

**4 July 2007**  
**Issue 41**

## **SHELL EXIT FROM DOMINICAN REPUBLIC GATHERS PACE**

Shell issued a statement on 29 June confirming that the sale of its assets in the Dominican Republic is proceeding "as planned".

In February, Shell announced plans to sell its assets in the country. In addition to its 50pc stake in Refidomsa — the country's sole refinery — Shell operates 137 of the country's 615 service stations. Shell began operating Refidomsa in 1972.

"Several offers" have been received, says Shell, which declined to identify the investors. The company added that "several offers" have been received.

But local media is reporting that potential buyers include a group comprising the Peynado, Vicini, Corripio and Martí families in the Dominican Republic, and the Barbados-based Sol Group. Sol acquired Shell's retail and lubricants assets in Puerto Rico in June 2006, and the company's petroleum distribution and marketing businesses in the Eastern Caribbean, Guyana, Suriname and Belize in February 2005.

Under the terms of the Refidomsa joint venture, the government must approve the disposal of Shell's interest in the refinery.

Shell's statement on 29 June was issued just days after the government's corruption prevention department, Depreco, launched an investigation into government claims that Shell had defrauded the country of "tens of millions" of dollars.

The Justice Ministry is accusing Shell of keeping gasoline and diesel prices artificially high by altering invoices to increase the shipping cost of imported crude destined for the 35,000 b/d Refidomsa refinery, which Shell operates and jointly owns with the government.

Shell denies the allegation and says it is the victim of a smear campaign.

But it supports the Depreco investigation since "transparency should be evident in all mixed capital partnerships between a private company and the state". The investigation, it adds, "will definitely clarify the manner in which the company has been managed and the role of both partners in the operation."

Before launching the formal investigation, Depreco director Octavio Lister claimed that the alleged fraud could have been committed over a period of many years.

"Above all, remember that we are talking about an equal partner with the Dominican state, but that this is a foreign multinational company," he said.

Local newspaper *Listin Diario*, meanwhile, has published sections of an internal report by Shell earlier this year, which allegedly concludes that "Refidomsa incorrectly handled the information on the cost of freight on three occasions".

The dispute between Shell and the government has escalated since January, when government representatives on the Refidomsa board demanded a greater say in the running of the refinery. This followed claims that Shell was

refusing to accept and process crude imported from Venezuela under Caracas' PetroCaribe oil supply initiative. Shell rejects this allegation.

Two government-appointed Refidomsa directors subsequently said they had discovered doctored invoices and accused Shell of "fraud" and "deceit" — a claim denied by Shell.

---

## **IN BRIEF**

- Brazilian banks are lending US\$202.5m for the financing of the state electricity company CDEEE's hydroelectric project in Pinalito, which is being built by the Brazilian company Norberto Odebrecht. Loans worth US\$111.43m have also been agreed for CDEEE's Palomino hydroelectric generation facility.
- In eight months, the Senate has approved loans totalling US\$581m. The funds will pay for a range of public works projects and the Metro. Another eight financing projects are awaiting approval, for a total of US\$171m. Also pending approval is the US\$309.9m needed to provide the electricity network and the rails for the Metro in Santo Domingo.
- The Inter-American Development Bank (IDB) has disbursed RD\$46m in funding for the construction of water treatment plants in the Los Jardines and Los Rios areas of Santo Domingo.
- The Ministry of Public Works has announced that 98% of the 106-km expressway linking Santo Domingo and Samana has been opened.
- The authorities have rejected a proposal from ex-army officer Quirino Paulino Castillo to give US\$3m to support the government's anti-drug efforts in exchange for dropping drug trafficking and money laundering charges against him. The former Army captain is awaiting trial in the US for drug smuggling and money laundering. He was arrested in 2004 for allegedly transporting more than 1,300 kilograms of cocaine in a truck.
- The Dominican Air Force has reported 155 illegal flights over Dominican territory since June 2006. In nearly all of the reported incidents, the planes' flight paths originated in South America. Light planes are known to drop tons of drugs along the south coast of the Dominican Republic.
- Some 60% of Dominicans now live in cities, according to the UN's Population Fund (UNFPA), which estimates the population at 9.1m people. UNFPA forecasts that by 2050, the population would reach 12.7m.

---

Caribbean Insight is produced for CBC Members and Caribbean Insight subscribers by the Publications Division of the Caribbean Council, 2 Belgrave Square, London, SW1X 8PJ, United Kingdom. No legal responsibility is accepted for any errors or omissions.

Publisher: Mr David Jessop  
Editor: Dr Chris Brogan

---

2 Belgrave Square London SW1X 8PJ United Kingdom Tel: 020 7235 9484 Fax: 020 7823 1370 Email: [admin@caribbean-council.org](mailto:admin@caribbean-council.org) Website: [www.caribbeancouncil.org](http://www.caribbeancouncil.org)