CANADA - D0MINICAN REPUBLIC TRADE

Trade between Canada and the Dominican Republic began in colonial times with the importation of molasses and spices, and the export of grains and dried or smoked fish. Over the years through expansion and diversification, bilateral trade in 1992 reached $98.9 million. Exported goods of fish, grain, paper and cardboard, as well as machinery and electrical equipment, totalled $65.9 million, while imported goods of clothing, metals, cocoa, coffee, fruit and vegetables reached $33 million.

Following several years of hyperinflation, the government of the Dominican Republic introduced draconian measures to restore the economy. On the advice of the International Monetary Fund (IMF), the authorities liberalized the tariff system, introduced new fiscal and monetary policies, and reviewed the labour code. As a result, inflation was only nine percent in 1992, compared to over 100 percent in 1990.

Thanks to this recovery, the country has been able to reschedule its debt with its main creditors. This includes the Paris Club and an agreement under the USA's Enterprise for the Americas Initiative (EAI), giving the Paris Club greater access to the United States market.

Manufacturing and tourism are two key areas that have been targeted by the government due to their hard currency earning potential. The government anticipates doubling the capacity of the country's 30,000-room hotel system within the next five years, and adding other duty-free manufacturing zones to the existing ones. In the near future, a number of turn-key projects will be tendered on the international market, offering interesting opportunities for Canadian companies, who are especially competitive in the areas of construction and services.

Economic reforms will favour investment in several sectors of the economy. Gold and gypsum deposits are expected to be mined. In telecommunications, the government-run system Codetel plans to invest more than $100 million for the purchase and installation of equipment for upgrading. The country's electrical utility, Corporacion Dominica de Electricidad, should triple its production capacity and its distribution network with a loan of US $149 million, which has already been approved by the Interamerican Development Bank.

Between 1992 and 1994, the Interamerican Development Bank plans to approve loans totalling nearly $1 billion for projects to improve and develop infrastructure in the Dominican Republic. A significant portion of the funds will be spent in the transportation, health, education and urban sectors.

Through a series of sector targeted trade fairs and missions funded by the Program for Export Market Development (PEMD), External Affairs and International Trade Canada (EAITC) promotes Canadian companies interested in exporting to the Dominican Republic.