

earnings must be converted to pesos at the Central Bank). In addition, the Central Bank has now transferred substantial portions of the country's imports to the parallel market and established quotas on the availability of official foreign exchange for private sector and food imports.

The parallel market exchange rate (presently over RD \$1.50 - U.S. \$1.00) is an important indicator to potential investors because it shows the premium one must pay either to import via the parallel market or to move capital to or from the country via this route. Investments made via this de facto exchange market avoid the limitations on remission of capital and some other provisions of the Foreign Investment Law. They also are not subject to the Central Bank delays of over one year in authorized dividend/profit remissions.

Major Market Opportunities

Tourism development has been spurred by the Government's initiatives, which include fiscal and exchange incentives, subsidized long-term credit and large government investment in tourism infrastructure. INFRATUR, the Central Bank tourism development agency, with World Bank funding has for several years been financing a North Coast tourism infrastructure project at Playa Dorada near Puerto Plata. Also, about 100 kilometers east of Puerto Plata, INFRATUR has just completed construction of the necessary infrastructure to develop its second North Coast tourism area near Rio San Juan.

Irrigation, tourist hotel and rural electrification projects will bring opportunities for Canadian firms to supply energy systems, food processing equipment, agricultural and construction machinery and electricity distribution equipment. Several of these opportunities involve projects vital to the Dominican economy which need to be undertaken despite the current economic difficulties.

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