



CÁMARA BRITÁNICA  
DE COMERCIO

DE LA REPÚBLICA DOMINICANA, INC.



**SPEECH GIVEN BY DOMINICAN REPUBLIC'S BRITISH CHAMBER OF COMMERCE PRESIDENT, ROBERTO HERRERA, AT THE LUNCHEON HELD ON JANUARY 17<sup>th</sup> 2008 AT 'LA FIESTA' LOUNGE, RENAISSANCE JARAGUA HOTEL.**

Mr. Arístides Fernández Zucco, Secretary of State, President of the National Energy Commission, our First Invited Speaker at our Breakfasts;  
Mrs. Leonora Dipp, Commercial Attaché, British Embassy of the Dominican Republic;  
Mr. John Heath, Invited Speaker;  
Other Members Seated at the Directive Table;  
Secretaries of States and Governmental Representatives;  
Senators and Deputies;  
Representatives of the Diplomatic Body and Other Multilateral Institutions;  
Representatives of the Church;  
Representatives of the Universities;  
Industrialists, Private Entrepreneurs;  
Representatives of Political Parties;  
Members of the Press;

Dear Friends,

We warmly welcome you as we give our thanks for honouring us with your presence at this luncheon that we have organized within the activities for the First International Week of Energy. We want to reiterate our best wishes for the New Year that is only beginning. Although we know that it will be a difficult one, due to the motives known by us all, we are also confident to express that should we commit to contribute with our own personal efforts, we conjointly will be able to overcome present obstacles and make advancements in the road of progress.

Only last January 3<sup>rd</sup>, the President of the Dominican Republic indicated that the energy sector represented the biggest challenge that the government must confront for this year 2008. Therefore, our country will be challenged by energy issues, issues that have already been affecting the people for four decades, tugged by the government, who is the one who drags the energy sector crisis. Our British Chamber of Commerce, within the frame of its social responsibility before the Dominican Republic, has emphasised energy issues, looking to contribute, through our international advisers and specialists on the subject, to enlighten on the first and most important issue that must be addressed by the energy system and its possible solutions.

Obeying to this order of idea and purpose, we invited Mr. John Heath, energy specialist, independent consultant to Adams Smith International, a prestigious independent consultancy

firm, who, for the second time honour us with his presence, knowledgeable contributions and solicited advice.

In June of previous year, at the Breakfast organized by the British Chamber of Commerce in order to address this subject, in a masterly presentation, Mr. John Heath gave us an accurate vision of the local power generation situation, diagnosing that the energy crisis is a curable patient, that it can be solved as long as political will exists in order to adopt the required measures needed to surmount same.

The root of the problem, the fundamental cause, pointed out by Mr. Heath, as it was pointed out by energy specialists Mr. Ivan Adams and Jaime Manzano, whom completed the staff of experts that we invited to our Breakfast, is, and continues to be: thefts, lack of payment of a high percentage of energy served and consumed, as we move away from the energy saving culture that is today being observed at a worldwide level.

Their qualified opinions found coincident substance in the fact that as of December 2006, we were the fourth country of the world with registered greater energy loss, immediately after Congo, Haiti and the Republic of Moldova. This painful reality has not suffered any positive change up to this day, and now, we have to add this to the most recent report disclosed at the World Economic Forum, which placed the energy offer of the Dominican Republic on spot 130 of 131 countries analyzed.

We must stress out that since Messrs. Heath, Adams and Manzano intervention on that Breakfast, that is, already half into 2006, that is, one and a half year latter, the Dominican Republic has spent approximately US\$200,000,000.00 subsidizing the energy sector. An important sum of monies which very well could have been used for the betterment of important health services, education, and even for improvements of their own power system infrastructure has been spent. And even worse still: in spite of such a large expenditure, energy thefts and financial deficit related problems still exists.

It is painful to admit that as a consequence of the persistency of this situation, which has been aggravated by the non proportionate increment of the petroleum prices, Budget as Public Expenditure Law for 2008 had to reflect a 20% increase on Energy Sector subsidies, which will consume 25 thousand millions of Pesos, as it reflects a decrease of 2.5% in Health, and a 1.4% decrease in Education, compared to its Net Revenue.

Although it is true and of justice to recognize that the EDES have been making colossal efforts to improve its collections, and that said sector is somewhat in equilibrium, is not less certain to say that energy thefts still remains the great Achilles heel of the system. It is necessary to stress out on the opinion given by the experts and emphasise that in as much the government is not able to significantly reduce the significant and large losses inflicted by energy frauds, and in as much it continues making allowances for the system to be sustainable, it will not be possible to surpass the crisis which affects same, nor to provide a stable, reliable and competitive energy service, one that is required by the country, one which the users deserve, and one which we all desire.

It is prudent to emphasise that the country count with the necessary legal frame to fight energy thefts as the Energy Law was modified, assigning application penalties to those whom are found guilty of stealing electricity. Nonetheless, we painfully admit that it must have come to an effect as of November past, but its application has been postponed. Delay in its execution entails negative consequences and considerable prejudice for the energy sector and its different agents, including the government.

On the other hand, it is also deserving to emphasise the sustainable efforts that the National Commission of Energy has been unfolding at the conclusion of the Renewable Energy Law and of its initiative, within its legal context, to assume the leadership of the legal framework, as to direct its processes to impel different qualified technical and financially viable alternative projects, all of which we can observe by visiting the stands of some of the companies that participate in the First International Week of Energy. They are encouraging steps oriented as an effort to palliate the onerous negative effects experienced by all economic activities, as by our domestic budgets, due to the high petroleum prices and our present and almost absolute dependency of same. At least one of those projects is already on its executing phase on the Southern region of the Dominican Republic. The enthusiastic promoters of same are in attendance at this event.

Before I conclude, I wish to thank the National Commission of Energy for having proposed and welcomed this event within its own agenda of the First International Week of Energy, at the same time that I express our special thanks to Mr. John Heath for having honoured us again with his presence and most valuable intervention, which I am certain will constitute a volume of observations and recommendations, and ones that will be considered of the outmost importance by the local energy sector.

Lastly, but not least, I would like to voice out, most vehemently, and exhort both the Government as all Political Parties and the different sectors that conforms our society, so that, to the margin of any differences, we unite wills, talents and efforts to assume the common responsibility and take the appropriate steps, take the appropriate decisions, and the appropriate actions as to achieve the so longed energy sector stability, fundamental to the economic and social development of the Dominican Republic as to the collective well being of the people. This is what we all desire.

To all, I again thank you for honouring us with your presence and undivided attention.