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FRESH UNCERTAINTY OVER POWER PLANT

The European Union (EU) is threatening to ban imports of Dominican Republic bananas if the government proceeds with a coal-fired generating plant at Pepillo Salcedo, Manzanillo, close to banana plantations, according to Senator Radhames Pena.

"The Europeans, who purchase all of the organic bananas that we export, told us that if the coal plant and coal storage facilities are established near the port of Manzanillo, the purchase of bananas would immediately be suspended," Senator Pena says, due to the pollution that could be created by the plant. Banana exports generate around US\$55m/yr for the Dominican Republic.

The contract to build the 660MW plant is held by China's Sichuan Machinery and Equipment (SME). A second contract to build a 600MW coal-fired plant is held by US firm Seaboard and the local Vicini Group. The original contractor — Abu Dhabi-based Emirates Power — pulled out after failing to secure financing for the project.

Construction of both plants was scheduled to start in July last year, but start-up was delayed by financing problems, and a disagreement over the terms of the power supply contracts drawn up by state-owned electricity company CDEEE.

In August, Radhames Segura, the head of CDEEE, warned that the SME contract could be rescinded if an investigation confirmed allegations that illegal payments totaling \$1.9mn were made to members of CDEEE's bidding commission.

Prolonged and frequent blackouts have plagued the country for years, and new power generation capacity is urgently needed.

National installed generating capacity is 2,500MW, but available capacity is rarely above 1,700MW. With demand running at about 2,100MW, the sector has struggled to consistently deliver 1,200MW — with this frequently falling below 1,000MW.

IN BRIEF

- The Dominican Republic is looking into the possibility of using nuclear energy to end the country's 25-year electricity supply deficit. "Within the not-too-distant future, the Dominican Republic will have to get into the production of nuclear energy through the construction of a plant that will form a nucleus for the electricity sector," says state-agency National Energy Commission adviser, Jose Quinones.
- Luxury resort community Cap Cana is partnering with The Ritz-Carlton Hotel Company, to develop "The Ritz-Carlton, Cap Cana", and a residential venture "Residences at The Ritz-Carlton, Cap Cana".
- Plans by the US Congress to increase the tax on cigarettes and cigars could cut cigar exports from the Dominican Republic by 30%, according to Tobacco Institute (INTABACO) director Adalberto Rosa. This would represent a loss of US\$100m a year. President Bush has pledged to veto the tax hike.
- The Dominican Republic is being bombarded with drugs from South America. According to *Diario Libre*, minutes after the drugs are packaged in Colombia they are transported to the Dominican Republic via Venezuela. From there, they are smuggled in to the US and Europe. President Leonel Fernandez is claiming that drug flows to the Caribbean are increasing because the US has diverted resources for patrolling Caribbean waters for drug trafficking to the war in

Iraq, as reported in Hoy. "I feel that the displacement of the fight against drugs to fight terrorism in the Middle East is behind the increase in drug trafficking in the region", he said.

- Two junior army officers linked to drug trafficking are to be charged with plotting to assassinate Major Joran Jose Baez Fernandez and Colonel Juan Francisco Tejada Genao. Both senior officers have achieved notable successes in arresting traffickers and seizing consignments of illegal drugs.

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