



Doing Business in the Dominican Republic: 2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in the Dominican Republic

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Market Overview

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With a population of over 10.3 million consumers and a nominal GDP of \$59.27 billion, the Dominican Republic (DR) is the ninth largest economy in Latin America and the second largest in the Caribbean region. The Dominican Republic is a middle income country, with a GDP per capita of around \$9,700 (PPP), and an economy based on tourism, agriculture and service industries. GDP grew 4.5 percent in 2011, which was fueled in part by increased indebtedness, declined to 3.9 percent in 2012 and increased slightly to 4.1 percent in 2013. In the same period, the inflation rate declined markedly from 7.76 percent in 2011 to a manageable 4.8 percent, well within the Dominican Central Bank's target range.

The United States is, by far, the DR's largest trading partner. The U.S. is the destination for 48.8 percent of the DR's exports, and 43.6 percent of imports into the DR are of U.S. origin. The U.S.'s share of the consumer goods imported into the DR is estimated at 70 percent of the total. There is extremely high receptivity to U.S. goods and services and U.S. product standards are generally accepted.

Bi-lateral trade between the United States and the DR amounted to \$11.42 billion in 2013, which is comprised of U.S. exports to the DR of \$7.1 billion and imports from the DR of \$4.3 billion – a positive U.S. trade balance of \$2.9 billion. Since the implementation of the Central American and DR Free Trade Agreement (CAFTA-DR) which came into force March 2007, bi-lateral trade has grown at a robust pace. By 2013, U.S. exports to the DR had grown by 33 percent over the pre-CAFTA-DR days of 2006, while the DR's exports to the U.S. remained largely flat. Under CAFTA-DR, duties on imports of U.S. products have been eliminated on approximately 80 percent of goods, with the majority remaining scheduled for gradual elimination by 2015.

The strength of the trade relationship stems from close geographic proximity and the historic cultural and personal ties that many Dominicans have with the United States. This is reinforced by a Dominican diaspora in the U.S. of approximately 1.5 million persons, clustered primarily in the north eastern states and Florida, whose remittance payments help support the home-country economy. Dominican businesspersons are frequent visitors to the United States and are very familiar with U.S. business practices. In addition, Americans comprised the majority of the five million tourists who flocked to DR hotels and resorts in 2013, a figure that the government of the Dominican Republic (GoDR) has vowed to double within 10 years.

The government of President Danilo Medina was elected in May 2012. Although the administration is of the same PLD party as the previous president, many senior officials were replaced or reassigned. The Medina administration announced a series of fiscal reforms aimed at placing the country on a more sound economic footing. Fiscal reforms include raising tax revenues within three years by increasing the value-added sales tax (ITBIS) from 16 to 18 percent, a campaign to reduce tax evasion, improving the efficiency and transparency of tax collection and by eliminating or reducing certain tax breaks. In addition, the government's austerity plan, announced in August 2012, aimed to set the course for more efficient use of public spending.

The DR's per capita GDP of \$9,700, on a purchasing power parity basis, masks a very uneven distribution of wealth heavily in favor of the upper classes. 40.9 percent of the population lives below the poverty line (World Bank 2012). Under previous governments, public spending had been disproportionately funneled into public works and the electricity sector at the expense of other social programs such as education and healthcare. The DR's poor performance in global rankings in terms of both the quality of its public education and the time spent in school, prompted the education reforms of the Medina administration, which commits to investing the equivalent of 4% of GDP annually (about \$2.5 billion) in the education sector.

The electricity sector, which relies heavily on imports of oil and gas, continues to be negatively impacted by the high global prices of hydrocarbons, although this is mitigated by some preferentially-priced purchases of oil from Venezuela through the PetroCaribe agreement. Compounding the problem is the inability of the three state-owned electric power distribution companies to collect payment on around 35 percent of the electricity it supplies – either through technical losses or non-payment of bills and/or theft by individuals from power lines. The accumulation of debts owed to the power generators results in lack of working capital, disruptions in fuel supplies and frequent blackouts across the country. The new government has borrowed to make partial payments to the generators while it urgently seeks more long-term solutions to problems of the sector.

Lack of transparency and corruption continue to earn the DR low scores in international comparison tables. The country ranked in 117th place (out of 189 countries) in the World Bank's "Ease of Doing Business" Index and in Transparency International's Corruption Perception Index, the DR ranked in 123rd place (of 177 countries). Procurement by government agencies and parastatal organizations are often conducted by private direct negotiation with preferred suppliers and lack transparency which discourages competition and facilitates corrupt practices. However, the situation has improved since the implementation in 2007 of CAFTA-DR, which includes requirements for government procurement of goods and services by public tender. There is a lack of institutional continuity across changes in government administrations. The wholesale turnover in government personnel that typically occurs with changes in administrations can result in loss of records, which in turn can result in payment disputes and rejection of bills for goods and services purchased by preceding administrations.

U.S. products and services enjoy a high reputation for quality and, due in part to CAFTA-DR, are highly competitive. Consumer attitudes and many brand preferences are similar to those in the U.S and many major U.S. franchises are present in the country. U.S. television shows and other media are widely available and popular. Dominicans travel frequently to the U.S. for business, vacation, medical treatment, study or to visit family. Their buying patterns and tastes mimic those in the U.S.

As a signatory of the CAFTA-DR free trade agreement, the DR stands to benefit from the issuance of licenses to import U.S. shale gas in liquefied (LNG) or compressed form. Access to this energy supply is expected to help diversify its energy matrix. The planned transition to a greater use of natural gas in power generation will lead to the construction or conversion of power generating facilities and may create opportunities for U.S. operators and suppliers.

According to some projections, the DR's access to relatively inexpensive U.S. natural gas has the potential to trigger a renaissance of offshore/near-shore manufacturing in the DR's numerous free trade zones and allow the country to compete more effectively against products from China and the Far East. The DR government's efforts to encourage the generation of clean and renewable energy includes generous tax incentives for investors in the sector, but do not include commitments to purchase the electricity produced. While the new fiscal reforms reduced tax incentives for auto-producers of renewable energy, the medium to long-term prospects for renewable energy products and services are promising.

There has been much attention to the fact that in 2015, over 97% of the goods entering the country from CAFTA-DR countries will be entering at 0% tariff. Concerns that the DR cannot compete for a variety of reasons have also been expressed. However, what is not always expressed is that 87% of products from CAFTA-DR countries already enter the Dominican Republic duty free and an additional 10% of products are currently only paying either 2% or 1.4% in tariffs, as a result of the gradual phasing out over the last 9 years. The Dominican Republic's strategic geographic location, competitive labor costs, modern shipping and port infrastructure, free trade zones, all bode well for continued growth, particularly as China and other countries' labor and transportation costs increase.

In all industry sectors, CAFTA-DR gives significant advantages to U.S. exporters over foreign competitors. Best prospects for U.S. exports include the following industry sectors: building products; automobiles and automobile parts and services; air conditioning and refrigeration equipment; medical equipment; hotel and restaurant equipment; printing and graphic art equipment and supplies; computers and peripherals; telecommunication equipment; renewable energy; and travel and tourism services – see Chapter 4 below.

The DR has few market access issues. A common market entry option is to appoint an agent or distributor in the DR, while licensing agreements and franchises can also be successful. Because of the DR's proximity to the U.S. and low air travel costs, the optimal market entry method is through a coordinated strategy that includes personally visiting potential partners or distributors in the DR. Forging relationships is key to finding a good partner. U.S. exporters should also be prepared to provide all promotional materials in the Spanish language. Good after-sales service is a pre-requisite of doing business successfully in the country.

The Commercial Service of the U.S. Embassy in Santo Domingo offers a range of business matchmaking services in order to help U.S. exporters connect with suitable and qualified representatives, distributors and partners in the DR. Of these, the universally-popular Gold Key Matchmaking Service (GKS) is probably the most effective. However, the International Buyer Program (IBP), under which the Commercial Service recruits and leads foreign business delegations to major industry trade shows in the U.S., is particularly popular with Dominican businesspersons. The Commercial Service is also able to conduct background checks on potential foreign partners, in order to help meet the due diligence requirements of U.S. exporters.

To learn more about how the U.S. Embassy can assist you in doing business in the DR, please visit our website <http://export.gov/caribbean/> or contact Commercial Attaché Rafael Patiño at rafael.patino@trade.gov

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35639.htm>

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Using an Agent or Distributor

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Generally the most efficient and effective means through which U.S. exporters conduct business in the DR is through the appointment of an agent or distributor. However, this is not an absolute requirement. The Commercial Service of the U.S. Embassy in Santo Domingo offers several cost-effective programs to help identify an appropriate trading partner in the country.

U.S. exporters should be aware of a provision in DR Law, the Dominican Agent/Distributor Law (Law 173, implemented in April 1966), which was designed to protect Dominican citizens who work as agents or distributors for foreign companies.

Under Law 173, agents and distributors are able to claim the right to compensation based on a multiple of annual sales if the U.S. exporter decides to terminate the relationship. With the DR's entry into CAFTA-DR, U.S. exporters are able to avoid being subject to Law 173. However the process can be complicated and U.S. firms are advised to seek legal counsel before appointing an agent or distributor in the Dominican Republic. Foreign Investment Law No. 16-95 allows foreign firms to assume direct representation of their products manufactured abroad or in the Dominican Republic without Law 173's lengthy residency requirements and without the requirement of two-thirds Dominican ownership of distribution companies.

For agency/distributorship contracts signed after the entry into effect of CAFTA-DR on March 1, 2007, Law 173 applies unless there is a clause clearly stating that it does not apply.

The most significant changes to Law 173 post CAFTA-DR include the following:

- Apply principles of general contract law to the covered contract.
- Treat the covered contract in a manner consistent with the obligations of the Agreement and principle of freedom of contract.
- A contract may terminate on its termination date, earlier for just cause by the supplier of the goods or services, or be allowed to expire without renewal.
- If the covered contract has no termination date, it can be terminated by any of the parties with six months advance termination notice.
- Allow disputes arising from the contract to be resolved through binding arbitration; and,
- Allow the parties to establish in the contract the mechanisms and forums that will be available in the case of disputes.

Establishing an Office

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Steps to establishing an office through incorporation of a local subsidiary (other than free-zone investments governed by Law 8-90) include the following requirements and procedures:

1. The Articles of incorporation (Artículos de Incorporación) are the basic formation document for Dominican companies. They are signed by the founders of the company and represent a private contract among the signatories.
2. A certification from the Trademark Department at the Ministry of Industry and Commerce should be obtained for any trademark to be used and protected within the Dominican Republic. The certification states that the proposed name is available for use.
3. The shares issued by the company must be fully subscribed and paid. The founder must make a sworn declaration of receipt of the payments before a notary public.
4. A written list of the initial shareholders is prepared by the founder(s) stating the names, personal circumstances, residence of each shareholder, and the number of shares subscribed to and paid for by each.
5. Payment of the capitalization tax should be made at the Department of Internal Revenue (Dirección General de Impuestos Internos).
6. At least one shareholders' meeting must be held. At the meeting, a written list of shareholders in attendance is prepared. The articles of incorporation and the declaration made to the notary are formally approved. If share payments in kind are involved, the meeting approves an inventory and estimate and appoints an appraiser to verify the estimate. The Board of Directors and officers of the company are elected. If no payments in kind are involved, the shareholders then authorize the deposit of documents and the publication of a notice announcing the company's formation.
7. When payments in kind are made for shares, a second shareholders' meeting must be held not earlier than five days after the first. At this meeting the appraiser's report is approved.

8. The articles of incorporation, the list of shareholders, and the minutes of the first and second (if any) shareholders' meetings are registered at the Civil Registry (Oficialia Civil). Evidence that the capitalization tax has been paid must be presented and filed at this time.

9. An authorization for the deposit of documents is required from the Gift and Estate Tax Section of the Income Tax Department (Sección de Impuestos a la Propiedad y Obsequios del Departamento de la Dirección General de Impuestos Internos). Internal Revenue stamps a copy of the articles of incorporation, and the list of shareholders must accompany this request.

10. The Civil and Commercial Court of First Instance (Corte Civil y Comercial de Primera Instancia) and the Justices of the Peace (Juzgados de Paz) having jurisdiction over the domicile of the company and any of its branches must receive the following documents:

- the articles of incorporation
- the list of shareholders
- a copy of the receipt of payment of the capitalization tax
- an abstract of the sworn declaration made to the notary
- the list of shareholders present at the shareholders' meeting(s) together with the resolutions adopted and
- the letter of approval from the Income Tax Department

11. A notice of formation of the company containing the required information must be published in a general circulation newspaper.

12. Prior to commencing operations, the company must:

- Obtain an authorization to start business and, in the case of an industrial operation, obtain a certificate of industrial registration from the Secretariat of State for Industry and Commerce (Ministerio de Industria y Comercio).
- Register the name of the company in the Business Registry (Registro Mercantil) maintained by the Santo Domingo Chamber of Commerce, or the Chamber of the city of operation.

Franchising

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Background:

Franchising is an extremely familiar and highly successful concept in the Dominican Republic and enjoys a long history. However, early ventures into the DR market in the 1970s by Kentucky Fried Chicken and Howard Johnson's Ice Cream were initially unsuccessful, and the concept took several years to gain traction. By the late 1980s, the franchise phenomenon was flourishing, although confined principally to the fast food sector. From 1995 until recently more franchises have been established in the country in a wide variety of industry sectors. As the DR economy began to rebound from a period of crisis in 2003-2004, investors perceived the possibility of an increase in demand and started to explore new business opportunities. Franchising was viewed as a quick and simple way to develop these opportunities.

The implementation of CAFTA-DR in 2007 presented new prospects for franchising in the DR, as it allowed franchisors to avoid the application of Dominican Law 173 on the Protection of Agents and Distributors – see above.

Overview:

The franchising sector has matured and consolidated in the past several years, constituting a thriving and expanding sector in the Dominican economy. Large Dominican business groups are now key players in the franchising industry and the profile of the business has improved and has more credibility.

Franchises have increased their presence throughout the nation. Though the bulk are in the Santo Domingo area (44%), they also have a noteworthy presence in other areas of the country, including: Santiago and North (21%); the South (16%); and the East (19%). Franchises have a considerable impact on the economy, with over 7,800 points of sales and over 70,000 jobs created.

U.S. franchises have a dominant position accounting for 45 percent in the Dominican market. Local, Dominican franchises account for another 40 percent of the market, and the remaining 15 percent is comprised somewhat evenly among the following three groups: Spain & Europe, Venezuela & South America, and Canada & others.

As a mature market, there is a variety of franchises already present in the Dominican market from the following industry sectors: Services (25%); Retail Sales (22%); Restaurants (20%); Education (14%); Personal Care (9%); Entertainment (5%); and Others (5%). The consumables used by the franchises are 60% locally sourced and 40% imported.

Dominicans feel more comfortable doing business with a franchisor today than years ago. The success stories of reputable franchise companies already in operation in the country add to the confidence of entrepreneurs.

Some of the many franchise concepts present in the market include:

Food: Kentucky Fried Chicken, Taco Bell, Burger King, McDonald's, Domino's Pizza, TGI Friday's, Pizza Hut, Tony Roma's, Baskin Robbins, to name a few. The most recent openings include Quizno's, Candy Express, Krispy Kreme, Hooters, Papa John's, Froots, Sweet Frog, Chili's, Johnny Rockets, IHOP, Dairy Queen, Fuddruckers, Wendy's and Applebee's.

Furniture: Baker, Ethan Allen, Sealy Mattress, Serta, Simmons, and Thomasville.

Physical Fitness: Gold's Gym

Real Estate: Century 21, Coldwell Banker, Re/Max.

Auto Service: Meineke Discount Muffler, Ziebart.

Apparel: Benetton, Nautica, Tommy Hilfiger, Guess, Polo Ralph Lauren, among others.

Other Services: Dry Clean USA and Heel Quick.

Direct Marketing

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The lack of an efficient and reliable mail system in the DR has constrained the development of mail order and catalog sales. Dominican retailing businesses have been compelled to create other ways of transmitting their message to customers and achieving sales growth. Some local firms have used direct mailings (via delivery services) of promotional materials and telephone marketing, while others, especially footwear retailers, have established catalog sales subscribing agent/sellers to reach end users. Local credit card companies sometimes target cardholders with direct marketing of goods and services.

Avon, Jafra, and Amway have established successful direct marketing organizations.

Joint Ventures/Licensing

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There is considerable joint venture/licensing activity in the Dominican Republic, including in both manufacturing and services. The Foreign Investment Law (16-95) provides opportunities in this area. Before negotiating a joint venture or licensing partnership, legal counsel should be consulted to minimize potential conflicts, unexpected taxes, withholding expenses on royalties, contributions to capital and related aspects of these ventures.

For steps to establish an office through incorporation of a local subsidiary (other than free-zone investments governed by Law 8-90), please contact the U.S. Commercial Service in Santo Domingo for a list of local lawyers knowledgeable of such legislation.

Selling to the Government

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Dominican Law no. 322 of 1981 states that foreign individuals or firms must be associated with Dominican or "mixed capital" enterprises in order to bid on or execute Dominican government-funded projects. There are exceptions, and variations on levels of participation required for complex projects, and many direct opportunities for foreign bidders exist when project financing is from multilateral banks or foreign government aid sources. In those cases, the bidding process is generally open and transparent, and payment is guaranteed by outside sources.

The former Fernandez Administration had tried to establish a more favorable credit reputation and resolve some of the systemic problems affecting irregularities in public contracting in the Dominican Republic. However, several unresolved payment disputes from former Administrations remain.

Distribution and Sales Channels

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There are several methods for U.S. exporters to enter the Dominican market. One can use a locally-appointed distributor, a wholly owned subsidiary, a joint venture partner, or Dominican importers and wholesalers who also own retail outlets. The subsidiary and joint venture mechanisms have been enhanced through Foreign Investment Law (No. 16-95.)

The fundamental purpose of this law is to place foreign investors on an equal footing with local businesspeople, thus guaranteeing equal protection under the law in terms of their respective rights and obligations. A distribution agreement is not required for any of the above.

Selling Factors/Techniques

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At the retail sales level, Dominicans prefer seeing the product, and also expect reliable after-sales service. Quality and responsiveness in after-sales service are becoming increasingly important ingredients in effective marketing strategies. In sales of services and manufactured goods, Dominicans often rely on networking, as well as on close family and personal relationships. These characteristics in turn create the need for local agents and distributors or direct, in-country operations to make and sustain these contacts.

Electronic Commerce

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The Dominican regulatory environment for electronic commerce is very supportive, and Law 126-02, enacted in 2002, regulates electronic commerce, digital documents and signatures. The general principles of Law 126-02 are oriented toward the facilitation of electronic commerce between and within nations; the validation of transactions between parties (which have been performed by means of the new information technologies); and the promotion and support of the implementation of new technologies. This modern law allows for the admissibility and legal force of digital documents and electronic signatures, providing the same legally-binding effect granted to acts under private signature. For the English versions of Law 126-02, please go to:

<http://www.indotel.gob.do/documentos/leyes>

Under CAFTA-DR, the Dominican Republic has agreed to provisions on electronic commerce that reflect the issue's importance in global trade and the importance of supplying services by electronic means as a key part of a vibrant electronic commerce environment. The agreement provides for transparency and cooperation and specifies the following:

- The parties have agreed not to apply customs duties, fees or charges on digital products delivered electronically and to apply customs duties on the basis of value of the carrier medium for digital products delivered physically.
- Parties may not give less favorable treatment to some digital products than they accord to other similar digital products on the basis of the nationality of the author, performer, producer, developer or distributor of the products.
- There is not any differential treatment among digitally delivered products.

Even under this favorable legal framework, Dominican businesses have been somewhat slow to integrate electronic commerce transactions into their operations. Currently, only a few industry sectors offer e-commerce capability, which is mostly business to consumer (B2C).

There is very little business to business (B2B) e-commerce and the B2C segment has experienced the largest growth. Within the B2C segment, the banking sector is the industry where e-commerce has shown the most growth and impact.

Virtually all banks and most financial service institutions in the Dominican Republic have websites to assist clients with tasks, such as paying utility bills, monitoring account status, and transferring funds, among others.

Another industry that has been steadily increasing its B2C e-commerce activity is the hospitality industry. A majority of the hotels have web-based room-booking capability and several fast food restaurants offer on-line ordering. Because there are more than one million Dominicans living overseas and sending goods and money (remittances) with regularity, several business offer on-line ordering of their products and services. These products can be ordered and paid overseas but delivered in the DR.

There are a number of consumers trading sites such as: <http://www.clasificadosrd.net> and <http://www.emarket.do>, which are becoming popular. Major news media publish their papers on-line, including their classified ads sections, to facilitate the flow of information. There are no statistics available for the number of e-commerce transactions executed in the Dominican Republic, but local business contacts have indicated that most of the e-commerce B2C transactions are with businesses outside the country, among which the most popular are Amazon and eBay.

Trade Promotion and Advertising

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Most businesses in the Dominican Republic use major newspapers, television channels and radio stations to advertise their products. When marketing products to all social classes, television and radio are the media most used.

The following are web links to some of the major newspapers and publications in the Dominican Republic:

Diario Libre – Daily newspaper: <http://www.diariolibre.com.do>

Listin Diario – Daily newspaper: <http://www.listindiario.com>

Periódico Hoy – Daily newspaper: <http://www.hoy.com.do>

Periódico El Caribe and Cadena de Noticias – daily newspaper and news network: <http://www.elcaribecdn.com.do>

DR 1 Daily news – excerpts of Dominican news in English: <http://www.dr1.com>

Companies already in the Dominican Republic are well aware of the benefits of participating in local trade promotion events. There are many industry-specific expositions in the Dominican Republic.

Pricing

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As would be expected of a country where income distribution is very uneven and personal income levels for the large majority of consumers are extremely moderate, the DR market is particularly price-sensitive. Price is typically the critical factor in most purchasing decisions. Products of U.S. origin enjoy a strong reputation for quality and Dominicans are familiar with U.S. pricing practices. Many successful new retail outlets, are concentrating on quality goods and service support, as Dominican consumers become more affluent and sophisticated.

Sales Service/Customer Support

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The quality and level of customer support and service is evolving and improving at a rapid rate. In many sectors, low cost local labor allows for a level of service that would be prohibitive in more developed overseas markets. This is especially true in the urban centers and tourist areas of the east and north coasts. While U.S. exporters should be prepared to provide customer and after-sales support, there may also be scope to apply the advanced customer support techniques developed in their home markets.

Dominican workers are well disposed towards and enjoy a good reputation in customer service, which in part explains the country's success in tourism and, more recently, in operating international call centers.

Protecting Your Intellectual Property

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The Dominican Republic is not devoid of problems with regard to enforcement of intellectual property rights (IPR). At a minimum, U.S. exporters need to take all steps available to them under local laws to protect their patents and trademarks and other intellectual property.

Patents and trademarks may be registered at the National Office for Intellectual Property Rights (ONAPI – Oficina Nacional de Propiedad Intelectual), part of the Secretariat for Industry and Commerce.

For protection of copyrights, U.S. firms must contact the Dominican National Copyright Office (ONDA - the Oficina Nacional de Derecho de Autor).

The Dominican Republic is a member of the World Trade Organization and the World Intellectual Property Organization (WIPO). The country is signatory of the Bern Convention on Copyrights and the Paris Convention on Patents and Trademarks. It has acceded to the WIPO Copyrights Convention of 1996 and to the WIPO Phonograms and Performances Convention of 1996.

Law 65-00 on copyrights was implemented in August 2000 and establishes procedures and sanctions to protect copyrighted materials. March 2003 regulatory changes to Patent Law 20-00 appear to be compliant with standards of WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS). As of May 2013, the Dominican Republic remained on the U.S. Trade Representative's (USTR) Special 301 Watch List due to the inadequacy of IPR enforcement.

CAFTA-DR requires partner countries to maintain TRIPS-compliant law and enforcement for intellectual property. In addition, it requires the authorities to protect for five years any proprietary information submitted for patents for pharmaceutical products and for a period of five years not to accept as justification for commercial licensing the fact that a product has been licensed for distribution in another country.

Protecting Your Intellectual Property in Dominican Republic:

Several general principles are important for effective management of intellectual property (“IP”) rights in the Dominican Republic. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the Dominican Republic than in the U.S. Third, rights must be registered and enforced in the Dominican Republic, under local laws. Your U.S. trademark and patent registrations will not protect you in the Dominican Republic. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Dominican Republic market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in the Dominican Republic. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in the Dominican Republic law. The U.S. Commercial Service can provide a list of local lawyers upon request

<http://photos.state.gov/libraries/dominicanrepublic/66631/acs/abogados.pdf>

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the Dominican Republic require constant attention. Work with legal counsel familiar with Dominican laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting.

There are a number of these organizations, both Dominican and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contains contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. The contact information for the IP attaché who covers the Dominican Republic is:

Michael G. Lewis,
Regional IPR Attaché for Mexico, Central America and the Caribbean,
United States Embassy, Mexico City,
Email: michael.lewis@trade.gov

Due Diligence

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U.S. companies may find it necessary to obtain more information on a Dominican company with whom they plan to do business. For a nominal fee, the U.S. Commercial Service can provide an International Company Profile (ICP), due-diligence background check on the local company, which includes a report and trade references. The foreign company must be a prospective, or current, business partner and these reports are typically not compiled on individuals.

Local Professional Services

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A local attorney can be an important partner in establishing operations and advising on doing business in the Dominican Republic. As stated above, it is advisable to engage a attorney experienced in agency law to review any agency/distributorship contract to avoid issues with Law 173. Accounting firms may also be of assistance with financial issues. It is advisable to retain professional advice at an early stage of a business venture to ensure smooth start-up and compliance with local laws. Lists of lawyers and accounting firms with experience assisting U.S businesses are available at the U.S. Commercial Service in Santo Domingo. – See Web Resources below.

Web Resources

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- U.S. Commercial Service Caribbean: <http://export.gov/caribbean>
- American Chamber of Commerce of the Dominican Republic: <http://www.amcham.org.do>
- Santo Domingo Chamber of Commerce and Production (Cámara de Comercio y Producción de Santo Domingo): <http://www.camarasantodomingo.org.do>
- Santiago Chamber of Commerce and Production (Cámara de Comercio y Producción de Santiago): <http://www.camarasantiago.com>
- Center of Export and Investment of the Dominican Republic (Centro de Exportación e Inversión de la República Dominicana - CEI-RD): <http://www.CEI-RD.gov.do>
- Central Bank of the Dominican Republic: <http://www.bancentral.gov.do>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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Agricultural Sectors

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Medical Equipment

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Unit: (Millions of U.S. Dollars)

	2012	2013	2014 (estimated)
Total Market Size	305	300	317
Total Local Production	130	140	145
Total Exports	125	130	140
Total Imports	300	290	312
Imports from the U.S.	276	268	281

Exchange rate: RD\$43.5 – U.S.\$1

Sources: - U.S. Census Bureau Statistics

The Dominican market for medical equipment is mainly supplied by imports, about 90 percent of which comes from the U.S. The import market is expected to grow 7 percent over the next two years and U.S. suppliers will continue playing a large role. The expected growth over the next years is mainly driven by increases in medical tourism services offered in the Dominican Republic, the requirements of the Dominican Social Security law requirements, the continuous growth of the number of hospitals (to cover the demand of the local population as well as of international visitors), and the constant need for medical products for a growing population which increases 2.9 percent annually.

The Dominican Republic has become a destination for preventive medicine, orthopedics, cosmetic surgical procedures, weight loss surgery, cardiology, organ transplant, oncology, eye surgery, and dental procedures. The medical community has begun to take advantage of the tourist flow, developing attractive packages for medical tourism. The leading private hospitals are certified by the Ministry of Health, which holds international recognition, and several are either accredited in the process of obtaining accreditation through the Joint Commission International.

Most medical equipment, supplies and hospital furniture obtained by these new private hospitals and clinics are coming from the United States. The Dominican market prefers U.S. sources if the prices are competitive. Among the factors that maintain and support American exports of medical equipment and supplies to the Dominican Republic are: the reputation as manufacturers of good quality, quick delivery time, proximity with the U.S. that reduces shipping charges, and small order accommodations. Also, many Dominican physicians are trained in the U.S. and are more comfortable and confident with U.S. products.

To succeed in the Dominican market for medical equipment, it is advisable to have a local distributor that can provide after-sales and leasing services, supports guarantees, and maintains inventories for parts and supplies. Exporting directly to private hospitals is extremely difficult and procurement practices in public hospitals indicate that all purchases must be done by a local company. These importers and distributors usually have sales agents who distribute the products to small retailers throughout the country. Local distributors also conduct promotional activities directed to encourage physicians and nurses to use and recommend their products.

In the Dominican Republic there is extensive production of surgical instruments and supplies and medical devices. However, 98 percent of this production is exported through the Free Trade Zone (FTZ) Program. Import statistics reflect large importations of parts for medical equipment, which are then reassembled in the FTZs for re-export.

Sub-Sector Best Prospects

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- Electro-medical equipment: electro-surgical instruments, electro-diagnostic apparatus
- Homecare equipment (for respiratory and sleep related illnesses)
- Surgical Instruments
- Disposable supplies
- Daily living aids
- Mobility products, and
- Hospital furniture

Opportunities

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The implementation of Social Security Law No. 87-01 will continue to influence changes in the structure and cost of the Dominican Republic's health care system. The increase in medical tourism also represents opportunities for American exporters of all types of medical equipment and hospital furniture.

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Trade Specialist who handles Medical Equipment: Yira Roa, E-mail: yira.roa@trade.gov

Dominican Ministry of Public Health: <http://www.sespas.gov.do>

Superintendence for Healthcare and Labor Risks: <http://www.sisalril.gov.do>

Building Products

Overview

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(Millions of U.S. Dollars)

	2012	2013	2014 (estimated)
Total Market Size	328	323	329
Total Local Production	15	13	14
Total Exports	11	10	11
Total Imports	324	320	326
Imports from the U.S.	90.4	65.1	70.2

Exchange rate: RD\$43.50 – U.S.\$1

Sources: - U.S. Import and Export Merchandise trade statistics (U.S. Trade Online)
- Dominican Republic Customs Directorate

The market for building products and equipment is an integral component of the Dominican construction industry. As in most global markets, the sector tends to be highly sensitive to economic conditions - whenever there is a decline in the number of construction projects, remodeling or other related activities, it reflects directly on imports and on local production of building products.

Since the Dominican Republic is a member of the Central American Free Trade Agreement (CAFTA-DR) with the United States, U.S. manufactured goods enter the country at either zero tariff rates or at low tariffs which will be completely phased out by 2015. CAFTA-DR thus gives U.S. companies a significant trading advantage over non-CAFTA competitors. However, the openness of the market has not been fully favorable for the U.S. companies; other countries have been aggressively reaching out to the Dominican market, resulting in a significant decrease of U.S. building products exports to the DR.

There is a strong competition in the construction sector as companies from Asia, Europe and various Central and South American countries are developing export opportunities. The key competitive factors in the construction industry are, in order of importance: price, payment terms, quality and technical support, and time delivery.

Sub-Sector Best Prospects

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Located in a tropical climate, the Dominican Republic's construction industry is not subject to seasonal fluctuations. With lower labor costs, the Dominican Republic's homebuilding techniques and materials can differ somewhat from those used in the U.S. Dominican houses in urban areas are primarily made of cement and block. Metal structures and pre-fabricated structures are starting to be more widely used. In rural areas, where incomes can be very low, houses are commonly made of wood and corrugated zinc sheeting. It is interesting to note that in the past two years the Dominican builders are taking into consideration green building techniques.

In major cities, interior finishing represents a significant market potential for U.S. building products. Most houses have ceramic tile floors; some may use parquet or even marble floors for the upscale building apartments that are becoming very popular among the upper-class in Santo Domingo.

Best prospect products include:

- Heavy construction equipment (including used)
- High-end aluminum/ wood doors and windows
- Bathroom and kitchen fixtures
- Wood lumber and wood products
- Electrical fixtures
- Lighting products
- Plumbing (metal) and welding products
- Roof products (sealers)
- Asphalt mixtures
- Steel products
- Prefabricated structures
- Hand tools

Opportunities

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The local building industry is open to foreign companies interested in selling their products in the Dominican market. American products in general enjoy a very good reputation for quality and receptivity is high among those able to afford them.

- Domestic Production

Local industry produces cement, cement block, concrete, concrete mixes, tiling, mosaics, paint, and iron bars “rebar”. In addition there are locally manufactured PVC pipes and connectors, sanitary ware, tanks, wood doors and windows, metal windows and frames, fiber glass products, sanitary and gas installations, and some electrical accessories. Construction firms targeting the middle- to upper- classes generally prefer imported building products because of the high quality.

- Third - Country Imports

According to experts, building products from other countries especially those from China, Taiwan and Central/South America do not meet the same quality standards as American or European countries. Nevertheless, imported products from China and South America have the most presence in the market. Asian building products often have a price advantage for extremely cost-sensitive projects and are consequently widely used in government-funded projects such as hospitals, schools and low cost housing projects.

- U.S. Market Position Share

The United States has maintained a considerable position in the Dominican market but has been decreasing in the past years. However, the market still offers significant advantages to U.S. exporters. Many local end-users/importers have expressed that numerous U.S. companies have failed to follow up with potential buyers, meanwhile suppliers from other countries are quite aggressive when applying their selling techniques.

U.S. Commercial Service Santo Domingo

Sheila de Andujar, Commercial Specialist - E-mail: Sheila.andujar@trade.gov

Sectors covered: Architectural and Engineering Services and the Building Products.

Ministerio de Estado de Obras Publicas y Comunicaciones – SEOPC – (Ministry of Public Works and Communications: <http://www.seopc.gov.do>

Colegio Dominicano de Ingenieros, Arquitectos y Agrimensores – CODIA – (Dominican Association of Engineers and Architects): <http://www.codia.org.do>

Printing and Graphic Arts Equipment and Supplies

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Printing and Graphic Arts Market Value (in millions of U.S. dollars)

	2012	2013	2014 (estimated)
Total Market Size	338	347	355
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	338	347	355
Imports from the U.S.	173	192	197

Exchange rate: RD\$45.50 – U.S.\$1

Sources: - U.S. Import and Export Merchandise trade statistics (U.S. Trade Online)
- Dominican Republic Customs Directorate

The printing and graphic arts equipment and supplies industry in the Dominican Republic is the largest in the Caribbean, with over 2,000 companies operating in the local market, approximately 80 percent of which are small enterprises. The balance includes newspapers and periodicals, distributors and wholesalers of paper, machinery, and consumable products. There is no local production of printing and graphic arts equipment and supplies, the demand being entirely supplied by imports.

The total Dominican market size for printing and graphics arts equipment, spare parts and consumable products, including printing paper, was U.S. \$347 million in 2013. Industry insiders expect a slight market increase of 3 percent in 2014, despite the impact of the slowdown of the Dominican economy over the past few years, and the implementation of a tax reform package that increases sales tax and impacted general sales significantly.

The U.S. plays an important role in supplying the printing and graphics market in the DR.

Sub-Sector Best Prospects

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- Pre-press (used and new equipment)
- Digital equipment
- Wide-format printing equipment
- Offset printing presses
- Plotters
- Cutters
- Printing numbering machinery
- Flexography equipment
- Parts for printing machinery
- Gravure printing machinery
- Consumable supplies and inks
- Computer hardware and software for PGA industry
- Art and designing software
- Newsprint paper, paperboard, and paper in rolls

Opportunities

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Over the last few years, the printing and graphic arts industry in the DR has proved to be robust and continues to offer export opportunities for U.S. exporters. Demand for printing and graphics arts products is expected to grow partly due to the implementation of the National Literacy Plan and extended school hours under which educational material is being printed by local printing companies, especially by small and medium enterprises, as well as to the demand for printed packaging and labels in the cosmetics, food and pharmaceutical industries. There is also a Dominican government program managed through the Ministry of Education, Science and Technology that supplies all public schools with text books for students. In the past, these books were printed out of the country, but according to a new policy of the President Medina administration, books for public schools must be printed locally.

Another factor that contributes to the increase in demand for printing equipment is the policy implemented by the Dominican Internal Revenue Service (DGII) that fiscal expense vouchers are mandatory and requires the installation of cash registers that produce fiscal expense vouchers (comprobante fiscal) for all persons and companies that perform asset transfer operations or provide services. Therefore, all companies that sell products or services have to use them. This procedure has resulted in an increase in the demand for new printing equipment with numbering capability.

Web Resources

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U.S. Commercial Service Santo Domingo
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E-mail: adigaorgdo@gmail.com

Telecommunication Equipment

Overview

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Unit: (Millions of U.S. Dollars)

	2012	2013	2014 (estimated)
Total Market Size	15	16	17
Total Local Production	7	7	7
Total Exports	7	7	7
Total Imports	15	16	17
Imports from the U.S.	12	13	14

Exchange rate: RD\$43.5 – U.S.\$1

Sources: - U.S. Census Bureau Statistics

- INDOTEL (Dominican Institute for Telecommunications)

The telecommunication industry in the Dominican Republic has been slowly but steadily growing over the last five years and has been characterized by greater competition, price reductions, and the introduction of new technologies, which allows the industry to offer modern products and services. The telecommunication sector is one of the most dynamic sectors in the Dominican economy, representing 19 percent of the country GDP, and 10.1 percent of all direct foreign investment (a total of US\$209.1 million in 2013). During the last two years the sector has also experienced important transformation with the addition of new international players, acquisitions, and consolidations in practically each sub-sector (telephony, internet, cable TV services).

The cellular sub-sector is the most competitive and enjoys the largest growth rate. The country enjoys a modern telecommunication law that facilitates investment in the sector by providing equal treatment for local and foreign investors; allows price rates to be set freely by the industry players; and guarantees interconnection rights.

Radio and TV broadcasting are also enjoying steady growth and are experiencing changes that increase the need for purchasing transmission and production equipment. In the D.R. there are a total of 146 AM radio stations, 233 FM stations, 8 VHF channels, 36 UHF channels, and 90 cable TV providers. In 2010 the D.R. adopted the ATSC standard for digital TV and the analogue switch off is scheduled for September 2015, which will require that all TV broadcasters purchase ATSC Standard transmission equipment, digital cameras and video production equipment.

The Dominican market for telecommunication equipment is almost 100 percent import-dependent and the United States is the preferred source due to the CAFTA-DR that allows for duty free imports and the good reputation that American products enjoy in this market. Eighty percent of telecommunication equipment is coming from the United States. There is some local production of conventional telephone sets, but it is located in the Free Trade Zone sector and does not stay in the Dominican market.

Sub-Sector Best Prospects

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- Transmission equipment for digital television
- Transmission equipment for data transmission
- Set-up boxes (to allow analogue TV sets to receive digital IV signal)
- Telephone sets.

Opportunities

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In addition to the switch-off from analogue to digital TV, radio broadcasting is also expected to be switched from analogue to digital in the near future, thus increasing opportunities for American exporters of radio transmission equipment.

INDOTEL frequently invites local and foreign firms to participate in tenders for their projects. For information on INDOTEL future projects please visit:

<http://www.indotel.gob.do/proyectos-indotel>

Web Resources

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Trade Specialist who handles telecommunication equipment: Sheila Andujar, E-mail: sheila.andujar@trade.gov

Instituto Dominicano de las Telecomunicaciones (Dominican Institute of Telecommunications) or INDOTEL: <http://www.indotel.gob.do>

Renewable Energy

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The electric power generation and distribution sector is perhaps the most challenged part of the Dominican Republic's economy. The country experiences frequent electrical outages that can last from several minutes to more than twelve hours a day. Supply shortfalls in the sector can be attributed mainly to electricity distribution companies' inability to collect and forward to the generating companies the monies owed them from domestic consumers, as well as from delays in government payments. Small-scale theft of electricity from overhead power lines in poorer residential areas is widespread.

The Dominican Republic's installed generation capacity is over 3,000 MW and the average daily peak demand is around 1,900 MW, thus the supply shortfalls and blackouts appear to be due to systemic problems rather than a lack of generation capacity. Technical and non-technical losses average 30 to 35 percent. The increasing costs of fossil fuel imports have made the development of renewable energy projects a priority for the government.

The DR government's efforts to encourage the generation of clean and renewable energy includes generous tax incentives for investors in the sector, but stop short of commitments to purchase the electricity produced. While the new fiscal reforms plan to reduce these incentives somewhat, the medium- to long-term prospects for renewable energy products and services are very promising.

Legal Framework for Renewable Energy

There are several laws that comprise the legal framework for the renewable energy projects in the Dominican Republic. These include the following:

- **Reform of Public Enterprises Law 141-97:** Provides the legal framework for the partial privatization of the electricity generation and distribution units.
- **General Electricity Law 125-01:** Provides preferential treatment for companies that generate electricity from renewable energy, if prices and conditions are identical to conventional generation. Companies that generate electricity with renewable energy are exempted from taxes for five years.
- **Presidential Decree 139-03:** Provides import tax exemptions for solar panels and wind turbines.
- **Presidential Decree 557-02:** Supports the diversification of sugar mills into energy-producing Independents Power Producers (IPP) industries.
- **Incentive Law:** Promotes industrial development in the border region with Haiti, which includes incentives for wind, solar and all biofuels.

- **Renewable Energy Incentives Law 57-07:** Includes the following incentives:
 - Tax exemptions for imports on renewable energy components
 - Reduced transmission fees for renewable energy electricity
 - Fixed feed-in price for renewable energy electricity
 - Grants of up to 50 percent of investment costs (to be decided on a case-by-case basis, for a maximum 5 MW production capacity)
 - Income tax exemptions and fiscal incentives for self-suppliers
 - Grants of up to 50 percent of investment costs (to be decided on a case-by-case basis, for a maximum 5 MW production capacity)

Hydrocarbon Law 112-00: Provides funding for the promotion of renewable energy and energy saving programs. It started as a 2 percent hydrocarbon tax credit in 2002, and was increased to 5 percent in 2005. This fund and its programs are managed by the DR Ministry of Industry and Commerce.

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The passage in May 2007 of the Renewable Energy Incentives Law (57-07) provides a number of incentives to businesses developing renewable energy technologies. This law was passed as part of the Dominican government's efforts to invigorate local energy generation from renewable sources, as well as to promote production of high-value renewable energy products. The incentives include a 100 percent tariff exemption on imported inputs (equipment and materials) and a 10-year exemption from all taxation on profits up to, but not beyond, the year 2020.

Under CAFTA-DR, U.S. imports into the Dominican Republic have been classified by categories. Each category provides for the elimination of customs duties in different stages. Some products started entering the Dominican Republic duty-free on March 1, 2007, while others will receive gradual reductions on the customs duties.

The recent implementation of the tax reform approved by President Medina's administration in 2012 impacted the Renewable Energy Incentive Act. The changes partially reduced the income tax credit received by self-energy producers from renewable energy sources to invest in these systems. The Law 50-07 granted numerous incentives and tax exemptions to investors in renewable energy. However the recent tax reforms have reduced the incentives quite considerably.

The National Energy Commission (Comision Nacional de Energias – CNE) recently approved concessions to foreign companies for the construction of three solar projects to be developed: two in Monte Plata and one in Monte Cristi. A concession was also approved to a U.S. company that will develop a solar project to provide energy to a mining company. Other concessions have been approved for the construction of small hydraulic electric projects.

There are some business opportunities in the private sector for renewable energy, mainly for small solar projects to be developed in military facilities, airports, intelligent buildings, malls, among others other projects.

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Sector covered: renewable energy

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Avenida Rómulo Betancourt No. 361
Santo Domingo, Rep. Dom.
Tel.: (809) 540-9002 ext. 236, 502, 501
Fax: 809-547-2073
Website: <http://www.cne.gov.do>
Contacts: Mr. Enrique Ramirez, President
Ms. Milvia Peralta, Assistant
E-mail: mperalta@cne.gov.do

Automobile Parts and Services

Overview

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Unit: (Millions of U.S. Dollars)

	2012	2013	2014 (estimated)
Total Market Size	174	178	183
Total Local Production	5	6	8
Total Exports	4	4	5
Total Imports	173	176	180
Imports from the U.S.	112	115	117

Exchange rate: RD\$43.5 – U.S.\$1

Sources: - U.S. Census Bureau Statistics

- Department of Economic Studies of the Internal Revenue Directorate

In the Dominican Republic the demand for automotive spare parts is linked to the aging car population (vehicles older than five years represent 91 percent of the total Dominican vehicle population), the growth in total vehicle population (an annual increase rate of 5 percent), and the deterioration of Dominican streets and roads. Statistics from the Department of Economic Studies of the Internal Revenue Directorate indicate that as of December 2013 there are 3.2 million vehicles circulating in the Dominican Republic. Out of this total vehicle population, 52.2 percent are motorcycles, 22.3 percent are automobiles, 9.7 percent are SUV's, 12.8 percent are trucks and pick-up trucks, and the rest accounts for buses.

Imports of Japanese and other Asian automotive spare parts account for 60 percent of total imports due to the significant car population imported from Asia (75 percent of vehicles in the Dominican roads are Asian brands). However, 65 percent of all automotive spare parts (including Asian products) are imported from the U.S. because of proximity and logistics issues. Although there is local production of batteries and radiators, it only covers a small percent of the total market, while the rest of the market is supplied from imports.

The market for automotive spare parts it is expected to experience a steady growth of 5 percent annually over the next three years.

Sub-Sector Best Prospects

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- Motorcycle spare parts
- Body parts and accessories
- Brakes and parts
- Drive-train parts (suspension shock absorbers, steering wheels)
- Batteries
- Engines and electrical parts for motor engines
- Tires
- Used parts

Opportunities

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Because of the prevalence of Asian made vehicles in the Dominican vehicle population, importation of spare parts for those vehicles represents opportunities for American exporters. Likewise, the large number of motorcycles in the Dominican cities provides a constant demand of spare parts for motorcycles.

Web Resources

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Trade Specialist who handles automobiles parts and services: Maria Elena Portorreal
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Report on the Dominican Vehicle Population (Parque Vehicular):
<http://www.dgii.gov.do/estadisticas/parqueVehicular/Documents/ParqueVehicular2013.pdf>

Travel and Tourism Services

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More than 238,000 Dominicans visited the United States in 2013, making the DR our 28th largest source of tourists worldwide.

Travel to the United States from the Caribbean region as a whole continued to be very dynamic. According to a report on “Top Countries Generating Travel to the United States” prepared by the U.S. Department of Commerce, ITA, Office of Travel and Tourism Industries, 1.2 million travelers from the Caribbean visited the U.S. in 2013, which represents a 2.1 percent decrease when compared to the same period of 2012.

During the period of Jan-Dec. 2013, arrivals from the Dominican Republic totaled 238,134. This represents a 2.1 percent decrease over 2012. The number of visitors from other Caribbean countries were as follows for the period of Jan.-Dec. 2013: The Bahamas - 206,206 (down 8.4 percent); from Jamaica - 168,283 (up 0.8 percent); Trinidad and Tobago - 134,567 (down 7 percent). The statistical information we have for Haiti and Barbados is of the period Jan.-Dec. 2012: Haiti - 67,899 (up 2.7 percent); and Barbados - 41,554 visitors (up 1.3 percent).

Dominicans are traveling to the United States primarily to visit friends/relatives, spend leisure time, and for business purposes. The top U.S. travel destinations include: Florida (Orlando/Miami), California (Los Angeles/San Francisco), New York (New York City), and New Jersey (Newark). These U.S. cities correspond to the most inbound flights from the Dominican Republic. The following destinations are also increasing in popularity among the Dominicans to travel for both leisure and business, in particular to visit trade shows: Las Vegas, Chicago, Los Angeles*, San Francisco*, New York, Orlando, Washington DC, and Dallas. *Also for business travel en-route to Asia.

Sub-Sector Best Prospects

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- Wholesale of travel products and services
- Transportation services (air travel and ground transportation)
- Car rentals
- Hotel industry - Lodging
- Attractions / theme parks

Opportunities

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Along with the Visit USA Committee, the Commercial Service in Santo Domingo is working on several events and activities to promote U.S. destinations in the Dominican Republic, promoting U.S. travel industry shows in the U.S. such as the IPW for travel agents and tourism press. The Committee also organizes training sessions for travel agencies.

The U.S. Commercial Service also has an active schedule of trade shows and is constantly inviting the Dominican business community to participate in these international trade fairs held in the U.S. These delegations to the trade shows promote business and the U.S. as a tourism destination.

Web Resources

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U.S. Travel Association: <http://www.ustravel.org>

Office of Travel and Tourism Industries: <http://www.tinet.ita.doc.gov>

Hotel and Restaurant Equipment

Overview

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Unit: (Millions of U.S. Dollars)

	2012	2013	2014 (est)
Total Market Size	43.0	43.0	44.0
Total Local Production	3.0	3.0	3.0
Total Exports	-	-	-
Total Imports	41.0	40.0	41.0
Imports from the U.S.	20.1	19.4	20.0

Exchange rate: RD\$43.5 – U.S.\$1

Source: U.S. Census Bureau Statistics

Tourism continues to be one of the main pillars of the Dominican economy. During the period January – December 2013 the number of tourists that entered the Dominican Republic via different international airports and ports was 4.7 million; which reflects a 2.8 percent increase when compared to 4.6 million tourists that visited during the same period in 2012.

There are over 67,000 available hotel rooms in the Dominican Republic and approximately 200 restaurant members of the association of hotels and restaurants. The average hotel occupancy rate was 77.8 per cent during the month of December 2013, reflecting an increase of 12 per cent when compared to December 2012.

Sources: Central Bank of the Dominican Republic
Dominican Association of Hotels and Restaurants (ASONAHORES)

The economic downturn of the last few years has impacted the tourist sector and constrained spending by hoteliers and restaurateurs. In 2014, hotel and restaurant equipment imports, especially from the U.S., are expected to maintain the same levels as 2013, or experience a modest increase.

CAFTA-DR creates a competitive advantage for U.S. products in this industry sector since hotel and restaurant equipment imports originated in other countries will continue to pay 20%, while most U.S. made products in this sector enter the Dominican Republic duty free.

Sub-Sector Best Prospects

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- Restaurant equipment and parts
- Bed & table linen & towels
- Table and kitchen glassware
- Cookware, cutlery, tools
- Kitchen appliances

Opportunities

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Tourism investment is expected to continue but at a moderate pace during 2014 in resort hotels, specifically on the east and northern coasts, particularly in the Samana Peninsula. The investments in these areas, as well as in other areas of the country, present a variety of new opportunities for those who support the development of tourism infrastructure and supply equipment for new hotels or expansion projects.

Web Resources

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Sectors covered: Hotel & Restaurant Equipment and Travel & Tourism

Association of Hotels and Restaurants of the Dominican Republic:
<http://www.asonahores.com> ASONAHORES organizes an annual trade exposition for hotel suppliers. The “Exposicion Comercial ASONAHORES 2014” will take place on September 10-12, 2014.

Ministry of Tourism: <http://www.dominicana.com.do>

Safety and Security Equipment and Supplies

Overview

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(Millions of U.S. Dollars)

	2012	2013	2014 (estimated)
Total Market Size	26	30	33
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	26	30	33
Imports from the U.S.	12.5	13.7	15.1

Exchange rate: RD\$43.5 – U.S.\$1

Sources: - U.S. Import and Export Merchandise trade statistics (U.S. Trade Online)
- Dominican Republic Customs Directorate

The safety and security industry as a formal and regulated sector in the Dominican Republic had its beginning in the early 1970's. Today, there are over 150 companies providing security services, including guards, alarms monitoring, protection (body guards), among other services.

In the last ten years, the Dominican Republic has experienced a significant increase in crime. As a result, there has been a growth in the Dominican private security services industry affecting the composition of the sector. Citizens recognized the lack of resources by the National Police to adequately protect property and human lives.

Dominican society is extremely concerned with its safety and security. New strategies on how to better secure personal property, sensitive areas and installations, as well as personal safety are continuously being developed. There is a strong demand in the market for security training and security management, due to sub-standard training and skills of the several local private security companies. The private sector is the major end-user of safety and security systems, equipment and services.

On May 30, 2014 Dominican Government launched the 911 Emergency System for the country's capital Santo Domingo. This system includes electronic surveillance cameras, radios, and other related equipment. It's expected that in the upcoming months, the system will be expanded to other Dominican locations.

Sub-Sector Best Prospects

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U.S. market share of the alarm systems and parts has market been approximately 45% for the last three years. Industry contacts expressed a preference for U.S. products due to quality and after-sales service.

At the same time, advancement in technology is restructuring the industry approach to security, in particular, the replacement of guard services with electronic surveillance, alarms, and closed circuit televisions. This is evident in the retail industry where a variety of high tech, cost effective and stealth electronic security devices are being used.

There is also a strong demand for identification and access control equipment and services, monitoring and control devices, video monitors, camera warning and signaling devices, personal protection devices, emergency response vehicles and investigative equipment and services; and the associated training needed for the proper use of these systems.

There are over 50 providers of alarm monitoring services country-wide, serving over 20,000 accounts. Around 20 percent of the alarm monitoring providers operate their own armed guard patrol response; the other 80 percent subcontract those services and/or receive support from local police. The alarm companies are not regulated, but overseen by the Dominican Republic Armed Forces' Private Security Superintendence.

End-user receptivity to U.S. products/services in Dominican Republic is high; however the Dominican market is extremely price sensitive, and price continues to be the principal factor in selection.

Web Resources

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Sistema Nacional de Atención a Emergencias - 911 System
<http://www.911.gob.do>

U.S. Commercial Service Santo Domingo
Sheila de Andujar, Commercial Specialist
E-mail: sheila.andujar@trade.gov
Sectors covered: Safety and Security Equipment and Supplies.

For Individuals or firms interested in exporting agricultural or food products to the Dominican Republic, please be aware that there is an office of USDA's Foreign Agricultural Service (FAS) located in the U.S. Embassy, Santo Domingo. Contact information for the FAS Office of Agricultural Affairs (OAA) is as follows:

USDA-Office of Agricultural Affairs
 U.S. Embassy
 Santo Domingo, Dominican Republic
 Tel: (809) 368-7741
 E-mail: AgSantoDomingo@fas.usda.gov
 Website: www.FAS.USDA.gov

In addition, the OAA publishes an annual Exporter Guide providing more detailed information on the structure and dynamics of the Dominican food and agricultural market. That report is available at:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Santo%20Domingo_Dominican%20Republic_3-28-2014.pdf

Wheat Market Value (in millions of U.S. dollars)

Wheat				
	2011	2012	2013	2014 (est.)
Total Market Size	194.0	183.6	160.9	155
Total Local Production	0	0	0	0
Total Exports	2.0	2.0	0.81	0.1
Total Imports	192.0	181.6	160.9	155
Imports from the U.S.	192.0	174.1	155.4	151

Exchange Rate: RD\$ 41.2 – U.S.\$1
 Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census Data
 Global Trade Atlas
 General Customs Direction (DGA)

In spite of relatively high wheat prices throughout the last few years, the amount of imported wheat into the Dominican Republic remains above 551,000 metric tons (MT) annually since 2010, primarily as a result of the destruction of the wheat mill in Haiti in the January 2010 earthquake. The DR has supplied Haiti with a total of 125-250,000 MT of wheat annually during the 2010-2012 period. Although the Haitian mill (Les Moulins d'Haiti) was reopened in December 2011, another mill opened in 2012 and a third one is close to initialize operations, Dominican exports to the neighboring country remain strong. Domestic wheat consumption in the DR has been increasing gradually as demand for pasta and confectionary products continues to expand. Some Dominican-made flour and related products continue to flow into the Haitian market. Barring increased subsidies for European exports or more competitive prices from Canada, the United States should remain the predominant wheat supplier to the Dominican Republic. Total wheat imports in 2014 are expected to decrease, particularly as the Haitian milling industry gradually returns to full capacity.

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Product quality, proximity, and price, in addition to market support and technical assistance efforts, will assure continued presence in the Dominican market. As a basic food item for bread and pasta production, wheat is exempted from import taxes. Given the increase in international wheat prices, wheat imports from the United States may begin to decrease slightly.

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The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

Soybean Meal

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Soybean Market Value (in millions of U.S. dollars)

Soybean Meal				
	2011	2012	2013	2014 (est.)
Total Market Size	155.4	199.1	190.8	210
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	155.4	199.1	190.8	210
Imports from the U.S.	145.4	193.7	174.2	180

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census Data
Global Trade Atlas

The United States is the Dominican Republic's principal supplier of soybean meal (SBM) and reached a record level during 2012. SBM is used mainly in feed formulation for poultry and swine. The market is dependent on the poultry sector, which consumes about 70 percent of all feed ingredient imports. The swine and cattle sector consume 20 percent and 10 percent, respectively. Currently, SBM imports are expected to increase due to a higher local production of poultry.

Opportunities

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Product quality, geographic proximity, and price, in addition to market support and technical assistance from U.S. Soybean Export Council (USSEC), will assure continued presence of U.S. SBM in the Dominican market. As a basic feed item for the poultry, swine, and dairy sectors, soybean meal is exempted from import taxes. In spite of relatively high prices for SBM, imports from the United States are expected to remain strong.

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The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the soybean meal sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

Corn

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Corn Market Value (in millions of U.S. dollars)

Corn				
	2011	2012	2013	2014 (est.)
Total Market Size	229.3	277.8	252.9	248
Total Local Production	0.01	0.01	0.01	0.01
Total Exports	2.0	2.0	1.15	1.0
Total Imports	227.3	275.8	245.6	240
Imports from the U.S.	212.3	38.9	27.07	206

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

Historically, the United States has dominated the corn market in the Dominican Republic, enjoying close to 100% market share until 2009. Since that year, persistent complaints concerning dust levels, grain cracking, availability and shipping challenges and relatively higher prices have led many importers to source South American supplies, specifically from Brazil and Argentina. As a result, the United States is now exporting considerably less corn to the DR. However, due to logistic and financing concerns from South America suppliers and also better quality reports from the U.S. 2014-2015 harvest, since the third quarter of 2013, that trend has started to reverse. In 2014, the U.S. is expected to account for a 80-86% of the market share. As with soybean meal, corn is used mainly in formulation for poultry and swine feed. Consumption is expected to increase slightly due to a local higher production of poultry.

Opportunities

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Product quality, proximity and price, in addition to cooperators support and technical assistance will assure presence in the Dominican market. Coarse grain quality is expected to improve and, as corn is a basic feed item for the poultry, swine, and dairy sectors, it remains exempt from import taxes.

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The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

Consumer-Oriented Products

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Consumer-Oriented Product Market Value (in millions of U.S. dollars)

Consumer Oriented Products				
	2011	2012	2013	2014 (est.)
Total Market Size	820.0	1,164.0	1,222.0	1,225.0
Total Local Production	470.0	480.0	485.0	490.0
Total Exports	212.0	215.0	220.0	225.0
Total Imports	405.0	949.0	1,002.0	1,000.0
Imports from the U.S.	285.6	391.0	489.0	500.0

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

Imported consumer-oriented products, mainly those from the United States, are seen as high quality products. The demand for these products is high and the U.S. market share for these items is approximately 60-65 percent. Currently, the major competitor is the European Union, particularly Spain, as the ownership of most of the supermarket chains and resorts is of Spanish decent and they try to source products from that country.

Supermarkets are becoming more important in the distribution process of consumer-oriented products at the expense of the traditional system of warehouses and mom and pop convenience stores (colmados). Small and medium-sized supermarkets are now able to take advantage of economies of scale by buying together and distributing the products to each supermarket member. As the tourist industry expands, the number of hotels sourcing products from the United States, directly or through a local distributor, will also grow.

As we enter the eighth year of the CAFTA-DR, we estimate that consumer-oriented product imports from the United States have increased by at least U.S. \$40 million, placing the Dominican Republic in the top 20 most important trading partners. Within the Western Hemisphere, recent data indicate that the DR is the third largest import market for consumer-oriented items.

Opportunities

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Continued demand for consumer-oriented products is expected due to the liberalization of the Dominican market as a result of the CAFTA-DR implementation, the continued growth in the tourism and hotel and restaurant industry (HRI) sectors, coupled with economic growth.

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The U.S. Foreign Agricultural Service Santo Domingo specialists covering the consumer-oriented products sector is Mayra Carvajal, mayra.carvajal@fas.usda.gov

Dairy Products

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Dairy Product Market Value (in millions of U.S. dollars)

Dairy Products				
	2011	2012	2013	2014 (est.)
Total Market Size	98.0+	113.0	190.0	187.0
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	2.0	2.0	2.0	2.0
Total Imports	98.0	111.0	188.0	185.0
Imports from the U.S.	64.0	72.1	87.3	118.0

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

There is a US\$180 million dollar market for imported dairy products in the Dominican Republic with non-fat dried milk occupying a prominent position. Although there are some import restrictions to protect local producers, CAFTA-DR is gradually opening the market. In 2012, dairy exports from the United States reached an all-time high of more than US\$72 million. When the market completely opens for U.S. products, imports are anticipated to increase. Currently, the U.S. market share is approximately 64 percent. The European Union and New Zealand are the major competitors.

Opportunities

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The duties on U.S. dairy products exported to the Dominican Republic are being phased out under the CAFTA-DR. The duties on liquid milk, butter, and cheeses other than mozzarella and cheddar will be phased out by 2015. Ice cream duties will be eliminated in 2017 and cheddar cheese duties will be eliminated by 2020. In addition, duties on milk powder, mozzarella cheese, and yogurt will be phased out in 2025.

As a result, the prices of dairy products are expected to decline in the local market and imports from the United States are expected to continue increasing.

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The U.S. Foreign Agricultural Service Santo Domingo specialist covering the dairy sector is Luis Gonzalez, luis.gonzalez@fas.usda.gov

Rice

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Rice Market Value (in millions of U.S. dollars)

Rice				
	2011	2012	2013	2014 (est.)
Total Market Size	387.3	396.1	400.6	54.1
Total Local Production	370.0	375.0	380.0	45.5
Total Exports	0	15.8	0.1	0.1
Total Imports	17.3	5.5	8.4	8.5
Imports from the U.S.	17.3	5.3	8.3	8.4

Exchange Rate: RD\$ 41.2 – US\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

The Dominican Republic has consistently had to supplement local production with imports to meet local demand. The majority of rice imports are from the United States due to quality, proximity, and the fact that U.S. rice is free of *Trogoderma spp.* As local production has increased and CAFTA-DR is now in its eighth year, rice imports will continue to enter the market. Based on figures from the first quarter of 2013, import volumes are expected to increase, especially due to lower inventories and widespread drought conditions that will affect this year's production.

Opportunities

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Rice is a basic food item in the Dominican diet. As CAFTA-DR is in full effect, the TRQs for rice will assure a small U.S. presence in the Dominican market with an increasing amount every year until the phase out period ends in 2026. In addition, traditional production shortfalls will continue to demand larger quantities of high quality U.S. rice to be exported to the Dominican Republic.

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The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov

Pulses and Dried Bean Market Value (in millions of U.S. dollars)

Pulses, Dried Beans			
	2011	2012	2013 (est.)
Total Market Size	68.0	66.4	70.0
Total Local Production	33.8	35.0	37.0
Total Exports	0	0	0
Total Imports	34.2	31.9	33.0
Imports from the U.S.	34.2	30.4	32.1

Exchange Rate: RD\$ 41.2 – US\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data

Pinto beans are a basic staple in the Dominican diet and the Dominican Republic was self-sufficient in red pinto bean production for many years. Nonetheless, the production can no longer meet demand. Over the last five years, worldwide dried bean imports to the DR have averaged more than 22,000 metric tons per year, reaching an estimated value of US\$31.9 million in 2012, due to production shortfalls. Most dried bean imports into the DR come from U.S. ports located in the Gulf of Mexico. Occasionally, when export volumes have been limited in North America, Chilean pinto beans have been supplied to the Dominican market.

The Dominican market prefers North American pinto beans to the South American variety due to quality, phyto-sanitary standards, proximity, and price. Figures for 2012 indicate exports of U.S. pinto beans totaled more than US\$30 million. Continued U.S. presence in this market is assured with CAFTA-DR entering its eighth year and a 2013 TRQ for U.S. beans of 12,480 metric tons.

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

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Import Tariffs

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Because of the DR's membership in CAFTA-DR, U.S. exporters have a significant advantage with regard to the tariff treatment afforded them

Taxes and duties for imported goods (agricultural and non-agricultural) are calculated on the "ad-valorem price," i.e., CIF (Cost+Insurance+Freight) price in U.S. dollars multiplied by the unified foreign exchange rate. All duties and taxes are collected in Dominican pesos. There are generally two taxes on imports except for those subject to exemptions provided by law. These taxes are the following:

- **Tariff (Arancel, in Spanish):** This is the basic import tax which can be as low as 0 percent and as high as 20 percent. However, after CAFTA-DR entered into effect, most of the U.S. exports to the Dominican Republic are entering duty free, while others are going through a phase-out process of up to 10 years. For more information on CAFTA-DR Tariff Elimination Schedule, visit the U.S. Government Export Portal:
http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file750_5847.pdf
- **Luxury Tax (Impuesto Selectivo al Consumo, in Spanish):** This is a consumption tax for luxury imports or "non-essential" goods that ranges between 15 and 60 percent. This tax is calculated on the CIF price. Luxury goods include, among others, vehicles, perfumes, alcoholic beverages, jewelry, and tobacco. Please note that the Luxury Tax is not a tax affected by CAFTA-DR.

Trade Barriers

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While CAFTA-DR eliminates the majority of trade barriers to imports from the U.S., the treaty's implementation, since its signing in March 2007, has not been without teething problems, and certain technical barriers and issues of interpretation can arise from time to time. For example, most U.S. agricultural goods that do not compete with local industries have zero or no duty.

Goods that compete with local industries are restricted. Importers must obtain special import permits for sensitive products (via the Agriculture and Livestock Promotion area of the Ministry of Agriculture), such as many bulk and intermediate agricultural products, drugs and pharmaceuticals and agricultural chemicals. These import permits are not always easy to obtain in a timely manner and sometimes, are not available at all. In addition to the import permit, some agricultural products such as milk, cheese, rice, beans, onions, garlic, poultry, pork and sugar and certain consumer goods carry higher duty rates. Under the CAFTA-DR, the higher duties for sensitive agricultural goods will continue to be phased out over the next five to fifteen years. Very small amounts of these products are also allowed in duty free each year under a Tariff Rate Quota (TRQ) regime.

Import Requirements and Documentation

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(A) Commerce/Industry:

For U.S. exports to the Dominican Republic to receive the preferential tariff treatment provided by CAFTA-DR, the Dominican importer should present to the Dominican Customs Authorities (Dirección General de Aduanas) certification in support of the claim of preference. The Dominican importer should work with the U.S. exporter to ensure that a U.S. good meets the relevant rule of origin prior to making a claim. For additional information, please visit <http://www.export.gov/fta/CAFTA/ROO.asp?dName=CAFTA>.

A certification should include the following information:

- (a) The name of the certifying person, including, as necessary, contact or other identifying information;
- (b) Tariff classification under the Harmonized System and a description of the good;
- (c) Information demonstrating where the good originates;
- (d) Date of the certification; and
- (e) In the case of blanket period certification, the time period over which the certification is applicable.

It is important to note that the ultimate responsibility for claiming preferential treatment lies with the Dominican importer; however, the U.S. supplier should be ready to provide to the Dominican importer assistance and cooperation in producing accurate and well-documented claims for preferential treatment. The exporter, importer, or producer of the goods may produce the certification where the goods are originating.

To see a sample certification for the Dominican Republic, go to:

https://www.aduanas.gob.do/Descargas/files/documentos/formularios/certificacion_de_origen.pdf

To see an unofficial English translation of the accompanying instructions, go to:

http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file240_3921.pdf

Import licenses are not required for most products, except pharmaceutical products (drugs, cosmetics and skin care products), some agricultural products, and agro-chemicals. For pharmaceutical products a license must be obtained at the Ministry of Public Health for each trademark/product imported by the company.

The license is valid for a period of five years. For more information on the registration of pharmaceutical products, please visit the website of the Drugs and Pharmacy Directorate of the Ministry of Public Health at:

<http://www.drogasyfarmacias.gov.do>

B) Agriculture: 2014

A phytosanitary and animal health product certificate issued by recognized authorities in the country of origin must accompany live plants and agricultural material used in planting products. Imports of animals normally require certificates of origin and other veterinarian documentation to assure disease-free status. Testing is done at the port of entry to reconfirm pest-free status. For the most part, the sanitary and phyto-sanitary process is transparent and fairly applied.

The CAFTA-DR further opened the market to agricultural product imports. Many products already enter with a zero percent tariff. Duties for sensitive products will be phased out over the next five to ten years: rice, beans, sugar, chicken and parts, pork, corn, onions, milk powder, sugar and garlic.

At the same time, small amounts of sensitive agricultural products are allowed into the DR duty-free through a tariff rate quotas (TRQs) system and the amounts increase gradually at the same time that their duties are phased out.

The most restrictive trade practice, however, is the requirement that import permits be obtained from the Minister of Agriculture for each shipment of agriculture and related products, including agro-chemicals and fertilizers. In addition, the lobbies for local meat and dairy products are strong and routinely try to block or restrict imports by influencing import licensing decisions.

U.S. Export Controls

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There are no U.S. controls or restrictions on the vast majority of products sent to the Dominican Republic.

Temporary Entry

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Commerce/Industry:

Temporary entry of goods was adopted by Customs as a business facilitation service. Temporary entry is permitted for exhibition or demonstration purposes, as well as for other temporary work purposes in the Dominican Republic. Customs does not assess duties on temporary goods, but they must be tracked and returned. A bond or other suitable security for all or a portion of the value of the goods must be posted at the time of temporary entry. The security will be refunded upon meeting all the terms of temporary entry and proof of shipment out of the country. If the company wishes to sell the products or machinery after making temporary entry, valuation and all relevant duties are determined in accordance with previously noted customs procedures. Temporary entry admittance is granted for a period of ninety (90) days. If more time is needed, a renewal is required at the end of the ninety days.

Labeling and Marking Requirements

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INDOCAL (the former DIGENOR), is the Dominican government entity that enforces the local labeling law. Currently, there are two standards on labeling: NORDOM 53 (also known as RTD 53) for retail food packaging and NORDOM 407 for medication. Before the product is sent to supermarkets, importers are allowed to prepare and apply a sticker in Spanish containing the following information:

1. Name of the food product
2. Ingredient list
3. Net and drained weight using the Metric system (grams, kg, etc.)
4. The Dominican Industrial and Sanitary registration number or its equivalent
5. Usage instructions
6. Name and address of manufacturer and /or distributor

In addition to NORDOM 53 and 407, Article 112 of the General Law of Health Law (42-01) indicates that the following products must be labeled in Spanish: cosmetics, medical equipment, tobacco products, agricultural chemicals, and any other substance that may represent a risk to human health.

Special registration and license import rules govern for foods not packaged for retail sale and other pharmaceutical products.

Prohibited and Restricted Imports

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There are few prohibitions on imports, although discretionary import licenses are required from the Ministry of Agriculture for most agricultural products. These appear to limit imports of many items that the government perceives as competitive with domestic production.

Importation of automobiles that are more than five years old and vehicles for the transportation of goods (pick-up trucks, light trucks, etc.) that are more than fifteen years old are prohibited, as well as the importation of used clothing. However, the provision regarding used clothing is frequently overlooked.

Customs Regulations and Contact Information

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There are 24 existing Customs offices in the Dominican Republic: eleven at ports, seven in airport zones, and six on the border with Haiti. The principal offices handling the majority of the cargo are: Port of Haina Oriental, Port of Haina Occidental, Caucedo Multimodal Port, Las Americas International Airport, and the Port of San Pedro de Macoris.

Dominican Customs officials indicate that the average clearance takes three days from submission of complete documentation. Clearances can be made in hours if importers make use of the "On-Line Customs Clearance", which allows for pre-arrival clearance. The on-line service provided at the website of the Customs Office allows importers to register the importation, submit the documentation, verify and pay (before arrival) the amount of taxes to be paid. Anecdotal evidence confirms that importers are using this process successfully.

Dominican Customs (Dirección General de Aduanas, or DGA) contact information is as follows:

Fernando Fernandez, General Director
General Directorate of Customs
Av. Abraham Lincoln No. 1101
Santo Domingo, Dominican Republic
Phone: (809) 547-7070 ext. 220
Fax: (809) 687-3486
Web: <http://www.aduanas.gob.do>

Standards

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Overview

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The Dominican Standardization System follows international guidelines and it is compatible with the purposes of General Agreement on Tariffs and Trade (GATT) Code of Standards. INDOCAL (Instituto Dominicano para la Calidad-Quality Dominican Institute) is the Dominican governmental body overseeing the formulation, and implementation of quality norms in the Dominican Republic. INDOCAL is a recently created entity that replaces the former DIGENOR. In June 2012 the Dominican standards system experienced a significant change with the promulgation of a new Law that created the SIDOCAL (Sistema Dominicano para la Calidad); which is in charge of quality control development, the development of norms/standards, metrology, monitoring, certification, and accreditation. Where formerly there was only one institution overseeing standards issues, the new law created several institutions: CODOCA (Consejo Dominicano para la Calidad); INDOCAL (Instituto Dominicano para la Calidad); CEDIRET (Centro Dominicano de Informacion sobre Reglamentacion Tecnica); and ODAC (Organismo Dominicano para la Acreditacion), all of them working together under SIDOCAL and with a wider range of functions and responsibilities. CODOCA, will fall under the Ministry of Commerce and Industry.

However, the new law did not affect the Dominican Standardization System in place (NORDOM, or Normas Dominicanas in Spanish); which consists of 619 mandatory and voluntary standards.

Standards Organizations

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Under the new law that created SIDOCAL the following are the new standards organizations:

INDOCAL serves as the National Notification Authority under the WTO agreement on Technical Barriers to Trade and the Local Agent for the International Organization for Standardization (ISO). INDOCAL also has membership in the Pan-American Standards Commission (COPANT)

The National Inquiry Point under the WTO is the General Directorate of International Trade (DICOEX- Direccion de Comercio Exterior) under the Ministry of Industry and Commerce.

CEDIRET (Centro Dominicano de Informacion sobre Reglamentacion Tecnicas) is the institution in charge of the compilation and publication of standards in the Dominican Republic.

The Ministry of Agriculture is the National Contact Point for Codex Alimentarius Commission (international standard-setting body for food standards).

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

Conformity Assessment

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The Dominican Republic has signed Mutual Recognitions Agreement (MRA) with the U.S. This agreement recognizes the results of each other's testing, inspection, certification or accreditation. Therefore, American products that comply with U.S. and international standards do not need to undergo additional testing when imported into the Dominican Republic. The Dominican Republic is also a signatory of Multilateral Agreements (MLA) under WTO provisions. The new law that created SIDOCAL provides for the creation of ODAC (Organismo Dominicano para la Acreditacion) which will have the responsibility of supervising conformity assessment activities.

Product Certification

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INDOCAL is the institution authorized to provide product certification in the Dominican Republic. The INDOCAL Seal of Compliance (Sello de Calidad INDOCAL, in Spanish) is the certification that INDOCAL provides to those locally manufactured products that meet Dominican standards. Any company interested in obtaining this certification for its product should present documentation indicating that an internationally accredited

laboratory (including the two local laboratories currently accredited) has tested and approved the product. In the case of pharmaceuticals and cosmetics, the products must also receive a certification of approval (“Registro Sanitario,” in Spanish) from the Directorate of Drugs and Pharmacies of the Ministry of Public Health. Without this “Registro Sanitario”, pharmaceutical and cosmetic products are not allowed to enter the Dominican Republic. For more information on the “Registro Sanitario” please visit the website of the Directorate of Drugs and Pharmacies:

<http://www.drogasyfarmacias.gov.do>

Accreditation

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There are two accreditation laboratories in the Dominican Republic, one for electrical equipment, which is mainly used by the electricity utilities to test the customers’ energy meters suspected of having been altered for fraudulent purposes. There is another laboratory with the required accreditation for performing tests on food products, the Instituto de Innovacion en Biotecnologia e Industria (IIBI). However SIDOCAL provides that documents and assessments prepared by internationally accredited bodies or testing laboratories shall be accepted in the Dominican Republic.

Publication of Technical Regulations

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In the Dominican Republic, the most up-to-date regulations are published and available to the general public for a small fee. The new law that created the SIDOCAL, mandates that the developing of new standards should follow the TBT guidelines that encourage the adoption of international standards as the Dominican technical requirements whenever possible. SIDOCAL provides the creation of a Technical Committee under the supervision of INDOCAL, which will be in charge of developing and studying any proposed new standard before it is approved by the CODOCA (the Council for Dominican Quality that oversees INDOCAL). The law also provides for public discussions of any new technical regulations planned to be introduced as a NORDOM.

SIDOCAL also created CEDIRET (not yet in operation) as the center for the promotion, data base, and publication of quality standards.

Labeling and Marking

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The Dominican Republic has two standards on labeling, NORDOM 53 relating to food, and NORDOM 407 relating to medication, which are in line with international practices (ISO 750). These norms follow the Codex Alimentarius standard, as well.

According to NORDOM 53, the following must be in Spanish:

1. Name of the food product
2. Ingredient list
3. Net and drained weight using the Metric system (grams, kg, etc.)
4. Industrial and Sanitary registration number or its equivalent
5. Usage instructions
6. Name and address of manufacturer/distributor

Article 112 of the General Law of Health Law (42-01) indicates that the following products must be labeled in Spanish: cosmetics, medical equipment, tobacco products, agricultural chemicals, and any other substance that may represent a risk to human health.

Contacts

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Trade Agreements

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CAFTA-DR On September 6, 2005, the Dominican Congress ratified the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Implementation occurred on March 1, 2007. More information on CAFTA-DR is found in earlier chapters of this document.

Other DR preferential trade agreements

The Dominican Republic has bilateral investment treaties with Chile, Ecuador, France, Spain, Taiwan, Switzerland, Morocco, Finland, the Netherlands, Italy, and South Korea. However, these do not provide the level of protection to investors generally offered by U.S. bilateral investment treaties.

It also has trade agreements with the Central American countries, the Caribbean countries (CARICOM), and a partial trade agreement with Panamá. An agreement for the exchange of tax information between the United States and Dominican Republic has been in effect since 1989.

The Dominican government also signed an Economic Partnership Agreement with the European Union as part of CARIFORUM in December 2007 that entered into force in 2008.

Trade agreements under negotiation

In 2007, the Dominican government started negotiating bilateral agreements with Canada. Initial rounds of negotiations on bilateral free trade agreements were held with Venezuela in 2003 and with Taiwan in 2006, but neither of these negotiations have resumed.

Web Resources

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U.S. and Foreign Commercial Service: <http://www.export.gov/caribbean>

U.S. Foreign Agricultural Service: <http://www.fas.usda.gov/posthome/santodomingo>

Instituto Dominicano para la Calidad: <http://www.digenor.gov.do>

Dominican Directorate of Customs: <https://www.aduanas.gob.do>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Under the Foreign Investment Law (No. 16-95), unlimited foreign investment is permitted in all sectors, with the exception of the disposal and storage of toxic, hazardous or radioactive waste not produced in the country; activities negatively impacting public health and the environment; and the production of materials and equipment directly linked to national security unless authorized by the President. There are no limits on foreign control of firms or screening of foreign investment in the open sectors. In practice, improvements in assisting foreign investors wanting to invest in the Dominican Republic have been made, especially by the Center for Exports and Investment of the Dominican Republic (CEI-RD). A partial privatization of state-owned enterprises (SOEs) carried out in the late 1990s resulted in foreign investors purchasing shares and obtaining management control of former SOEs engaged in activities such as electricity generation, airport management and milling sugarcane.

According to the USTR, U.S. foreign direct investment (FDI) in Dominican Republic (stock) was \$1.7 billion in 2011, up 32.7% from 2010.

1.1.1. Table 1

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value
TI Corruption Perceptions index	2014	123 of 177
Heritage Foundation's Economic Freedom index	2014	80 of 178
World Bank's Doing Business Report "Ease of Doing Business"	2014	117 of 189
Global Innovation Index	2014	83 of 143
World Bank GNI per capita	2013	\$5,620

Conversion and Transfer Policies

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The Dominican exchange system is a market with free convertibility of the peso. Economic agents perform their transactions of foreign currencies under free market conditions.

The Central Bank uses an average of the exchange rates reported by the foreign exchange market and financial intermediaries to set the rate for its own operations. Importers may obtain foreign currency directly from commercial banks and exchange agents.

The Central Bank participates in this market in pursuit of monetary policy objectives, buying or selling currencies and performing any other operation in the market. Resolutions 64-06 and 106-06, issued by the Dominican Civil Aviation Board, require all airlines serving the Dominican market to pay nearly all local taxes in U.S. dollars as opposed to local currency for both entry and exit of each passenger. Some airlines have considered challenging this requirement in the courts, but the fines for failure to comply are punitive and compel the airlines to comply until the courts decide otherwise.

Expropriation and Compensation

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There are approximately 30 outstanding disputes with the Dominican government concerning unpaid government contracts or expropriated property and businesses. Property claims make up the majority of expropriation cases. Most, but not all, confiscations have been used for purposes of infrastructure or commercial development. In some cases, claims have remained unresolved for many years. Investors and lenders have typically not received prompt or adequate payment for their losses, and payment has been difficult to obtain even in cases in which a Dominican court has ordered compensation or the government has recognized a claim. In other cases, lengthy delays in compensation payments have been blamed on errors committed by government-contracted property assessors, slow processes to correct land title errors, and other technical procedures. The procedures for resolution of expropriation cases are opaque and byzantine to the outsider, and Dominican government agencies frequently disagree on where the responsibility lies for the next action.

The past four Dominican administrations have expropriated fewer properties than their predecessors and have generally paid compensation in those cases. Discussions of the U.S.-Dominican Trade and Investment Council meetings in October 2002 prompted the Dominican government to establish procedures under a 1999 law to issue bonds to settle claims against the Dominican government dating from before August 16, 1996, including claims for expropriated property.

In 2005, with assistance from the U.S. Agency for International Development (USAID), the Dominican government identified and analyzed 248 expropriation cases; most (65.5 percent) were resolved by paying claimants with bonds or by dismissing the claim. However, a number of U.S. claims against the Dominican Republic remain.

Dispute Settlement

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On October 23, 2007, Decree No. 610-07 placed DICOEX – the Directorate of Foreign Commerce of the then-Secretariat of State for Industry and Commerce – in charge of commercial dispute settlement, including disputes related to the Investment Chapter of DR-CAFTA. The main laws governing commercial disputes are the Commercial Code; Law No. 479-08, the Commercial Societies Law; Law No. 3-02, concerning Business Registration; Law No. 126-02, concerning e-Commerce and Digital Documents and Signatures; and, and Bill No. 173, dealing with agent and distributor protection. The Dominican Republic does not have a bankruptcy law, and it does not have a commercial court system.

Currently, quite a few U.S. investors, ranging from large firms to private individuals, have disputes with the Dominican government and parastatal firms involving payments, expropriations, or contractual obligations. Both free trade zone companies and non-free-trade-zone companies have problems with dispute resolution. U.S. firms indicate that corruption on all levels – business, government, and judicial – in the Dominican Republic impedes their access to justice to defend their interests. Moreover, several large American firms have been subjects of injunctions issued by lower courts on the behalf of distributors with whom they are engaged in a contract dispute. These disputes are often the result of the firm seeking to end the relationship in accordance with the contract, and the distributor using the injunction as a way of obtaining a more beneficial settlement. These injunctions often disrupt the American companies' distribution activities, resulting in severe negative impact on sales.

In April 2002, the Dominican Republic associated itself with the International Center for the Settlement of Investment Disputes (ICSID, also known as the "Washington Convention"). In August of the same year the country implemented the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards (also known as the "New York Convention"). The New York Convention provides courts a mechanism with which to enforce international arbitral awards.

Performance Requirements and Incentives

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Foreign investors receive no special investment incentives and no other types of favored treatment, except for investments in renewable energy; in manufacturing investments located in Special Zones for Border Development (near the frontier with Haiti); and for investment in tourism projects in certain locations (see below). There are no requirements for investors to export a defined percentage of their production.

Foreign companies are unrestricted in their access to foreign exchange. There are no requirements that foreign equity be reduced over time or that technology be transferred according to defined terms. The government imposes no conditions on foreign investors concerning location, local ownership, local content, or export requirements.

The Dominican labor code establishes that 80 percent of the labor force of a foreign or national company, including free trade zone companies, be composed of Dominican nationals (although the management or administrative staff of a foreign company is exempt from this regulation). The Foreign Investment Law (No. 16-95) provides that contracts licensing patents or trademarks, leases of machinery and equipment, and contracts for provision of technical know-how must be registered with the Directorate of Foreign Investment of the Central Bank.

The Renewable Energy Incentives Law (No. 57-07), which entered into force in June 2008, provides an array of incentives to businesses developing renewable energy technologies. This law was passed as part of the Dominican government's efforts to invigorate the local production of renewable energy as well as renewable energy-related manufactured products. The incentives included a 100 percent tax exemption on imported inputs (equipment and materials) and a 10-year (from the date of initial operation and not beyond 2020) tax exemption on profits derived from the sale of electricity generated from renewable resources. This law played a large role in the debut of the Caribbean's first and only commercially viable wind farm in October 2011. Foreign investors praise the provisions of the law but express frustration with approval and execution of potential renewable energy projects. In 2012, the law was modified as part of President Medina's fiscal reform measures, reducing the tax incentive for small-scale, self-producers of renewable energy and eliminating the 10-year tax exemption on profits derived from the sale of electricity generated from renewable sources.

In order to encourage development in economically deprived areas located near the DR's border with Haiti, Special Zones for Border Development were created by Law No. 28-01, passed in 2001. A range of incentives, largely in the form of tax exemptions for a maximum period of 20 years, are available to direct investments in manufacturing projects in the Zones. These incentives include the exemption of income tax on the net taxable income of the projects; the exemption of sales tax; the exemption of import duties and tariffs and other related charges on imports equipment and machinery used exclusively in the industrial processes, as well as on imports of lubricants and fuels (except gasoline) used in the processes.

Law 158-01, on the Promotion of Tourism Development, grants incentives, in the form of tax relief, on tourism development projects in certain provinces and municipalities of the DR listed in Law 158-01 and extended in Law 184-02. The Government of the DR has announced a goal of doubling the number of tourists visiting the country from 5 million in 2012, to 10 million by 2022.

The Export and Investment Center of the Dominican Republic (CEI-DR), which aims to be a one-stop-shop for investment information, registration and investor after-care services, maintains a user-friendly website for guidance on the government's priority sectors for inward investment and on the range of investment incentives.

CEI-DR recently launched a single window or “ventanilla unica” for investors to streamline the process for large investments in the tourism, mining, telecommunications, and other related sectors. Please visit <http://www.investinthedr.com>

Right to Private Ownership and Establishment

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The Dominican Constitution guarantees the freedom to own private property and to establish businesses. The Foreign Investment Law (No. 16-95) provides foreign investors the same rights to own property as are guaranteed by the Constitution to Dominican investors. Public enterprises are not given preference over private enterprises by law. An area of concern, however, has been the legitimacy and provision of property titles. In 2006, the Inter-American Development Bank approved a USD 10 million loan to help the Dominican Supreme Court modernize its property title registration process, although the funds have since been exhausted.

Protection of Property Rights

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The Dominican Republic has laws with sanctions adequate to protect copyrights and has improved the regulatory framework for patent and trademark protection, but United States industry representatives continue to cite a lack of enforcement of intellectual property rights (IPR) as a major concern, validating the Dominican Republic’s placement on the Special 301 Watchlist. The Dominican government committed, in a side-letter to CAFTA-DR, to take measures to halt television broadcast piracy and agreed to report on its efforts in this regard in a quarterly report to the Office of the U.S. Trade Representative (USTR). The Dominican authorities have delivered these quarterly reports since January 2005. The Embassy has noted improved coordination in this regard among various government agencies including the Ministry of Industry and Commerce, the Attorney General’s Office, the Patent Office and the Copyright Office. In 2005, the authorities advised cable television operators of their legal responsibilities regarding copyright and secured a formal agreement with the operators’ association in August 2005. Since that time, authorities have seized equipment from various operators and closed down several broadcasters found to be violating the laws.

To fulfill CAFTA-DR requirements, the Dominican Congress passed legislation in November 2006 to strengthen the IPR protection regime by criminalizing end-user piracy and requiring authorities to seize, forfeit, and destroy counterfeit and pirated goods, as well as the equipment used to produce those goods. CAFTA-DR mandates both statutory and actual damages for copyright and trademark infringement, and requires measures to help ensure that monetary damages can be awarded even when it is difficult to assign a monetary value to the infringement.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>

Transparency of Regulatory System

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In recent years, the Dominican government has carried out a major reform effort aimed at improving the transparency and effectiveness of laws affecting competition. Nonetheless, efforts to establish the rule of law in many sectors of the economy have been impeded, or in some cases, soundly defeated by special interests.

For example, in 2008, the government refused to enforce a court ruling to halt an illegal blockade of a U.S. business by disgruntled ex-contractors. Many investors, both Dominican and foreign, consider that influence through political contacts trumps formal systems of regulation.

On December 3, 2002, the Financial and Monetary Law (No. 183-02) created a new regulatory regime for the monetary and financial system. One of its provisions allowed for foreign ownership of national financial institutions. The International Monetary Fund Standby Agreement (IMF SBA) negotiated in 2003 and 2004 required additional regulation and improved supervision of the banking sector, and authorities have required banks to improve capital ratios in order to meet international standards.

On December 4, 2007, the Competitiveness and Industrial Innovation Law (No. 392-07) established a framework to promote the development of the manufacturing sector by streamlining the customs regime for qualifying companies. Many of these benefits had previously only been enjoyed by companies within the free trade zones. The legislation also changed the former Industrial Promotion Corporation (CFI) into the new Center for Industrial Development and Competitiveness (Proindustria). Similarly, in 2008, the National Commission for the Defense of Competition (Pro-Competencia) was created to promote a culture of real competition throughout the country in various Dominican sectors.

Efficient Capital Markets and Portfolio Investment

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During a period of strong GDP growth and largely successful economic reforms in the 1990s, Dominican authorities failed to detect years of large-scale fraud and mismanagement at the privately-owned Banco Intercontinental (Baninter), the country's third largest bank. The failure of Baninter and two other banks in 2003 cost the government in excess of USD 3 billion, severely destabilized the country's finances, and shook business confidence. The failures, and their consequences, brought about a crisis of devaluation, inflation and economic hardship. Upon taking office in August 2004, Leonel Fernandez's administration formulated with the IMF a comprehensive program aimed at addressing the weaknesses in macroeconomic policies and in a wide range of structural areas. Business confidence gradually returned, but effects of the 2003-2004 economic crisis linger; however, those reforms enabled the Dominican banking sector to avoid severe difficulties during the international financial crisis of 2009.

In the wake of the global economic and financial crisis, the IMF's Executive Board approved on November 9, 2009, a USD 1.7 billion stand-by agreement (SBA) with the Dominican Republic. The 28-month program sought to assist the government in pursuing short-term counter-cyclical policies, strengthen medium-term sustainability, reduce vulnerabilities, and set the foundation for eventual recovery. (As mentioned above, the country had successfully implemented a USD 665 million SBA approved in 2005 that helped the DR recover from its 2003 banking crisis). The SBA lapsed in April 2012 with USD 500 million in pending IMF disbursements.

The Dominican securities market, the Bolsa de Valores de Santo Domingo, opened on December 12, 1991, and mostly handles offerings of commercial paper. In 2013, the Bolsa de Valores handled more than USD 2.351 billion worth of transactions, all of which were in the secondary market. It is supervised by the Superintendency of Securities (SIV), which approves all public securities offerings.

The private sector has access to a variety of credit instruments. Foreign investors are able to obtain credit on the local market but tend to prefer less expensive offshore sources. The Central Bank regularly issues certificates of deposit, using an auction process to determine interest rates and maturities.

Competition from State Owned Enterprises

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SOEs in general do not have a significant presence in the economy, with most functions performed by privately-held firms. Notable exceptions are in the electricity and refining sectors. In the electricity sector, private companies only operate in the electricity generation phase of the process, with the government handling the transmission and distribution phases. However, President Medina recently presented a law to the Dominican Congress that legally permits the state to enter into energy generation. Distribution had been previously privatized, but due to the serious problems in that sector (including lack of payment), the government once again took over the distribution function. In the refining sector, the Dominican Republic's sole oil refinery is 51 percent owned by the Dominican government, with the remainder held by the Venezuelan government.

Corporate Social Responsibility

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Although in general there is not an entrenched culture of corporate social responsibility (CSR) on the part of local firms, large foreign companies do normally have an active CSR program, as do a number of the larger local business groups. The majority of local firms do not follow OECD principles regarding CSR, but the firms that do are viewed favorably (especially when their CSR programs are effectively publicized).

Political Violence

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In 2013 there were multiple protests throughout the country over social and economic issues such as salary increases for public employees, other labor disputes, corruption, as well as statelessness and problems with the civil registry system, exacerbated by the Dominican Constitutional Tribunal's 23 September decision which denied citizenship to children born in the Dominican Republic to undocumented migrant parents. In several instances, police were unsuccessful in managing the protests without turning to violence.

Corruption

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The Dominican Republic (DR) has a legal framework that includes laws, regulations and criminal penalties to permit the effective combating of corruption. However, the government does not implement the law effectively. Corruption remains an endemic problem in the security forces, civilian government, and private sector, and officials frequently engage in corrupt practices with impunity.

Corruption and the need for reform efforts are openly and widely discussed as key public grievances. In 2013, Transparency International gave the DR a Corruption Perception Index (CPI) score of 29, ranking it 123 of 177 countries assessed. The World Economic Forum's 2013 Global Competitiveness report also identified corruption as the single most problematic factor for doing business in the DR, ranking the Dominican Government 105 of 148 countries, with a score of 3.8 out of 7, in global competitiveness.

Of the specific indicators, the DR was fourth-to-last in favoritism in decisions of government officials and near last in public trust in politicians and diversion of public funds.

Weak enforcement mechanisms and a lack of political will to apply Dominican laws and prosecute criminals, particularly high-level public officials, are the primary barriers to effective investigations. No data are available to assess whether corruption disproportionately affects foreign firms, but both Dominicans and foreign residents in the Dominican Republic encounter the issue routinely. Corruption has the effects of protectionism by giving an “insider” an undue advantage over outsiders (either foreign or domestic). According to a 2010 Gallup poll, a high percentage of the Dominican population believes that paying a bribe is justified, and there is widespread acceptance of the practice. Dominicans point to low law enforcement salaries as part of the incentive for supplemental, illicit income. For example, according to the Dominican National Police, a sergeant earns approximately USD 214 per month, and a colonel approximately USD 560. Dominicans also have a high tolerance for nepotism, often regarding it as a justified and expected activity of those with power and influence.

Nonetheless, giving or accepting a bribe is a criminal act according to Dominican law. Articles 177, 178 and 181 of the Criminal Code prohibit public officials and judges from accepting bribes or other gifts, under the penalty of a fine twice the benefit received and no less than six months in prison. Articles 2 and 3 of the Bribery in Commerce and Investments Law (No. 448-06) prohibit individuals or corporate bodies from giving, and public officials from accepting, gifts or bribes related to their public function, under the penalty of a fine twice the benefit received and three to ten years in prison with labor.

President Danilo Medina, who took office in August 2012, has made notable efforts to promote government accountability. Medina eliminated other government privileges such as luxury vehicles and lavish holiday parties. Further, he required all officials in his administration to comply with laws to declare their personal property within a month of being sworn in and when they leave office. Though Medina has allowed corruption investigations against two senators and a former Minister of Public Works, there have been no high-profile convictions, since he assumed office.

Three government agencies have primary responsibility for countering corruption. First, the Public Ministry, led by the attorney general, is responsible for investigating and prosecuting corruption cases through the Department for the Prosecution of Administrative Corruption (DPCA). Since the DPCA’s inception in August 2004 until July 2013, 60 of 301 denunciations of corruption reached trial (19.9 percent). In 2013, 13 of 23 denunciations reached trial (56.5 percent). The judiciary has dealt administratively with judges deemed corrupt, but no known prosecutions of corrupt judges have taken place. Second, the Chamber of Accounts, similar to the U.S. Government Accountability Office, promotes government accountability through audits and investigations, which often form the basis of DPCA corruption cases. In 2013, the Chamber of Accounts submitted one annual audit report to Congress with significant findings of misuse of public funds and lack of proper procedures. Third, the General Directorate of Ethics and Governmental Integrity, previously the Commission for Ethics and Combating Corruption, operates with a strong political mandate but minimal practical results. Additionally, the Comptroller General’s Office defines management controls and accounting procedures for all government agencies, and a joint commission between the Comptroller General and Chamber of Accounts facilitates audits and investigations.

Civil society is actively engaged in anti-corruption campaigns through non-governmental organizations and the media. Several non-governmental organizations are particularly active in transparency and anti-corruption, notably the Foundation for Institutionalization and Justice (FINJUS), Citizen Participation (Participación Ciudadana), and the Dominican Alliance Against Corruption (ADOCCO). Government agencies have limited and often adversarial relationships with civil society organizations, though a notable example of close cooperation was the 2010 Anti-Corruption Participatory Initiative, in which civil society organizations and government institutions conducted public outreach activities and public official training to encourage effective use of the law.

The Dominican Congress ratified the UN Convention Against Corruption (UNCAC) on October 26, 2006. The UN Convention has a broader scope on corruption than do other agreements; it includes provisions regarding money laundering, obstruction of justice, private sector corruption, and asset recovery. As for regional initiatives, the DR has signed the Inter-American Convention Against Corruption (IACAC), though the DR is not a party to the 1992 Inter-American Convention on Mutual Assistance in Criminal Matters. Both the Central American Free Trade Agreement (CAFTA-DR) and UNCAC mandate that the country criminalize bribery.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>)

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.)

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. The Dominican Republic has a free trade agreement (FTA) in place with the United States, the CAFTA-DR, which came into force in 2007. Consult USTR Website for additional information specific to CAFTA-DR: <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta>.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at <http://www.trade.gov/cs>

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice

Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <http://www.justice.gov/criminal/fraud/fcpa>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice

and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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On September 6, 2005, the Dominican Congress ratified the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Implementation occurred on March 1, 2007. The Dominican Republic has bilateral investment treaties with Chile, Ecuador, France, Spain, Taiwan, Switzerland, Morocco, Finland, the Netherlands, Italy, and South Korea. However, these do not provide the level of protection to investors generally offered by U.S. bilateral investment treaties. It also has trade agreements with the Central American countries, the Caribbean countries (CARICOM), and a partial trade agreement with Panamá. An agreement for the exchange of tax information between the United States and Dominican Republic has been in effect since 1989.

In 2007, the Dominican government started negotiating bilateral agreements with Canada. Officials last met in December 2009, but continue to exchange information with the goal of re-launching negotiations. Initial rounds of negotiations on bilateral free trade agreements were held with Venezuela in 2003 and with Taiwan in 2006, but none of these negotiations have resumed. The Dominican government also signed an Economic Partnership Agreement with the European Union as part of CARIFORUM in December 2007 that entered into force in 2009.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation has been active in the Dominican Republic with both insurance and loan programs and continues to support private enterprises working in the DR. The Dominican government is a party to the Multilateral Investment Guarantee Agency (MIGA) Agreement.

Labor

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The Dominican Constitution provides the right of workers to strike and the right of private sector employers to lock out workers. The Dominican Labor Code, which became law in June 1992, is a comprehensive piece of legislation that establishes policies and procedures for many aspects of employer-employee relationships, ranging from hours of work and overtime and vacation pay to severance pay, causes for termination, and union registration. The Labor Code requires that at least 80 percent of non-management workers of a company be Dominican nationals; adherence to this law, however, is questionable. President Medina created a special commission at the end of 2013 to review the existing code, request public comment and recommend changes. The commission has not yet formally presented its findings to the executive, although labor rights organizations have protested some of the changes being discussed, such as increasing the work week to 48 hours and increasing the probationary work period from three months to one year. Dominican industry supports changes to the Code to protect the interests of small and medium enterprises and to encourage growth of the formal sector.

The Labor Code establishes a standard work period of 8 hours per day and 44 hours per week and stipulates that all workers are entitled to 36 hours of uninterrupted rest each week. The law provides for premium pay for overtime, which was mandatory at some firms in the free trade zones. An ample labor supply is available, although there is a scarcity of skilled workers and technical supervisors. Some labor shortages exist in professions requiring lengthy education or technical certification. The Labor Code specifies that 20 or more workers in a company may form a union; however, a union must comprise 50 percent plus one of the workers in the entire company in order to bargain collectively. Few companies had collective bargaining pacts. The Labor Code stipulates that workers cannot be dismissed because of trade union membership or union activities; however, in practice, some firms fired workers associated with union activities.

Before a union may officially call a strike it must have the support of an absolute majority of all company workers, it must have previously attempted to resolve the conflict through mediation, it must have provided written notification to the Ministry of Labor of the intent to strike, and it must have waited 10 days from that notification before striking. Brief work stoppages are more common than lengthy strikes, in part, due to these stringent requirements.

The Dominican labor code establishes a system of labor courts for dealing with disputes. While cases did make their way through the labor courts, the process was often long and cases remained pending for several years. Although the government stated that there have been some improvements in this process, others note that the process remains long. Both workers and companies reported that mediation facilitated by the Ministry of Labor was the most effective method for resolving worker-company disputes.

Many of the major manufacturers in free trade zones have voluntary codes of conduct that include worker rights protection clauses generally aligned with the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Workers are not always aware of such codes or the principles they contain.

The Dominican Republic's free trade zones (FTZs) are regulated by the Promotion of Free Zones Law (No. 8-90), which provides for 100 percent exemption from all taxes, duties, charges and fees affecting production and export activities in the zones.

These incentives are for 20 years for zones located near the Dominican-Haitian border and 15 years for those located throughout the rest of the country. This legislation is managed by the Free Trade Zone National Council (CNZFE), a joint private sector/government body with discretionary authority to extend the time limits on these incentives.

Foreign currency flows from the free trade zones are handled via the free foreign exchange market. Foreign and Dominican firms are afforded the same investment opportunities both by law and in practice. The CNZFE's Annual Statistical Report for 2012 noted a Free Zone Sector with a total of 53 free zone parks (up from 51 the previous year) and 584 operating companies (up from 578). Of those companies, 40.9 percent are from the United States. Other significant investment was made by companies registered in the Netherlands, Canada, Puerto Rico, United Kingdom, and Korea. In general, firms operating in the free trade zones experience fewer bureaucratic and legal problems than do firms operating outside the zones. In 2012, free zone exports totaled USD 4.99 billion, compared to USD 4.8 billion in 2011. The exports from the FTZs comprised 54.9 percent of all exports from the DR in 2012.

Exporters/investors seeking further information from the CNZFE may contact:

Consejo Nacional de Zonas Francas
Leopoldo Navarro No. 61
Edif. San Rafael, piso no. 5
Santo Domingo, Dominican Republic
Phone: (809) 686-8077
Fax: (809) 686-8079
Web-site Address: <http://www.cnzfe.gov.do>

Foreign direct investment in the last few years has been largely concentrated in industry/trade, mining, real estate development, and the electricity sectors. The Dominican government has made a concerted effort to attract new investment, taking advantage of the foreign investment law and of the country's natural and human resources. The decision in the late 1990s to privatize or "capitalize" ailing state enterprises (electricity, airport management, and sugar) attracted substantial foreign capital to these sectors.

Foreign Investment Data (in millions of U.S. dollars)
Source: preliminary data from Central Bank of the Dominican Republic
FDI flows by Source Country (in millions of U.S. dollars)

Year 2012

Preliminary data from the Central Bank of the Dominican Republic

Brazil	1,029.0
Canada	850.3
United States	579.7
El Salvador	146.3
Spain	120.6
Grand Cayman	83.9
Mexico	(361.7)
United Kingdom	25.1
Switzerland	.5
Netherlands	8.6
Italy	1.4
France	(1.4)
Denmark	3.6
Germany	2.6
Panama	16.9
Virgin Islands	31.1
Venezuela	55.5
Colombia	.3
Australia	(22.2)
Others	572.3
	USD 3,142.4 million

Year 2012

FDI by Sector (in millions of U.S. dollars)

Preliminary data from the Central Bank of the Dominican Republic

Industry/Commerce	1,257.3
Mining	1,169.4
Electricity	304.5
Real Estate	203.0
Free Trade Zones	163.0
Tourism	162.0
Finance	159.4
Telecommunications	(21.2)
Transportation	(255.0)
	USD 3,142.4 million

Contact Point at Post

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Economic Section Chief and Senior Commercial Representative
Embassy of the United States of America
Av. República de Colombia No. 57, Arroyo Hondo
Santo Domingo, Dominican Republic
InvestmentDR@State.gov

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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The most common methods of payment are: a) cash (since most Dominican companies maintain dollar accounts abroad) by electronic/wire transfers, b) supplier credit (once a trading relationship has been established), c) documentary letters of credit including stand-by letters of credit, d) documentary collections through the banking system and e) commercial credit cards, however, it is recommended that U.S. firms accept these credit cards with caution because of the possibility of fraud.

The following local firm performs credit checks on Dominican companies:

Transunion

Address: Ave. Abraham Lincoln No. 1019

3rd Floor, Ens. Piantini

Santo Domingo, Dom. Rep.

Tel: 809/ 227-1888

Fax: 809/ 549-7227

Website: <http://www.transunion.com.do>

E-mail: consumidor@tucredito.com.do

How Does the Banking System Operate

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The Central Bank of the Dominican Republic implements monetary policy and issues the national currency (Dominican pesos, commonly abbreviated as "RD\$"). The Central Bank also manages external payments.

Commercial banks represent one of the principal sources for private sector financing. The majority of requested loans are short and medium term, ranging from 30 to 90 days for working capital or trade financing and from 1, 3 to 5 years at the most for capital expenses. Working capital fixed-term loans require that the borrower make either periodic payments of principal and interest or a single principal ballon payment of the entire outstanding balance at maturity. These loans are reviewed on a case-by-case basis. Financing for construction or tourism projects may have longer terms typically from 7 to 10 years or more in a few cases. Indicative current interest rates for loans in local currency are as follows:

In RD\$ the preferential rates range between 12 and 14 percent. Non-preferential rates can go as high as 23 percent for loans denominated in RD\$. Interest rates for the commercial/corporate sector are revised as frequently as every month, but more usually between 6 and 12 months.

Local commercial banks offer almost the same services that a U.S. bank offers to its clients, with the exception that there are no local checking accounts in U.S. dollars, and instead, local banks offer savings accounts in U.S. dollars.

Foreign-Exchange Controls

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The Monetary Board sets monetary policy and oversees Central Bank operations. It also sets banking and financial norms through resolutions.

All foreign exchange transactions operate in the private market where all sectors of the Dominican economy are free to buy and sell foreign exchange through commercial banks and exchange houses (casas de cambio). The currency has a floating exchange rate which is currently around RD\$43.50 per US\$1.00.

U.S. Banks and Local Correspondent Banks

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The only full service U.S. commercial bank in the Dominican Republic is Citibank, N.A.

Address: Ave. Winston Churchill esq. Andres Jose Aybar
Torre Citibank, Acropolis Center – 26th Floor, Ens. Piantini
Santo Domingo, Dominican Republic
Tel: 809/ 473-2404
Fax: 809/ 955-2657
Website: <http://www.citibank.com.do>

Most local banks have correspondent banking relationships in the U.S.

Project Financing

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The United States Export-Import Bank (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. The Ex-Im Bank is open in the Dominican Republic, financing U.S. exports for both the public and private sectors. For more information, please refer to <http://www.exim.gov> under Country Limitation Schedule.

The Overseas Private Investment Corporation (OPIC) facilitates financing and insurance for private sector projects generally and, under limited circumstances, public sector projects. OPIC windows are currently open for the Dominican Republic.

The U.S. Trade & Development Agency (TDA) promotes American private sector participation in developing and middle-income countries, with special emphasis on economic sectors that represent significant U.S. export potential. This is done through the funding of feasibility studies, orientation visits, specialized training grants, business workshops, and various forms of technical assistance.

TDA programs are available for the Dominican Republic.

The Inter-American Development Bank provides funding primarily to public sector entities for the design and execution of projects. IDB projects provide U.S. suppliers of goods and services significant export opportunities, mainly in the transportation, environmental, health, education, urban development, tourism, agriculture and energy sectors. Approved projects in the Dominican Republic include the following:

- Support Modernization Program and Distribution Network Loss Reduction
- Implementation of ICES in Santiago de los Caballeros
- Program to Support Strengthening of Health Sector Management
- Support for the Distribution Network Improvement and Electricity Losses Reduction
- Micro-franchising for Women Entrepreneurs
- Support for the Early Childhood Strategy
- Action Plan for C and D Countries
- Support Program for MIPYMES
- Support to the Implementation of the National Road Safety Strategy
- "Quisqueya believes in you..." NEO in the Dominican Republic
- Business Development & Competitiveness in the Province of San Juan
- Fiscal Strengthen Support Program
- MEPYD strengthening in freight logistics and transport economics
- Support to the implementation of the health sector reform
- Strengthening of the Management for Results of the Sector Health in Dominican Rep.
- Long Term Impacts of the Youth and Employment Program
- Strengthening the role of women-led SMEs in public procurement
- Best Practices in the Management of a Public Utilities Company
- Business and Financial Model for the Sustainable Cultivation of Macadamia
- Support to the Seminar of Early Childhood Development
- Traffic Management and Road Safety: Guatemala City Experience
- Support for the Workshop of Extended School-Day
- Financial Inclusion of Beneficiaries of the Solidaridad Program

The International Bank for Reconstruction and Development (IBRD) or World Bank provides long-term loans at market-related rates. Typically the World Bank does not finance the entire cost of a project. It finances only the components of a project purchased with foreign exchange. Active projects in the Dominican Republic include the following:

- Dominican Republic Public Expenditures Management (US\$0.75 million)
- Emergency Recovery and Disaster Management (US\$20 million)
- Dominican Republic Municipal Development Project (US\$20 million)
- Health Sector Reform Second Phase (US\$30.5 million)
- Social Sectors Investment Program (US\$10.0 million)
- Water and Sanitation in Tourist Areas (US\$27.5 million)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule/>

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

Inter-American Development Bank - <http://www.iadb.org/en/inter-american-development-bank,2837.html>

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Business Customs

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Appropriate business attire is expected. Despite the warm weather, men should wear conservative dark-colored suits. Women should wear suits or dresses. Dominicans are fashion conscious and businesspersons take great pride in their appearance.

Lunch meetings are common. Breakfast meetings are becoming more common, particularly among companies doing business internationally. Business appointments are generally required, but strict punctuality is not a consistent part of Dominican business practices. Many Dominican businesspersons speak English, but communication in Spanish is far more prevalent. Business cards are exchanged.

Travel Advisory

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The U.S. Department of State has produced a Country Specific Information Sheet on the Dominican Republic, as it does for all countries. This document provides basic information about passport and visa requirements, the safety and security situation, crime concerns and other topics that may be of use to U.S. citizen travelers, including those traveling for business. The Consular Information Sheet, which may be found at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1103.html also includes further links to Dominican government web sites, the U.S. Centers for Disease Control and Prevention (CDC) and other offices and agencies that travelers may wish to consult in advance of travel to the Dominican Republic. Consular Information Sheets are updated at least twice per year, so travelers should check the above link shortly before their planned trip to obtain the latest information.

Visa Requirements

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Visitors who do not obtain a Dominican visa prior to entry must purchase a tourist card to enter the country. Tourist cards cost ten U.S. dollars and may be pre-purchased on-line at <http://dgii.gob.do/tarjetaTuristica/asistencia/preguntasFrecuentes/Paginas/default.aspx> or be paid in U.S. currency, cash only, upon arrival to the Dominican Republic. Tourist cards may also be purchased at the Dominican Embassy in Washington or Dominican

Consulates prior to arrival, as well as at Dominican airports at the time of entry. Tourist cards normally permit a legal stay of up to 60 days. Visitors who would like to extend their time in the Dominican Republic should visit the Migration Department in Santo Domingo and request an extension. Failure to request an extension will subject the visitor to a surcharge at the airport upon departure.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy Visa Information Website:
<http://santodomingo.usembassy.gov/visas.html>

Telecommunications

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The telecommunications industry in the Dominican Republic has been growing over the last five years and has been characterized by greater competition, price reductions, and the introduction of new technologies, which allows the industry to offer the latest products and services. The highly-competitive cellular sub-sector has experienced significant growth in the last few years. The country enjoys a modern telecommunication law, which facilitates investment in the sector by providing equal treatment for local and foreign investors; allows price rates to be set freely by the industry players; and guarantees interconnection rights. Although there are four providers of telephone services; the local, long distance, cellular, and ISP markets are dominated by Claro. Other providers of telecommunication services are: Orange, Tricom and Trilogy Dominicana (Viva).

Transportation

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The Dominican Republic has eight international airports: Las Americas (Santo Domingo), Herrera (Santo Domingo), La Romana, Punta Cana, Santiago, Puerto Plata, Samana, and Barahona. Las Americas International Airport in Santo Domingo is the largest of the international airports.

U.S. carriers flying to the DR are listed in the Travel/Tourism section of Chapter 4.

Ground transportation is available through taxis, car rental, and public transportation; extra time should be built in to allow for possible delays arising from traffic congestion.

Language

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Spanish is the official language of the Dominican Republic.

Currently, the delivery of health care services in the Dominican Republic is managed by three systems, but a new “Social Security Law” will dramatically change the structure and cost of the health care system.

Current Health Care system:

1. The public health care system, which is administered and subsidized by the government, serves the majority of the population. The government owns approximately 150 public hospitals and health centers in which free-of-charge service is offered to everyone in the country.
2. The Social Insurance Service (SIS), is managed by the government and funded by employees and employers. The SIS was created to cover the health care needs of workers enrolled in the social security system. The Instituto Dominicano del Seguro Social (Dominican Institute for Social Insurance) is the manager of the SIS.
3. The private health care system is administered by health insurance schemes and HMO's. Private health insurance is typically offered by Dominican employers as part of the employee's benefits package. As a result of the relatively poor service offered by the SIS, employers are obliged to pay for both systems, therefore increasing the cost of health care. The private system arose in the 1970's as a direct need stemming from higher income groups who were not satisfied with the health services of public hospitals and SIS. There are more than 36 insurance companies offering medical coverage to approximately ten percent of the Dominican population. The private health care system serves people in the upper, middle, and lower-middle classes.

The new Social Security Law created a Family Health Insurance plan, which will provide coverage of physical and mental illness. This will include: emergencies, specialized care and complex treatments; hospitalization; surgical assistance; diagnostic tests; dental care; ambulatory pharmaceutical products and medical prosthesis. However, the dates for the implementation of the Family Health Insurance Plan have been the subject of repeated change.

There is a growing trend in the Dominican Republic to travel to the United States for medical treatment, especially among executives and upper class families. Dominicans regard the United States as the best source for health care services and modern medical technology. Favorite destinations for medical treatment are Florida, New York, Ohio, Texas, and Puerto Rico. Some major private hospitals have patient referral contracts with U.S. hospitals.

Local Time, Business Hours, and Holidays

The Dominican Republic is on Atlantic Standard Time (AST) year round and does not observe daylight savings time. AST is the same time as Eastern Standard Time (EST) from April to November, but the DR is one hour ahead during daylight savings time (DST)

Business hours are generally from 8:00 a.m. to 6:00 p.m., Monday through Friday. Government offices work from 7:30 a.m. to 3:00 p.m.; Monday through Friday. Some companies work on Saturday mornings. The lunch hour is from 12:00 p.m. to 1:00 p.m. or 1:00 p.m. to 2:00 p.m.

Dominican Holidays 2014

January 1 st	New Year's Day
January 6 th	Day of the Epiphany
January 21 st	The Virgin of Altagracia
January 26 th	Duarte's Birthday
February 27 th	Dominican Independence
April 18 th	Good Friday
May 5 th (In observance of May 1 st)	Dominican Labor Day
June 19 th	Corpus Christi
August 16 th	Dominican Restoration Day
September 24 th	The Virgin of Mercedes
November 10 th (In observance of November 6 th)	Constitution Day
December 25 th	Christmas Day

Temporary Entry of Materials and Personal Belongings

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Those who wish to bring in items temporarily such as software, exhibit material, etc., are required to identify the items at Customs, and fill out a form of temporary admission (Formulario de Admision Temporal); no tax payment is required. On departure from the country, the Customs authorities will require the traveler to fill out another form to verify the previous form filled out upon arrival. Laptop computers can be brought in duty free.

Web Resources

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U.S. Embassy in Santo Domingo: <http://www.usemb.gov.do>

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Contacts

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U.S. Embassy in Santo Domingo
Av. República de Colombia No. 57, Arroyo Hondo
Santo Domingo, Dominican Republic
Phone: (809) 567-7775

U.S. Department of Commerce
U.S. Commercial Service
Phone: (809) 567-7775 ext. 7249
E-mail: Office.SantoDomingo@trade.gov
Website: <http://www.export.gov/caribbean>
Contacts: Isabella Cascarano, Regional Senior Commercial Officer
E-mail: isabella.cascarano@trade.gov
Rafael Patiño, Commercial Attaché
Email: rafael.patino@trade.gov
Maria Elena Portorreal, Senior Commercial Specialist
E-mail: maria.portorreal@trade.gov

U.S. Department of Agriculture
Foreign Agricultural Service
Phone: (809) 567-7775 ext. 7741
E-mail: agsantodomingo@fas.usda.gov
Website: <http://www.fas.usda.gov/regions/western-hemisphere/dominican-republic>
Contact: Morgan Perkins, Agricultural Attaché
E-mail: morgan.perkins@fas.usda.gov

Department of State
United States Embassy
Phone: (809) 567-7775
Contact: Brian Quigley, Economic and Political Officer
E-mail: quigleybs@state.gov

DOMINICAN REPUBLIC GOVERNMENT OFFICES:

Ministerio de Industria y Comercio
(Ministry of Industry and Commerce)
Ave. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales
Juan Pablo Duarte, Piso 7 (Edif. El Huacal)
Santo Domingo, Dominican Republic
Contact: Mr. Jose Manuel del Castillo Savinon
Ministry of Industry and Commerce
Phone: 809/ 685-5171
Fax: 809/ 686-1973
E-mail: info@mic.gob.do
Website: <http://www.mic.gob.do>

Instituto Dominicano para la Calidad
(Quality Dominican Institute)
Ministerio de Industria y Comercio
(Ministry of Industry and Commerce)
Ave. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales
Juan Pablo Duarte, Piso 11 (Edif. El Huacal)
Santo Domingo, Dominican Republic
Contact: Dr. Manuel Guerrero, Executive Director
Phone: (809) 686-2205
Fax: (809) 686-2235
E-mail: servicioalcliente@claro.net.do
Website: <http://www.indocal.gob.do>

Oficina Nacional de Derecho de Autor - ONDA
(National Office for Copyrights)
Calle Modesto Diaz No.2
Edif. del Archivo General de la Nación 1er. piso, Zona Universitaria
Santo Domingo, Dominican Republic
Contact: Dr. Marino Feliz Terrero, Director General
Phone: 809/ 508-7373
Fax: 809/ 274-7575
E-mail: ondaadm@claro.net.do

Oficina Nacional de Propiedad Industrial - ONAPI
(Industrial Property Rights Office)
Av. Los Próceres No. 11, Los Rios
Santo Domingo, Dominican Republic
Contact: Mr. Juan Jose Baez, General Director
Phone: 809/ 567-7474 ext. 3459
Fax: 809/ 732-7758
E-mail: av.adames@@onapi.gov.do
Website: <http://www.onapi.gob.do>

Ministerio de Agricultura
(Ministry of Agriculture)
Km. 6½ Autopista Duarte, Urb. Jardines del Norte
Santo Domingo, Dominican Republic
Contact: Mr. Angel Estevez Bourdierd
Ministry of Agriculture
Phone: (809) 547-3888
Fax: (809) 540-8722
E-mail: agricultura@agricultura.gob.do
Website: <http://www.agricultura.gob.do>

Dirección General de Aduanas
(General Directorate of Customs)
Av. Abraham Lincoln No. 1101, Ens. Serrallés
Santo Domingo, Dominican Republic
Contact: Mr. Fernando Fernandez, Director General
Phone: (809) 547-7070
Fax: (809) 540-5853
E-mail: info@dga.gov.do
Website: <http://www.aduanas.gob.do>

Centro de Exportación e Inversión de la Republica Dominicana (CEI-RD)
(Export and Investment Center of the DR)
Av. 27 de Febrero, Esq. Gregorio Luperon
Plaza de las Banderas
Santo Domingo, Dominican Republic
Contact: Mr. Jean Alain Rodriguez, Director
Phone: 809/ 530-5505
Fax: 809/ 530-8208
Email: webmaster@cei-rd.gov.do
Website: <http://www.cei-rd.gov.do>

Instituto de Estabilizacion de Precios (INESPRE)
(Price Stabilization Institute)
Av. 27 de Febrero, Esq. Gregorio Luperon
Plaza de las Banderas
Santo Domingo, Dominican Republic
Contact: mr. Jorge Radhames Zorilla, Executive Director
Phone: 809/ 621-0020
Fax: 809/ 620-2109
E-mail: info@inespre.gov.do
Website: <http://www.inespre.gov.do>

Instituto Azucarero Dominicano
(Dominican Sugar Institute)
Ave. Jimenez Moya
Santo Domingo, Dominican Republic
Contact: Mr. Jose Casimiro Ramos, Executive Director
Phone: 809/ 532-5571
Fax: 809/ 533-2402
E-mail: inst.azucar2@codetel.net.do
Website: <http://www.inazucar.gov.do>

Patronato Nacional de Ganaderos
(National Livestock Patronage)
Ciudad Ganadera
Santo Domingo, Dominican Republic
Contact: Mr. Rene Columna, President
Phone: 809/ 535-7165
Fax: 809/ 535-7167
E-mail: contactanos@patronatonacionaldeganaderos.org

Instituto Interamericano de Cooperacion para la Agricultura (IICA)
(Inter-American Institute for Cooperation on Agriculture)
A.V. George Washington #601, 3era Planta Banco Agrícola,
Santo Domingo, Dominican Republic
Contact: Mr. Manuel David Sánchez Hermosillo, Representative
Phone: 809/ 533-2797
Fax: 809/ 532-5312
E-mail: manuel-sanchez@iica.int
Website: <http://www.iica.int>

Banco Agrícola de la Republica Dominicana
(Agribusiness Bank of the Dominican Republic)
Av. George Washington No. 601
Santo Domingo, Dominican Republic
Contact: Mr. Carlos Antonio Segura Foster, General Administrator
Phone: 809/ 535-8088 exts. 2001, 2002, 2003
Fax: 809/ 535-8022
E-mail: bagricola@bagricola.gov.do
Website: <http://www.bagricola.gob.do>

Centro para el Desarrollo Agropecuario Forestal
Jose A. Soler No. 50, Ens. Paraiso
Santo Domingo, Dominican Republic
Contact: Mr. Juan Jose Espinal, Executive Director
Phone: 809/ 565-5603
Fax: 809/ 544-4727
E-mail: cedaf@cedaf.org.do
Website: <http://www.cedaf.org.do>

CHAMBERS OF COMMERCE:

Cámara Americana de Comercio de la República Dominicana
American Chamber of Commerce of the Dominican Republic
Av. Sarasota No. 20, Torre Empresarial AIRD, 6to. piso
Santo Domingo, Dominican Republic
Contact: Mr. William Malamud, Executive Vice President
Phone: (809) 381-0777
Fax: (809) 381-0303
E-mail: amcham@codetel.net.do
Website: <http://www.amcham.org.do>

Camara de Comercio y Produccion de Santo Domingo
(Santo Domingo Chamber of Commerce)
Ave. 27 de Febrero No. 228, Torre Friusa, La Esperilla
Contact: Mr. Fernando Ferran, Executive Vice President
Phone: (809) 682-2688
Fax: (809) 685-2228
Santo Domingo, Dominican Republic
E-mail: ccpsd@camarasantodomingo.org.do
Website: <http://www.camarasantodomingo.org.do>

Camara de Comercio y Producción de Santiago, Inc.
(Santiago Chamber of Commerce)
Av. Las Carreras No. 7, Edif. Empresarial 1er. Piso, Centro Ciudad
Santiago, Dominican Republic
Contact: Mr. Fernando Puig, Executive Director
Phone: 809/ 582-2856
Fax: 809/ 241-4546
E-mail: director@camarasantiago.com
Website: <http://www.camarasantiago.com>

COUNTRY TRADE ASSOCIATIONS OR INDUSTRY ASSOCIATIONS IN KEY SECTORS:

Consejo Nacional de la Empresa Privada, Inc. - CONEP
Av. Sarasota No. 20
Torre Empresarial piso 12, Ens. La Julia
Santo Domingo, Dominican Republic
Contact: Mr. Manuel Diez Cabral, President
Phone: 809/ 472-7531
Fax: 809/ 472-7850
E-mail: conep@conep.org.do
Website: <http://www.conep.org.do>

Junta Agroempresarial Dominicana (JAD)
(Dominican Agribusiness Council)
Euclides Morillo No. 51, Arroyo Hondo
Santo Domingo, Dominican Republic
Contact: Mr. Cesar Paniagua, President
Phone: 809/ 563-6178
Fax: 809/ 563-6181
E-mail: jad@claro.net.do
Website: <http://www.jad.org.do>

Asociación Nacional de Importadores
(Dominican Importers' Association)
Av. Roberto Pastoriza No. 16
Edif. Diandi XIII, 4to. Piso
Ensanche Naco
Santo Domingo, Dominican Republic
Contact: Mr. Wilfredo Ubrí, President
Phone: 809/ 381-2655
Fax: 809/ 381-2652
E-mail: asoc.impor@claro.net.do

Asociacion Dominicana de Exportadores (ADOEXPO)
(Dominican Exporters Association)
Av. Winston Churchill No. 5 (entre Av. Sarasota y Av. Bolivar)
Apartamento C, Ens. Bella Vista
Santo Domingo, Dominican Republic
Contact: Kai Schoenhals, President
Phone: 809/ 567-6779
Fax: 809/ 532-1926
E-mail: info@adoexpo.org
Website: <http://www.adoexpo.org>

Asociacion de Industrias de la Republica Dominicana
(Association of Manufacturers of the Dominican Republic)
Av. Sarasota No. 20 casi esq. Av. Abraham Lincoln
Edif. Torre Empresarial, 12 avo. piso, Ens. La Julia
Santo Domingo, Dominican Republic
Contact: Mr. Ligia Bonetti de Valiente, President
Phone: 809/ 472-0000
Fax: 809/ 472-0303
E-mail: aird@claro.net.do
Website: <http://www.aird.org.do>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.buyusa.gov/caribbean/servicios/feriasenlosestadosunidos/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:

<http://www.export.gov/caribbean/servicesforu.s.companies/index.asp>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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