



Building Products

A Top Export Prospect for Dominican Republic

September 2014

Overview

(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

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

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.

Web Resources

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

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