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PRELIMINARY DRAFT
 NATIONAL TRADE OPERATIONS AND PROCEDURE GUIDE
 (DOMINICA)



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean

The preliminary version of the "National Trade Operations and Procedure Guide" is being distributed for comments and observations from the relevant authorities. A revised version of this Guide will be prepared once the observations regarding the contents of this preliminary version have been received.

DEADLINE: Comments should be received by this Office
by 10 September 1983.

DOMINICA

1. IMPORT REGIME

1.1. Customs Duty Policy

Dominica is a Windward island^{1/} member of the Organization of Eastern Caribbean States (OECS) and the CARICOM. As such it adheres to the Eastern Caribbean Common Market (ECCM) and the CARICOM Common Market (see annexes I and III). This member of the Commonwealth of Nations, independent since 1 November 1978, is also a signatory to the Convention of Lome II (see annex II).

Its tariff system is based on the Customs Cooperation Council Nomenclature (CCCN). During 1976 -in accordance with the obligations under the Lome Convention- a single-tier tariff was introduced and is implemented, eliminating preferences and using a single tariff rate vis-a-vis all third countries. As signatory to the ECCM and the CARICOM Common Market, Dominica is to enforce a separate tariff schedule for duties applicable to imports from the Common Markets, subject to schedule IV of the Annex to the CARICOM Treaty.

1.1.1. Import Duties

Generally speaking, most duty rates are ad valorem, on the c.i.f./price, and range from zero to 90 percent. Also, a few ^{primarily foodstuffs} items take specific duty rates, these being dutiable on a ^{quantity,} weight or volume basis. Therefore, net weight should be plainly marked both on shipments and on their containers in order to avoid assessment of duties on the gross weight as determined by the customs authorities at the consignee's expense. Since Dominica is a member of the Caribbean Common Markets, duties and other tariff regulations will continue to change in order to conform with this trading areas' CET.

Dominica has a package tax levied on most packages, as follows: goods imported in packages pay EC\$0.25 per cubic foot or part thereof; goods imported in bags or drums pay EC\$ 0.50 per unit; and loose or unpacked goods pay EC\$ 0.25 per cu.ft. or per cwt, whichever is greater.

Dominica also has a stamp tax of 5 percent on the c.i.f. value of Bills of Entry (certain exceptions apply).

Dominica's consumption tax regime is the following: goods whose import duties are based on ad valorem rates bear a consumption tax from one to 25

^{1/} On 1 January 1940 it was transferred from the Leeward to the Windward Islands group under the British Colonial geographical classification.

percent, dependent on the goods: items whose import duties are based on specific duties have their own tax system; and under Act 23 of 1976, a surcharge of 10 percent of the consumption tax was imposed on all taxable imports, except baby food, bloaters, codfish, milk, sugar, rice, gasoline, kerosene, and diesel fuel.

1.2. Trade Requirements

Exchange control is administered by the Ministry of Finance and applies to all countries outside the East Caribbean Currency Authority (ECCA). Trade within the ECCM is made in EC dollars, with other CARICOM countries it may be effected in the currency of the exporting member, usually through external accounts.

Payments for authorized imports are permitted upon application and submission of documentary evidence. Advance payments for imports require prior approval by the Ministry of Finance. Most payments for invisibles exceeding EC\$50 require approval by the Ministry of Finance.

A one percent tax is levied on all sales of foreign exchange.

Perishable biological materials are prohibited to Dominica on the regular mail service.

In accordance with Act. No.15 of 6/13/74, the Dominican authorities have introduced a "Pesticides Control Act" which, inter alia, provides for the control of the importation, sale storage and use of pesticides.

Generally speaking, imports of live animals, plants, parts of plants and foodstuffs are to be accompanied by health certificates. Drugs and pharmaceuticals require prior approval.

1.2.1. Import permit or License

Other than as provided for CARICOM or ECCM origin goods:

All imports from South Africa are prohibited. Most goods may be freely imported under open general license. Certain other commodities require individual licenses, unless imported from CARICOM countries. Import licenses from the Pesticides Control Board must be obtained for imports of pesticides.

The importation of any major vehicle with an engine capacity exceeding 1,600 cc requires prior permission in writing from the Minister of Finance.

In cases where specific licenses are required, they are usually valid for six months. in any event, the goods must arrive before the end of the year.

1.2.2. Invoices

(i) Commercial invoice

The CARICOM invoice is required (see annex I, section 4). Alternatively the ECE format invoices may be used. Invoices should be made up at least in duplicate and sent separately from the goods. Exporters should be cautious when completing questions regarding charges and expenses. Shippers should state whether each item is included or excluded in the selling price. All discounts should be described.

(ii) Consular invoice

Chamber of Commerce certification and consular legalization are not required.

(iii) Pro forma Invoice

May be requested by importer to substantiate license of ^{advance} payment application or as the first step in negotiating an import contract.

(iv) Packing List

Provision of packing list will facilitate customs clearance and classification.

1.23. Bill of Lading(or Air Waybill)

There are no special regulations concerning it. "To order" bills are acceptable. The airwaybill replaces the bill of lading on air cargo shipments.

A bill of lading customarily shows the name of shipper, the name and address of consignee, port of destination, description of goods, the listing of the freight and other charges, number of bills of lading in full set, and the date and signature of the carrier's official acknowledging receipt on board of the goods for shipment. The information should be in correspondence with what is shown on the invoices and the packages.

The number of copies issued should be based on requirements of the importer and of the shipper (either maritime or air) used. IATA, ICAO and IMO rules and regulations may also require from the shipper the request of special documents concerning dangerous and restricted goods.

Mail and parcel post shipments require postal documentation (Customs declaration, Form 2966-A) inside the package in place of bill of lading or airwaybill for shipments exceeding US\$ 120.- In other cases a green customs label C1, Form 2976, "Authority for Customs to Open International Mail" must be completed and placed by the sender on the address side of each letter or package containing dutiable merchandise; each package of dutiable prints; and each small packet.

Dutiable merchandise is permitted in the letter mails, subject to the maximum weight and size permitted^{2/}. Insured parcels must and ordinary parcels may be sealed.

1.2.4. Certificates

- Of Origin

Shipments of CARICOM origin should be covered by a certificate of origin (see annex I, section1) to be given special Common Market treatment. Intra OECS trade is ruled by the Eastern Caribbean Common Market (ECCM) agreement that has special provisions as to rules of origin (see annex III).

In the case of other countries, usually not required. If requested by the importer or the letter of credit clause, then the general form (as sold by commercial ~~stations~~) is usually acceptable. It should be issued in duplicate, at a minimum, although actual number of copies required shall be instructed by importer. It should contain information that conforms to data in other documents, should be signed by a responsible member of the exporting firm, and should be certified by a Chamber of Commerce (which will require/^{an}additional notarized file copy).

- Of Insurance

Normal practices prevail. Importer's and/or insurance company's instructions should be followed.

- Special certificates

Special certificates may be required due to the nature of the goods being shipped or requested by the importer/bank/letter of credit clause (e.g. sanitary, veterinary, free sale, etc.)

Live animals, plants, parts of plants and foodstuffs require health certificates. Drugs and pharmaceuticals require prior approval.

1.2.5. Technical specifications

For most industries, compliance with the United States or British technical standards is acceptable.

Electric current is A.C. 50 cycle, 220/230 volts.

For weights and measures, all CARICOM members are switching to the Metric System (Systeme Internationale); therefore these nations have currently a

^{2/} Maximum weight is 22 lbs.; dimensions: greater length is 3ft. 6 in.; length and girth combined is 6 ft.

mixture of this and the Imperial (Avoirdupois) System.

1.2.6. Advertising material

Advertising material for gratuitous distribution is generally free of duty, whether sent as printed matter, parcel post or by express or freight.

Electrotypes, stereotypes, matrices, cliches, etc. are dutiable.

1.2.7. Labelling

In the case of labels with English wording which might be misleading as to the true origin of the goods, these should have a mark of origin, e.g. "Made in (name of country)".

Exporters to Dominica should ascertain whether or not this country is currently adhering to the U.N. recommendations for the labelling and packing of hazardous and/or restricted materials in a standardized manner and style^{3/}.

1.2.8. Brands or Trade marks

There are no special regulations concerning the use of brands or trade-marks. Packing

1.2.9. /except in the case of hazardous and/or restricted materials, where it should be ascertained whether Dominica is currently adhering to the U.N. recommendations on packing and marking (see footnote 3), there are no specific regulations.

According to sound shipping practices, the packages should bear the consignee's mark, including Port mark, and they should be numbered unless the shipment is such that the contents can be readily identified without numbers. Net weight of contents should be specified for customs purposes, when relevant.

1.3. Fines and Penalties

Goods should be entered and cleared within six days in Dominica after their arrival in port or charges will accrue. If the documents are not available, the Treasurer may, at his discretion, permit entry and clearance upon exacting a deposit for presentation of documents within three months. If the goods are not cleared within six days, they may be transferred to a Queen's warehouse

^{3/} In 1965 the Inter-Governmental Maritime Consultative Organization (IMCO, now IMO), adopted the International Dangerous Goods Code, which includes the U.N. Labelling system. It is now adhered partially by more than 30 countries. With respect to packing, labelling and documentation, if goods are going by air, IATA and/or ICAO regulations must be met. For goods going by boat, the latest IMO requirements are usually made by the shipper.

where most articles may remain for two years, awaiting entry, before they are subject to sale at auction.

1.4 Specimens, Samples

Samples of no commercial value are admitted duty free. Samples of commercial value are dutiable at the same rates as commercial shipments, or they may be admitted temporarily free of duty upon deposit or bond in accordance with local regulations. The deposit (or bond) is usually returned upon reexportation of the samples and/or specimens.

1.5 Shipment Restrictions

Dominica prohibits all imports from South Africa.

1.6 Distribution Channels

There are some "duty free" shops catering to the tourist trade.

1.7 Agents or representatives

Dominica levies a tax of EC\$150 per year on commercial travellers. Additionally, visitors may be required to make a cash deposit equal to the cost of their return passage.

2. EXPORT REGIME

2.1. Export Procedures

Any company or legal person in the country which makes export sales payable in foreign currency, is subject to the currency exchange controls which require the compulsory surrender of foreign currency to the Central Bank.

For exports to members of the CARICOM member countries, see annex I, section 2. For exports to the EEC, subject to the second Lome Convention, see annex II, section 3.

2.2. Exports subject to special requirements

For exports of selected agricultural commodities, oils and fats, and cane sugar, to other members of CARICOM, see annex I. See also restrictions under the Second Lome Convention (annex II, section 4) for trade with the EEC.

Exports of hazardous, dangerous or restricted goods may be subject to the International Dangerous Goods Code.

2.3. Export Incentives

As member of the CARICOM and ACP countries, incentives provided under these agreements are applicable in this country, under the industrial and investment promotion scheme (See annexes I and II).

As part of the harmonization of the Caribbean Common Market, the main benefits which can be given to an exporter are exemption from income tax and relief from custom duties, over a stated number of years. The Common Market agreement sets out the maximum benefits which can be given under the scheme by any signatory government in respect of an approved product, whether destined to the export market or not.

2.3.1. Direct Incentives

In general, the maximum number of years for which benefits may be granted varies with the percentage of local value added (section 2 (f) of annex I shows the method for measuring local value added contribution).

For the award of benefits, enterprises are classified into three groups:

- Group I.- Enterprises whose local value added in respect of the approved products amounts to 50 percent or more of the value of the sales, ex factory, of the product;
- Group II.- Enterprises whose local value added in respect of the approved products amounts to 25 per cent or more but less than 50 percent of the receipts from sales ex factory; and
- Group III.- Enterprises whose local value added in respect of the

approved product amounts to at least 10 percent or more but less than 25 percent of the receipts from sales ex factory.

The following table shows the maximum number of years for which any MDC government in CARICOM may grant relief from income tax and customs duties.

TABLE 1

MAXIMUM PERIOD OF TAX CONCESSION ELIGIBILITY	
Enterprise Group	Maximum number of years
I	15
II	12
III	10

The scheme permits highly capital-intensive projects irrespective of their local value added to be granted tax holidays and customs relief up to the maximum permissible. The qualifications for such treatment are that the project must involve a capital investment of no less than EC\$ 25 million.

Enterprises whose entire production of the approved product is sold to countries outside the CARICOM, referred to as enclave industries, have been made eligible for tax holidays and customs relief, without a reference to the quantity of their local value added. This is due mainly to their estimated large employment contribution.

The Common Market agreement does not prohibit the granting of duty free treatment of imports of raw materials to enclave enterprises after their tax holiday period has expired. It has been the general policy of all member countries of CARICOM to allow such enterprises this concession without limitations.

(a) Dividends tax exemption

Approved enterprises are granted exemption of income tax on the profits of the approved products. Equally important is the provision that the dividends paid from such products to shareholders of such enterprises may also be exempted from tax as long as the shareholders are residents of a CARICOM country.

A collective agreement exists between the MDCs and the LDCs to allow dividends earned in one MDC country to be transferred to an LDC to be exempt from taxation in the recipient's country of residence. Where, however, the shareholder is not resident in a CARICOM country, dividends will not be totally exempt from tax, but only from such tax in excess of what the recipient would normally pay in his country of residence.

Interest is not exempt from tax in the hands of the recipient.

(b) Compensatory taxes

(i) Carry forward of losses

If an approved enterprise makes a net loss on the production of the approved product, taking the total holiday period into account, the enterprise can carry forward such losses up to five years after the expiry of the tax holiday, setting them off against profits made later on the approved products.

The net loss on the approved product over the tax holiday period is calculated by summing up all losses made and subtracting all profits made in the period.

(c) Export allowances

Partial relief is granted to enterprises from the income tax chargeable on the profits earned from exports. This provision becomes operative after an enterprise's tax holiday period has expired.

The greater the share of an enterprise's profit which is derived from exports outside the ECCM (sales to other CARICOM members/ of the product for which export allowance is given, the greater the relief afforded. ^{except Barbados quality for allowance)}

The following table gives the extent of maximum relief in terms of credit tax chargeable on the share of profits made from export sales outside the Common Market's area.

TABLE 2

MAXIMUM EXPORT ALLOWANCES GRANTED

Share of profits from exports to third countries in total profits of approved product <u>1/</u>	Maximum income tax relief of tax chargeable on the approved product (%)
10 to less than 21 percent	25
21 to less than 41 percent	35
41 to less than 61 percent	45
61 percent or more	50

1/ As a general rule, the share of exports on total sales is taken as the share of profits made.

A country is not permitted to grant this relief to an enterprise in respect of a traditional export product of that country. This export allowance should normally be given only for products to be exported outside of the Common Market. This provision was designed to encourage enterprises to increase the share of exports sales in their total sales and is intended in particular to promote the export of manufactures.

The export allowance will be granted to authorized enterprises, provided that:

- the enterprise has been enjoying such benefits only for the first five years after the expiry of the tax holiday or customs rebate period.
- the enterprise has not been granted any tax holiday or customs duty rebate only for the first five years of the life of the harmonisation agreement (effective since 1 February 1974).

2.3.1.2. Direct Credit Incentives

No specific credit incentives or export financing facilities exist.

2.3.1.3. Certificates

Customs tariff preferential treatment of exports to CARICOM members requires certification of origin (see annex I, section 1(a) where specimen is provided.

The Lome Convention also requires certification of origin for exports from ACP states into the EEC (see annex 2, section 5). Same is required by the United States under the Generalized System of Preferences (GSP). No tax refund certificate or ^{other} tax compensation certificates are given.

2.3.2. Indirect Incentives

In addition to the depreciation allowance to which enterprises are normally entitled, there are/ ^{other} allowances given to approved enterprises on the expiry of the tax holiday.

(a) Initial allowance

An initial allowance not exceeding 20 percent of any plant, equipment and machinery capital expenditures, incurred after the tax holiday has expired, can be deducted.

(b) Special bonus for using local labour

In order to encourage the greater use of local labour and to contribute to the relief of the serious unemployment, a tax holiday can be extended by increasing the measure of value added through a weight or bonus that measures the use of local labour (see annex I, section 2(f) for measure of this bonus).

2.3.3. FREE ZONES

Although no free ports or free trade zones exist, existing legislation for enclave industries provides such tax holidays comparable to conditions existing in a free zone.

3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES

3.1 Bilateral

Information is not available as to bilateral agreements signed by Dominica.

3.2 Multilateral

Dominica is a member of the Commonwealth of Nations and signatory of the second Lomé Convention (see annex II). Dominica has a de facto application of the GATT.

3.3 INTEGRATION SCHEMES

Dominica is part of the ECCM and a signatory to the OECS Treaty (see annex III), as well as member of the CARICOM since April 1974 (see annex I).

4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE:

COMPTROLLER OF CUSTOMS AND EXCISE

Bay Front, Roseau

INDUSTRIAL DEVELOPMENT CORPORATION

64 Hillsborough Street

Roseau

5. NATIONAL AND INTERNATIONAL FAIRS

None are organized by the Government of Dominica.

6. CHAMBERS AND ASSOCIATIONS OF COMMERCE

DOMINICA ASSOCIATION OF INDUSTRY AND COMMERCE

24 Kenney Avenue, Roseau, Box 85

DOMINICA CHAMBER OF COMMERCE

Roseau