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Working Party on State Trading Enterprises

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## STATE TRADING

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVII:4(A) OF THE GATT 1994 AND PARAGRAPH 1 OF THE UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XVII

#### DOMINICAN REPUBLIC

The following communication, dated 28 July 2022, is being circulated at the request of the delegation of the Dominican Republic.

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The Permanent Mission of the Dominican Republic hereby forwards the notification on state trading enterprises for the period 2020-21 from the National Price Stabilization Institute (INESPRE) complying with the notification requirements related to Article XVII:4(a) of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII (State Trading Enterprises).

#### I. ENUMERATION OF STATE TRADING ENTERPRISES

##### A. *Identification of state trading enterprises*

National Price Stabilization Institute (INESPRE).

##### B. *Description of products affected (including tariff item number(s) encompassed in product description)*

INESPRE is vested with the authority to select the products that come within its scope of action.

#### II. REASON AND PURPOSE

##### A. *Reason or purpose for establishing and/or maintaining state trading enterprise*

INESPRE was established with the main purpose of "... regulating the prices of agricultural products when the situation of such products on the domestic market so requires, in the Institute's opinion, through the processes of supply and demand relating to these products" (Article 2, Law No. 526 of 11 December 1969). At present, the Institute does not perform the role of price stabilization but rather provides marketing services.

##### B. *Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers*

INESPRE was established by Law No. 526 of 11 December 1969. The law grants it autonomous status, its own resources and legal personality, with the authority to select agricultural and livestock products whose prices will be regulated and to establish its own purchase and sale prices for the products with which it deals.

### III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

#### A. *Summary statement providing overview of operations of the state trading enterprise.*

At the outset, the main activities of INESPRES were: marketing and direct purchase from producers, through which it intervened in the setting of market prices; stimulation of production; and imports of agricultural products to supply the national market. As for many years in the past, its current operations consist of:

- (a) providing agricultural producers with physical infrastructure for both cold and natural storage, on loan or lease, to enable them to cope with fluctuations in market behaviour;
- (b) encouraging the establishment of markets in which the country's agricultural producers can market their crops, reducing the role of intermediaries and also benefiting consumers;
- (c) establishing the price and market information system;
- (d) encouraging the establishment of packing centres in the producing areas as a means of increasing the added value of agricultural production;
- (e) establishing strategic reserves of sensitive products;
- (f) facilitating the installation of rural IT centres for organized producer groups;
- (g) identifying and promoting new investment opportunities in the area of agricultural marketing;
- (h) establishing training and education centres for producers.

INESPRE programmes and services:

- **Agri-markets:** operates at different points in the country with outlets suited for sales. The programme provides for the refurbishment of the physical facilities of these establishments, the repair of damaged equipment, the incorporation of necessary equipment, the restocking of goods, the establishment of an efficient, capable and highly autonomous administration, as well as the creation of an initial capitalization fund.
- **Producers' markets:** supports sales and local producers by providing an organized trade platform. This is a market or fair where producers and consumers meet for trading. The advantage of this type of activity is that producers can sell their crops directly to consumers. For the latter, this is extremely beneficial as they can acquire goods without the costs related to intermediaries.
- **Mobile stores:** aims to reach families living in extreme poverty, such as *bateyes* (sugar worker communities) and families in very depressed areas where producers' markets cannot be held.
- **Fixed stores:** offers agricultural products to the final consumer without the use of intermediaries, in dedicated fixed physical spaces, ensuring good prices and substantial benefits to producers.
- **Training in agricultural marketing:** provides information for small and medium-sized producers on the post-harvest phase and product quality, safety and marketing.
- **Agricultural laboratory services:** determines the quality and safety of agricultural products when required by public and private institutions that market, distribute and use the products.

- B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise.*

INESPRE is vested with the authority to import agricultural products when domestic production is insufficient, as stipulated in Article 55 of the Agricultural and Livestock Promotion Law, as well as to export agricultural products when surpluses are produced. As for several years in the past, INESPRE does not exercise these prerogatives at present.

- C. Type of entities other than the State trading enterprise that are allowed to engage in importation/exportation and conditions for participation.*

Any natural or legal person domiciled in the Dominican Republic may engage in import/export activities.

- D. How import/export levels are established by the state trading enterprise.*

In recent years, INESPRE has only purchased and sold products on the local market.

- E. How export prices are determined.*

In recent years, INESPRE has only purchased and sold products on the local market.

- F. How the resale prices of imported products are determined.*

In recent years, INESPRE has only purchased and sold products on the local market.

- G. Whether long-term contracts are negotiated by the state trading enterprise. Whether the state trading enterprise is used to fulfil contractual obligations entered into by the Government.*

Not applicable.

- H. Brief description of market structure*

The market structure in the Dominican Republic is traditional with marketing channels for production/imports, wholesale, retail and consumers. It is a free market economy subject to trade control measures consistent with the WTO multilateral agreements.

#### **IV. STATISTICAL INFORMATION**

See attached Tables I-III.

#### **V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE**

As appropriate.

#### **VI. ADDITIONAL INFORMATION**

As appropriate.

**TABLE I**

STATE TRADING: NOT APPLICABLE

*STATISTICAL INFORMATION, IMPORTS*

Description of product(s) (including HS number(s))	Total quantity imported <sup>1</sup>	Quantity imported by state trading enterprise <sup>1</sup>	Average import price	Average representative domestic sales price	Mark-up <sup>2</sup>	National production

<sup>1</sup> In cases where no imports have taken place under columns 2 or 3, provide an explanation under Section V of this questionnaire.

<sup>2</sup> Members may report either under columns 4 and 5 or under column 6.

**TABLE II**

STATE TRADING: NOT APPLICABLE

*STATISTICAL INFORMATION, EXPORTS*

Description of product(s) (including HS number(s))	Total quantity imported <sup>1</sup>	Quantity exported by state trading enterprise <sup>1</sup>	Average procurement price <sup>2</sup>	Average representative domestic sales price	Average export price	National production

<sup>1</sup> In cases where no exports have taken place under columns 2 or 3, provide an explanation under Section V of this questionnaire.

<sup>2</sup> In cases where the initial procurement price is augmented by other payments, additional payments should also be reported.

TABLE III

STATE TRADING: NATIONAL PRICE STABILIZATION INSTITUTE (INESPRE)

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

2020

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (kg)	National production (kg)	Domestic sales by state trading enterprise (kg)	National consumption (kg)
1	2	3	4	5
Frozen whole chicken (0207.12.00)	60,363,757	312,749,874	42,254,968	326,180,587
* Milk powder (0402.21.90)	1,491,339	N.A.	1,043,337	36,683,000
** Evaporated milk (0402.91.10)	366,996	-	256,897	-
** Dutch-type cheese (0406.90.90)	447,302	-	313,057	-
** Cheddar cheese (0406.90.20)	93,748,895	-	65,609,647	-
Fresh eggs (0407.21.00)	21,372,277	199,828,142	14,248,164	199,494,139
Potatoes (0701.90.00)	29,556,654	89,124,830	20,689,642	99,142,804
* Beans (0713.33.00)	17,898,674	N.A.	12,529,014	29,776,004
Fresh cassava (0714.10.00)	1,291,909	167,623,110	904,336	167,509,031
Bananas (0803.10.29)	132,800,833	1,155,139,739	110,489,990	1,048,531,153
** Coffee (0901.90.10)	3,272,708	15,380,773	2,331,609	-
Semi-milled rice (1006.30.00)	157,787,693	607,583,850	110,451,361	640,694,551
** Maize flour (1102.20.00)	198,416	-	138,869	-
** Whole oats (1104.12.00)	166,516	-	83,895	-
** Edible oil (1507.90.00)	7,879,332	-	5,609,024	-
** Sausages (1601.00.29)	1,115,891,098	-	1,190,496,042	-
** Salami (1601.29.00)	21,222,407	-	14,855,527	-
* Sardines (1604.13.00)	1,782,210	N.A.	249,505	24,054,512
** Chocolate (1806.32.00)	2,952,844	-	688,926	-
** Spaghetti (1901.11.00)	2,282,049	-	1,597,435	-
** Cassava bread (1903.00.00)	1,874,878	-	1,312,480	-
** Tomato sauce (2103.20.00)	615,751	-	86,201	-
** Powdered seasoning (2103.90.20)	1,592,091	-	1,114,371	-
** Green pigeon peas (2205.99.20)	1,143,475	-	800,343	-
** Vinegar (2209.00.00)	455,151	-	318,577	-
** Ground salt (2501.00.13)	526,941	-	405,965	-

\* No domestic production, 100% of the product is imported.

\*\* Information on national production and/or consumption not available for the time being.

TABLE IV

STATE TRADING: NATIONAL PRICE STABILIZATION INSTITUTE (INESPRE)

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES

2021

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (kg)	National production (kg)	Domestic sales by state trading enterprise (kg)	National consumption (kg)
1	2	3	4	5
*** Pork legs (0203.22.00)	3,594,417	30,569,350	3,145,115	127,177,231
Frozen whole chicken (0207.12.00)	129,680,824	346,879,576	90,776,546	379,861,611
Fresh eggs (0407.21.00)	20,151,219	204,443,153	14,105,812	204,372,665
Criolla potatoes (0701.90.00)	19,709,330	90,800,846	13,796,531	105,685,072
* Beans (0713.33.00)	3,858,090	N.A.	2,700,641	32,217,702
Bananas (0803.10.29)	39,125,540	1,075,515,499	19,324,782	1,074,693,681
** Ground coffee (0901.90.10)	3,316,899	16,185,990	2,321,380	-
** Maize flour (1102.20.00)	811,100	-	3,406,407	-
** Whole oats (1104.12.00)	2,359,452	-	1,651,583	-
** Edible oil (1507.90.00)	41,466,357	-	29,026,397	-
** Pork sausages (1601.29.00)	1,283,972	-	1,404,345	-
* Sardines in tomato sauce (1604.13.00)	3,752,586	N.A.	2,626,735	22,673,490
Semi-milled rice (1006.30.00)	147,373,536	654,149,098	103,161,475	690,413,309
** Soft brown sugar (1701.13.00)	2,653,264	444,897,000 <sup>1</sup>	1,857,285	-
** Sweet gum candy (1704.90.90)	33,740,873	-	23,618,589	-
** Chocolate in bars (1806.32.00)	10,703,786	-	7,492,421	-
** Spaghetti (1901.11.00)	18,058,092	-	12,640,652	-
** Cassava bread (1903.00.00)	7,637,500	-	5,346,240	-
** Bread (1905.90.20)	152,376,736	-	55,241,591	-
** Canned pigeon peas (2005.99.20)	28,202,603	-	19,741,688	-
** Coconut milk (2008.99.99)	1,939,337	-	1,357,525	-
** Tomato paste (2103.20.00)	3,765,606	-	1,581,508	-
** Powdered seasoning (2103.90.20)	1,937,356	-	723,257	-
** La Fuerza red wine (2204.21.00)	20,156,553	-	14,741,360	-
** Canned maize (2205.80.00)	26,864,663	-	18,805,258	-
** Punch (2208.70.90)	84,285,714	-	130,072,757	-

<sup>1</sup> Data for 2020-21 sugar harvest.

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise (kg)	National production (kg)	Domestic sales by state trading enterprise (kg)	National consumption (kg)
** Golden natural vinegar (2209.00.00)	628,556	-	459,690	-
** Ground salt (2501.00.13)	2,978,688	-	2,085,066	-

\* No domestic production, 100% of the product is imported.  
\*\* Information on national production and/or consumption not available for the time being.  
\*\*\* Production and consumption data are for pig meat in general.