



POINTS OF INTEREST

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# Situation and Perspective

JANUARY 2012

## >Investment Climate<

### 1- InterEnergy and BW gas will invest US\$350 MM

InterEnergy Holdings, owner of energy consortium Consorcio Energético Punta Cana Macao (CEPM), announced recently a joint venture with the enterprise BW Gas for the construction of a new liquefied gas terminal in San Pedro de Macorís, with investments that surpass the US\$350 Million, and which is expected to be finished in 2014. The terminal will be part of an extended logistics solution to bring natural gas to the country and will be the first investment of BW in the Caribbean, company which believes in the Dominican Republic energy market.

Celso Marranzini, executive vice-president of the Dominican Corporation of State Electric Enterprises (CDEEE), declared that "this announcement is one of the most important events in the Dominican Republic energy market in the past decade".

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### 2- Fuentes fears National Development Strategy will be disrespected

The National Development Strategy [Law] which was enacted by the Dominican Republic President Leonel Fernandez on January 25th of 2012 establishes a consensus of three agreements in the sectors of education, energy and integral fiscal reform.

The economist Bernardo Fuentes expressed recently his fear that the enacted National Development Strategy Law 2010-2030 is disrespected by the next governments.

While being interviewed by HOY, Fuentes manifested his concern that, due to the lack of continuity in the public policies in the country, the National Development Law is not followed- up by the following government administrations.

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### 3- Conep affirms it is time to close the chapter of the fiscal "patches"

The National Private Enterprise Council (Conep) affirmed recently that it is time to close the chapter on the fiscal patches originating from circumstances that require covering the deficit in the public finances.

It recently argued for more fiscal discipline, in order to avoid the tax patches to cover the deficit in the public finances. In a document that it forwarded to the media communication enterprises, the Dominican business leading organ proposed that any reform must be integral, this is, from the expenses and from the income. The National Private Enterprise Council (Conep) affirmed recently that it is time to close the fiscal patches originating from circumstances to cover the deficit in the public finances.

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#### **4- DR-Cafta countries will debate over trade facilitation**

The governments of the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the United States of America, with the support of the Inter- American Development Bank (IADB) and the cooperation of the Association of American Chambers of Commerce in Latin America (AACCLA), celebrated, on the 23rd and 24th of January, a meeting that promoted the dialogue between the public and private sectors over Trade facilitation.

The Ministry of International Trade (DICOEX) of the Ministry of Industry and Commerce, informed that the meeting was held in the Hotel Biltmore, of the City of Miami, Florida, and served as a platform to receive the contributions and opinions over the nature and the impact of existing obstacles in each country of the DR-CAFTA region and Exchange points of view about how to confront them.

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#### **5- Agri Business Center creates incentive in Monte Plata Province**

More than a hundred of small and medium agricultural farmers of the province of Monte Plata will trade their products through the Esmeralda Agribusiness Center, which seeks to increase the level of competitiveness of local farmers and place them near the international markets.

The facilities have been prepared for the operations of processing, packing and distribution of fruits and vegetables which will add value to the products, while allowing farmers to obtain quick financing and immediately receive money from their sales through a prepayment system agreed between the center and the cooperatives Agroindustrial Esmeralda and El Progreso, of Bayaguana.

The initiative was materialized in the free zones park of Bayaguana with an investment of more than RD\$5,000,000, which was financed in a 50% by the Agency of the United States for Development (USAID), through their Project of Rural Economic Diversification and, in the remaining proportion, by the Cooperative El Progreso, of Bayaguana, and by the partners of the center.

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### **>Economic Aspects<**

#### **6- Currency exchange market moved US\$17,850 MM**

The currency Exchange market traded about US\$17,850 Million, a daily average of US\$70 Million, taking into account the operations from Monday to Friday of each week, according to the preliminary data of the Central Bank of the Dominican Republic (BC).

The Dominican Peso has shown a relative stability despite the fluctuations of the global economy and the pressure that the petroleum bill places in the current account of the balance of payments. The national currency has barely devaluated in approximately a 2.8%, when moving from RD\$37.54 (per one US Dollar) to RD\$38.59 in average.

**Published by: Listin Diario Newspaper, January 4 of 2012**

#### **7- Exchange Rates**



IMAGEN PUBLICADA POR PERIODICO HOY DIGITAL, "NEGOCIOS", 26 DE JULIO DEL 2006

During the course of the month of January the Dollar of the United States has remained between RD\$38.72 and RD\$ 38.91, while the euro has remained between RD\$ 49.41 and RD\$51.23. While fuel prices were between RD\$225.30 for a gallon of premium and RD\$209.00 for a regular unleaded gallon.

Central Bank Reserves:  
International brute assets: US\$4,107.20  
International brute reserves: US\$3,497.40  
International reserves IMF: US\$3,046.80  
Investments in values: 85,800

**Exchange  
Rates and  
Fuel prices**

### **8- IMF studies the possibility of an extension of the agreement to the Dominican Republic**

The International monetary Fund (IMF) is analyzing a possible extension of the standby agreement that the Dominican Republic has with the financial institution, while indicating that there is still no date for the next visit of an IMF mission to the country.

Such statements were made by David Howley, substitute director of foreign relations of the IMF, during the bi-monthly informative session that the organ holds with the world press in Washington.

“The fund continues the close collaboration that it has with the Dominican Government. We continue working with the technical and political points of the agreement; we have been exploring the option of extending the agreement for other six months.

The signing of the agreement in November 9<sup>th</sup> of 2009 permitted the immediate disbursement of 348 Million Dollars which permitted the Dominican Republic Government to utilize it for budget support, while it facilitated the disbursement of credits from other international organs such as the Inter- American Development Bank (IADB) and the World Bank.

**Published by: El Caribe Newspaper, January 27<sup>th</sup> of 2012**

### **>Political Aspects<**

#### **9- Contradictions among Miguel Vargas and Hipolito Mejia are intensifying**

The contradiction among Miguel Vargas and the presidential candidate of the Dominican Revolutionary Party (PRD), Hipólito Mejia, recently intensified when the president of the political organization accused the members of the campaign team of the former president of personally disrespecting him and his family.

Over the expression of Mejia that the administration of the PRD had not given him a dime, Vargas reacted with surprised and reminded him that for the proclamation of the presidential candidacy of May 8<sup>th</sup> of 2011, his national campaign team was provided with RD\$4 Million.

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#### **10- PRSC ratifies powers to Morales Troncoso**

The National Assembly of the Reformist Social Christian Party (PRSC) ratified recently the powers granted to Carlos Morales Troncoso so that he decides if such political organization participates in the next elections allied or with their own PRSC party candidate. It also approved the expulsion and separation of posts, if in any, of the political leaders who support other political parties, which will be communicated to the Central Electoral Board.

Also, the Assembly, which took place on January 29<sup>th</sup> of 2012, decided to repeal the provisions of the PRSC organs who were previously approved and that are contrary to those of the PRSC Assembly. Among those absent, was the senator for the Province of La Altagracia, Amable Aristy Castro, Eddy Alcántara, the deputy Ito Bisonó, Fidias Aristy, Héctor Rodríguez Pimentel and Guillermo Caram.

Also absent were Leonardo Matos Berrido, Josecito Hazim, and José Henríquez Sued.

The Central Electoral Board (JCE) gave account of attendance of delegates which took place under tight security measures. The representatives of the JCE were Juan Bautista, director of inspection of the organ; Victor Lantigua, director of security and Maria Ordaliza Núñez and Mayra Carthight of Political Parties.

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**11- Activities of the PLD party presidential candidate Danilo Medina in Spain and of PLD party vice presidential candidate**

The presidential candidate of the Dominican Liberation Party (PLD), Danilo Medina, met on Saturday January 21<sup>st</sup> of 2012 with the Dominicans resident in Spain to present them his political program proposal in view of the presidential elections of May 2012.

The meeting was held in the halls of the General Workers Union (“Unión General de Trabajadores”) in Madrid, the Spanish capital. Danilo Medina expressed to the media who inquired over the motives of his presence in the Spanish capital that: “The purpose is to have contact with our fellow Dominicans who live here, explain them what we want to do, develop our plan of government”.

Also, he separately met with the campaign of the PLD in the main European cities where they reside. Danilo Medina pointed out that, as well as in the Dominican Republic, the Dominican Liberation Party is completely unified with respect to his candidature, which guarantees, based in the arduous and systematic work, a comfortable win in the elections of May of 2012.

On the other hand, his ballot companion, Margarita Cedeño, traveled to Santiago on Sunday January 22 of 2012, where she was visiting El Puñal, Lacey and Tamboril, departing at 3:00 pm of the Avenida Francia and the corner of Francisco Bidó Street.

**12- Germán promises that he will eradicate capricious corrupt judges**

The President of the Supreme Court of Justice (SCJ), Mariano Germán, recently requested that those judges who decide judicial cases through fear, friendship, family ties, personal conveniences, collusion or for money to abandon their judicial posts.

He warned that those judges who decide the results of a process through one of those causes and who dictate ill rulings, do not have the right to continue in the Judicial Power and must abandon it.

**Published by: Listin Diario Newspaper, January 8 of 2012**

**>Legislative Aspects<****13- Salutes creation in the country of Competition Defense Agency (“Pro-Competencia”)**

The minister of industry and commerce held recently that with the putting into operation of the Competition Defense Agency (“Pro-Competencia”) a reinterpretation and transformation of the principles that govern the economic activity must be initiated in the country, in search of establishing a culture of integral and effective competition, capable of guaranteeing the rights of the consumer and of avoiding the excesses of those who sell goods and services.

Manuel Garcia Arévalo indicated that the world today drives us to the need to update the productive structure to successfully confront the challenge of local and international competitiveness, and, also summons us to handle ourselves with greater innovation capacity and less production costs, in line with the new competitive dynamic that Pro-Competencia will promote.

When intervening in the ceremony of installation of the National Competition Defense Commission, organ that will oversee the enforcement of Competition Defense Law 42-08, Garcia Arévalo said that the new instrument will boost the business relations and investment opportunities, as a way to increase the progress, the creation of stable and productive jobs, and the welfare of the population, diminishing with it the social inequality.

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**14- Procompetencia in search of fairness**

The regulation of the market of goods and services, the promotion of entrepreneurship and the elimination of commercial barriers are fundamental aspects to guarantee that business operations are made within a framework of loyal practices.

The Competition Defense Commission (ProCompetencia), that on Tuesday of this week presented its credentials as organ in charge of overseeing compliance with Competition Defense Law 42-08 in the country, will have among their functions the promotion and defense of the free participation in the market. This complementary mission arises from the understanding that the enforcement of the law is associated with a change of mentality, both in the enterprises as well as in the consumers.

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**15- Status of migrant workers to be regularized**

The ministry of Labor and the director of migration, Francisco Dominguez Brito and José Ricardo Taveras, respectively, met recently with representatives of the sugar cane sector, for the purposes of regularizing the situation of foreign workers in the sugar plantations of the country.

“We announce the initiation of this working day of conversations and a search of mid and long term solutions, especially over migrant workers”, held Dominguez Brito.

He expressed that there will be a working day which will involve other sectors, both from construction as well as the agricultural sector, whose objective is not to cause problems, but to seek solutions for each of the problems that exist. “I think that it can be accomplished through compliance with the law and through dialogue”, he held, in the encounter made in the central offices of the Ministry of Labor.

He pointed out that this working day does not only include Haitians, but also foreigners from other countries.

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