



Doing Business in Dominican Republic

Importing Agents and Distributors

A foreign supplier of goods and services may choose to enter the Dominican Republic market by selling its products through Dominican agents and distributors. The different channels of selling are subject to different legal frameworks.

Contracts involving Dominican agents and distributors are generally governed by the Dominican Civil Code, whose freedom of contract principle allows the parties to choose freely the form, terms and conditions of their agreement as well as by the Code of Commerce and general commercial practices and rulings interpreting the scope of agency, unless said agreement is registered under Law 173 Protecting Importing Agents of Merchandises and Products (“Law 173”).

Local agents and distributors often want to register their Agreements with foreign enterprises under Law 173, while foreign companies that do not have a free trade agreement with the Dominican Republic, are often unaware of this possibility and without adequate previous legal counsel, may later find out a Law 173 registration has been made.

Once registration is obtained, the relationship of the local licensee (a.k.a. “concessionaire”) with its grantor becomes governed by the provisions of Law 173 of 1966, which provides the local concessionaire with the following rights:

- The right to initiate legal actions against the grantor or a third party for the purpose of preventing them from directly importing, promoting or distributing in Dominican Territory the registered products or services of the grantor;
- The right to file suit for damages against the grantor and new appointee for substitution of local concessionaire, including the right to be indemnified for unjust termination pursuant to the formula and concepts provided by Law 173.
- The right to an automatic renewal of the contract or a mandate of continuation of the relationship existing thereof.
- Unilateral termination of local concessionaire is only possible for “just cause” as narrowly defined under Law 173.
- The Law provides exclusive jurisdiction to the courts of the Dominican Republic.

Law 173 protects Dominican agents and distributors of foreign enterprises. Its objective is to protect exclusive and non-exclusive agents, distributors and representatives from being unilaterally substituted or terminated without just cause by foreign entities, after favorable market conditions have been created for them in DR.

Law 173 defines as grantor the individuals or legal entities who the Dominican agents and distributors (i.e. concessionaires) represent, who conduct business activities in the interest of the grantor or of its goods, products or services, whether the contract is granted directly by grantor, or by means of other persons or entities, acting in grantor’s representation or in their own name but always in its interest or of their goods, products or services.

Questions about this information can be directed to Our Team at 809.472.2222 (info@aclaw.com) or to our lead contact Felipe Isa Castillo (fcastillo@aclaw.com).

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