



Doing Business in the Dominican Republic:

2011 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in the Dominican Republic

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Market Overview

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The U.S. and the Dominican Republic enjoy a very strong commercial relationship. Bilateral trade amounted to US\$10.23 billion in 2010, according to the U.S. Import and Export Merchandise trade statistics (as of December 2010). This represents United States exports to the Dominican Republic totaling US\$6.5 billion and imports from the Dominican Republic to the U.S. totaling US\$3.7 billion.

In 2010, U.S. products held an approximately 43% market share in the Dominican Republic, with approximately 70% of consumer goods imported into the Dominican Republic coming from the United States.

The Dominican Republic (DR) is the ninth largest trading partner of the United States in the Western Hemisphere, after Canada, Mexico, Brazil, Colombia, Chile, Venezuela, Argentina, and Peru. Furthermore, the Dominican Republic is the 35th largest commercial partner of the United States in the world. The DR is also the largest market of the United States - Central America - Dominican Republic Free Trade Agreement (CAFTA-DR) countries. With more than a million Dominicans living in the United States, it is not surprising that there is a natural flow of trade between both countries. U.S. cable networks and advertising are widely seen in the DR and many Dominicans study at undergraduate and graduate institutions in the United States. Trade with the United States is facilitated at its most basic level due to the geographic proximity of the two countries.

In terms of Gross Domestic Product (GDP), the Dominican Republic grew by 7.8 percent and inflation reached 6.24 percent in 2010, according to the Dominican Republic Central Bank statistics (as of December 2010).

AGRICULTURAL OVERVIEW

In 2010, the Dominican Republic was the fourth most important trading partner for U.S. agricultural, fish, and forestry products in the Western Hemisphere after Canada, Mexico, and Venezuela. It is also the largest export market for U.S. agricultural products of all the CAFTA-DR countries. At the same time, the country holds the largest single country sugar quota recipient allocation from the United States with its sugar exports to the United States earning almost twice the world market price.

The estimated value of 2010 exports of U.S. agricultural, forestry, and seafood products is expected to exceed US\$1 billion due, in part, to the fifth year of CAFTA-DR

implementation. The high prices of wheat, corn and soybean meal during the second half of 2010 added additional revenue to the value of U.S. exports. In addition, the consistent increase in usage of consumer-oriented products, such as dairy products, fresh fruits and meats also added to the total value.

U.S. imports of Dominican agricultural products have stagnated over the last few years. In 2010, estimated imports are anticipated to decline three percent, mostly due to the decrease in production of tobacco, cocoa, bananas, and plantains because of adverse weather conditions. Other U.S. imports are fresh and processed fruit and vegetables, coconuts (fresh and processed), and beer. Fresh fruit and vegetable production for the export market is a competitive and growing portion of the agricultural sector, particularly bananas to the European Union (EU), and recently sugar.

The CAFTA-DR agreement includes a tariff-rate quota (TRQ) regime for politically sensitive food products that had been highly protected through a system of import permits and domestic purchasing agreements. The TRQs range from five to twenty years. There are also a number of other sensitive products that will be protected by a long period of tariff reductions and/or special agricultural safeguards. The Dominican Republic has limited infrastructure and resources in place to assist farmers to increase production for export except for some occasional financial assistance and extension services for targeted crops and livestock.

Market Challenges

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The electricity sector continues to have serious problems. The three regional electricity distribution companies are unable to collect on over 40 percent of the power generated, due to a culture of non-payment by individuals and companies, ineffective administration, and technical transmission losses. The government is often behind in payments for power consumption and subsidies. The accumulated debts among the various players results in lack of working capital, insufficient fuel on hand, and lengthy frequent blackouts across the country. Most businesses and many homes in the Dominican Republic install back-up power sources, including inverters (*inversores*, in Spanish) and/or generators, raising their costs.

Corruption and a lack of transparency are challenges in regards to doing business in the DR. Procurement by government agencies and parastatal organizations has long been conducted by private direct negotiation with preferred suppliers, a lack of transparency which blocks competition and facilitates corrupt practices. The CAFTA-DR agreement, implemented in March 2007, includes requirements for procurement of goods and services (as well as construction contracts) via public tender, which should improve the process.

There is a serious lack of institutional continuity between government administrations, since civil service laws from the 1990s have never been implemented. The result is wholesale turnover of government personnel and the loss of records each time there is a change of political party. In some cases, administrations have disputed or rejected bills for sales or services provided to their predecessors.

Market Opportunities

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Best prospects for U.S. exports include the following industry sectors: building products; automobile parts and services; air conditioning and refrigeration equipment; medical equipment; hotel and restaurant equipment; printing and graphic art equipment and supplies; computers and peripherals; telecommunication equipment; renewable energy; and travel and tourism services.

With the implementation of CAFTA-DR, there are significant additional opportunities for U.S. exporters: eighty percent of U.S. exports of consumer and industrial goods now enter the Dominican Republic duty-free, and remaining tariffs on other products are being phased out over 10-20 years.

Key U.S. export sectors that obtained immediate benefit from duty elimination include: construction equipment and building supplies; automotive parts and services equipment; electric power generation and distribution equipment; information technology products; medical equipment; air conditioning and refrigeration equipment; agricultural equipment; and printing and graphic arts equipment. Effective in January 2011, the tariffs on used cars have been completely phased out and they now also enter the DR duty-free.

Market Entry Strategy

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The best way to enter the Dominican market is with a coordinated strategy that includes personally visiting the potential clients or distributors, since forging relationships is key to finding a good partner. It is necessary to provide promotional materials in Spanish and to offer good after-sales service. Agents and distributors are commonly used in the Dominican market.

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Chapter 2: Political and Economic Environment

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

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

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Using an Agent or Distributor

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Although the use of an agent or a distributor is not required, U.S. exporters interested in marketing a product or service in the Dominican Republic should find an agent or a distributor.

The Dominican Agent/Distributor Law (Law 173, from April 1966) was designed to protect Dominican citizens who work as agents or distributors for foreign companies. Law 173 is complicated and potentially very costly to foreign suppliers, and U.S. firms should seek legal counsel before appointing an agent or distributor in the Dominican Republic. Under Law 173, agents and distributors may claim the right to compensation linked to a multiple of annual sales if the U.S. exporter decides to terminate the relationship. 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.

However, this law underwent significant modifications in its structure as a part CAFTA-DR implementation. For contracts signed after the entry into effect of CAFTA-DR on March 1, 2007, Law 173 does apply 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.
- Treat the termination of the contract either on its termination date, or accepting as a just cause for a goods or services supplier to terminate the contract or allow the contract to expire without renewal.
- If the covered contract has not termination date, allow it to be terminated by any of the parties by giving six months advance termination notice.
- Allow disputes arising from the contract to be resolved through binding arbitration; and,
- Allow the parties to establish in the contract the mechanisms and forums that will be available in the case of disputes.

Establishing an Office

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

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

second (if any) shareholders' meetings are registered at the Civil Registry (Oficialia Civil). Evidence that the capitalization tax has been paid must be presented and filed at this time.

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

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

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

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

12. Prior to commencing operations, the company must:

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

Franchising

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Background:

Franchising in the Dominican Republic started in the early 1970's with Kentucky Fried Chicken (KFC) and Howard Johnson's Ice Cream. Soon, both franchises were out of business in the DR because the market was not ready yet to accept these concepts.

The franchise phenomenon flourished in the late 1980's until the mid 1990's, when the majority of investment in franchises took place in the fast food sector. From 1995 until recently more franchises have been established in the country from a variety of industry sectors. After the period of economic crisis in 2003-2004, investors perceived the

possibility of an increase in demand and started to explore new business opportunities – in particular, franchises.

Also, the implementation of DR-CAFTA in 2007 presented new opportunities to franchising in the Dominican Republic with the changes on the Dominican Law 173 on the Protection of Agents and Distributors.

Overview: ¹

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

Franchises have increased their presence throughout the national geography. 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 Northern area (21%); the South (16%); and the East (19%). Franchises have also stepped up with a considerable presence in the economy, with over 7,800 points of sales and over 70,000 jobs created.

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

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

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

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

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

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

Physical Fitness: Gold's Gym

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

Auto Service: Meineke Discount Muffler, Ziebart.

Apparel: Benetton, Nautica, Tommy Hilfiger

Other Services: Dry Clean USA, Heel Quick, Mr. Rooter, Sign-A-Rama, Sir Speedy,

¹ All statistics in this section are from 2009 and were provided by the Dominican Association of Franchises in May 2011.

Direct Marketing

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Since mail order sales and catalogs have not been very popular primarily due to the lack of a reliable mail system, Dominican businesses in retailing have been compelled to think of other ways of transmitting their message to customers and achieving sales growth. Some local firms have used direct mailings (via delivery services) of promotional materials and telephone marketing, while others, especially footwear retailers, have established catalog sales subscribing agent/sellers to reach end users. Local credit card companies sometimes target cardholders with direct marketing of goods and services.

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

Joint Ventures/Licensing

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

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

Selling to the Government

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

The Fernandez 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.

Distribution and Sales Channels

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

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

Selling Factors/Techniques

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

Electronic Commerce

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

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

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

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

There is very little business to business (B2B) e-commerce and the B2C segment has experienced the largest growth. Within the B2C segment, the banking sector is the industry where e-commerce has shown the most growth and impact. Virtually all banks and most financial service institutions in the Dominican Republic have websites to assist clients with tasks, such as, paying utility bills, monitoring their accounts status, and transferring of funds, among others.

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

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

Trade Promotion and Advertising

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

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

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

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

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

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

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

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

For further information, please contact the U.S. Commercial Service in Santo Domingo.

Pricing

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The Dominican Republic is a price-sensitive market where the price is usually as important as quality and service, if not more important. Dominicans are familiar with U.S. pricing practices. Many successful new retail outlets, however, are concentrating on quality goods and service support, as Dominican consumers become more affluent and sophisticated.

Sales Service/Customer Support

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Dominican customers are increasingly demanding consistent support and service. However, service and customer support are still a developing concept, especially for smaller businesses. Several leading wholesale and retail companies maintain sales volumes without discounting. This is partly attributable to a good reputation for quality service and support.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights in the Dominican Republic. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in the Dominican Republic than in the U.S. Third; rights must be registered and enforced in the Dominican Republic, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppels, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. A good partner is an important ally in protecting IP rights. Projects and sales in the Dominican Republic require constant attention. Utilize local legal counsel familiar with Dominican laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations based in both the Dominican Republic and the U.S. These include:

- The American Chamber of Commerce in the Dominican Republic:
<http://www.amcham.org.do>
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Dominican Association of Intellectual Property Rights (ADOPI). WEB:
<http://www.adopi.org.do>
E-mail: info@adopi.org.do

IPR Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at <http://www.StopFakes.gov>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: 1-202-707-5959.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://www.StopFakes.gov>. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers the Dominican Republic at: isolda.frias@trade.gov

IPR Climate in the Dominican Republic

Protection of patents and trademarks may be sought by registering them at the National Office for Intellectual Property Rights (ONAPI – Oficina Nacional de Propiedad Intelectual), part of the Secretariat for Industry and Commerce.

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

To obtain a copy of the “Dominican Intellectual Property Legal Guide” please visit: <http://www.phlaw.com/pubs/gleg/en/GLPIT%20-%20Intellectual%20Property.pdf>
This publication offers the reader ample information regarding Dominican legislation on trademarks, trade names, patents, industrial designs and utility models and provides a detailed description of the required administrative procedures

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

Law 65-00 on copyrights was implemented in August 2000 and establishes procedures and sanctions to protect copyrighted materials. March 2003 regulatory changes to Patent Law 20-00 appear to be compliant with standards of WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS). As of this writing, the Dominican Republic remains on the Special 301 Watchlist due to inadequacy of IPR enforcement.

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

Due Diligence

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U.S. companies may find it necessary to obtain more information on a Dominican company with which they plan to do business. For a nominal fee, the U.S. Commercial Service can provide an International Company Profile (ICP), which provides a commercial report on a local company’s background. These reports cannot be compiled on individuals.

Local Professional Services

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A local attorney can be an important partner in establishing operations and advising on doing business in the Dominican Republic. 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 familiar with U.S. businesses are available at the U.S.

Commercial Service in Santo Domingo.

Web Resources

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

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

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BUILDING PRODUCTS

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Building Products Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	309	321.1	325.1
Total Local Production	10.2	12.6	13.1
Total Exports	5.2	9.5	10.0
Total Imports	304	318	322
Imports from the U.S.	62.1	96.0	99.8

Exchange rate: RD\$37 – US\$1

Sources: - U.S. Import and Export Merchandise trade statistics (US Trade Online)

- Dominican Republic Customs Directorate

The market for building products is an integral component of the Dominican construction industry as a whole. Whenever there is an increase in the number of construction projects, remodeling projects, or other related activities, it reflects directly in imports and/or local production of building products.

The construction activity showed a significant decrease in 2008 and 2009, when compared with previous years. Nevertheless, the sector experienced a strong recovery in 2010, when imports of building products from the U.S. grew by 54 percent.

Remains of the 2008-09 economic recessions still affect certain areas of the building industry sector with most potential in the Dominican market. Construction, for instance, has been one of the most affected sub-sectors and is just now showing signs of recovery. Local firms in this sector have indicated that most of the projects that were on hold in 2008-09 have started to move forward to the final stages of construction.

There is strong competition in this sector as companies from the U.S., Taiwan, Europe, and various Central and South American countries seek export opportunities. In order of importance, the main selling points for building products in the DR are: price, quality, and delivery time. Following up with Dominican companies is very important.

Best sales prospects include products used in the construction of low-to-medium cost housing, malls and commercial buildings, and public works projects, such as highways and bridges. These are the industry sub-sectors that are expected to account for most of the construction activity in the short term.

Sub-Sector Best Prospects

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- Heavy construction equipment
- Aluminum doors and windows
- Bathroom and kitchen fixtures
- Wood lumber and wood products
- Electrical fixtures
- Lighting products

- Plumbing and welding products
- Roof products (sealers)
- Asphalt mixtures
- Steel products
- Pre-fabricated structures
- Hand tools

Opportunities

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The Government of the Dominican Republic (GODR) is awarding contracts for new infrastructure projects. These projects include the construction of bridges, roads, and low-cost housing units.

The private sector also offers a wide range of opportunities, including tourism development projects, residential construction, and new commercial new construction in cities such as Santo Domingo, Santiago, San Francisco de Macoris, La Romana, and San Pedro de Macoris, among others.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Architectural and Engineering Services and Building Products sectors is Sheila de Andujar: sheila.andujar@trade.gov.

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

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

COMPUTERS AND PERIPHERALS

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Computer and Peripherals Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	102	128.7	161
Total Local Production	5.4	3.6	3
Total Exports	1.6	22.8	15
Total Imports	98	147.9	173
Imports from the U.S.	68	103.5	121

Exchange rate: RD\$37 – US\$1

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

The Dominican market for computers and peripherals has experienced continuous growth over the last three years and the market will continue to increase due a combination of price reduction, attractive financing packages, and the technological changes that characterize the sector. The Dominican market for computers and peripherals is heavily dependent on imports from overseas and the market is very receptive to U.S. products (seventy percent of all imports come from the U.S.). There are no duties on the importation of U.S. computer and peripheral products into the Dominican Republic.

The market for these products is expected to grow by 25 percent over the next three years. The steady growth is attributable to the increased use of computing devices and applications in a greater number of industries and households. There is also a continual interest in keeping up-to-date with technological developments.

Of note, in 2010, the import market of these products grew by 51 percent. However, a significant percentage of this grow was related to the consequences of the Haiti earthquake in January 2010. Because Haitian infrastructure suffered intensive damages (including the airport), most products were imported into the Dominican Republic and re-exported to Haiti, resulting in the increase in D.R. exports of these products in 2010.

Sub-Sector Best Prospects

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- Tablets PCs and notebooks
- Power supplies (uninterruptible power sources, or UPS)
- Printers
- Accessories

Opportunities

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The Fernandez Administration considers it very important for the Dominican Republic to try to close the technology gap and is taking steps to increase the use of computers in the country. The government has also reactivated the Instituto Tecnológico de las

Americas or ITLA (Las Americas Institute of Technology), which is a government-sponsored technological school specializing in information technology. The Presidential Office for Information and Communication Technologies (Oficina Presidencial de Tecnologías de la Información y Comunicación), and the Dominican Ministry of Telecommunications (Instituto Dominicano de las Telecomunicaciones – INDOTEL), are also taking an active role in the promotion of these technologies throughout the country.

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. Closely linked to user-support considerations, users also pay great attention to consumer warranties. 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 must be well acquainted with local political dynamics and business customs.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Computers and Peripherals sector is Isolda Frias, isolda.frias@trade.gov.

The Presidential Office for Information and Communication Technologies (Oficina Presidencial de Tecnologías de la Información y Comunicación, OPTIC by its Spanish acronym): <http://www.optic.gob.do/>

Dominican Ministry of Telecommunications (Instituto Dominicano de las Telecomunicaciones – INDOTEL by its Spanish acronym): www.indotel.gob.do

PRINTING AND GRAPHIC ARTS EQUIPMENT AND SUPPLIES

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

	2009	2010	2011(estimated)
Total Market Size	201	324	345
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	201	324	345
Imports from the U.S.	125	178	190

Exchange rate: RD\$37 – US\$1

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

The printing and graphic arts industry in the Dominican Republic represents the largest graphic arts industry in the Caribbean, with over 2,000 companies operating in the local market. Approximately 80 percent of these firms are small enterprises, and 20 percent are medium-to-large size companies, including newspapers, editorials, distributors and wholesalers of paper, machinery, and consumable products. There is no local production of printing and graphic arts equipment and supplies in the Dominican Republic; therefore, the demand is entirely supplied by imports.

The total Dominican market size for printing and graphics arts equipment, spare parts and consumable products, including printing paper, is estimated at US\$345 million in 2011. Dominican printing and graphic industry contacts expect a 7 percent market increase in 2011, mainly due to the Dominican Presidential elections scheduled for May 16, 2012, which will generate an aggressive print advertising campaign all over the country.

The U.S. is the absolute market leader supplying the printing and graphics industry in the DR.

Sub-Sector Best Prospects

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

- Paper (cellulose), paperboard, and paper in rolls

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Due to the steady growth seen in the printing and graphic arts industry in the DR over the last few years, export opportunities for U.S. firms abound throughout this sector. It is expected that the demand for printing and graphics arts products will grow in large part due to advertising campaigns held every four years for the congressional and presidential elections. Also, the Dominican Internal Revenue General Directorate (Dirección General de Impuestos Internos – DGII) recently implemented a policy requiring Fiscal Expense Vouchers (comprobante fiscal) for all persons and companies that perform asset transfer operations or provide services. This new procedure has resulted in increased demand for printing paper and new printing equipment (numbering machines).

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The U.S. Commercial Service Santo Domingo trade specialist covering the Printing and Graphics Arts Equipment and Supplies sector is Yira Roa, yira.roa@trade.gov.

Automotive Parts and Supplies Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	145.2	148.5	168
Total Local Production	2.3	3.1	4
Total Exports	0.4	2.5	3
Total Imports	143.3	147.9	167
Imports from the U.S.	86	96.1	109

Exchange rate: RD\$37 – US\$1

Sources: - U.S. Import and Export Merchandise trade statistics (US Trade Online)

- Dominican Republic Customs Directorate

- Department of Economic Studies of the Internal Revenue Directorate

In the Dominican Republic, the high demand for automotive spare parts is attributable to the aging car population, the growth in total vehicle population, and the sub-standard quality of many Dominican streets and roads. According to the Motor Vehicle Department, there are 2.7 million vehicles in the Dominican Republic (representing an increase of five percent when compared with 2009). Out of this total vehicle population, 49.5 percent are motorcycles, 24.2 percent are automobiles, 12.6 percent are pick-up trucks, and the remaining 13.7 percent includes buses, trucks, and SUVs (presenting the SUV's the largest growth: 10.1 percent).

There is also a general tendency in the Dominican Republic to overextend the useful life of vehicles, both due to the high cost of vehicles and low cost of local labor to repair vehicles. Statistics indicate that in the Dominican Republic vehicles older than seven years represent 83.8 percent of the total Dominican vehicle population, directly influencing the high demand for automotive parts and services.

Although there is local production of batteries and radiators, it only covers a small percent of the total market, while the rest of the market is supplied from imports. Previous to the implementation of CAFTA-DR (March 1st, 2007) Japanese and other Asian products accounted for 50 percent of total imports due to the significant car population imported from Japan. Nevertheless, U.S. automotive spare parts exporters have managed to increase exports to the Dominican Republic mainly because of the CAFTA-DR, which decreased the import tax levied to U.S. products from 20 to 0 percent for most products, while others are going through a phase-out process of up to 10 years. As a result, imports of automotive spare parts originated in other countries continue to pay 3 - 14 percent import tax, creating a competitive advantage for U.S. products. The market share for U.S. products is now 65 percent and the market for automotive spare parts and services is estimated to grow 15 percent over the next three years.

Sub-Sector Best Prospects

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

Opportunities

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Because of the prevalence of Asian-made vehicles in the Dominican vehicle population, importation of spare parts for those vehicles represents an opportunity for American exporters.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Automotive Parts and Services sector is Isolda Frias, isolda.frias@trade.gov.

Report on the Dominican Vehicle Population (Parque Vehicular):
<http://www.dgii.gov.do/estadisticas/ParqueVehicular/Paginas/ParqueVehicular.aspx>

MEDICAL EQUIPMENT AND SUPPLIES

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Medical Equipment and Supplies Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	274.8	287.2	316
Total Local Production	475.0	489.0	492
Total Exports	451.4	490.4	482
Total Imports	251.2	288.6	306
Imports from the U.S.	201.2	230.9	245

Exchange rate: RD\$37 – US\$1

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

In the Dominican Republic the demand for medical equipment and supplies will continue to grow over the next years. This growth will be driven by the changes in the Dominican Social Security law, the continuous growth of the number of private-owned hospitals, and the constant need for medical products for a growing population.

The market for medical equipment and supplies in the Dominican Republic has grown by ten percent when compared with 2009. The Dominican market for medical equipment and supplies is mainly supplied by imports, about eighty percent of which come from the U.S. The import market is expected to grow 15 percent over the next two years and U.S. suppliers will continue playing a large role as a result of CAFTA-DR. Another important factor that has influenced the increase of imports of medical equipment and supplies is the increase in Dominican exports to Haiti due to the January 2010 earthquake. This event increased the need for medical supplies and, because Haitian infrastructure suffered intensive damages (including the airport), most products were imported into the Dominican Republic first, and then transited and re-exported to Haiti.

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: good quality reputation among U.S. manufacturers, 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.

In the Dominican Republic, there is extensive production of surgical instruments and supplies. However, 95 percent of this production is exported through the Free Trade Zone (FTZ) program. Some of the products that are manufactured at the FTZs are: wound management products (wadding, gauze, and bandages), general surgery and minimally invasive surgery instruments, ophthalmic surgery instruments, and disposables (syringes, needles, catheters, surgical gloves, clothing for operating rooms, surgery tool kits, and surgery sponges). There is limited local production of surgical supplies beyond the FTZs and this production is not sophisticated, mainly textile products (gauzes, bandages, and surgical drapes).

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

Sub-Sector Best Prospects

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- Electro-medical equipment: electro-surgical instruments, electro-diagnostic apparatus
- Home care equipment (for respiratory and sleep-related illnesses)
- Surgical instruments
- Disposable supplies
- Aids to daily living
- Mobility products

Opportunities

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The implementation of the Social Security Law No. 87-01 will continue to influence the changes in the structure and cost of the health care system of the Dominican Republic. The Social Security Law comprises of a Basic Healthcare Plan, which is expected to include the entire Dominican population by the year 2012 (approximately 9.5 million people). This law covers the basic care for illness, surgeries, and accidents. Total nationwide expenditures for Health Care Services have increased and will continue to increase for the next two years.

The market access situation is extremely favorable for U.S. medical equipment because there are no import regulations for the enforcement of quality, technical, or safety standards and U.S. standards are currently accepted and respected in the Dominican Republic. Another advantage for U.S. medical equipment imports is that they do not require a sanitary registration.

CAFTA-DR provides for application of import duties that range from 0-3 percent on all medical equipment and supplies exported from the United States to the DR. These products are all subject to the 16 percent Dominican value-added tax (called ITBIS in the DR).

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

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

HOTEL AND RESTAURANT EQUIPMENT

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Hotel and Restaurant Equipment Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	39.9	41.5	43.6
Total Local Production	2.0	2.0	2.0
Total Exports	0	0	0
Total Imports	37.9	39.5	41.6
Imports from the U.S.	18.9	19.9	21.3

Exchange rate: RD\$37 – US\$1

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

- Central Bank of the Dominican Republic

- Dominican Association of Hotels and Restaurants

Tourism continues to be a very important segment of the Dominican economy, directly feeding the hotel and restaurant equipment sector. Arrivals to the DR in 2010 reached 4.1 million tourists, a 3.31 percent increase when compared to the same period in 2009. This increase occurred despite the world economic downturn, which typically affects industries related to tourism harder than most others. The increase in the DR was due largely to swine flu and security concerns in Mexico, which resulted in many vacations being diverted to the DR.

There are over 67,000 hotel rooms in the Dominican Republic. The average hotel occupancy rate was 67.7 percent in 2010, reflecting a very marginal decrease of 0.15 percent when compared to 2009.

Hotel and restaurant equipment imports, especially from the U.S., are expected to maintain the same levels as 2010 due to the international economic crisis impacting tourism development projects. As a best case scenario, the sector could experience a modest increase of 5 percent.

Hotel and restaurant equipment imports originated in other countries will continue to pay 20 percent import taxes, creating a competitive advantage for U.S. products.

Sub-Sector Best Prospects

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- Restaurant equipment and parts
- Bed and table linen and towels
- Tableware and kitchen glassware
- Kitchen appliances

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Tourism investment is expected to continue in resort hotels, but at a slower pace during 2011. Geographic areas of investment include the eastern and northern coasts, particularly in the Samaná Peninsula. Investments in these areas, as well as in other areas of the country, present a variety of new opportunities for those who support the development of tourism infrastructure and supply equipment for new hotels and hotel expansion projects.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Hotel and Restaurant Equipment and Travel and Tourism sectors is Maria Elena Portorreal, maria.portorreal@trade.gov.

Association of Hotels and Restaurants of the Dominican Republic: <http://www.asonahores.com>. Asonahores organizes an annual trade exposition for hotel suppliers. The “Exposicion Comercial Asonahores 2011” takes place in the month of August every year.

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

TELECOMMUNICATIONS EQUIPMENT

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Telecommunications Equipment Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	157.9	172.7	192
Total Local Production	18.5	16.4	17
Total Exports	18.0	29.5	22
Total Imports	157.4	185.8	197
Imports from the U.S.	110.2	130.2	138

Exchange rate: RD\$37 – US\$1

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

The Dominican market for telecommunications equipment increased from 157.9 million U.S. dollars in 2009 to 172.7 million U.S. dollars in 2010 and is expected to reach 192 million U.S. dollars in 2011. As a result of the earthquake in Haiti (January 2010), most of the Haitian infrastructure for voice, image, and data transmission suffered significant damages and needed replacement and/or repair. In 2010, the majority of these Haiti-bound products entered the Dominican Republic in transit, which was reflected in an increase of Dominican exports to Haiti.

The telecommunications industry in the Dominican Republic has been growing over the last five years and has been characterized by greater competition, price reductions, and the introduction of new technologies, allowing the industry to offer modern products and services. The mobile telephone sub-sector is the most competitive and is also the sub-sector that has experienced the largest growth rate. The country enjoys a modern telecommunications law that facilitates investment in the sector by providing equal treatment for local and foreign investors, allows price rates to be set freely by the industry players, and guarantees interconnection rights.

The Central Bank of the Dominican Republic reported that in 2010, the telecommunications industry's contribution to the GDP was 17.3 percent. Growth is more significant in the mobile telephone sub-sector where the wireless teledensity in the Dominican Republic has reached 91.3 percent. Total teledensity in the Dominican Republic is 101.6 percent (according to the Dominican Institute for Telecommunications (INDOTEL)).

The Dominican market for telecommunication equipment is almost 100 percent import-dependent and the United States is the preferred source due to the CAFTA-DR that allows for duty free imports and the good reputation that American products enjoy in this market. There is some local production of conventional telephone sets, but it is located in the Free Trade Zone sector. FTZ manufacturers are mandated to export no less than 80 percent of their total production, and the products that stay in the local market (no more than 20 percent) have to pay duties and taxes as any other imported products. As a result, very little of the locally manufactured telephone sets stay in the Dominican market.

Sub-Sector Best Prospects

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- Transmission equipment for digital television
- Transmission equipment for data transmission
- Telephones

Opportunities

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The Dominican Ministry of Telecommunications (Instituto Dominicano de las Telecomunicaciones, or INDOTEL by its Spanish acronym) has announced that the American ATSC (Advanced Television Systems Committee) standard for digital terrestrial television has been adopted for the Dominican Republic. The analogue switch-off is expected to take place in September 2015 and, as a result, the Dominican television broadcasters must acquire transmission equipment to comply with the new digital standard before that date. Likewise, the radio broadcasting will be switched from analogue to digital in the near future, thus increasing opportunities for American exporters of radio transmission equipment. While no standard has been officially selected yet for radio, it is anticipated that INDOTEL will follow suit and also select the U.S. standard for digital radio.

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

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

The Dominican market is highly price sensitive. U.S. companies interested in this market should try to focus on price competitiveness and offer cost-effective solutions, but should not forget to offer adequate technical support.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Telecommunications Equipment sector is Isolda Frias, isolda.frias@trade.gov.

Instituto Dominicano de las Telecomunicaciones (Dominican Ministry of Telecommunications, or INDOTEL): www.indotel.gob.do

RENEWABLE ENERGY

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The Dominican Republic experiences frequent electrical blackouts that can last from a couple of hours to more than twelve hours a day. Supply shortfalls in the sector can be attributed mainly to electricity distribution companies' inability to collect sufficient funds from consumers, electricity theft, and delays in government payments. The Dominican government's subsidy to the electrical sector has become a major source of fiscal strain in the national budget and the major point of discussions with the International Monetary Fund (IMF).

Energy sector problems threaten the country's economic competitiveness and create widespread public dissatisfaction, to attempt to attract more investment in the country's generation capacity; however, the significant problems in the sector have limited such investment. The Dominican Republic's installed generation capacity is over 3,000 MW and the average daily peak demand is around 1,900 MW, thus the supply shortfalls and blackouts are due to systemic problems rather than a lack of generation capacity. Technical and non-technical losses average 45 to 50 percent. Although supply is currently that demand that is excess capacity is expected to disappear within several years as demand increases.

Legal Framework for Renewable Energy

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

- **Reform of Public Enterprises Law 141-97:** Provides the legal framework for the partial privatization of the electricity generation and distribution units.
- **General Electricity Law 125-01:** Provides preferential treatment for companies that generate electricity from renewable energy, if prices and conditions are identical to conventional generation. Companies that generate electricity with renewable energy are exempted from taxes for five years.
- **Presidential Decree 139-03:** Provides import tax exemptions for solar panels and wind turbines.
- **Presidential Decree 557-02:** Supports the diversification of sugar mills into energy-producing Independents Power Producers (IPP) industries
- **Incentive Law:** Promotes industrial development in the border region with Haiti, which includes incentives for wind, solar and all biofuels.
- **Renewable Energy Incentives Law 57-07:** Includes the following incentives:
 - Tax exemptions for imports on renewable energy components
 - Reduced transmission fees for renewable energy electricity
 - Fixed feed-in price for renewable energy electricity
 - Grants of up to 50 percent of investment costs (to be decided on a case-by-case basis, for a maximum 5 MW production capacity)

- Income tax exemptions and fiscal incentives for self-suppliers
 - Grants of up to 50 percent of investment costs (to be decided on a case-by-case basis, for a maximum 5 MW production capacity)
- **Hydrocarbon Law 112-00:** Provides funding for the promotion of renewable energy and energy saving programs. It started as a two percent hydrocarbon tax credit in 2002, and was increased to five percent in 2005. This fund and its programs are managed by the DR Ministry of Industry and Commerce.

Sub-Sector Best Prospects

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- Wind power equipment and supplies
- Solar energy production systems
- Biomass equipment
- Ethanol production equipment

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

The Dominican Republic National Energy Commission (Comisión Nacional de Energía - CNE) announced that three wind energy projects will be initiated in the country in 2011, generating 110 megawatts of power. Additional wind energy projects are hoped to be operational by 2012 and CNE anticipates a total wind capacity in the DR of 180 megawatts by June 2012, which if attained would make it the second largest wind energy producer in Latin America.

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.

CNE and the Bank for Agribusiness (Banco Agrícola) in the Dominican Republic, signed an agreement to support small alternative energy projects, especially for rural areas. They created a fund of US\$1.5 million to be used for the financing of biodigestors, solar panels, and small hydraulic energy systems. The CNE will provide the technical support and the Bank for Agribusiness will handle financing, although there have not yet been any concrete activities in that regard.

TRAVEL AND TOURISM SERVICES

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Travel to the United States from the Caribbean continues to be very active. According to a report on "International Travel to the United States" prepared by the U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries, 1,081,453 travelers from the Caribbean visited the U.S. from January to November 2010. During this period of time, arrivals from the Dominican Republic totaled 212,305. From around the Caribbean region, arrivals from The Bahamas totaled 215,612, Jamaica had 162,891 arrivals, and Trinidad and Tobago accounted for 122,992 travelers.

Travelers from the Dominican Republic are expected to steadily increase by 3 percent for the next five years.

Dominicans travel to the United States mainly for friends/relatives visits, vacations/leisure time, and business purposes. The most visited U.S. locations by Dominican travelers include: Florida (Orlando/Miami), California (Los Angeles/San Francisco), New York (New York City), and New Jersey (Newark).

Several U.S. airlines have direct flights to different DR cities, as shown in the following chart:

AIRLINES	D.R. CITIES	U.S. CITIES
AMERICAN AIRLINES	<u>FROM:</u> Santo Domingo	<u>TO:</u> New York (JFK), Boston, San Juan, and Miami
	Santiago	New York (JFK), San Juan, and Miami
	Puerto Plata	Miami
	Punta Cana	New York (JFK), San Juan, and Miami
	La Romana	Miami
CONTINENTAL	<u>FROM:</u> Santo Domingo	<u>TO:</u> Newark and Houston
	Puerto Plata	Newark and Houston
DELTA	<u>FROM:</u> Santo Domingo	<u>TO:</u> New York and Atlanta
	Santiago	New York
	Punta Cana	New York and Atlanta

JET BLUE	<u>FROM:</u> Santo Domingo	<u>TO:</u> New York (JFK), Boston, San Juan, Fort Lauderdale, and Orlando.
	Santiago	New York (JFK) and Boston
	Puerto Plata	New York (JFK)
	Punta Cana	New York (JFK) and Boston
	La Romana (starting 11/16/11)	New York (JFK)
SPIRIT	<u>FROM:</u> Santo Domingo	<u>TO:</u> Fort Lauderdale
	Santiago	Fort Lauderdale
	Punta Cana ²	Fort Lauderdale
U.S. AIRWAYS	<u>FROM:</u> Santo Domingo	<u>TO:</u> Philadelphia
	Punta Cana	Charlotte and Philadelphia

Sub-Sector Best Prospects

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

Opportunities

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The Commercial Service in Santo Domingo is working on several events and activities to promote US destinations in the Dominican Republic, promoting U.S. travel industry shows in the U.S. such as the International PowWow and La Cumbre for travel agents and tourism press.

The U.S. Commercial Service also has a very active schedule to trade shows and is constantly inviting the Dominican business community to participate in these international trade fairs held in the U.S. The visits to the trade shows promote business within the various industry sectors, while also promoting the U.S. as a tourism

² Spirit offers only seasonal service from Punta Cana to Fort Lauderdale.

destination, since many Dominican participants in CS delegations extend their stay by a few days to sightsee and shop.

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The U.S. Commercial Service Santo Domingo trade specialist covering the Travel and Tourism sector is Maria Elena Portorreal, maria.portorreal@trade.gov.

Caribbean Traveling Network holds an annual tourism trade event in Santo Domingo, Expo Feria Vacaciones CTN. E-mail: ctn@codetel.net.do

U.S. Travel Association: www.ustravel.org

Office of Travel and Tourism Industries: www.tinet.ita.doc.gov

AIR CONDITIONING AND REFRIGERATION EQUIPMENT

Overview

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Air Conditioning and Refrigeration Equipment Market Value (in millions of U.S. dollars)

	2009	2010	2011 (estimated)
Total Market Size	49.3	54.5	58.5
Total Local Production	1.9	2.2	2.5
Total Exports	0.8	1.9	2.0
Total Imports	48.2	54.2	58.0
Imports from the U.S.	25.5	33.4	34.1

Exchange rate: RD\$37 – US\$1

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

The Dominican Republic's total imports of air conditioning and refrigeration equipment in 2010 was US\$54.2 million, an increase from 2009, showing the considerable recovery of construction projects in the country. The U.S. remains to be the principal supplier to the Dominican Republic of air conditioning and refrigeration equipment, with an estimated 60 percent of the import market in 2010. This market share is expected to maintain its levels in 2011, with the slight growth of the construction and building sector in the last quarter of 2010 and the first two months of 2011.

Key contacts in the sector have consistently indicated that the air conditioning and refrigeration equipment sector will continue to grow in 2011 at an annual rate of approximately 5 percent. U.S. companies supplying the industry must keep in mind that price is the key factor when purchasing air conditioning and refrigeration equipment in the Dominican Republic. However, in some high-end tourism projects, the quality creates a preference for U.S. equipment, regardless of the price.

Sub-Sector Best Prospects

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- Refrigeration Equipment: Residential, especially freezers and refrigerators.
- Refrigeration Equipment: Industrial / Commercial (Cold storage equipment for the food industry).
- Air Conditioners: Both residential and commercial.

Opportunities

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There are numerous opportunities for U.S. exporters of air conditioning and refrigeration equipment in a number of sectors of the Dominican economy. In the tourism industry, there are several projects to build new and expand current hotels and resorts, some involving U.S. partnerships. In addition, there is good potential for equipment sales to restaurants. Refrigeration equipment for commercial purposes is in growing demand by retail outlets, such as supermarkets and convenience stores (colmados).

Web Resources

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The U.S. Commercial Service Santo Domingo trade specialist covering the Air Conditioning and Refrigeration Equipment sector is Sheila de Andujar, sheila.andujar@trade.gov.

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

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

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

Wheat			
	2009	2010	2011 (estimated)
Total Market Size	97.8	139.5	142.0
Total Local Production	0	0	0
Total Exports	2.0	2.0	2
Total Imports	95.8	137.5	140.0
Imports from the U.S.	92.8	137.5	140.5

Exchange Rate: RD\$ 37 – US\$1

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

In spite of the increased international price of wheat over the last three years, the amount of imported wheat into the Dominican Republic increased to 580,000 metric tons per year in 2010, primarily as a result of the destruction of the wheat mill in Haiti in the January 2010 earthquake. The DR supplied Haiti with a total of 180,000 MT of wheat in 2010. Domestic wheat consumption has been increasing gradually as demand for pasta and confectionary products continues to expand. Some Dominican-made flour and related products continue to flow into the Haitian market. Barring increased subsidies for European exports or more competitive prices from Canada, the United States should remain the predominant wheat supplier to the Dominican Republic. Total wheat imports in 2011 are expected to remain at these levels until the Haitian mill is reconstructed, possibly in 2012. If international wheat prices continue to increase in 2011, Dominican demand may decrease slightly.

Opportunities

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

Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Carlos Suarez, Carlos.Suarez@fas.usda.gov

Soybean Meal

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

Soybean Meal			
	2009	2010	2011 (estimated)
Total Market Size	147.3	145.2	150.0
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	147.3	145.2	150.0
Imports from the U.S.	147.3	145.2	150.0

Exchange Rate: RD\$ 37 – US\$1

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

The United States is the Dominican Republic's principal supplier of soybean meal. It 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. Despite the slightly higher (5 percent) production of poultry and swine in 2010 over 2009, the net total volume of soybean imports is expected to decrease in 2011. At the same time, the monetary value of soybean imports is expected to increase slightly, due to the current high international soybean prices. Current consumption of soybean meal is being substituted by cheaper products.

Opportunities

Product quality, geographic proximity, and price, in addition to market support and technical assistance from the American Soybean Association, will assure continued presence of U.S. soybean meal in the Dominican market. As a basic feed item for the poultry, swine, and dairy sectors, soybean meal is exempted from import taxes. As a result, the prices of soybean meal and their products are expected to remain low, and 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 Carlos Suarez, Carlos.Suarez@fas.usda.gov

Corn

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

Corn	2009	2010	2011 (estimated)
Total Market Size	176.0	176.0	178.0
Total Local Production	0.01	0.01	0.01
Total Exports	2.0	2.0	2.0
Total Imports	174.0	174.0	176.0
Imports from the U.S.	174.0	174.0	176.0

Exchange Rate: RD\$ 37 – US\$1

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

The United States is the Dominican Republic's principal supplier of corn. As with soybean meal, corn is used mainly in formulation for poultry and swine feed. The total value of U.S. corn imports to the DR remained stable from 2009 to 2010, even though consumption in 2010 was down more than five percent. Consumption is not expected to increase this year because of the higher international corn prices. The higher corn prices in early 2011 are expected to result in lower volumes of U.S. corn exports to the DR in 2011.

Opportunities

Product quality, proximity and price, in addition to cooperator support and technical assistance will assure presence in the Dominican market. Coarse grain, being a basic feed item for the poultry, swine, and dairy sectors, is exempted from import taxes. As a result, the prices of corn and its products have returned to reasonable levels, and imports from the United States are expected to remain strong.

Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Carlos Suarez, Carlos.Suarez@fas.usda.gov.

Consumer-Oriented Products

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

Consumer Oriented Products			
	2009	2010	2011 (estimated)
Total Market Size	645.0	665.0	670.0
Total Local Production	310.0	305.0	295.0
Total Exports	205.0	210.0	215.0
Total Imports	335.0	360.0	375.0
Imports from the U.S.	231.0	285.6	290.0

Exchange Rate: RD\$ 37 – US\$1

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

Imported consumer-oriented products, mainly those from the United States, are seen as high quality products. The demand for these products as imports exceeds US\$380 million, with a U.S. market share of approximately 50-55 percent. Currently, the major competitor is the European Union, particularly Spain, as the ownership of most of the supermarkets chains and resorts is of Spanish decent and they try to source products from their original homeland.

Supermarkets are becoming more important in the distribution process of consumer-oriented products at the expense of the traditional system of warehouses and mom n' pop convenience stores (colmados). Small and medium-sized supermarkets are now able to take advantage of the economy of scale of 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, is also increasing.

Over the fifth year of implementation of CAFTA-DR, we estimate that consumer-oriented product imports from the United States have increased by at least 40 million U.S. dollars, placing the Dominican Republic in the top 25 most important trading partners.

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, and strong macroeconomic growth.

Resources

The U.S. Foreign Agricultural Service Santo Domingo specialists covering the consumer-oriented products sector are Carlos Suarez, Carlos.Suarez@fas.usda.gov and Denisse Martínez, Denisse.Martinez@fas.usda.gov.

Dairy Products

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

Dairy Products			
	2009	2010	2011 (estimated)
Total Market Size	78.0	80.0	81.0
Total Local Production	N/A	N/A	N/A
Total Exports	2.0	2.0	2.0
Total Imports	80.0	82.0	83.0
Imports from the U.S.	37.4	51.8	54.0

Exchange Rate: RD\$ 37 – US\$1

Sources: Unofficial estimate by FAS based on industry data from UN, USDOC/U.S. Census data, and FAS Santo Domingo estimates.

There is a US\$85-90 million dollar market for imported dairy products in the Dominican Republic with non-fat dried milk occupying a prominent position. Although there are some import restrictions to protect local producers, CAFTA-DR is gradually opening the market. In 2010, dairy exports from the United States reached an all-time high of nearly 52 million U.S. dollars. When the market completely opens for U.S. products, imports are anticipated to increase. Currently, the U.S. market share is approximately 63 percent. The European Union and New Zealand 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. The duties on liquid milk, butter, and cheeses other than mozzarella and cheddar will be phased out by 2015. Ice cream duties will be eliminated in 2017 and cheddar cheese duties will be eliminated by 2020. In addition, duties on milk powder, mozzarella cheese, and yogurt will be phased out in 2025.

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

Resources

The U.S. Foreign Agricultural Service Santo Domingo specialists covering the dairy sector are Carlos Suarez, Carlos.Suarez@fas.usda.gov, and Denisse Martínez, Denisse.Martinez@fas.usda.gov.

Rice

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

Rice	2009	2010	2011 (estimated)
Total Market Size	330.0	293.4	330.0
Total Local Production	313.8	278.0	314.8
Total Exports	0	0	0
Total Imports	16.2	15.4	16.2
Imports from the U.S.	16.2	15.4	16.2

Exchange Rate: RD\$ 37 – US\$1

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

The Dominican Republic has consistently had to supplement local production with imports to meet local demand. All rice imports are from the United States due to quality, proximity, and the fact that U.S. rice is free of *Trogoderma spp.* As local production has increased and CAFTA-DR is concluding its fifth year, rice imports will continue to enter the market. The Tariff Rate Quota (TRQ) for rice in 2010 allowed for the importation of 13,500 metric tons, which allows for a consistent yet very small U.S. presence in the market. Based on figures from the first quarter of 2011, import volumes are expected to increase despite high international rice prices.

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 2026. In addition, traditional production shortfalls will continue to demand larger quantities of high quality U.S. rice to be exported to the Dominican Republic.

Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Carlos Suarez, Carlos.Suarez@fas.usda.gov.

Pulses and Dried Beans

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

Pulses, Dried Beans	2009	2010	2011 (estimated)
Total Market Size	62.2	66.0	66.0
Total Local Production	44.2	49.5	41.0
Total Exports	0	0	0
Total Imports	18.0	16.5	25.0
Imports from the U.S.	16.4	14.9	23.5

Exchange Rate: RD\$ 37 – US\$1

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

Pinto beans are a basic staple in the Dominican diet and the Dominican Republic was self-sufficient in red pinto bean production for many years. Nonetheless, the production can no longer meet demand. Over the last five years, worldwide dried bean imports to the DR have averaged 22,000 metric tons per year, with an estimated value of US\$25 million in 2011, due to production shortfalls. Most dried bean imports into the DR come from U.S. ports located on the Gulf of Mexico. Occasionally, when export volumes have been limited in North America, Chilean pinto beans have supplied into the Dominican import market.

The Dominican market prefers North American pinto beans to the South American competition due to quality, phytosanitary standards, proximity, and price. Preliminary estimates for 2011 anticipate exports of U.S. pinto beans valued over US\$20 million. A continued U.S. presence in this market is assured with CAFTA-DR finishing its fifth year and a 2011 TRQ for U.S. pinto beans of 11,360 metric tons.

Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Carlos Suarez, Carlos.Suarez@fas.usda.gov.

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Import Tariffs

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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 US 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:

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

Trade Barriers

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No significant trade barriers affect the entry of most goods and services into the Dominican Republic, with the exception of products that compete with local industries. For non-sensitive items, importers pay minor duties and present the required documents to clear their imports with few issues at the port. 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, 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 or at all. In addition to the import permit, some agricultural products such as milk, cheese, rice, beans, onions, garlic, poultry, pork and sugar and certain consumer goods carry higher duty rates. Under the CAFTA-DR, the higher duties for sensitive agricultural goods will continue to be phased out over the next five to fifteen years. Very small amounts of these products are also allowed in duty free each year under a Tariff Rate Quota (TRQ) regime.

Import Requirements and Documentation

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(A) Commerce/Industry:

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

A certification should include the following information:

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

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

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

http://www.dga.gov.do/dgagov.net/uploads/file/certificacion_de_origen.pdf

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

http://www.export.gov/fta/CAFTA/CertInstrux_English.doc

Import licenses are not required for most products, except pharmaceutical products (drugs, cosmetics and skin care products), some agricultural products, and agro-chemicals. For pharmaceutical products a license must be obtained at the Ministry of Public Health for each trademark/product imported by the company. The license is valid for a period of five years. For more information on the registration of pharmaceutical products, please visit the website of the Drugs and Pharmacy Directorate of the Ministry of Public Health at:

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

B) Agriculture:

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

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

The rice duty of 20 percent, however, will be in place for the next fifteen years. At the same time, small amounts of sensitive agricultural products are allowed into the DR duty-free through a tariff rate quotas (TRQs) system and the amounts increase gradually at the same time that their duties are phased out.

The most restrictive trade practice, however, is the import permit that must be obtained from the Minister of Agriculture for each shipment of these sensitive and other agriculture related products, including agro-chemicals and fertilizers. This special authorization is not consistent with the CAFTA-DR and the World Trade Organization (WTO). In addition, the lobbies for local meat and dairy products are strong and routinely try to block or restrict imports by introducing an additional import requirement.

U.S. Export Controls

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

Temporary Entry

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Commerce/Industry:

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

Labeling and Marking Requirements

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

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

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

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

Prohibited and Restricted Imports

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There are few prohibitions on imports, although discretionary import licenses are required from the Secretariat of Agriculture for most agricultural products. These appear to limit imports of many items that the government perceives as competitive with domestic production. Importation of automobiles that are more than five years old and vehicles for the transportation of goods (pick-up trucks, light trucks, etc.) that are more than fifteen years old are prohibited, as well as the importation of used clothing. However, the provision regarding used clothing is frequently overlooked.

Customs Regulations and Contact Information

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

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

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

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

Standards

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Overview

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The Dominican Republic generally accepts U.S. certifications and standards. The Dominican Standardization System follows international guidelines and it is compatible with the purposes of General Agreement on Tariffs and Trade (GATT) Code of Standards. DIGENOR (Dirección General de Normas & Sistemas de Calidad, in Spanish) is the Dominican governmental body overseeing the formulation, publication, and implementation of quality norms in the Dominican Republic. DIGENOR was created on May 20, 1997, in accordance with Law 602. Rather than creating new standards specific to the Dominican Republic, DIGENOR follows international standards.

The Dominican Standardization System (NORDOM, or Normas Dominicanas in Spanish) consists of 619 mandatory and voluntary standards.

The U.S. **National Institute of Standards and Technology (NIST)**, via its Notify U.S. Service, notifies the Dominican Republic and all other World Trade Organization (WTO) Member countries, as required under the Agreement on Technical Barriers to Trade (TBT Agreement). All Members must notify proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets and online registration is available via: <http://www.nist.gov/notifyus/>

Standards Organizations

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DIGENOR is the only national institution that compiles and publishes standards in the Dominican Republic. It is the center for information for international standards and serves as:

- The National Inquiry Point under the WTO Agreement on Technical Barriers to Trade;
- The Contact Point for Codex Alimentarius Commission (international standard-setting body for food standards); and
- The Local Agent for the International Organization for Standardization (ISO),

DIGENOR also has membership in the Pan-American Standards Commission (COPANT) and receives assistance from the National Association of Drinking Water Supplier Agencies (ANDESAPA), and the Wastewater Equipment Manufacturers Association (CAPRA).

For the inclusion of standards for healthcare products, such as cosmetics and pharmaceuticals, DIGENOR has created a joint commission with the Drugs and Pharmacy Directorate of the Ministry of Public Health.

Conformity Assessment

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Due to a lack of resources at DIGENOR, products are typically tested in private foreign laboratories.

Product Certification

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DIGENOR is the institution authorized to provide product certification. The DIGENOR Seal of Compliance (Sello de Calidad DIGENOR, in Spanish) is the certification that DIGENOR provides to 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 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. This is a straightforward process, which requires only the presentation of documents from an accredited international organization, such as the U.S. Food and Drug Administration (FDA). Without this "Registro Sanitario", pharmaceutical and cosmetic products are not allowed to enter the Dominican Republic. For more information on the "Registro Sanitario" please visit the website of the Directorate of Drugs and Pharmacies: <http://www.drogasyfarmacias.gov.do>.

Accreditation

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There are no testing laboratories in the Dominican Republic. Therefore, DIGENOR will accept documents and assessments prepared by internationally accredited bodies or testing laboratories. However, the Dominican government has indicated that they are in the process of accrediting one laboratory. The laboratory was scheduled to start operations in 2009, but the DIGENOR has experienced budget problems that have hindered the project, thus preventing it from operating to date.

Publication of Technical Regulations

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In the Dominican Republic, the most up-to-date regulations are published and available to the general public for a small fee. Because the country does not create new standards, but follows international standards, there is no need for public discussion of any technical regulations.

Labeling and Marking

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

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

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

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

Contacts

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Web Page: <http://www.BuyUSA.gov/caribbean>
E-mail: isolda.frias@trade.gov

Trade Agreements

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CAFTA-DR

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

Other DR preferential trade agreements

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

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

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

Trade agreements under negotiation

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

Web Resources

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

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

Dirección General de Normas y Sistemas de Calidad (DIGENOR):
<http://www.digenor.gov.do>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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While the Dominican government welcomes foreign investment, significant systemic problems can make investing in the country a risky undertaking. Foreign investors cite a lack of clear, standardized rules by which to compete and a lack of enforcement of existing rules. Complaints have included corruption, requests for bribes, delays in government payments, failure of the Dominican government or of Dominican private sector entities to honor contracts, disregard for Dominican court rulings, and non-standard procedures in Customs valuation of imported goods.

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

In 2010, according to the Dominican Central Bank, foreign direct investment into the Dominican Republic totaled just over US\$1.6 billion.

Dominican Republic Ranking on Several Recognized Indices

2010 TI Corruption: 101/178

2010 Heritage Economic Freedom: 90/179

2011 World Bank Doing Business: 91/183

FY 09 MCC Government Effectiveness: -.08 (median 0.00)

FY 09 MCC Rule of Law: -.08 (median 0.00)

FY 09 MCC Control of Corruption: -.2 (median 0.00)

FY 09 MCC Fiscal Policy: -2.4 (median -.6)

FY 09 MCC Trade Policy: 73.0 (median 75.6)

FY 09 MCC Regulatory Quality: 0.00 (median 0.00)

FY 09 MCC Business Start Up: .965 (median .962)

FY 09 MCC Land Rights and Access: .703 (median .729)

FY 09 MCC Natural Resource Management: 88.38 (median 84.41)

Conversion and Transfer Policies

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The Dominican exchange system is a market with free convertibility of the peso. The economic agents perform their transactions of foreign currencies under the conditions freely negotiated by them.

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. Some industries, particularly those operating in free trade zones (*zonas francas*), complain that the Dominican authorities carry out operations through the Central Bank and the government-owned Banco de Reservas that result in an overvalued peso, penalizing export sectors and the tourism sector.

Resolutions 64-06 and 106-06, issued by the Dominican Civil Aviation Board, require all airlines serving the Dominican market to pay nearly all local taxes in U.S. dollars as opposed to local currency for both entry and exit of each passenger. Some airlines have considered challenging this requirement in the courts, but the fines for failure to comply are punitive and compel the airlines to comply until the courts decide otherwise.

Expropriation and Compensation

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There are approximately 20 outstanding disputes with the Dominican government concerning unpaid government contracts or expropriated property and businesses. Property claims make up the majority of expropriation cases. Most but not all confiscations have been used for purposes of infrastructure or commercial development. In some cases, claims have remained unresolved for many years. Investors and lenders have typically not received prompt or adequate payment for their losses and payment

has been difficult to obtain even in cases in which a Dominican court has ordered compensation or the government has recognized a claim. In one case, the Dominican Supreme Court in 1970 upheld a judgment ordering the government to compensate a U.S. family whose land and businesses had been expropriated. The Dominican government compensated the owners only for the expropriated land but to date has not offered compensation for the businesses. In other cases, lengthy delays in compensation payments have been blamed on errors committed by government-contracted property assessors, slow processes to correct land title errors, and other technical procedures. The procedures for resolution of expropriation cases are opaque and byzantine to the outsider, and Dominican government agencies frequently disagree on where the responsibility lies for the next action.

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

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

A large number of public highway projects are in progress or planned, so eminent domain procedures can be anticipated to affect foreign landholders. In at least one recent eminent domain case involving a U.S. citizen, informal pressure was applied to induce the property owner to accept the government's offer, which was much less than an independent private assessment.

Dispute Settlement

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

Currently, quite a few U.S. investors, ranging from large firms to private individuals, have disputes with the Dominican government and parastatal firms involving payments, expropriations, or contractual obligations. Both free trade zone companies and non-free-trade-zone companies have problems with dispute resolution. U.S. firms indicate that corruption on all levels – business, government, and judicial – in the Dominican Republic impedes their access to justice so as to defend their interests. Moreover, several large American firms have been subjects of injunctions issued by lower courts on the behalf of distributors with whom they are engaged in a contract dispute. These disputes are often

the result of the firm seeking to end the relationship in accordance with the contract, and the distributor using the injunction as a way of obtaining a more beneficial settlement. These injunctions often disrupt the American companies' distribution activities, resulting in severe negative impact on sales.

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

Performance Requirements and Incentives

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Foreign investors receive no special investment incentives and no other types of favored treatment, except in the area of renewable energy (see below). There are no requirements for investors to export a defined percentage of their production. A law is currently pending in the Dominican Congress to eliminate the requirement that free trade zones export at least 80 percent of their output.

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

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

The Renewable Energy Incentives Law (No. 57-07), which entered into force in June 2008, provides an array of incentives to business 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 manufactured products. The incentives include a 100 percent exemption from taxation on imported inputs (equipment and materials) and a 10-year exemption from all taxation on profits up to, but not beyond, the year 2020. However, as of the end of 2010, this law has yet to yield any electrical power generated using renewable energy sources. Foreign investors praise the provisions of the law but express frustration with approval and execution of potential renewable energy projects.

Right to Private Ownership and Establishment

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The Dominican Constitution guarantees the freedom to own private property and to establish businesses. The Foreign Investment Law (No. 16-95) provides foreign

investors the same rights to own property as are guaranteed by the Constitution to Dominican investors. Public enterprises are not given preference over private enterprises. An area of concern, however, is the legitimacy of property titles. In 2006, the Inter-American Development Bank approved a US\$10 million loan to help the Dominican Supreme Court modernize its property title registration process.

Protection of Property Rights

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

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 them. CAFTA-DR mandates both statutory and actual damages for copyright and trademark infringement, and requires measures to help ensure that monetary damages can be awarded even when it is difficult to assign a monetary value to the infringement.

Transparency of Regulatory System

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In recent years the Dominican government has carried out a major reform effort aimed at improving the transparency and effectiveness of laws affecting competition.

Nonetheless, efforts to establish the rule of law in many sectors of the economy have been impeded or in some cases soundly defeated by special interests. For example, in 2008, the Government refused to enforce a court ruling to halt an illegal blockade of a U.S. business by disgruntled ex-contractors. Many investors, both Dominican and foreign, consider that influence through political contacts will predominate over formal systems of regulation.

On December 3, 2002, the Financial and Monetary Law (No. 183-02) created a new regulatory regime for the monetary and financial system. One of its provisions allowed for foreign ownership of national financial institutions. The International Monetary Fund Standby Agreement negotiated in 2003 and 2004 required additional regulation and

improved supervision of the banking sector, and authorities have required banks to improve capital ratios in order to meet international standards.

On December 4, 2007, the Competitiveness and Industrial Innovation Law (No. 392-07) established a framework to promote the development of the manufacturing sector by streamlining the customs regime for qualifying companies. Many of these benefits had previously only been enjoyed by companies within the free trade zones. The legislation also changed the former Industrial Promotion Corporation (CFI) into the new Center for Industrial Development and Competitiveness (*Proindustria*).

Efficient Capital Markets and Portfolio Investment

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

In the wake of the global economic and financial crisis, the IMF's Executive Board approved on November 9, 2009, a US\$1.7 billion Standby Agreement (SBA) with the Dominican Republic. The 28-month program seeks 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 country had successfully implemented a US\$665 million SBA approved in 2005 that helped the DR recover from its 2003 banking crisis.

The Dominican securities market, called the Bolsa de Valores de Santo Domingo, opened on December 12, 1991, and mostly handles offerings of commercial paper. In 2009, the Bolsa de Valores handled more than US\$768 million worth of transactions, with US\$116.5 million in the primary and US\$651.9 million in the secondary market. It is supervised by the Superintendency of Securities (SIV), which approves all public securities offerings.

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

Competition from State Owned Enterprises

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SOEs in general do not have a significant presence in the economy, with most functions performed by privately-held firms. One notable exception is in the energy sector, where private companies only operate in the electrical generation phase of the process, with the government handling the transmission and distribution. Distribution had been previously privatized, but, due to the serious problems in that sector (including lack of payment), the government once again took over the distribution function.

Corporate Social Responsibility

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

Political Violence

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There have been occasional spontaneous outbreaks of protest in some of the poorer areas of the Dominican Republic over spiraling electricity costs, rising gas and food prices, corruption, and lengthy rolling blackouts throughout the country. Occasional labor protests have been peaceful, but security forces routinely have used excessive force to disperse protesters.

Corruption

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

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

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

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

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

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

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive

measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

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

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

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs.

Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

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

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

The Dominican Republic has a legal framework that includes laws, regulations and penalties that ought to permit the effective combating of corruption. However, corruption remains an endemic problem in the security forces, civilian government and in the private sector. Corruption and the need for reform efforts are openly and widely discussed – a 2008 Gallup poll found 82 percent of Dominicans think the country is corrupt or very corrupt, but the incidence of people reporting requests for bribes by officials is about average for countries of the Latin America region. A respected Dominican non-governmental organization supported by USAID-sponsored research in 2004 established that, during the previous 20 years, only one sitting government official had been convicted of corruption. That individual was released after serving only six months of the sentence. This study is being updated and will include information on the economic costs of corruption. The Prosecutor General’s office reports that, of 78 denunciations of corruption it received between January 2008 and August 2009, eleven (or 14 percent) reached trial during 2008-2009. The prosecution service noted that the low figure was because most complaints were “not well founded, sometimes only concern public rumor and do not have sufficient probative elements.” The judiciary has dealt administratively with judges deemed corrupt, but no known prosecutions of corrupt judges have taken place.

Although in July 2008 the Supreme Court upheld convictions related to the fraud-based 2003 collapse of the “Baninter” bank, President Fernandez pardoned, in December 2008, a convicted former Baninter vice president as well as four persons convicted in the 2004-2005 REMOVE case involving fraud in the handling of government subsidies for the purchase of public buses. Most members of the Pardons Commission resigned in protest against the pardons. In December 2009, the President pardoned another individual convicted in the REMOVE case.

As noted, lack of enforcement is the primary problem. No data are available to assess whether corruption disproportionately affects foreign firms, but probably more Dominicans than Americans must deal with it. At the same time, corruption is widely recognized as a form of protectionism, inasmuch as it can give an “insider” an undue advantage over outsiders (either foreign or domestic). Over 25 percent of Dominicans consider corruption to be an impediment to development, according to the 2008 Gallup poll.

On October 20, 2010, the Participative Anti-Corruption Initiative (IPAC) presented a set of 30 recommendations to combat corruption to the president and other officials, various NGOs, and the media. These recommendations – developed by government officials, civil society representatives and the donor community and covering a variety of issues such as government procurement transparency, energy, and water – were the fruits of the IPAC process, which was born of the president’s 2009 request to the international community for help in dealing with the “perception” of corruption in the country. President Fernández welcomed the recommendations but provided no timelines for implementation and downplayed the extent of corruption in the country.

The Dominican Congress ratified the UN Convention against Corruption on October 26, 2006. The UN Convention has a broader scope on corruption than do other agreements; it includes provisions regarding money laundering, obstruction of justice, private sector corruption, and asset recovery. As for regional initiatives, the Dominican Republic has signed the Inter-American Convention against Corruption (IACAC), but there was no reported progress in implementing the recommendations produced by the peer-review mechanism established under the IACAC. The Dominican Republic is not a party to the 1992 Inter-American Convention on Mutual Assistance in Criminal Matters.

The 2010/2011 World Economic Forum’s Global Competitiveness Index rated the Dominican Republic 139 out of 139 as regards “favoritism in the discharge of public duties,” 138 out of 139 as regards “wastefulness of government spending,” 134 out of 139 as regards “diversion of government funds,” and 134 of 139 in terms of levels of confidence in the police. An October 2009 survey by NGO watch-dog *Participacion Ciudadana* found that many key government institutions are not complying with the country’s equivalent of a freedom-of-information law, while media reported that none of the country’s 23 political parties comply with the law as regards their finances and expenditures.

Giving or accepting a bribe is a criminal act. Article 177 of the Criminal Code provides that: “An official or public employee from the administrative, municipal, or judicial sphere who, in exchange for a gift or promise, provides his office for the commission of an action that, while lawful, is not covered by his salary, shall be punished by the loss of his civil rights and a fine of twice the monetary value of the gift, reward, or promise; in no case, however, may the fine be less than fifty pesos or the custodial term set by Article 33 of this Code be shorter than six months, and the imposition of the prison term shall in all cases be obligatory. These same penalties shall apply to public employees, officials, and officers who, in exchange for gifts or promises, fail to perform any due or legal act inherent to their positions. The same punishments shall apply to any arbiter or expert, appointed by either the court or the parties at trial, who accepts offers or promises, or receives gifts or other considerations, in exchange for giving a decision or opinion that favors one of the parties.” Article 178 of the Criminal Code provides that: “If the exaction or bribery is associated with a criminal act punishable by penalties higher than those set

out in the previous article, the harsher penalties shall invariably apply to the guilty.” Article 181 of the Criminal Code provides that: “A judge in criminal proceedings who accepts a bribe and thereby favors or harms the accused shall be punished by prison with labor and by the fine established in Article 177.” Article 2 of the Bribery in Commerce and Investments Law (No. 448-06) provides that: “Any public official or person performing public functions who requests or accepts, either directly or indirectly, any item of monetary value as a favor, promise, or benefit, for himself or for another, in exchange for performing or omitting to perform an action related to the exercise of his public functions in matters affecting domestic or international trade or investments shall be considered to have accepted a bribe and, as such, shall be punished by a term of prison with labor of between three and ten years and fined an amount equal to twice the benefits received, requested, or promised, said fine in no instance amounting to less than fifty times the minimum wage.”

Both the CAFTA-DR and the UNCAC, ratified by the country, mandate that the country criminalize bribery (offer/request). Article 3 of the Bribery in Commerce and Investments Law (No. 448-06) provides that: “Any individual or corporate body that intentionally offers, promises, or provides, either directly or indirectly, a public official or person performing public functions in the Dominican Republic with any item of monetary value or other gain as a favor, promise, or benefit, for himself or for another person, in exchange for the commission or omission by that official of any action related to the performance of his public functions, in matters affecting domestic or international trade or investments, shall be considered to have given a domestic bribe.”

Several government bodies have a role in fighting corruption, including the Prosecution Service’s National Directorate to Prosecute Administrative Corruption, the legislative branch’s Court of Accounts (a GAO-like entity), and the Central Bank. Another key institution is the National Ethics and Anti-Corruption Commission, established by President Fernández in 2005. However, the Commission is little known and under-utilized by the general public.

Several NGOs work to combat corruption, especially through better transparency. These include: the Foundation for Institutionalization and Justice (FINJUS) and *Participacion Ciudadana*.

Anti-Corruption Resources

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

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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On September 6, 2005, the Dominican Congress ratified the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Implementation occurred on March 1, 2007. The Dominican Republic has bilateral investment treaties with Chile, Ecuador, France, Spain, Taiwan, Switzerland, Morocco, Finland, the Netherlands, Italy, and South Korea. However, these do not provide the level of

protection to investors generally offered by U.S. bilateral investment treaties. It also has trade agreements with the Central American countries, the Caribbean countries (CARICOM), and a partial trade agreement with Panama. An agreement for the exchange of tax information between the United States and Dominican Republic has been in effect since 1989.

In 2007, the Dominican government started negotiating bilateral agreements with Canada. Initial rounds of negotiations on bilateral free trade agreements were held with Venezuela in 2003 and with Taiwan in 2006, but none of these negotiations have resumed. The Dominican government also signed an Economic Partnership Agreement with the European Union as part of CARIFORUM in December 2007 that entered into force in 2008.

OPIC and Other Investment Insurance Programs

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

Labor

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The Dominican Constitution provides the right of workers to strike and the right of private sector employers to lock out workers. The Dominican Labor Code, which became law in June 1992, is a comprehensive piece of legislation that establishes policies and procedures for many aspects of employer-employee relationships, ranging from hours of work and overtime and vacation pay to severance pay, causes for termination, and union registration. The Labor Code requires that 80 percent of non-management workers of a company be Dominican nationals and the remaining percentage be composed of foreign nationals.

The Labor Code establishes a standard work period of 8 hours per day and 44 hours per week and stipulates that all workers are entitled to 36 hours of uninterrupted rest each week. The law provides for premium pay for overtime, which was mandatory at some firms in the free trade zones. An ample labor supply is available, although there is a scarcity of skilled workers and technical supervisors. Some labor shortages exist in professions requiring lengthy education or technical certification. Most employers have found the local work force competent, trainable, and cooperative. Foreign employers are not singled out when labor complaints are made. Organized labor represented an estimated 8 percent of the work force. The Labor Code specifies that 20 or more workers in a company may form a union. Before a union may officially call a strike, however, it must have the support of an absolute majority of all company workers, unionized or not; it must have previously attempted to resolve the conflict through mediation; it must have provided written notification to the Ministry of Labor of the intent to strike; and it must have waited 10 days from that notification before striking. In part due to these stringent requirements, brief work stoppages are more common than lengthy strikes.

Collective bargaining is legal and may take place in firms in which a union has gained the support of an absolute majority of the workers. Few companies have collective bargaining pacts. The Labor Code stipulates that workers cannot be dismissed because of trade union membership or union activities; however, in practice, it appears that some firms have fired workers associated with union activities. The law does not provide for the reinstatement of workers dismissed on account of their union activities. The Dominican labor code establishes a system of labor courts for dealing with disputes. While cases did make their way through the labor courts, the process was often long and cases remained pending for several years. Although the government stated that there have been some improvements in this process, others note that the process remains long. In smaller municipalities the system can be shorter, taking about one year, but in the more populated cities including Santiago and Santo Domingo the process continued to take several years. Both workers and companies reported that mediation facilitated by the Ministry of Labor was the most effective method for resolving worker-company disputes, though other sources reported that the conciliation process's effectiveness has diminished in the past two years.

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

Foreign-Trade Zones/Free Ports

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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 2009 noted a Free Zone Sector with a total of 47 free zone parks (down from 48 the previous year) and 553 operating companies (up from 525). Of those companies, 43.2 percent are from the United States (including Puerto Rico). Other significant investment was made by companies registered in the Netherlands, South Korea, and Canada. In general, firms operating in the free trade zones experience fewer bureaucratic and legal problems than do firms operating outside the zones. In 2009, free zone exports totaled USD 3.785 billion, compared to USD 4.354 billion in 2008. The exports from the FTZs comprised 69.5 percent of all exports from the DR in 2009.

The FTZ sector experienced a loss of 9.6 percent of jobs in 2009 over 2008. The expiration of the Multi-Fiber Arrangement, the progressive increase in local production costs, including electricity, transportation and even customs costs, and an overvalued currency are some of the major factors affecting the FTZ companies' profitability. Exporters/investors seeking further information from the CNZFE may contact:

Consejo Nacional de Zonas Francas (CNZFE)
Leopoldo Navarro No. 61, Edif. San Rafael, Piso 5
Santo Domingo, Dominican Republic
Phone: (809) 686-8077
Fax: (809) 686-8079 or 688-0236
Web-site Address: <http://www.cnzfe.gov.do>

Foreign Direct Investment Statistics

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

2010 Foreign Investment Data in the DR by Country

Source: preliminary data from the Central Bank of the Dominican Republic

Mexico: USD 343.7 million
United States: USD 232.3 million
Venezuela: USD 139.3 million
Spain: USD 137.0 million
Netherlands: USD 101.7
Canada: USD 73.8 million
Grand Cayman: USD 48.1 million
France: USD 31.4 million
British Virgin Islands: USD 26.3 million
Panama: USD 23.3 million
United Kingdom: USD 8.0 million
Denmark: USD 7.8 million
Germany: USD 3.1 million
Italy: USD 5.0 million
Others: USD 106.2 million

Total: USD 1.277 billion

2010 Foreign Investment Data in the D.R. by Sector

Source: preliminary data from the Central Bank of the Dominican Republic

Telecommunications: USD 313.1 million

Industry: USD 301.3 million

Real Estate: USD 202.5 million

Electricity: USD 192.5 million

Tourism: USD 118.2 million

Mining: USD 59.1 million

Finance: USD 58.8 million

Free Trade Zones: USD 31.5 million

Total: USD 1.277 billion

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Chapter 7: Trade and Project Financing

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- [Foreign-Exchange Controls](#)
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How Do I Get Paid? (Methods of Payment)

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The most common methods of payment are:

- a) Cash (since most Dominican companies maintain dollar accounts abroad) by ordering 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
- e) Commercial credit cards.

If receiving payment via credit card, it is recommended that U.S. firms accept be cognizant of the possibility of fraud.

The following local firm performs credit checks on Dominican companies:

Transunion
Ave. Abraham Lincoln No. 1019
Edif. Pages, 1st Floor, Ens. Piantini
Santo Domingo, Dominican Republic
Tel: 809/ 227-1888
Fax: 809/ 549-7227
Website: <http://www.transunion.com.do>
E-mail: info@transunion.com.do

How Does the Banking System Operate?

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

Commercial banks represent one of the principal sources for private sector financing. The majority of the requested loans are short and medium term, ranging from 30-90 days for working capital or trade financing and from 1 - 5 years for capital expenses. Working capital fixed-term loans require that the borrower make either periodic payments of principal and interest or a single principal bullet 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 of 7-10 years.

In Dominican pesos, the preferential rates range between 14 percent and 18 percent. Non-preferential rates can go as high as 22 percent for loans in Dominican pesos.

In some instances overdraft lines of credit are as high as 24 percent.

Interest rates for the commercial/corporate sector are revised as frequently as every month, but sometimes are also reviewed every 6-12 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. However, local banks do offer savings accounts in U.S. dollars. Some local banks have offshore offices that do offer their clients U.S. dollar checking accounts.

Foreign-Exchange Controls

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

All foreign exchange transactions operate in the private market where all sectors of the Dominican economy are free to buy and sell foreign exchange through commercial banks and exchange houses (*casas de cambio*, in Spanish). The exchange rate varies, depending on the fluctuations of supply and demand, it is currently at approximately US\$1.00 = RD\$37.85.

U.S. Banks and Local Correspondent Banks

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The only full service U.S. commercial bank in the Dominican Republic is:

Citibank, N.A.
Ave. Winston Churchill esq. A. J. Aybar
Torre Citibank, Acropolis Center, 26th floor, Ens. Piantini
Santo Domingo, Dominican Republic
Tel: 809/ 473-2404
Fax: 809/ 955-2657
Contact: Mr. Maximo Vidal, General Manager
Website: <http://www.citibank.com.do>

Most local banks have correspondent banking relationships in the U.S. For a complete listing of commercial banks in the Dominican Republic, please contact the U.S. Commercial Service Santo Domingo: isolda.frias@trade.gov

Project Financing

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The United States Export-Import Bank (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. The Ex-Im Bank is open in the Dominican Republic, financing U.S. exports for both the public and private sectors.

For more information, please refer to <http://www.exim.gov> under Country Limitation Schedule.

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

The U.S. Trade & Development Agency (USTDA) promotes U.S. 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 in the Dominican Republic.

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

- Support for the Preparation of National Tourism Program – Santo Domingo Colonial Zone
- Support Impact Evaluation of the Agricultural Innovation Supports Program
- Extension of Financial Services for Small Enterprises
- Program in Support of Subsidies for Innovation in Agricultural Technology
- INAPA Water and Sanitation Investment Program
- Potable Water and Sanitation Investment Program
- Program to Support Competitiveness Policy II
- Support for the Social Protection Program – Second Phase
- Financial Access to SMEs Members of Fondagro
- Energy Efficiency Analysis in Dominican Republic
- Food Price Crisis and Support to Social Protection Network
- Support to the Competitiveness of Straw Craftsman Entrepreneurs
- Support for the 10-year Education Plan

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:

- Municipal Development Project (US\$20 million)
- Health Sector Reform Second Phase APL PASS 2 (US\$30.5 million)
- Additional Financing Social Sectors (US\$10 million)
- Water and Sanitation in Tourist Areas (US\$27.5 million)
- Technical assistance for the Electric Sector (US\$7.3 million)
- Electricity Distribution Rehabilitation Project (US\$42 million)
- Emergency Recovery and Disaster Management (US\$80 million)
- Early Childhood Education (US\$42 million)
- Health Reform Support (US\$30 million)

- Youth Development (US\$25 million)
- Social Sectors Investment Program (US\$19.4 million)
- Technical Assistance for the Financial Sector (US\$12.5 million)

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

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

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

World Bank: <http://www.worldbank.org>

Central Bank of the Dominican Republic: <http://www.bancentral.gov.do>

Inter-American Development Bank: <http://www.iadb.org>

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

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Appropriate business attire is expected. Despite the warm weather, men should wear conservative dark colored suits. Women should wear suits or dresses. Dominicans are fashion conscious and take great pride in wearing good clothes of the best standard they can afford.

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

Travel Advisory

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

Visa Requirements

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Visitors who do not obtain a Dominican visa prior to entry must purchase a tourist card upon arrival to enter the country. Tourist cards cost ten U.S. dollars, which must be paid

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

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

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

Consular section of the US Embassy in the Dominican Republic
<http://santodomingo.usembassy.gov/acs-e.html>

Telecommunications

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The telecommunications industry in the Dominican Republic has been growing over the last five years and has been characterized by greater competition, price reductions, and the introduction of new technologies, which allows the industry to offer modern products and services. The cellular sub-sector is the most competitive and the sub-sector that experiences the largest growth rate. 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 Codetel / Claro. Other providers of telecommunication services are: France Telecom (Orange), Tricom and Trilogy Dominicana (Viva).

Transportation

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

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

Ground transportation is available through taxis, car rental, and public transportation; extra time should be built in to allow for possible delays arising from traffic congestion. While public transportation has improved somewhat, it is not recommended for business purposes.

Language

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Spanish is the official language of the Dominican Republic.

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

Current Health Care system:

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

The new Social Security Law created a Family Health Insurance, which will provide coverage to physical and mental illness and would include: emergencies, specialized care and complex treatments; hospitalization; surgical assistance; diagnostic tests; dental care; ambulatory pharmaceutical products, medical prosthesis, among other. However, the dates for the Family Health Insurance to enter into operation have been repeatedly changed.

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.

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 2011

January 1	New Year's Day
January 10 (in observance of January 6 th)	Day of the Epiphany
January 21	The Virgin of Altagracia
January 24 (In observance of January 26 th)	Duarte's Birthday
February 27	Dominican Independence
April 22	Good Friday
May 1	Dominican Labor Day
June 23	Corpus Christi
August 15 (in observance of August 16 th)	Dominican Restoration Day
September 24	The Virgin of Mercedes
November 6	Constitution Day
December 25	Christmas Day

Temporary Entry of Materials and Personal Belongings

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

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

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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U.S. Department of Commerce
U.S. Commercial Service
Ave. Pedro Henríquez Ureña No. 133, Urb. La Esperilla
Edificio Empresarial Reyna I, 5th Floor
Santo Domingo, Dominican Republic
Telephone: 809/ 227-2121 Ext. 234
Fax: 809/ 920-0267
E-mail: Office.SantoDomingo@trade.gov
Website: <http://www.BuyUSA.gov/caribbean>
Contacts: Robert O. Jones, Regional Commercial Counselor
E-mail: Robert.Jones@trade.gov
Megan Schildgen, Regional Commercial Attaché
E-mail: Megan.Schildgen@trade.gov
Maria Elena Portorreal, Senior Commercial Specialist
E-mail: Maria.Portorreal@trade.gov

U.S. Department of Agriculture
Foreign Agricultural Service
Ave. Pedro Henríquez Ureña No. 133, Urb. La Esperilla
Edificio Empresarial Reyna I, 4th Floor
Santo Domingo, Dominican Republic
Phone: 809/ 227-0112 Ext. 275
Fax: 809/ 732-9454
E-mail: agsantodomingo@fas.usda.gov
Website:
<http://www.fas.usda.gov/posthome/santodomingo/FAS%20AAO%20Santo%20Domingo%20Home%20Page.html>
Contact: Margie Bauer, Agricultural Attaché
E-mail: margie.bauer@fas.usda.gov
Carlos G. Suarez, Senior Agricultural Specialist
E-mail: Carlos.Suarez@fas.usda.gov

Department of State
United States Embassy
Corner of Calle Cesar Nicolas Penson and Calle Leopoldo Navarro, Urb. Gazcue
Santo Domingo, Dominican Republic
Phone: 809/ 221-2171, ext. 4335
Contact: Jonathan Weyer, Economic Chief
E-mail: weyerJC@state.gov

DOMINICAN REPUBLIC GOVERNMENT OFFICES:

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

Dirección General de Normas y Sistemas de Calidad (DIGENOR)
(Norms & Standards Office)
Ministerio de Industria y Comercio
(Ministry of Industry and Commerce)
Ave. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales
Juan Pablo Duarte, Piso 11 (Edif. El Huacal)
Santo Domingo, Dominican Republic
Contact: Dr. Julio Santana de León, Executive Director
Phone: (809) 686-2205
Fax: (809) 686-2235
E-mail: digenor@codetel.net.do
Website: <http://www.digenor.gov.do>

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

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

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

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

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

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

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

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

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

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Santo Domingo, Dominican Republic
Contact: Ing. Paino Abreu Collado, General Administrator
Phone: 809/ 535-8088 exts. 2001, 2002, 2003
Fax: 809/ 535-8022
E-mail: bagricola@bagricola.gov.do
Website: <http://www.bagricola.gov.do>

Centro para el Desarrollo Agropecuario Forestal
Jose A. Soler No. 50, Ens. Paraiso
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Contact: Mr. Juan Jose Espinal, Executive Director
Phone: 809/ 565-5603
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CHAMBERS OF COMMERCE:

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

Camara de Comercio y Produccion de Santo Domingo
(Santo Domingo Chamber of Commerce)
Av. Sarasota No. 20, Torre Empresarial AIRD, 2do. piso
Contact: Ms. Milagros Puello, Executive Vice President
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Fax: (809) 685-2228
Santo Domingo, Dominican Republic
E-mail: ccpsd@camarasantodomingo.org.do
Website: <http://www.camarasantodomingo.org.do>

Camara de Comercio y Producción de Santiago, Inc.
(Santiago Chamber of Commerce)
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Santiago, Dominican Republic
Contact: Mr. Fernando Puig, Executive Director
Phone: 809/ 582-2856
Fax: 809/ 241-4546
E-mail: director@camarasantiago.com
Website: <http://www.camarasantiago.com>

COUNTRY TRADE ASSOCIATIONS OR INDUSTRY ASSOCIATIONS IN KEY SECTORS:

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

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

Asociación Nacional de Importadores
(Dominican Importers' Association)
Av. Roberto Pastoriza No. 16
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Ensanche Naco
Santo Domingo, Dominican Republic
Contact: Dr. Marcelino Gonzalez, President
Phone: 809/ 381-2655
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(Dominican Exporters Association)
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Santo Domingo, Dominican Republic
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Phone: 809/ 567-6779
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Website: <http://www.adoexpo.org>

Asociacion de Industrias de la Republica Dominicana
(Association of Manufacturers of the Dominican Republic)
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Market Research

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

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

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

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

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

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

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

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