

U.S. Country Commercial Guides



Dominican Republic

2017

Table of Contents

<i>Doing Business in the Dominican Republic</i>	6
Market Overview	6
Market Challenges	7
Market Opportunities	8
Market Entry Strategy	10
<i>Political Environment</i>	11
Political Environment	11
<i>Selling US Products & Services</i>	11
Using an Agent to Sell US Products and Services	11
Establishing an Office	13
Franchising	13
Direct Marketing	15
Joint Ventures/Licensing	15
Selling to the Government	16
Distribution & Sales Channels	17
Express Delivery	17
Selling Factors & Techniques	17
eCommerce	18
Overview	18
Current Market Trends	19
Domestic eCommerce (B2C)	19
Cross-Border eCommerce	19
B2B eCommerce	20
eCommerce Services	20
eCommerce Intellectual Property Rights	20
Popular eCommerce Sites	20
Online Payment	21
Mobile eCommerce	21
Digital Marketing	22
Major Buying Holidays	22
Social Media	22
Trade Promotion & Advertising	23
Pricing	24
Sales Service/Customer Support	24

Protecting Intellectual Property	24
Due Diligence	25
Local Professional Services	25
Principle Business Associations	25
Limitations on Selling US Products and Services	28
Web Resources	28
<i>Leading Sectors for US Exports & Investments</i>	29
Agricultural Sector	29
Wheat	29
Soybean Meal	31
Corn	32
Consumer-Oriented Products	33
Dairy Products	34
Rice	36
Pulses and Dried Beans	37
Automobile Parts	38
Overview	38
Leading Sub-Sectors	39
Opportunities	40
Web Resources	40
Building Products	40
Overview	40
Leading Sub-Sectors	42
Opportunities	43
Web Resources	44
Hotel and Restaurant Equipment	44
Overview	44
Leading Sub-Sectors	45
Opportunities	45
Web Resources	47
ICT & Services / Computers and Peripherals	47
Overview	47
Leading Sub-Sectors	48
Opportunities	49
Web Resources	49
Medical Equipment	49
Overview	50
Leading Sub-Sectors	51
Opportunities	52
Web Resources	52

Renewable Energy	52
Overview	52
Opportunities	54
Renewable Energy Projects	56
Web Resources	57
Safety and Security Equipment and Supplies	57
Overview	57
Leading Sub-Sectors	58
Web Resources	59
Sporting Goods	59
Overview	59
Leading Sub-Sectors	60
Opportunities	62
<i>Customs, Regulations & Standards</i>	62
Trade Barriers	62
Import Tariff	63
Import Requirements & Documentation	64
Labeling/Marking Requirements	66
U.S. Export Controls	67
Temporary Entry	67
Prohibited & Restricted Imports	68
Customs Regulations	68
Standards for Trade	69
Overview	69
Standards	70
Testing, inspection and certification	71
Publication of technical regulations	71
Contact Information	72
Trade Agreements	73
Licensing Requirements for Professional Services	73
Web Resources	74
<i>Investment Climate Statement</i>	74
Executive Summary	74
Openness to and Restrictions upon Foreign Investment	76
Policies Towards Foreign Direct Investment	76
Limit on Foreign Control and Right to Private Ownership and Establishment	77
Other Investment Policy Reviews	77

Business Facilitation	77
Outward Investment	78
Bilateral Investment Agreement and Taxation Treaties	79
Legal Regime	79
Transparency of the Regulatory System	79
International Regulatory Considerations	81
Legal System and Judicial Independence	81
Laws and Regulations on Foreign Direct Investment	82
Competition and Anti-Trust Laws	83
Expropriation and Compensation	83
Dispute Settlement	84
Bankruptcy Regulations	85
Industrial Policies	86
Investment Incentives	86
Foreign Trade Zones/Free Ports/Trade Facilitation	87
Performance and Data Localization Requirements	89
Protection of Property Rights	89
Real Property	89
Intellectual Property Rights	91
Financial Sector	94
Capital Markets and Portfolio Investment	94
Money and Banking System	94
Foreign Exchange and Remittances	95
<i>Trade & Project Financing</i>	96
Methods of Payment	96
Banking Systems	97
Foreign Exchange Controls	97
US Banks & Local Correspondent Banks	98
Project Financing	98
Multilateral Development Banks:	100
Financing Web Resources	101
<i>Business Travel</i>	101
Business Customs	101
Travel Advisory	102
Visa Requirements	102
Currency	103
Telecommunications/Electric	103

Transportation	104
Language	104
Health	104
Local Time, Business Hours and Holidays	105
Temporary Entry of Materials or Personal Belongings	106
Travel Related Web Resources	106

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2017. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

Doing Business in the Dominican Republic

Market Overview

With a population of 10.1 million consumers and a nominal GDP of \$71.6 billion, the Dominican Republic (DR) is the tenth largest economy in Latin America and the largest in the Caribbean region. A middle income country, with a GDP per capita of approximately \$7,100, the economy is based on tourism, agriculture, Free Trade Zone manufacturing and service industries.

GDP increase of 6.6 percent in 2016 is a result of dynamic growth within key economic sectors including, construction, agriculture, financial services, healthcare, hospitality, transportation and local manufacturing. During the same period, inflation decreased from 2.34 percent in 2015 to 1.70 percent in 2016 due to equilibrium between an increase in international prices of petroleum, which impacted the transportation and construction sectors, and high growth in the agricultural sector after a severe drought in 2015.

The U.S. share of the DR consumer goods market is estimated at approximately 70 percent. 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 US\$ 12.47 billion in 2016, with U.S. exports to the DR totaling US\$7.8 billion and imports from the DR of US\$ 4.68 billion – a positive trade balance for the U.S. of US\$ 3.1 billion.

The Central American and DR Free Trade Agreement (CAFTA-DR), was implemented in March 2007. Under CAFTA-DR, duties on imports of U.S. products have been eliminated on approximately 92 percent of manufactured goods, with the remainder scheduled for gradual elimination in coming years.

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 almost two million

people, clustered primarily in the northeastern states and Florida, whose remittance payments help support the home-country economy. Dominican businesspersons are frequent visitors to United States and are very familiar with U.S. business practices.

Market Challenges

While the DR's economic growth is expected to stay strong, challenges exist. Rising food costs are making it increasingly difficult for the poor to afford the basic food basket. The impacts of environmental degradation, such as mangrove, beach and coral reef erosion, threaten long term critical resources for tourism, a major economic driver.

The DR's per capita GDP of \$7,100 on a purchasing power parity basis, masks a very uneven distribution of wealth heavily in favor of the upper classes. Around 36 percent of the population lives below the poverty line. According to the World Economic Forum's 2015-2016 Global Competitiveness Report, the DR ranks 98 out of 140 countries in health and primary education. Education outcomes have been well below other countries in Latin America. 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 these global rankings in terms of both the quality of its public education and time spent in school, prompted the education reforms of the Medina administration, which committed to investing the equivalent of four percent of GDP annually in the education sector.

The DR is a net importer of oil and the recent decline in oil prices has significantly benefitted the country. Nonetheless, electricity subsidies by the GoDR continue to burden fiscal accounts, making this sector a drag on the economy. Compounding the problem is the inability of the three state-owned electric power distribution companies to collect payment on roughly 35 percent of the electricity they supply – either through technical losses or non-payment of bills and/or theft by individuals

and companies. 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 Medina Administration has borrowed to make partial payments to the generators while it urgently seeks more long-term solutions to problems of the sector.

The government's major strategy has focused on increasing electricity generation, including the building of two planned coal-fired power plants that is expected to become operational in 2018. Renewable energy constitutes about 15 percent (hydro included) of the domestic energy matrix. DR has made plans to expand its current solar and wind parks.

Though it has improved somewhat in its rankings compared to previous years, the lack of transparency and corruption continue to earn the DR low scores in international comparison tables. The country ranked in 103rd place (out of 190 countries) in the World Bank's "Ease of Doing Business" 2016 Index, and in Transparency International's 2016 Global Corruption Perception Index, the DR ranked in 120th place (of 176 countries). Procurement by government agencies and parastatal organizations is 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.

Market Opportunities

U.S. products and services enjoy a strong reputation for quality and, due in part to CAFTA-DR, are highly competitive. Consumer attitudes and brand preferences are

similar to those in the United States and many major U.S. franchises are present in the country. Television shows from the United States and other media are widely available and popular. Dominicans travel frequently to the United States for business, vacation, medical treatment, study, or to visit family.

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 continues to help diversify its energy matrix. The private sector in the DR is leading the transition to greater use of natural gas in power generation.

The Medina administration has focused on the building of two coal-fired power plants, which is expected to become operational in 2018. Whether in traditional or renewable energy, there are opportunities for U.S. operators and suppliers in the construction or conversion of power generating facilities. 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.

According to some projections, the DR's access to relatively inexpensive U.S. natural gas and the opening of the expanded Panama Canal 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 Dominican Republic's strategic geographic location, competitive labor costs, modern shipping and port infrastructure, and free trade zones, all bode well for continued growth, particularly as China and other countries' labor and transportation costs increase.

The Dominican Republic is the number one tourist destination in the Caribbean and with close to 6 million tourists in 2016, with the United States accounting for 55.4

percent of the tourists, represents a critical part of the economy. This dynamic and growing segment of the economy creates opportunities for U.S. exporters in a range of industries (construction, hotel & restaurant equipment, agricultural products, etc.) that are necessary to support and grow the DR's tourism sector.

Beginning in 2016, over 97 percent of the goods entering the country from CAFTA-DR countries entered at 0 percent tariff. In all industry sectors, CAFTA-DR gives significant advantages to U.S. exporters over non-CAFTA competitors.

Leading industry sectors for U.S. exports include the following: air conditioning and refrigeration equipment; automobile parts and services; building products; hotel and restaurant equipment; medical equipment; printing and graphic art equipment and supplies; renewable energy; safety and security equipment and supplies; and telecommunication equipment.

In addition, the DR is a key buyer of U.S. agricultural products, with \$1.2 billion in yearly agricultural imports.

Market Entry Strategy

The DR has few market access issues. A common market entry option is to appoint an agent or distributor in the DR, with the assistance of local legal counsel to ensure that representation agreements can be terminated for non-performance and that the necessary protections are included. 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 with well-connected, reputable, and established players is key to finding a good partner. U.S. exporters should also be prepared to provide all promotional materials in Spanish. Good after-sales service is a pre-requisite to successfully conduct business in the country.

The Commercial Service of the U.S. Embassy in Santo Domingo offers a range of business matchmaking services 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 usually the most effective. In addition, 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, 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](#) or contact Senior Commercial Officer David McNeill at david.mcneill@trade.gov

Political Environment

Political Environment

Links to the State Department's website for background on the country's political environment.

[The State Department's Report on the Dominican Republic](#)

Selling US Products & Services

Using an Agent to Sell US Products and Services

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

The strengthening and formalization of micro and small companies has been a priority for the Medina Administration. After several pilots and years of testing, at the beginning of 2015, [the web site](#) was released that allows companies to establish their operations under the modality that better suits their business.

Through the FORMALIZATE website, local entrepreneurs have access to a simplified procedure for business formalization. FORMALIZATE brings together in one site the main institutions of the formation of companies.

Franchising

Franchising is a 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 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.

Overview:

The franchising sector has matured and consolidated in the past several years, constituting a thriving sector in the Dominican economy. Large Dominican business groups are 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 the 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 75,000 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, a variety of franchises are 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%). A marked slow down in the introduction of new food franchise concepts indicates the maturation and potential slow down in this particular segment of the franchise market. The consumables used by the franchises are 60 percent locally sourced and 40 percent imported.

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

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

- **Food:** KFC, Taco Bell, Burger King, McDonald's, Domino's Pizza, TGI Friday's, Pizza Hut, Tony Roma's, Baskin Robbins, Quizno's, Krispy Kreme, Hooters, Papa John's, Froots, Sweet Frog, Chili's, Johnny Rockets, IHOP, Dairy Queen, Fuddruckers, Wendy's, Denny's, P.F. Chang's and Applebee's.
- **Furniture:** Baker, Ethan Allen, Sealy Mattress, Serta, Simmons, Thomasville, and Ashley Furniture.
- **Physical Fitness:** Gold's Gym and Planet Fitness
- **Real Estate:** Century 21, Coldwell Banker, Re/Max.
- **Apparel:** Forever 21, Nautica, Tommy Hilfiger, Guess, Polo Ralph Lauren, VS, Perry Ellis, Nike, among others.
- **Other Services:** Dry Clean USA and Heel Quick.

Direct Marketing

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 to achieve sales growth. Some local firms have used direct mailings (via delivery services) of promotional materials, social media 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

There is considerable joint venture/licensing activity in the Dominican Republic, including 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

Dominican Law No. 340 of 2006 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 are 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 Medina Administration has 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.

For more information and criteria to participate in GODR tenders you may visit the Directorate for Public Purchases and Contracts ([Direccion General de Compras y Contrataciones Publicas- DGCP](#))

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Distribution & Sales Channels

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.

Express Delivery

Reliable courier services are available in certain areas of the country through international and local express delivery companies. The most popular U.S. couriers include FedEx, and UPS. The average delivery time from the U.S. to the Dominican Republic and vice-versa is 1 to 3 days, with a few days delay for packages that require customs clearance. DR Customs may apply taxes on packages with a value of over \$200 US dollars.

Selling Factors & Techniques

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.

eCommerce

Overview

The Dominican regulatory environment for electronic commerce is very supportive; 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](#)

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 no differential treatment among digitally delivered products.

Current Market Trends

The Dominican Telecommunications Institute (INDOTEL) reported that the Dominican Republic recorded a cumulative growth of 4.977% in its active internet accounts in the last twelve years. The Dominican Republic moved from 134,545 accounts in December 2005 to 6,185,564 active accounts as of March 2017.

Domestic eCommerce (B2C)

Even under a 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, mostly business to consumer (B2C).

Within the B2C segment, the banking and telecommunications sectors is where e-commerce has shown the most growth and impact; the hospitality industry has also steadily increased its B2C e-commerce activity. A majority of 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 for overseas but delivered in the DR.

Cross-Border eCommerce

The majority of cross-border eCommerce in the Dominican Republic is with the United States. However, the country of origin of many of the products is from China and other Asian markets. Local couriers have indicated that most international e-commerce transactions are with Amazon and eBay.

B2B eCommerce

There is a growing business to business (B2B) e-commerce market in the Dominican Republic. Main sectors include banking, telecommunications, government transactions and consumer goods.

eCommerce Services

The payment of services using eCommerce platforms have shown a remarkable growth within the last three years, allowing customers to pay all utilities services, official government transactions, such as taxes, certifications, business permits, among other services.

eCommerce Intellectual Property Rights

The GoDR, through Law 126-02 that creates the National Office of Intellectual Property Rights (ONAPI) and its National Strategic Plan, creates a legal framework to protect intellectual property rights in eCommerce. However, ONAPI has identified weaknesses in prosecuting violations of eCommerce IPR, mainly because of a lack of trained and knowledgeable human resources. This represents an opportunity for U.S. businesses to provide products and services to the Dominican government to increase their capabilities and awareness about violations in eCommerce IPR.

Popular eCommerce Sites

There are a number of consumers trading sites such as: Corotos and eMarket, which are very popular and widely used by all economic strata. Major news media publish their papers on-line, including their classified ads sections, to facilitate the flow of information. The payment of services using eCommerce platforms have shown remarkable growth within the last three years, allowing customers to pay online all utility services, official government transactions, such as taxes, certifications, business permits, among other services.

Since 2004, the Dominican Government has initiated the formulation of an Electronic Government strategy with the creation of the Presidential Office of Information and Communication Technologies (OPTIC), through which important initiatives have been implemented with the objective of incorporating ICT in modernizing public administration in the Dominican Republic. Popular government site include: [Direccion General de Impuestos Internal](#).

Online Payment

The Dominican Republic has three platforms (Cardnet, Visanet and Azul) for the processing of payments by credit card and a platform for payments through mobile broadband (Tpago).

The majority of commercial banks and most financial service institutions in the Dominican Republic have websites to assist clients with paying utility bills, monitoring account status, and transferring funds, among others.

Many entrepreneurs and companies with Dominican online businesses use widely known payments methods such as PayPal, 2Checkout, Authorize.Net, Stripe, Amazon Payments, among many others. However, among these PayPal is the most used for its ease of opening, integration and comfortable rates.

Mobile eCommerce

Mobiles are the most used platform for business purposes among SME's with a 41 percent penetration, followed by the use of computers with 8 percent, Internet and e-mail with 7 percent and 5 percent respectively and web page with only 3 percent.

Digital Marketing

The Dominican Republic has shown strong progress in the digital marketing industry with the presence of a wide range of local companies that provide digital services, for the local industry and in partnership with international firms. In 2015, the Dominican Republic hosted “TyCSocial”, the most important event on digital marketing in the region. Businesses and brands continue to grapple with the determining the right design of digital marketing plans capable of drawing the attention of its audiences and generate income through the different digital channels.

Major Buying Holidays

Major buying holidays are similar to the United States: Valentine’s Day; Easter, Mother’s Day, Father’s Day, Back To School, Black Friday, Cyber Monday, and Christmas.

Social Media

The Dominican Republic has a regulation that governs the use of social networks by public institutions; the NORTIC E1: 2014 Standard for the Management of Social Networks in Governmental Organizations published by the Presidential Office of Information and Communication Technologies (OPTIC) together with the Directorate General of Communication (DICOM). The Norm A2 obliges institutions to include links to their social network accounts in visible places. Any institution certified by this standard complies with this requirement.

The General Directorate of Communication (DICOM) is the body created by Decree No. 490-12, which assigns to this agency the functions of designing, coordinating and directing the entire communication governmental policy that must be observed by Dominican society.

The Dominican Republic has 4.5 million active users on Facebook growing by 900,000 users since last year 2016. The DR is the second most active country

in this social platform for Central America and the Caribbean, according to iLifebelt, an independent organization that conducts studies and technical analysis on the use of the Internet and Social Networks in Central America (iLifebelt Studies).

The DR ranked 58th out of 150 in 2016 in the ranking of countries with the most active users in the Facebook, followed by El Salvador (71) and Costa Rica (74). The social network with most Dominican users is Facebook (91.2%) followed by WhatsApp (86.6%).

Trade Promotion & Advertising

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](#)
- [Listin Diario - Daily Newspaper](#)
- [Periódico Hoy - Daily newspaper](#)
- [Periódico El Caribe and Cadena de Noticias - daily newspaper and news network](#)
- [DR 1 Daily news - excerpts of Dominican news in English](#)

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

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 purchase decisions. Products of U.S. origin enjoy a strong reputation for quality and Dominicans are familiar with U.S. pricing practices; CAFTA-DR can provide pricing advantages for U.S. origin products. As Dominican consumers become more affluent and sophisticated, many successful new retail outlets, are concentrating on quality goods and service support.

Sales Service/Customer Support

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 be an opportunity to apply the advanced customer support techniques developed in their home markets.

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

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please review our article on Intellectual Property Rights, under the Investment Climate Statement section.

IP Attaché Contact Dominican Republic

Todd Reves

U.S. Embassy Mexico City

Paseo de la Reforma 305
Colonia Cuauhtémoc
06500 México, D.F.
+52 55 5080-5226
todd.reves@trade.gov

Due Diligence

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

A local attorney is an important partner in establishing operations and advising on doing business in the Dominican Republic. It is advisable to engage an 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.

Principle Business Associations

Cámara Americana de Comercio de la República Dominicana (AMCHAM-DR)

(American Chamber of Commerce of the Dominican Republic)

Av. Sarasota No. 20, Torre Empresarial AIRD, 6to. FL

Santo Domingo, Dominican Republic

Contact: Mr. William Malamud, Executive Vice President

Phone: (809) 381-0777

Fax: (809) 381-0303

E-mail: amcham@claro.net.do

[AMCHAM- DR website](#)

Camara de Comercio y Produccion de Santo Domingo

(Santo Domingo Chamber of Commerce)

Ave. 27 de Febrero No. 228, Torre Friusa, La Esperilla

Contact: Mrs. Lucile Houellemont, Vice President

Phone: (809) 682-2688

Fax: (809) 685-2228

Santo Domingo, Dominican Republic

E-mail: ccpsd@camarasantodomingo.org.do

[Camara de Comercio y Produccion de Santo Domingo website](#)

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

[Camara de Comercio y Producción de Santiago, Inc. website](#)

Consejo Nacional de la Empresa Privada, Inc. (CONEP)

(National Council of Enterprises)

Av. Sarasota No. 20

Torre Empresarial piso 12, Ens. La Julia

Santo Domingo, Dominican Republic

Contact: Mr. Cesar Dargam, Executive Vice President

Phone: (809) 472-7531

Fax: (809) 472-7850

E-mail: conep@conep.org.do

[Consejo Nacional de la Empresa Privada, Inc. \(CONEP\) website](#)

Junta Agroempresarial Dominicana (JAD)

(Dominican Agribusiness Council)

Euclides Morillo No. 51, Arroyo Hondo

Santo Domingo, Dominican Republic

Contact: Mr. Osmar Benitez, Executive Vice President

Phone: (809) 563-6178

Fax: (809) 563-6181

E-mail: jad@claro.net.do

[Junta Agroempresarial Dominicana \(JAD\) website](#)

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: Alvaro Sousa, President

Phone: (809) 567-6779

Fax: (809) 532-1926

E-mail: info@adoexpo.org

[Asociacion Dominicana de Exportadores \(ADOEXPO\) website](#)

Asociacion de Industrias de la Republica Dominicana (AIRD)

(Association of Manufacturers of the Dominican Republic)

Av. Sarasota No. 20 casi esq. Av. Abraham Lincoln

Edif. Torre Empresarial, piso 12, Ens. La Julia

Santo Domingo, Dominican Republic

Contact: Mr. Campos De Moya, President

Phone: (809) 472-0000

Fax: (809) 472-0303

E-mail: aird@claro.net.do

[Asociacion de Industrias de la Republica Dominicana \(AIRD\) Website](#)

Limitations on Selling US Products and Services

U.S. standards are currently accepted and respected by the purchasing entities. Marketing strategies used by successful companies include mass advertisement in television, magazines, newspapers, and radio. Special security media supplements are periodically published.

There are few trade barriers impeding exports to the Dominican Republic. The Central Bank controls the dollar exchange rate.

Web Resources

- [U.S. Commercial Service Caribbean](#)
- [American Chamber of Commerce of the Dominican Republic](#)
- [Santo Domingo Chamber of Commerce and Production \(Cámara de Comercio y Producción de Santo Domingo\)](#)

- [Santiago Chamber of Commerce and Production \(Cámara de Comercio y Producción de Santiago\)](#)
- [Center of Export and Investment of the Dominican Republic \(Centro de Exportación e Inversion de la República Dominicana - CEI-RD\)](#)
- [Central Bank of the Dominican Republic](#)

Leading Sectors for US Exports & Investments

Agricultural Sector

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

Phope: (809) 368-7741

E-mail: AgSantoDomingo@fas.usda.gov

[USDA-Office of Agricultural Affairs Website](#)

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. [The 2016 Exporter Guide Report](#)

Wheat

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

Wheat*				
Details	2013	2014	2015	2016
Total Market Size	93	115	97	92
Total Local Production	0	0	0	0

Wheat*				
Total Exports	67	68	42	26
Total Imports	160	183	139	118
Imports from the U.S.	155	159	95	85

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

DR's General Customs Directorate (DGA)

*HS classification codes included: 1001, 1101, 190219, 190230, 190240

In spite of relatively high wheat prices throughout the last few years, the amount of imported wheat into the Dominican Republic remains above 530,000 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 Dominican Republic imported 526,503 MT of wheat during Marketing Year 2015/16 (MY 2015/16), a significant decrease from the 557,091 MT imported during MY 2014/15. The decrease in imports is explained by: 1) lower demand for wheat flour and wheat products from Haiti and Venezuela; and 2) lower local demand from one of the most important mills of the country, which shut down part of its operations to modernize them. The United States faces increased competition from Canada in the local market. Historically, Canada has provided wheat to the Dominican market in years of overproduction. However, during the last three Marketing Years, Canada has been regularly supplying Dominican millers. Under the right price conditions, local millers cite a preference for Canadian wheat due to prices and higher protein content. However, this trend is not expected to continue in the long term.

Opportunities

Product quality, proximity, and price, in addition to market support and technical assistance efforts such as the ones provided by U.S. Wheat Council, 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 and competition from Canada, wheat imports from the United States may continue to decrease slightly in the short term.

Resources

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

Soybean Meal

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

Soybean meal				
Details	2013	2014	2015	2016
Total Market Size	177	214	187	221
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	177	214	187	221
Imports from the U.S.	160	192	187	221

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), which reached a record level during 2016. 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. This higher input will be needed to meet increased demand from the Government's Public Schools Feeding Program and other social programs.

Opportunities

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.

Resources

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

Corn

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

Corn				
Details	2013	2014	2015	2016
Total Market Size	261	229	221	231
Total Local Production	16	13	14	13
Total Exports	1	1	1	1
Total Imports	246	217	208	219
Imports from the U.S.	27	137	86	88

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas
Central Bank of the Dominican Republic

Historically, the United States has dominated the corn market in the Dominican Republic, enjoying close to 100 percent market share until 2009. Since that year, persistent complaints concerning dust levels, mycotoxins presence, 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. Even though this trend reversed itself during MY 2013/14, U.S. market share declined during MY 2015/16 to only 17 percent of imported corn. Post expects U.S. market share to increase during MY 2016/17 due to lower U.S. prices and increased availability.

However, it is anticipated that a record corn crop in Brazil and a larger global supply during MY 2017/18 could encourage the local buyers to source from South America.

Opportunities

Product quality, proximity and price, in addition to cooperator 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.

Resources

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

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

Consumer Oriented Products				
Details	2013	2014	2015	2016
Total Market Size	1,245	1,294	1,314	1,338*
Total Local Production	480	485	514	527*
Total Exports	222	225	230	236*
Total Imports	987	1,034	1,030	1,047
Imports from the U.S.	473	616	518	531

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

Imported consumer-oriented food 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 40-50 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 descent and they often 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 eleventh year of the CAFTA-DR, we estimate that consumer-oriented product imports from the United States have increased more than 300 percent, placing the Dominican Republic in the top 20 most important trading partners. Within the Western Hemisphere, recent data indicates that the DR continues to be the third largest import market for consumer-oriented items.

Opportunities

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.

Resources

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

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

Selected Dairy Products				
Details	2013	2014	2015	2016
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	114.0	119.0	90.5	83.1
Imports from the U.S.	25.0	33.5	16.4	14.9

Sources: USDOC/U.S. Census data; Global Trade Atlas

There is no comprehensive set of data for the Dominican dairy sector.

Above data represents the main six dairy products imported by the DR using data at the HS four digit level. The six main products under each HS category in order of importance are: 1. Powdered Milk/HS 0402; 2. Cheese in General/HS 0406; 3. Liquid Milk/HS 0401; 4. Yogurt/HS 0403; 5. Ice Cream/HS 2105; and 6. AMF (Anhydrous Milk Fat)/HS 0405.

Dominican imports of the main six dairy products exhibited a small 1.2 percent growth in value terms from 2013 to 2016, while imports from the United States of the same six products showed a decline of 3.6 percent during the same period. Substantial declines occurred in imports from the U.S. of AMF (HS 0405; -82.1%), powdered milk (HS 0402; -40.3%) and yogurt (HS 0403; -2.6%). Nevertheless, strong increases in imports from the United States were registered in liquid milk (HS 0401; 473%), ice cream (HS 2105; 68.1%) and cheese in general (HS 0406; 20.8%).

The main six dairy products imported by the DR averaged \$176.2 million, while imports from the United States averaged \$57.5 million (32.6%) for the 2013-2016 period. Imports of U.S. Cheese in general shows, the largest average (\$23.4 M) out of the six products. For the same period, the average imports from the United States of the other products are as follows: Powdered Milk (\$22.4 M), Liquid Milk (\$5.1 M), Yogurt (\$2.8 M), Ice Cream (\$2.4 M), and AMF (\$1.2 M).

Although there are some import restrictions to protect local producers, the implementation of the CAFTA-DR agreement is gradually opening the market. In 2013, dairy exports from the United States reached an all-time high of more than US\$87 million. When the market completely opens for U.S. products, imports are expected to increase. Currently, the U.S. market share of those six products is approximately 33 percent.

The European Union (powdered milk and cheese), Costa Rica (liquid milk/Dos Pinos), New Zealand (AMF), and Mexico (ice cream) are the major competitors.

Opportunities

The duties on U.S. dairy products exported to the Dominican Republic are being phased out under the CAFTA-DR agreement. Tariffs and quotas for liquid milk, butter, fresh cheese, cottage cheese, curd and soft cheese were eliminated beginning in 2015 and for ice cream in 2016. Tariffs and quotas for cheddar cheese will be eliminated in 2020 and for mozzarella cheese, powder milk, and yogurt 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.

Resources

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

Rice

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

Rice				
Details	2013	2014	2015	2016
Total Market Size	N/A	297	304	321
Total Local Production	307	300	304	315
Total Exports	N/A	15	8	4
Total Imports	8	12	8	10
Imports from the U.S.	8	12	8	10

Sources: Central Bank; ONE export database;
Unofficial estimate by FAS based on industry and USDOC/U.S. Census data;
Global Trade Atlas

Rice is one of the most important agricultural products in the country due to its political, economic and social impact on Dominican society. The country is self-sufficient in rice production, although this self-sufficiency is based on governmental support through: 1) programs such as the *Pledge Program* (Programa de Pignorción); and 2) measures that limit rice imports such as the discretionary management of import permits.

These measures continue to limit the volume of U.S. rice that could potentially compete in the local market. Under the CAFTA-DR, tariff rates for rice started to decrease during 2016 and will be phased out in 2025. Current import tariff rate for US rice is 83.16 percent.

Opportunities

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 2025.

Resources

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 Beans

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

Pulses, Dried Beans				
	2013	2014	2015	2016
Total Market Size	96	89	98	108
Total Local Production	68	64	54	69
Total Exports	0	0	0	0
Total Imports	28	25	44	42
Imports from the U.S.	23	21	39	39

Sources: Dominican Republic's Central Bank;
Oficina Nacional de Estadísticas (ONE) export database;
Unofficial estimate by FAS based on industry and USDOC/U.S. Census data;
Global Trade Atlas

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, production can no longer meet demand. Over the last five years, worldwide dried bean imports to the DR have averaged more than 25,000 metric tons per year, reaching an estimated value of US\$39 million in 2016, due to production shortfalls.

Most dried bean imports into the DR come from U.S. ports located in the Gulf of Mexico.

The Dominican market prefers North American pinto beans to the South American variety due to quality, phytosanitary standards, proximity, and price. Continued U.S. presence in this market is assured with CAFTA-DR providing a TRQ every year, tariff rates for beans phasing out in 2020, and the current production situation in the country.

Resources

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

Automobile Parts

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

In the Dominican Republic, the demand for automotive spare parts is linked to the aging car population (66.5 percent of the automobiles were manufactured in 2000 or before), growth in total vehicle population (6.7 percent annual growth in 2016), and the deterioration of Dominican streets and roads.

	2015	2016	2017 (estimated)
Total Market Size	223	275	278
Total Local Production	6	6	6
Total Exports	4	4	4
Total Imports	221	273	276
Imports from the U.S.	144	178	180

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Sources: U.S. Census Bureau, Economic Indicators Division

Statistics from the Department of Economic Studies of the Internal Revenue Directorate of the Dominican Republic indicate that as of December 2016 there are 3.8 million vehicles circulating in the Dominican Republic, reflecting a 6.7 percent increase from 2015.

Out of this total vehicle population:

- 54.4 percent are motorcycles (2.1 Million)
- 21.1 percent are automobiles (816,470)
- 10.5 percent are trucks and pick-up trucks (405,292)
- 10.0 percent are SUV's (386,706)
- 2.4 percent are buses (92,144)
- 1.5 percent are others [ambulances, heavy equipment, etc.] (57,230)

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 (71.5 percent of vehicles in the Dominican roads are made in Japan). However, 65 percent of all automotive spare parts (including Asian products) are imported from the U.S. because of proximity and logistics considerations. Although there is local production of batteries and radiators, it only accounts for a small percent of the total market, while the rest of the market is supplied from imports.

Leading Sub-Sectors

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

- Used parts
- Diagnostic equipment

Opportunities

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 for motorcycle spare parts.

Web Resources

- Maria Elena Portorreal, *Senior Commercial Specialist*;
maria.portorreal@trade.gov
- [Report on the Dominican Vehicle Population \(Parque Vehicular\)](#)

Building Products

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

In the last 3 years construction activity showed remarkable growth in the Dominican Republic, this reflects the substantial investment by the Dominican Government, as well as the private sector. According to information provided by the Dominican Republic Central Bank, the construction sector has been one of the most active and dynamic with a growth rate of 10.7 percent for the last year 2016 and representing over a 9 percent of added value to the Dominican GDP.

	2015	2016	2017 (estimated)
Total Market Size	559.8	571.2	582.2
Total Local Production	33	38.1	39.0
Total Exports	14	18	19.0
Total Imports	540.8	553.1	562.2

	2015	2016	2017 (estimated)
Imports from the U.S.	135.9	149.8	154.5

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Sources: U.S. Census Bureau, Economic Indicators Division; DR General Customs Directorate

Dominican Government investment in public works remained similar in 2016 when compared to 2015, over \$750 million. The factors contributing to this growth are investments made by the Dominican Government in construction activity related to several mega-projects; including the several highways infrastructure systems, the elevating of several major avenues in Santo Domingo, second Metro line of Santo Domingo, the construction of 10,000 new classrooms, low-income housing projects nation-wide, and other infrastructure improvements.

Currently U.S. products enjoy an import market share of approximately 26 percent. We expect this share to maintain steady growth through 2017. US exports to the DR grew by 9.3 percent when comparing 2015 to 2016.

Best sales prospects, at least for the short term, include products used in the construction of low-to-medium cost housing, malls and commercial buildings; and public works mega-projects, such as highways, bridges and marine ports.

There is strong competition in this sector as companies from U.S., Asia, Europe and various Central and South American countries attempt to develop export opportunities. In order of importance, the main selling points for building products are: price, quality, and time to delivery.

The local building industry is open to foreign companies interested in selling their products in the Dominican market. The best way to enter the market is by finding a distributor who is familiar with the Dominican technical

requirements and who can be as competitive and aggressive as the ones already working with other foreign companies.

Since the Dominican Republic is a member of CAFTA-DR, most U.S. manufactured goods enter the country at either zero tariff rates or at low tariffs which will be largely phased out by 2017. CAFTA-DR thus gives U.S. companies a significant trading advantage over non-CAFTA-DR competitors. However, the openness of the market has not been fully favorable for the U.S. companies, as other countries have been aggressively entering the Dominican market, resulting in a significant increase in competition.

Leading Sub-Sectors

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. as Dominican houses in the cities 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-galvanized zinc sheeting. It is interesting to note that in the past two years the Dominican builders are incorporating 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 upscale building apartments that are 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 steel 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 may 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 not been significantly increasing in the past years. However, the market still offers significant advantages to US exporters. Many local end-users/importers have expressed that numerous US companies have failed in following up with potential buyers, meanwhile suppliers from other countries are quite aggressive when applying their selling techniques.

Web Resources

- Sheila Diaz de Andujar, *Senior Commercial Specialist*; sheila.diaz@trade.gov
- [Ministerio de Obras Publicas y Comunicaciones – MOPC – \(Ministry of Public Works and Communications\)](#)
- [Colegio Dominicano de Ingenieros, Arquitectos y Agrimensores – CODIA – \(Dominican Association of Engineers and Architects\)](#)

Hotel and Restaurant Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

One of the main pillars of the Dominican economy continues to be the tourism sector. During the period January – December 2016 the number of tourists that entered the Dominican Republic via different international airports and ports totaled 5,959,347; reflecting a 6.42 per cent increase when compared to the 5,599,859 tourists that visited during the same period in 2015.

	2015	2016	2017 (estimated)
Total Market Size	47	48	49

	2015	2016	2017 (estimated)
Total Local Production	3	3	4
Total Exports	-	-	-
Total Imports	44	45	45
Imports from the U.S.	22	20	22

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Source: U.S. Census Bureau, Economic Indicators Division

Moreover, it is important to note that there are over 74,791 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 78 per cent during the year 2016, reflecting an increase of 3.3 per cent when compared to the year 2015.

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 be assessed a 20 percent duty, while most US made products in this sector enter the Dominican Republic duty free.

Leading Sub-Sectors

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

Opportunities

Tourism investment experienced an increase in 2016 which is expected to continue in 2017 with several projects at the construction and planning stages. The construction of new hotels or the remodeling of existing facilities has traditionally focused in the resort areas in the eastern or the northern part of the country; recently, investments are flowing into developing tourism

within the capital city of Santo Domingo. There are now 27 hotels offering services in the Santo Domingo area, which has been experiencing an increase in the MICE (Meetings, Incentive, Conventions and Events) sector after the opening of the Convention Center of the Ministry of Foreign Affairs. The Association of Hotels of Santo Domingo has communicated in press conference that there are 5 new hotels in the pipeline to open in Santo Domingo over the course of the next 2 years.

A number of foreign-owned American franchise hotels have also appeared in recent years, and competition in the city for business travelers and North American tourists has intensified. The JW Marriott, a Venezuelan investment that caters to business travelers, opened in September 2014 with 150 rooms. Already there are plans for an additional 220-room complex adjacent to the existing one in the high-end Blue Mall. A 227-room Intercontinental Hotel (Poma Group, Salvadoran) just blocks away opened in 2016. There is also a pattern in recent years of remodeling an older hotel to the standards of the American franchise. This is true for Radisson (owned by Royal Group; Colombian), Sheraton (owned by National Hotels; Dominican), Crowne Plaza, and Holiday Inn (the latter two owned by Inverplata; Venezuelan), which compete for business travelers alongside Hilton and Embassy Suites.

Ownership in the tourism sector is somewhat diversified, with Spanish and French groups accounting for a number of well-known hotels and resorts, which cluster primarily in the Punta Cana area. These groups include: The Meliá Hotels (Spanish); the Barceló Group (Spanish); Bahia Principe (Piñero Group, Spanish); Accor and ClubMed (both French).

These investments present a variety of opportunities for those US companies that support the development of tourism infrastructure and supply equipment and consumables for new or existing hotels and/or expansion projects.

Web Resources

- Maria Elena Portorreal, *Senior Commercial Specialist*;
maria.portorreal@trade.gov
- [Association of Hotels and Restaurants of the Dominican Republic](#)
 - ~ Asonahores organizes an annual trade exposition for hotel suppliers. The yearly held “Exposicion Comercial ASONAHORES” will take place in September.
- [Ministry of Tourism](#)

ICT & Services / Computers and Peripherals

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Computers and Peripherals (Millions of U.S. Dollars)

	2015	2016
Total Market Size	2.9	4.5
Total Local Production	0	0
Total Exports	0	0
Total Imports	2.9	4.5
Imports from the U.S.	1.54	3.65

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – U.S.\$1

Sources: U.S. Census Bureau, Economic Indicators Division; Dominican Republic Customs Directorate

The Dominican market for computers and peripherals and IT services has experienced continuous growth over the past years and anticipate that the market will continue to increase due to a combination of price reduction, availability of attractive financing packages, and technology changes that characterize this sector.

The Medina administration has announced an ambitious initiative, “República Digital,” with the objective of overhauling the country’s education sector nation-wide through technology. There are plans to provide a computer for every student in the public school system, create a national

digital library, reduce internet access costs, as well as educate teachers and students on many different technology areas (multimedia, web development, software, social media, e-commerce, etc.). This project offers an opportunity for US companies in the areas of hardware, software, cloud computing, infrastructure, communications, etc. to enter the Dominican market.

Leading Sub-Sectors

The most promising sub-sectors within this sector are:

Cloud storage: Dominican companies and the government are in the early stages of adopting this technology creating numerous opportunities for US companies. The biggest challenge to market entry is convincing IT executives and company owners that the cloud is just as safe (if not more) as having physical storage on their premises. Local businesses are wary of placing confidential / important information on the cloud, so it is important to inform them of security measures offered so they can become familiar with the advantages.

Peripherals (power supplies, keyboards, card key and magnetic media entry devices): The Dominican market for computers and peripherals has experienced a continuous growth over the last three years and the market will continue to increase due to a combination of price reductions, attractive financing packages, and technology changes that characterize the sector. The market is dominated by American brands and this trend will likely continue due to the free trade agreement (CAFTA-DR) that allows for duty free imports of computers and peripherals. There is also a market for used / refurbished equipment in the market.

Other Sub Sectors:

- Software
- Enterprise Software (payroll management, IT Service Management, etc.)

- Middleware

Opportunities

The key to sustained sales is a partnership with a local distribution company that is familiar with the market and has access to contacts in the industry. A local distributor is invaluable for after-sales services and maintenance.

Specific to cloud services, it is very important to show potential customers that their data is safe, confidential, and encrypted. Some companies may still want to have a physical means of storage at their premises, and only use the cloud for non-sensitive data.

The three most important factors in selling computer hardware and peripherals in the Dominican Republic are price, service support, and timely supply of spare parts.

U.S. manufacturers of computers and peripherals interested in the Dominican market need a competent local agent, distributor or representative, unless they plan to open their own branch office or subsidiary. A good agent should be able to provide technical assistance and local servicing, and be well acquainted with local political dynamics and business customs.

Web Resources

- Javier Suarez, *Commercial Specialist*; javier.suarez@trade.gov
- [Official Government website of the República Digital Project](#)
- [Dominican ICT Chamber](#)
- [Dominican Government ICT office](#)

Medical Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The Dominican market for medical equipment is mainly supplied by imports, about 85 percent of which comes from the United States. The import market is expected continue to grow about 4 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 increased medical tourism, Dominican Social Security law requirements, and continued hospital growth (to cover the demand of the local population as well as of international visitors). Also the construction and remodeling of public hospitals, which since 2015 is part of the General Health Plan developed by the present Administration, will support the demand of medical equipment and other related products.

	2015	2016	2017 (estimated)
Total Market Size	326	340	348
Total Local Production	150	154	160
Total Exports	146	148	157
Total Imports	322	334	345
Imports from the U.S.	286	288	292

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Sources: U.S. Census Bureau, Economic Indicators Division

Most medical equipment, supplies and hospital furniture obtained by public and 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.

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 or in the process of obtaining accreditation through the Joint Commission.

To succeed in the Dominican medical equipment market, it is advisable to have a local distributor that provides 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 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.

Leading Sub-Sectors

- Electro-medical equipment: electro-surgical instruments, electro-diagnostic apparatus
- Homecare equipment (for respiratory and sleep related illnesses)
- Surgical Instruments and Disposable supplies
- Orthopedic Devices
- Diagnostic Imaging equipment
- Ultrasonic Scanning Apparatus

- Patient monitoring systems
- Daily living aids
- Mobility products, and
- Hospital furniture

Opportunities

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.

Web Resources

- Yira Roa, *Commercial Specialist*; yira.roa@trade.gov
- [Dominican Ministry of Public Health](#)
- [Superintendence for Healthcare and Labor Risks](#)

Renewable Energy

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The electric power generation and distribution sector is perhaps the most challenged part of the Dominican Republic's economy. The country continues experiencing frequent electrical outages that can last from several minutes to several days; nevertheless, the DR is poised for an energy transformation. Proposed electric sector reform known as the Electric Pact (Pacto Eléctrico) is intended to increase the nation's competitiveness and improve Dominicans' standard of living, however this is progressing slowly.

The DR'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 historically high 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 clean and renewable energy generation 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 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 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
- 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.

Net Metering legislation

In July, 2011, net metering legislation was developed for residential wind or solar installations smaller than 25 kW and commercial facilities under 1 MW, making them eligible to receive credits for excess power exported to the grid. Under this program, a significant number of customers have connected renewable sources to the grid. Besides using Net Metering system customers can reduce their monthly bills.

Opportunities

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. 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.

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 Dominican Corporation of State Electric Companies (CDEEE) announced the start of eight energy generation projects from renewable sources. These projects will provide 361.2 MW of new generation capacity to the national grid. The eight projects are supported by private investments for a total of US\$780 million.

The current Executive Vice President of CDEEE, Rubén Jiménez Bichara advises that these projects, in the short term will increase the availability of clean energy in the Interconnected National Electricity System (SENI) to 556.21 megawatts. He also assures that the DR Government is committed to supporting projects for energy generation based on non-petroleum-based fuels, such as wind, sun, water and other renewable sources.

Although the National Energy Commission (Comision Nacional de Energia – CNE) has approved several concessions to foreign and local companies for the development of solar, wind and biomass projects, according to the CNE, the lack of financing has impeded the majority of these projects to be developed.

However, there are business opportunities in the private sector for renewable energy, mainly for small solar projects to be developed in military facilities,

airports, intelligent buildings, malls, and medium to large companies interested in reducing their electricity bills. Other promising projects are the development of biomass systems.

Renewable Energy Projects

Los Cocos – Quivio Cabrera Eolic Park:

Los Cocos Wind Farm, the first grid-connected windfarm in Dominican Republic and is located in the Barahona and Pedernales Provinces. The project consists of 40 wind turbine generators with an installing capacity of 77MW. The Dominican National grid under the supervision of the National Interconnected Electricity system distributes the resulting electricity that diversifies the Dominican energy matrix, which relies heavily on fossil fuels.

Larimar Eolic Park:

Larimar is located in Enriquillo, Barahona. The park is composed by 15 aerial generators Vesta V112, each unit featuring a 140mts height and a production capacity of 3.3MW each, for a total setup capacity of 49.5MW.

Solar:

Monte Plata Solar: First phase: 30MW

Monte Plata Solar, located in Monte Plata north of Santo Domingo, recently inaugurated is the largest photovoltaic solar power plant in the Caribbean. The solar plant will supply 30MW of electricity directly into the national grid. A second phase has already broken ground and will add another 30MW.

Biomass:

San Pedro Bio Energy opened in San Pedro de Macoris, west of Santo Domingo, a 30MW biomass plant. The plant will use the sugar cane residue (“bagasse”) as fuel for the plant.

Web Resources

- Yira Roa, *Commercial Specialist*; yira.roa@trade.gov
- [Comisión Nacional de Energía](#)

Safety and Security Equipment and Supplies

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

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 190 companies providing security services, including guards, alarms monitoring, protection (body guards), among other services.

	2015	2016	2017 (estimated)
Total Market Size	29.7	34	39.1
Total Local Production	0.7	1	1.2
Total Exports	0	0	0
Total Imports	30	33	37.9
Imports from the U.S.	12.9	13.8	14.6

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Source: U.S. Census Bureau, Economic Indicators Division

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.

Physical security companies has significantly increased in the last 5 years by 25 percent, also it's been noteworthy the amount of companies currently selling safety and security equipment, when comparing when previous years when there were not more than a handful.

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 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 the 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. Expansion to Santiago, the second largest city in the country, is expected to be completed by fall 2017.

Leading Sub-Sectors

U.S. market share of the alarm systems and parts market has been approximately 45 percent 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. Cyber security has become also a very important component of the sector; banking and credit card related security software and training are also best prospects.

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 60 providers of alarm monitoring services country-wide, serving over 70,000 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

- Sheila Diaz de Andujar, *Senior Commercial Specialist*; sheila.diaz@trade.gov
- [Sistema Nacional de Atención a Emergencias \(911 System\)](#)
- [Superintendencia de Vigilancia Privada – Ministerio de Defensa de la Republica Dominicana \(Private Security Superintendence – DR Defense Ministry\)](#)

Sporting Goods

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The Dominican market for sporting goods and recreational equipment reached an estimated US\$17.45 million in 2016. Even though this is a decrease of 17 percent versus 2015, it means a growing trend for the sector; this is because the significant increase in 2015 was due to mainly imports of gym equipment (US\$5 million), as many new gym franchises opened that year. Sporting goods imports from the U. S. in 2016 were US\$15.6 million, representing 90 percent of the import market. Major U.S. products were

athletic footwear, fitness equipment, water sports and baseball equipment. It is expected that the sporting goods market will grow approximately 7 percent in 2017, reaching a projected US\$18.5 million.

	2015	2016	2017 (estimated)
Total Market Size	21.15	17.45	18.5
Total Local Production	0.15	0.25	0.15
Total Exports	0	0	0
Total Imports	21.0	17.25	18.35
Imports from the U.S.	18.0	15.6	16.3

Unit: (Millions of U.S. Dollars)

Exchange rate: RD\$45.95 – US\$1

Source: U.S. Census Bureau, Economic Indicators Division

The market for sporting goods and recreational equipment in the Dominican Republic has experienced continuous growth over the past years. Local distributors have imported a wide variety of equipment and goods originating in Southeast Asia, North America and Europe. Over the last five years, the number of stores specializing in sporting goods has grown, and all major department stores now offer a wide selection of sporting goods. Local distributors supply more than 80 percent of the total market demand.

Baseball has always been the dominant sporting activity in the Dominican Republic, followed by sports such as basketball, volleyball, and tennis. In the recent years physical fitness equipment and accessories, running, cross-fit and soccer have rapidly taken a leading position in the market.

Leading Sub-Sectors

The most promising sub-sectors within this sector are:

Athletic Footwear

The market for athletic footwear can be divided into two categories:

1) Inexpensive to medium prices commodities, which is limited to low quality sneakers and in many cases labeled with poorly produced copies of international brands.

2) Expensive items: This category includes internationally recognized brands: Nike, Reebok, New Balance, Asics, Saucony (USA), Adidas, Puma (Germany), among others. These items are purchased by medium to high-income consumers. Amateur and professional athletes regularly buy expensive athletic footwear.

Fitness Equipment

The U.S. is the number one supplier of professional gym equipment, which is considered to be of the best quality by importers. In the case of home fitness equipment, Asian products dominate the market by copying U.S. technology and manufacturing products with low-quality components.

Another potential market segment, which U.S. firms should not ignore are franchised gyms, currently Gold's Gym, Planet Fitness and Smart Fit are successfully operating in the country. Presently, they offer the most sophisticated equipment. Hotels and Resorts also operate their own fitness centers. Fitness equipment is channeled through specialized fitness equipment stores, sporting goods stores, and large department stores.

There is great export potential for U.S. companies in the area of home cardiovascular equipment such as treadmills, exercise bikes, stair steppers and climbers. Active U.S. brands in this sub-sector are: Bollinger, Athletic Way, Life Fitness, Wieder, and Universal.

Baseball Articles and Equipment

Baseball, the "King Sport" as it is called by Dominicans and has always been the traditional sporting activity in the country. It is part of the Dominican

culture and it is expected to maintain its popularity among Dominicans of all ages.

Water sports Equipment

This sub-category would include: boating & sailing, diving, fishing, kayaking & canoeing, snorkeling and the development of new marinas.

It is important to mention the tourism sector, one of the three pillars of the Dominican economy. Hotels and Beach Resorts in the Dominican Republic have the highest growth potential within the water sports equipment market. Currently, there are more than 70,000 hotel rooms in the country, and close to 6 million tourists visit the country on 2015, which create a large demand for water sports products that include: windsurfing, snorkeling, watercrafts and jet skis. This type of equipment is used mostly by tourists.

Opportunities

There are opportunities for U.S. exporters of sporting goods in a number of sub-sectors of the economy. In recent years, Dominicans have become more conscious about health and exercise, making it part of their daily routines. In addition, there is good sales potential for apparel and equipment related to soccer, Zumba, yoga, Pilates, cross fit and running, which have become the areas of most growth.

Also, the Dominican Republic has seen an increase in both boutique and franchise gyms, so the demand for fitness equipment has increased.

Customs, Regulations & Standards

Trade Barriers

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 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 Directorate (DIGEGA) of the Ministry of Agriculture and, in the case of dairy products, from the Ministry of Health/DIGEMAPS) , 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 years. Very small amounts of these products are also allowed in duty free each year under a Tariff Rate Quota (TRQ) regime.

For more information and help with trade barriers please contact:

- International Trade Administration
Enforcement and Compliance
(202) 482-0063
ECCommunications@trade.gov
[Enforcement and Compliance Website](#)

Import Tariff

The Dominican Republic's membership in CAFTA-DR provides U.S. exporters with significant advantages with regard to tariff treatment.

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 99 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 20 years (ending in 2025). For more information on CAFTA-DR Tariff Elimination Schedule, visit the [U.S. Government Export Portal](#)
- **Luxury or Excise 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.

Import Requirements & Documentation

(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 General Customs Directorate (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 [Rules of Origin for Free Trade Agreement](#)

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: [Sample Certification](#)

[To see an unofficial English translation of the accompanying instructions](#)

Import licenses are not required for most products, except pharmaceutical products (drugs, cosmetics and skin care products, cleaning 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 at the Ministry of Public Health at: [Ministerio de Salud Publica](#) or [Ventanilla Unica de Servicios](#)

(B) Agriculture: 2016

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 eight years: rice, beans, chicken and parts, pork, onions, powder milk, 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 while their duties are phased out.

The most restrictive trade practice, however, is the requirement that import permits be obtained from the Minister of Agriculture/Agriculture and Livestock Promotion Directorate (DIGEGA) 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. Additionally, beginning on April 1st 2017, the Ministry of Health/DIGEMAPS is requiring that all dairy products be registered in the Sanitary Registry and that all consumer-ready food imports have a Spanish label attached at origin.

Labeling/Marking Requirements

INDOCAL is the Dominican governmental body overseeing the formulation, and implementation of national quality norms which are enforced by the Ministry of Health through the Direccion General de Medicamentos, Alimentos y Productos Sanitarios (DIGEMAPS).

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.

[Instituto Dominicano para la Calidad \(INDOCAL\)](#)

U.S. Export Controls

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

Temporary Entry

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. The Dominican

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.

Prohibited & Restricted Imports

There are few prohibitions on imports, although discretionary import licenses are required from the Ministry of Agriculture (and Ministry of Health/DIGEMAPS for dairy products) for most agricultural products. These appear to limit imports of many items that the government perceives as competing 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

There are over 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 Américas International Airport, and the Port of San Pedro de Macorís.

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:

General Customs Directorate

Av. Abraham Lincoln No. 1101

Santo Domingo, Dominican Republic

Phone: (809) 547-7070 ext. 220

Fax: (809) 687-3486

[General Customs Directorate Website](#)

Standards for Trade

Overview

The Dominican Standardization System follows international guidelines and it is compatible with the 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 was created to replace 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 Información sobre Reglamentación Técnica); and ODAC (Organismo Dominicano para la Acreditación), 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

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- Dirección de Comercio Exterior) under the Ministry of Industry and Commerce.
- CEDIRET (Centro Dominicano de Información sobre Reglamentación Técnicas) 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).

Testing, inspection and certification

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](#)

There are two accreditation laboratories in the Dominican Republic. One is for electrical equipment, which is mainly used by the electricity utilities to test 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 Innovación en Biotecnología 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

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 development 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 as the center for the promotion, data base, and publication of quality standards.

Contact Information

Instituto Dominicano para la Calidad

(Quality Dominican Institute)

Calle Olof Palme and the corner of Av. Núñez de Cáceres

Los Prados

Santo Domingo, Dominican Republic

Contact: Ing. Manuel Guerrero, General Director

Phone: (809) 686-2205 ext. 319

Fax: (809) 686-2235

E-mail: indocal@indocal.gob.do

[Instituto Dominicano para la Calidad Website](#)

U.S. Department of Agriculture (USDA)

Foreign Agricultural Service (FAS)

Phone: (809) 368-7741

E-mail: agsantodomingo@fas.usda.gov

[U.S. Department of Agriculture \(USDA\) Website](#)

Contact: Elizabeth Autry, Agricultural Attaché

U.S. Department of Commerce

U.S. Commercial Service

Phone: (809) 368-7249

E-mail: Office.SantoDomingo@trade.gov

[U.S. Department of Commerce Caribbean Website](#)

Contacts: David McNeill, Senior Commercial Officer

E-mail: david.mcneill@trade.gov

Sheila Diaz de Andújar, Senior Commercial Specialist

E-mail: sheila.diaz@trade.gov

Trade Agreements

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

Other trade agreements in force:

The Dominican Republic has Multilateral Agreements with WTO members; free trade agreements with CARICOM, CARIFORUM - European Community, and Central America; a Preferential Trade Agreement with Panama; and Bilateral Investment Treaties with Chile, Finland, France, Italy, Korea, Morocco, Netherlands, Panama, Taiwan, Spain, Switzerland, and. However, these do not provide the level of protection to investors generally offered by U.S. bilateral investment treaties.

Licensing Requirements for Professional Services

Licensing requirements for professional services in the Dominican Republic may vary depending on the type of service to be provided. However, the duty for services rendered by a foreign provider is 25 percent and that it is the responsibility of the local company to withhold at the moment of payment and then pay to the local DGII (IRS).

Web Resources

- [U.S. and Foreign Commercial Service](#)
- [U.S. Foreign Agricultural Service](#)
- [Instituto Dominicano para la Calidad](#)
- [Dominican Directorate of Customs](#)

Investment Climate Statement

Executive Summary

The Dominican Republic is an upper middle income country and the largest economy in the Caribbean region. In 2016, the Dominican economy grew an estimated 6.6 percent according to the Central Bank, making it the fastest-growing country in Latin America. Growth was led by public and private sector construction, financial services, mining, and tourism.

The Dominican Republic has adopted policies of greater openness to international trade and investment in the last decade. As a result, foreign direct investment (FDI) plays a prominent role in the country's economic development. According to the U.S. Bureau of Economic Analysis, U.S. foreign direct investment (FDI) in the Dominican Republic was USD 1.4 billion in 2015, an increase of 11.9 percent over 2014. The Dominican Republic is among the main recipients of FDI in the Caribbean and Central America. The tourism, real estate, telecommunications, free zones, mining, and financing sectors are the largest recipients of foreign direct investment. Historically, the United States has been the largest investor, followed by Canada and Spain. The strength of the U.S.-Dominican trade relationship stems from close geographic proximity and the historical, cultural, and personal ties that many Dominicans have with the United States.

The Dominican Republic-Central America Free Trade Agreement with the United States (CAFTA-DR), in force now for ten years, has increased bilateral trade between the United States and the Dominican Republic from U.S. USD 9.9 billion the year

before CAFTA-DR implementation to USD 12.5 billion in 2016. CAFTA-DR is also credited with increasing competition, improving the rule of law, and expanding the range of choices and access to quality products in the Dominican Republic. CAFTA-DR includes a number of protections for foreign investors, including mechanisms for dispute resolution.

Despite the stable macroeconomic situation, significant systemic problems remain in the Dominican Republic. Foreign investors cite a lack of clear, standardized rules by which to compete and a lack of enforcement of existing rules.

Complaints include allegations of widespread corruption, requests for bribes, delays in government payments; weak intellectual property rights enforcement, bureaucratic hurdles, slow and sometimes biased judicial processes, non-standard procedures in customs valuation of imported goods, as well as product misclassification as a means of negating CAFTA-DR benefits and increasing customs revenues. Weak land tenure laws and government expropriations continue to be a problem, though less so than in previous years. The Dominican authorities have carried out some reform efforts aimed at improving transparency, especially fiscal transparency. Nevertheless, corruption and better implementation of existing laws are openly and widely discussed as key public grievances.

The Dominican government in 2016 was the subject of several corruption scandals, sparking public protests and calls for institutional change. The government's response to these scandals and whether it makes a genuine effort to end impunity will likely have a significant impact on whether it continues to be seen as an attractive market for foreign direct investment. The investment climate in the coming years will largely depend on sustaining the political will to implement reforms necessary to promote competitiveness and transparency, rein in the public debt, and end widespread corruption.

Table 1

Measure	Year	Index/Rank	Website Address
---------	------	------------	-----------------

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	120 of 176	Transparency Rankings
World Bank's Doing Business Report "Ease of Doing Business"	2016	103 of 190	Doing Business Rankings
Global Innovation Index	2016	76 of 128	Global Innovation Report
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD \$1.4 billion	BEA Factsheet
World Bank GNI per capita	2015	USD \$6,240	World Bank

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Under the Foreign Investment Law (No. 16-95), dated November 20, 1995, 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. The Dominican Republic provides certain tax incentives to investment in tourism, renewable energy, film industry, Haiti-Dominican Republic border development, and the industrial sector.

The Dominican Republic is a signatory of the Free Trade Agreement between the United States and the countries of Central America (CAFTA-DR), which sets forth rules for the protection of current or potential investors against unfair or discriminatory governmental action. CAFTA-DR mandates non-discriminatory treatment, free transferability of funds, protection against expropriation, and procedures for the resolution of investment disputes.

The Export and Investment Center of the Dominican Republic (CEI-RD), a government agency created in 2013, offers assistance to foreign investors

wanting to invest in the Dominican Republic. The National Council of Free Trade Zones for Export (CNZFE) offers assistance to companies looking to invest in the free trade zones.

Limit on Foreign Control and Right to Private Ownership and Establishment

There are no general (statutory, de facto, or otherwise) limits on foreign ownership or control. According to Law No. 98-03 and Regulation 214-04, an interested foreign investor must file an application form at the offices of CEI-RD within 180 calendar days from the date on which the foreign investment took place. CEI-RD will then evaluate the application and issue the corresponding Certificate of Registration within 15 working days.

In order to set up a business in a free trade zone, a formal request must be made to the National Council of Free Trade Zones, the entity responsible for issuing the operating licenses needed to a free zone company or operator. The Council assesses the application and determines its feasibility. For more information on the procedure and the steps to be taken in order to apply for an operating license, visit the [website of the National Council of Free Zones](#)

Other Investment Policy Reviews

The government conducted an investment policy review in the context of a [World Trade Organization \(WTO\) Trade Policy Review in 2015](#).

In the past three years, the government has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD). The last United Nations Conference on Trade and Development (UNCTAD) investment policy review was published in 2009.

Business Facilitation

According to the World Bank's 2016 Doing Business report, starting a business in the Dominican Republic requires a 7-step process that takes 14.5

days and costs 16.3 percent of income per capita. Steps include (1) checking the company name with the National Office of Industrial Property (ONAPI); (2) purchasing the company name with ONAPI; (3) paying the incorporation tax with the National Internal Revenue Agency (DGII); (4) registering the company with the Chamber of Commerce and obtaining an identification number; (5) filing for the national taxpayer registry and applying for fiscal receipts at DGII; (6) registering local employees with the Department of Labor; and (7) registering employees at the Social Security Office.

The Dominican Republic has a single-window registration website for S.R.L. company registration (<http://www.formalizate.gob.do/>) that offers a one-stop shop for registration needs. Foreign companies may use the registration website.

The website receives 6 out of 10 “dots” in GER’s ranking for clarity and completeness. The use of a local lawyer is highly advisable for company registrations.

The Ministry of Industry and Commerce (MIC) leads the Dominican Republic’s assistance and registration program for small and medium-sized enterprises (PYMES). The +PYMES program, a partnership between the Ministry of Industry and Commerce (MIC) and the National Competitiveness Council, offers technical assistance to majority Dominican-owned companies and defines small businesses as those with fewer than 75 employees and medium-sized businesses as those with between 76 and 150 employees.

Outward Investment

The Dominican Republic promotes outward investment through CEI-RD. There are no restrictions on domestic investors investing abroad. Top exports are gold, silver, and agricultural goods. The largest recipient of Dominican outward investment is the United States.

Bilateral Investment Agreement and Taxation Treaties

The Dominican Republic has Bilateral Investment Treaties (BITs) with: Chile, Finland, France, Italy, Republic of Korea, Morocco, Netherlands, Panama, Spain, Switzerland, and Taiwan. According to the Dominican Ministry of Industry and Commerce, Free Trade Agreements (FTAs) currently in force include: CAFTA-DR; the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM (an organization of Caribbean nations, including the Dominican Republic); a trade agreement between the Dominican Republic and the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua; a free trade agreement with CARICOM (the Caribbean Community); and a trade agreement with Panama.

An agreement for the exchange of tax information between the United States and Dominican Republic has been in effect since 1989. On September 15, 2016, the United States and the Dominican Republic signed an agreement to improve international tax compliance and to implement the Foreign Account Tax Compliance Act (FATCA).

The Dominican Republic has tax agreements to avoid double taxation and prevent tax evasion currently in force with Canada and Spain.

Legal Regime

Transparency of the Regulatory System

The full text of draft regulations is made available for public review, and regulatory agencies give notice of proposed regulations in public meetings where consultations can take place. All proposed regulations are published on a unified website: [Consultoria](#).

On the Global Innovations Index, the Dominican Republic ranks 103 out of 128 for regulatory environment and 73 out of 128 for regulatory quality. The World Economic Forum's 2016 Global Competitiveness report ranked the Dominican Republic 127th out of 138 countries in efficiency of the legal

framework in challenging regulations, and 110th in burden of government regulations.

The Dominican Institute of Certified Public Accountants (ICPARD) is the country's legally-recognized professional accounting organization and has authority to establish accounting standards in accordance with article 31 of Law 479-08, which also declares that financial statements should be prepared in accordance with generally accepted accounting standards nationally and internationally (as amended by Law 31-11). The ICPARD and the country's stock market regulator (Superintendencia de Valores) require the use of International Financial Reporting Standards (IFRS), including IFRS for small and medium-sized entities (SMEs).

In recent years, the Dominican government carried out a major reform effort aimed at improving the transparency and effectiveness of laws affecting competition. Law 42-08 from 2008 on the defense of competition set up an agency to improve and enforce competition laws. 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. As another example, in 2013, the Dominican government rescinded permits for a U.S.-owned tourism and real estate development and declared large swaths of the land as a national park. In 2015, several U.S. investors cited the Dominican government's repeated failure to pay compensation for or return expropriated land, even though valid court orders had been obtained. Many investors, both Dominican and foreign, consider that influence through political contacts trumps formal systems of regulation.

International Regulatory Considerations

Legal System and Judicial Independence

The legal system of the Dominican Republic is civil law and is based on the Napoleonic code. On October 23, 2007, Decree No. 610-07 placed the Directorate of Foreign Commerce of the then-Secretariat of State for Industry and Commerce (DICOEX) in charge of commercial dispute settlement, including disputes related to the Investment Chapter of CAFTA-DR. 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; and Law No. 126-02, concerning e-Commerce and Digital Documents and Signatures.

The country is divided into 12 Judicial Departments, each one headed by a Court of Appeals with jurisdiction over civil and criminal matters. Each Judicial District has a court of first instance. Justices of the Peace handle small claims, certain traffic accidents, landlord-tenant disputes, and other matters. There are also specialized courts with jurisdiction over labor cases, disputes involving registered land, cases involving minors, and administrative matters. The Supreme Court is the highest court, with jurisdiction to handle most appeals from the courts of appeal, and first instance jurisdiction in criminal matters involving certain high-level government officials. The Constitutional Tribunal, created in 2010, rules on the constitutionality of laws and treaties and decides cases involving constitutional questions.

According to the Constitution, the Judicial Branch is independent of the other branches of the State. The right of access to justice is a constitutional right granted by Article 69 of the Constitution. It provides that every person, including foreigners, has the right to appear in court.

The judicial process in the Dominican Republic is procedurally competent, although investors complain of long wait times for a decision. The resolution of a civil case normally takes 2-4 years, although some take significantly longer. Some investors complain that the local court system is unreliable, biased against them, and that special interests and powerful individuals are able to use the legal system in their favor. Regardless of whether they are located in a free-trade zone, companies have problems with dispute resolution, both with the Dominican government and with private-sector entities. U.S. firms indicate that corruption on all levels – business, government, and judicial – impedes their access to justice to defend their interests. Moreover, several large U.S. firms have been subject of injunctions issued by lower courts on 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 U.S. companies' distribution activities, resulting in severe negative impact on sales. In order to effectively engage in the Dominican market, many U.S. companies seek local partners that are well-connected and understand the local business environment.

The World Economic Forum's 2016 Global Competitiveness report ranked the Dominican Republic 127th out of 138 countries in judicial independence and 112th in efficiency of the legal framework in settling disputes. On the Global Innovations Index, the Dominican Republic ranked 85 out of 128 countries for rule of law.

Laws and Regulations on Foreign Direct Investment

CEI-RD, 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-RD](#)).

Competition and Anti-Trust Laws

There is no government agency that reviews transactions for competition-related concerns (whether domestic or international in nature); however, the government's National Commission for the Defense of Competition (ProCompetencia) is responsible for promoting and defending competition by fostering best practices.

Expropriation and Compensation

There are dozens of outstanding disputes between U.S. investors and 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, expropriations have been used for infrastructure or commercial development. In some cases, claims have remained unresolved for many years. Typically, investors and lenders have not received prompt payment of fair market value for their losses, and subsequent enforcement has been difficult even in cases in which the Dominican courts, including the Supreme Court, have ordered compensation or the government has recognized a claim. In other cases, lengthy delays in compensation payments are blamed on errors committed by government-contracted property assessors, slow processes to correct land title errors, a lack of budgeted funds, and other technical problems. The procedures to resolve expropriations lack transparency and, to a foreigner, may appear to be antiquated. Few examples exist where government officials are held responsible for not paying a recognized claim or not paying the claim in a timely manner.

Discussions at 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.

Recent administrations have expropriated fewer properties than their predecessors, and for the most part have paid compensation. Nonetheless, there are current disputes alleging expropriation, particularly in areas where the government changed or enforced national protected areas regulations.

Dispute Settlement

ICSID Convention and New York Convention

In 2000, the Dominican Republic signed the International Center for the Settlement of Investment Disputes (ICSID, also known as the "Washington Convention"), but has not ratified it. In 2002, the Dominican Republic became signatory to the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

Investor-State Dispute Settlement

The Dominican Republic has entered into several bilateral investment treaties, most of which contain dispute resolution provisions that submit the parties to arbitration. The Dominican Republic is a signatory to CAFTA-DR and is thus bound by the investment chapter of CAFTA-DR. There are currently three pending investor-state cases filed against the Dominican Republic under CAFTA-DR.

The Embassy is aware of at least 25 U.S. investors who are involved in ongoing legal disputes with the Dominican government and parastatal firms

involving payments, expropriations, contractual obligations, or regulatory obligations.

The investors range from large firms to private individuals and the disputes are at various levels of legal review.

International Commercial Arbitration and Foreign Courts

Law 489-09 on commercial arbitration governs the enforcement of arbitration awards, arbitral agreements, and arbitration proceedings in the Dominican Republic. Per law 489-09, arbitration may be ad-hoc or institutional, meaning the parties may either agree on the rules of procedure applicable to their claim, or they may adopt the rules of a particular institution. Certain aspects of the UNICTRAL model law are incorporated into Law 489-09.

Foreign arbitral awards are enforceable in the Dominican Republic in accordance with Law 489-09 and applicable treaties, including the New York Convention, to which the Dominican Republic is a party. There are complaints that the court process is slow and that domestic claimants with political connections have an advantage.

Bankruptcy Regulations

The Restructuring and Liquidation of Business Entities and Merchants Law (Law 141-15) was signed by President Medina on August 18, 2015, which took effect 18 months after signing. The law will allow a debtor company to continue to operate for up to five years during reorganization proceedings by staying legal proceedings. The law orders the creation of new courts with exclusive jurisdiction to hear all matters regarding the insolvency process, contemplates the appointment of conciliators, verifiers, experts, and employee representatives, allows the debtor to contract for new debt which will have priority status in relation to other secured and unsecured claims, stipulates civil and criminal sanctions for non-compliance, and permits the

possibility of coordinating cross-border proceedings based on recommendations of the United Nations Commission on International Trade (UNCITRAL) Model Law of 1997.

Eighteen months after the law's signing, no specialized bankruptcy courts have yet been set up. Certain judges have been assigned to hear bankruptcy matters but there are no specialized bankruptcy judges yet.

Industrial Policies

Investment Incentives

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 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 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 Dominican Republic'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 imported 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 Dominican Republic announced a goal of doubling the number of tourist arrivals to the country from five million in 2012 to 10 million by 2022.

Foreign Trade Zones/Free Ports/Trade Facilitation

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 2015 (most recent available), noted a Free Zone Sector with a total of 65 free zone parks (up from 60 the previous year) and 630 operating companies (up from 614). Of those companies, 36.2 percent are from the United States.

Other significant investment was made by companies registered in the Dominican Republic, Canada, Spain, Germany, Netherlands, South Korea, Switzerland, United Kingdom, Italy, and others. In general, firms operating in the free trade zones experience fewer bureaucratic and legal problems than do firms operating outside the zones. In 2015, free zone exports totaled USD 5.5 billion, comprising 3.1 percent of GDP.

At the end of 2015, the tax incentive laws governing the CNZFE's changed. Specifically, in 2016, CNZFE's will be able to offer any amount of their products on the Dominican market for sale (applicable taxing would apply), in parallel with overseas shipments. Before, only up to 20 percent of a CNZFE's products could be sold on the local market. Private industry anticipates the impact would be minimal, since the primary markets for goods produced in the Dominican Republic's CNZFES are overseas.

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

Consejo Nacional de Zonas Francas de Exportación

Leopoldo Navarro No. 61

Edif. San Rafael, piso no. 5

Santo Domingo, Dominican Republic

Phone: (809) 686-8077

Fax: (809) 686-8079

[Consejo Nacional de Zonas Francas de Exportación Website](#)

Performance and Data Localization 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.

There are no requirements for foreign IT providers to turn over source code and/or provide access to surveillance (backdoors into hardware and software or turn-over keys for encryption). There are no mechanisms used to enforce any rules on maintaining set amounts of data storage within the country. The government has no data localization policies.

Protection of Property Rights

Real Property

The Constitution of the Dominican Republic recognizes and guarantees the right to own private property and provides that the state shall promote the acquisition of Intel, especially titled real property. The Constitution further provides that it is “in the public interest that land be devoted to useful

purposes and that large estates be gradually eliminated,” and that the social policy of the state shall promote land reform and effectively integrate the rural population to the national development process by encouraging renewal of agricultural production.

Mortgages and liens exist in the Dominican Republic and there is a National Registry of Deeds. The government advises that investors are ultimately responsible for due diligence and recommends partnering with experienced attorneys to ensure that all documentation ranging from title searches to surveys have been properly verified and processed.

Under Dominican law, all land must be registered; all unregistered land is considered state land. Registration requires seven steps, an average of 60 days, and payment of 3.7 percent of the value of the land as a registration fee. The landowner is required to have a survey of the land, a certificate demonstrating that property taxes are current, and a certificate from the Title Registry Office that evidences any encumbrances on the land (such as mortgages or easements) and serves as a check on the extent of land rights to be transferred. Property ownership may revert to occupants (such as squatters) after twenty years, if they properly register the property.

Land tenure insecurity persists, fueled by government land expropriations, institutional weaknesses, lack of effective law enforcement, and local community support for land invasions and squatting. Despite the requirement of land registration, most land in the Dominican Republic is not registered, and even if land rights are registered, tenure is not assured. In some parts of the country, unregistered land was expropriated for development without notice or compensation. In some cases, however, holders of title certificates received little or no additional security. Long-standing titling practices, such as issuing provisional titles that are never completed or providing title to land to multiple owners without requiring

individualization of parcels, create substantial ambiguity in property rights and undermine the reliability of land records. Some of these practices were curtailed in the last few years, but nonetheless undermine the reliability of existing land documentation. In addition, the country struggles to control fraud in the creation and registration of land titles, including illegal operations within the government agencies responsible for issuing titles.

In the last decade, the Dominican government has implemented reform programs focused on developing institutional frameworks and strengthening government agencies and public administration. As part of its overarching program to modernize the justice sector, the Dominican Republic Supreme Court modernized its property title registration process through a USD 10 million USD Inter-American Development Bank (IDB) loan in an effort to address deficiencies and gaps in the land administration system and strengthen land tenure security. The project involved digitization of land records, decentralization of registries, establishment of a fund to compensate people for title errors, separation of the legal and administrative functions within the agency, and redefinition of the roles and responsibilities of judges and courts.

In the last five years, the Dominican government instituted a number of reforms, including the development of a cadaster with digitized property titles and the establishment and expansion of 23 land registry offices across the country.

In 2012 the government created the State Lands Titling Commission, which, working with the Dominican Agrarian Institute, is intended to achieve the titling of around 150,000 urban and rural properties.

Intellectual Property Rights

The Dominican Republic has a legal structure with laws and sanctions adequate to protect intellectual property rights (IPR) and has improved the

regulatory framework for patent and trademark protection. However, industry representatives continue to cite a lack of enforcement of IPR and common infringement on and theft of IPR as a major concern, validating the Dominican Republic's placement on the United States Trade Representative's Special 301 Watch list. During the past year, no new IPR related laws or regulations have been enacted.

Key issues include rampant television signal broadcast piracy, insufficient enforcement actions against the manufacturers of counterfeit pharmaceuticals and other products, a backlog of patents waiting for approval, and weak customs enforcement of counterfeit trafficking. 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 U.S. Embassy and the Office of the U.S. Trade Representative (USTR). The Dominican authorities have delivered these quarterly reports since January 2005, but significant signal piracy persists.

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. Customs officers have ex officio authority to seize any goods suspected as counterfeit. Prior to destroying counterfeit goods, customs officers must notify the rights holder. During this time, the goods are stored by customs, which charges the rights holder for storage. The rights holder then has 30 days to inspect the shipment and try to reach an agreement with the sender and manufacturer.

At the end of the 30 days, if no agreement has been reached, then the rights holder can pay to send the items back or to have them destroyed.

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/>.

Resources for Rights Holders

Contact at Mission:

Economic Section

(809) 567-7775, extension 7553

Country/Economy resources:

[List of Attorneys in the Dominican Republic, compiled by the Consular Section of the U.S. Embassy in Santo Domingo](#)

American Chamber of Commerce of the Dominican Republic

(809) 381-0777

comunicaciones@amcham.org.do

National Copyright Office (ONDA)

Ministry of Culture

Edificio del Archivo General de la Nación

Calle Modesto Diaz No. 2

Zona Universitaria

Santo Domingo, D.N.

(809) 274-6006

admin.onda@onda.gov.do

National Office of Industrial Property (ONAPI)

Ministry of Industry and Commerce

Av. Los Próceres No.11,

Santo Domingo, D.N.

(809) 567-7474

servicioalcliente@onapi.gob.do

[National Office of Industrial Property \(ONAPI\) Website](#)

Financial Sector

Capital Markets and Portfolio Investment

The Dominican securities market, the Bolsa de Valores de Santo Domingo, opened on December 12, 1991, and mostly handles offerings of commercial paper. 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.

Money and Banking System

During a period of strong GDP growth and largely successful economic reforms in the 1990s, Dominican authorities, including the Central Bank, 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, then President Leonel Fernandez's administration formulated with the IMF a comprehensive program aimed at addressing the weaknesses in macroeconomic policies, the banking system, and a wide range of other structural areas.

In 2005, the IMF's Executive Board approved a USD 665 million stand-by agreement (SBA) that helped the Dominican Republic recover from its 2003 banking crisis. Business confidence gradually returned, but after effects of

the 2003–2004 economic crisis remain, including lingering difficulty in accessing consumer and business credit financing. Reforms enacted after the 2003 crisis allowed the Dominican banking sector to avoid severe difficulties during the international financial crisis of 2009.

In the wake of the 2008 global economic and financial crisis, the IMF's Executive Board approved a USD 1.7 billion 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. The SBA lapsed in April 2012 with USD 500 million in pending IMF disbursements.

Currently, the Dominican Republic's financial sector remains relatively stable and the financial system indicators were declared largely satisfactory by the IMF during its 2015 Article IV consultations, which noted that “the implementation of sound policies has underpinned the [country's] strong economic performance” and that “the resilience of the financial system has been strengthened over the past years in tandem with improved bank supervision.”

Foreign Exchange and Remittances

Foreign Exchange

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. There are generally no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment.

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.

Remittance Policies

The government has made no changes to investment remittance policies. The government does not engage in currency manipulation tactics, and there are no parallel markets. The Dominican Republic is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

[Its most recent mutual evaluation](#)

Trade & Project Financing

Methods of Payment

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

[Transunion Website](#)

E-mail: consumidor@tucredito.com.do

Banking Systems

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 balloon 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 14 and 19 percent.
- Non-preferential rates can go as high as 23-25 percent for loans denominated in RD\$.
- Interest rates for the commercial/corporate sector are revised usually every 6 or 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

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\$45.95 per US\$1.00 (2016).

US Banks & Local Correspondent Banks

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

Address: Ave. Winston Churchill Esq. Ave. Andres Jose Aybar
Torre Citibank, Acropolis Center – 24th Floor, Ens. Piantini
Santo Domingo, Dominican Republic

Tel: (809) 473-2404

Fax: (809) 955-2657

[CitiBank Dominican Republic Website](#)

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

Project Financing

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 [Export-Import Bank](#) 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:

Sector	Project Title
Agriculture	Development of Mechanism for Preferential Market Access for Sustainably-Produced Agricultural Products
Energy	Institutional Strengthening for the Ministry of Mines and Energy (MEM)
Environment and Natural Disasters	Emergency Response to Flood in the Dominican Republic
Urban Development and Housing	Comprehensive Tourism and Urban Development Program for the Colonial City of Santo Domingo
Education	Early Childhood Development Support Program
Financial Markets	Contingent Loan for Natural Disaster Emergencies
Science and Technology	Building the Capacities of Young People to Develop Interactive Digital Technologies
Science and Technology	Support to Initiative National Competitiveness and Productivity

Sector	Project Title
Health	Support for the institutionalization of health prioritization Processes
Transport	Support to Mobility Management in Santiago de los Caballeros
Health	Innovate health service delivery systems in rural DR
Trade	Banco de Reservas de la República Dominicana – Banreservas TFFP

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:

- Strengthening the capacity to produce and use Quality Education Statistics
- Distribution Grid Modernization and Loss Reduction Project
- Dominican Republic Strengthening Management of Public Finances
- Support to the National Pac Project
- Integrated Social Protection and Promotion Project

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American

bidders. Learn more by contacting the [Commercial Liaison Offices to the Inter-American Development Bank](#) and [the World Bank](#).

Web Resources

- [Commercial Liaison Office to the Inter-American Development Bank](#)
- [Commercial Liaison Office to the World Bank](#)

Financing Web Resources

- [Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team](#)
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [OPIC](#)
- [SBA's Office of International Trade](#)
- [U.S. Agency for International Development](#)
- [Inter-American Development Bank](#)

Business Travel

Business Customs

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

Smart Traveler Enrollment Program (STEP)

Visitors to the Dominican Republic are encouraged to register their trip with the U.S. Embassy in Santo Domingo through the Smart Traveler Enrollment Program (STEP). By registering through STEP, you will ensure that you receive important information from the Embassy about safety conditions in the Dominican Republic, helping you make informed decisions about your travel. Also, registering with STEP will help the Embassy contact you in an emergency, whether natural disaster, civil unrest, or family emergency.

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](#), 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

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 [Direccion General de Impuestos Internal](#) 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 Dominican businesspersons to the United States should be advised that visa evaluations are handled via an interagency process. Visa applicants should go to the following links.

[State Department Visa Website](#)

[U.S. Embassy Visa Information Website](#)

Currency

The Dominican Peso is the official currency of the Dominican Republic. It is fully convertible for commercial and capital transactions. The locations where currency can be exchanged most easily include hotels, wire transfer offices, and banks. Many local companies accept U.S. dollar and major credit cards (visa and master card) as a method of payment.

These include restaurants, supermarkets, hotels, cell phone and electronic stores, and travel companies. The use of ATM machines is available in urban areas including hotels, shopping malls, and international airports.

Telecommunications/Electric

The telecommunications industry in the Dominican Republic has grown 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: France Telecom (Orange), Tricom and Viva.

Transportation

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; however, the airport in Punta Cana processes more travelers primarily visiting this popular tourist destination.

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

Spanish is the official language of the Dominican Republic.

Health

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 800-CDC-INFO (800-232-4636) and a web site at <http://wwwnc.cdc.gov/travel/page/yellowbook-home-2014> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. The Dominican Republic is one of the countries most impacted by the Zika virus so special attention to the CDC advisories and publications is strongly advised. The CDC publication "Health Information for International Travel" can be found at [CDC](#)

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 2017

January 1 st	New Year's Day
January 5 th	Day of the Epiphany
January 21 st	The Virgin of Altagracia
January 26 th	Duarte's Birthday
February 27 th	Dominican Independence
April 3 rd	Good Friday
May 1 st	Dominican Labor Day
June 15 th	Corpus Christi
August 16 th	Dominican Restoration Day
September 24 th	The Virgin of Mercedes
November 5 th (In observance of November 6 th)	Constitution Day
December 25 th	Christmas Day

Temporary Entry of Materials or Personal Belongings

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.

Travel Related Web Resources

- [U.S. Embassy in Santo Domingo](#)