional organizations to which Dominica is a member

- Skilled nationals governed by the Caribbean Community Skilled Nationals Act, 1995
- Others as designated by the Minister of Legal Affairs, Immigration, and Labour²⁶

6.4 Intellectual Property Rights

The administration of intellectual property laws remains in the hands of an official in the Ministry of Legal Affairs and Immigration, who serves as the acting registrar of intellectual property. Dominica is a member of the World Intellectual Property Organization (WIPO) and a signatory to a number of international agreements on intellectual property rights.

6.4.1 Trade marks

New trade marks legislation, as provided in the Marks, Collective Marks and Trade Name Act No. 12 of 1999, has not yet entered into force. This law will repeal the colonial-era Registration of United Kingdom Trade Marks, and the Merchandise Marks Act.

Under the new legislation, the exclusive right to a trade mark will be acquired through registration with the Registrar of Marks. Trade marks are protected for a period of ten years renewable for consecutive similar periods. Non-use of a trade mark for a period of three years may entail the loss of the right to the exclusive use of the trade mark. The Act

provides for the right of priority of an earlier national or regional application filed by the applicant in any State party to the Paris Convention or Member of the WTO. The owner of a registered mark may grant licences with respect to it. Collective marks may be registered and protected, but may not be the subject of a licence contract. Acts of unfair competition are declared unlawful by Act No. 12 of 1999.

6.4.2 Patents and industrial designs

New patents legislation, as provided in the Patents Act No. 8 of 1999, had not yet entered into force: it is intended to replace section 91 of the U.K. Patents and Designs Act of 1907. The new patent legislation reflects the internationally accepted criteria for registration of universal novelty, inventive step, and industrial applicability, along with a full search and examination procedure. The period of protection for patents is 20 years. There are no provisions for compulsory licensing.

Similarly, the Industrial Designs Act No. 2 of 1998 has not yet entered into effect. The Act provides that industrial designs may be registered if they are new prior to the date of filing, or the priority date of the application for registration. The right to registration belongs by law to the creator, who is named as such in the registration of the industrial design. Protection is for five years from the filing date, renewable for two consecutive periods of five years.

6.4.3 Protection of layout-designs of integrated circuits

²⁶

<http://www.investdominica.dm/workpermit.cfm>

Protection of Layout-Designs (Topographies) of Integrated Circuits Act No. 11 of 1999, which has not yet entered into force, will repeal the United Kingdom Designs (Protection) Act. Under the new law, layout-designs must be original in order to be protected. The right to registration belongs by law to the creator, and is transferable. The term of protection is ten years from the date of the first commercial exploitation, anywhere in the world, of the layout-design, or of the filing date for application for registration.

and artistic works and for related matters. Literary, dramatic, musical, and artistic works; sound recordings, films, broadcasts or cable programmes; and typographical arrangements of published editions will be protected by copyright provided that such work is original and has been written down, recorded or otherwise expressed in some material form. Copyright protection is for life plus 50 years. According to the authorities, the Act's enforcement regime is TRIPS-compliant.

6.4.4 Protection of new plant varieties

The Protection of New Plant Varieties Act No. 14 of 1999, which is not yet in force, will grant breeder's rights in respect of plant varieties that are new, distinct, homogeneous, stable, and given a denomination that is acceptable for registration. Applications for breeder's rights may be filed by citizens of Dominica, of a Contracting Party to the International Convention for the Protection of New Varieties of Plants, or any other State that grants reciprocal treatment to Dominica. Protection is for 25 years for vines, and forest, ornamental, and fruit trees, and 20 years for all other species.

6.4.5 Copyright

Copyright Act No. 5 of 2003, which is not yet in force, will replace the Copyright (Dominica) Order, 1965, of the United Kingdom. The new law provides for the protection of literary

7. CULTURAL PRACTICES

7.1 Business Customs

Business Hours: Office hours are Monday to Friday 8am to 4pm.

7.2 Entry/Exit Requirements:

For citizens of many western and regional countries, Dominica maintains a fairly open visa regime for visits to the country lasting less than 21 days. However, nationals of most non-western countries require a Dominican consular visa stamped in a passport. Being a small country, Dominica maintains only a few overseas missions, but visas can be obtained through British High Commissions abroad where a Dominican embassy or consulate is not present.

Citizens from selected countries do not require pre-approval from a Dominican consulate to enter Dominica for a visit of up to six months. You can merely arrive at an entry point and obtain a visitor's visa stamp.

Airport Departure Tax in Dominica:
Non-Nationals - EC\$55.00/US\$21.00

Nationals - EC\$45.00/US\$18.00

Children under 12 years are exempt.²⁷

²⁷

<http://www.investdominica.dm/visa.cfm>