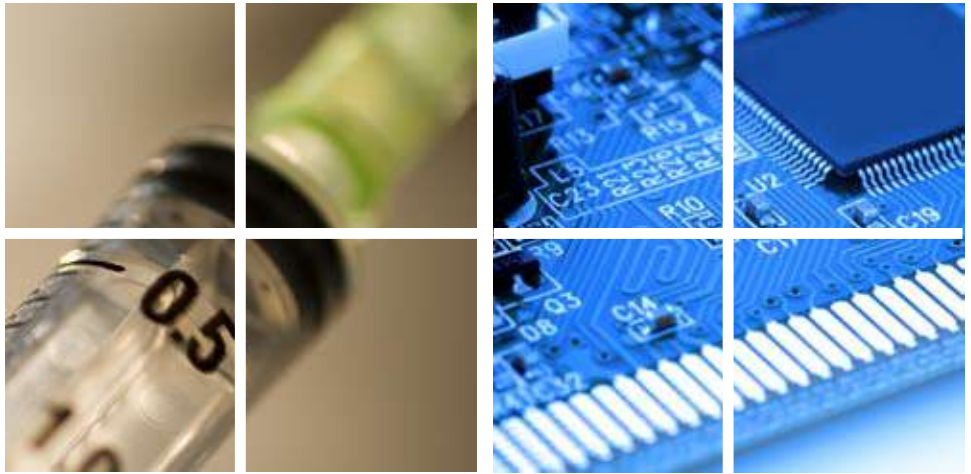


# Dominican Republic Investment GUIDE



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## CEI-RD who we are

The Export and Investments Center of the Dominican Republic (CEI-RD) is the official Agency responsible for the Promotion of international trade and Foreign Direct Investment (FDI). It was created after the merger of the Dominican Center for Export Promotion (CE-DOPEX) and the Office for the Promotion of Investment (OPI-RD), as stated in Law 98-03, effective as of June 17, 2003.

### **Institutional Objectives**

Facilitate business terms related to commercial and investment practices optimizing and diversifying the supply of goods and services to competitively place the country in global market.

### **Mission**

Promote local exports and foreign investments, aide the non traditional export sector and to attract foreign capitals that use advanced technological processes to help increase our level of technical expertise and improve our country's life style.

### **Services**

CEI-RD is comprised of two main operational divisions:

#### ***1) Foreign Trade***

The Export Promotion Dept. provide support and training programs for local exporters.

#### ***2) Foreign Direct Investments***

The Investment Division provide a free, confidential and comprehensive set of support services to all investors. Our goal is to promote and facilitate commerce in the Dominican Republic in every way possible.



Welcome to the Dominican Republic!

Thanks to new initiatives by the Government of President Leonel Fernández, the Dominican Republic has renewed its course of economic stability, growth and sustainable development. Our structural reforms and policies are giving rise to a Dominican Republic in step with the trends of the XXI Century, as we swiftly integrate into the global marketplace.

Traditionally successful for agricultural production, today's Dominican economy is based on the introduction of value-added goods and services. Our workforce is performing in a diversified range of economic activities, with the support of an unprecedented collaboration with international organizations. Our investments portfolio has been revolutionized, we have expanded into new areas and companies from throughout the world are approaching us.

In order to satisfy your company's needs promptly and efficiently, I invite you to work with our team at the Dominican Republic Center for Exports and Investment (Centro de Exportación e Inversión de la República Dominicana - CEI-RD), offering diverse services according to your needs. Our highly-trained professionals will guide you to explore and identify business opportunities, to work with other governmental institutions and their counterparts in the private sector, as well as to provide you with ongoing assistance during the whole process of investment and business activities.

I trust that you will appreciate our personalized services, which will help you translate your business potential into profits. Please, do not hesitate to contact us for more information and initiate a business relationship with us.

Sincerely,

Eddy M. Martínez  
Minister / Executive Director  
Center for Exports and Investment of the Dominican Republic  
Centro de Exportación e Inversión de la República Dominicana  
(CEI-RD)



## II. Dominican Republic at a Glance



# Country Profile

## Background:

Explored and discovered by Christopher Columbus on his first voyage in 1492.  
Independence on 27 Feb. 1844.

## Geography:

### a) Location

The Dominican Republic occupies the eastern two-thirds of the Hispaniola island in the Greater Antilles and lies between the Caribbean Sea on the south and the Atlantic Ocean to the north.

### b) Topography

Area- 48,442sqkm, nearly 80% of the country is covered by a series of mountain chains, Pico Duarte 3,175 m is highest in the Antilles. A land of contrasts with mountains, rain forests, fertile valleys, desert regions, some 1,575km coastline and around 300km of sand beaches.

### c) Climate

The Dominican Republic enjoys a year round tropical maritime climate, with an average yearly temperature of 26C(78F), sea breezes refresh average 21-23C in the mornings and evenings to 30-32C at noon time.

## People:

### a) Population

9.3 million (est.2006),Population Annual Growth Rate 1.47% within 15 to 64 years old 61.9%.

### b) Culture

The Dominican Republic is a Hispanic country but also the culture is blended with African and indigenous American cultural elements.

Approx 90 % of Dominicans are baptised in the Roman Catholic Church.

Spanish is the national language and literacy 84.7%.

Baseball is the most popular sport in the Dominican Republic and there are many famous Dominicans who play Major League in the U.S.

Dominican culture is heavily based on music and well known for it's music genre Merengue.

## Overview

### 1)Government:

- Type- representative democracy
- History or background: Capital- Santo Domingo
- Administrative divisions- 31 provinces and 1 district (the national capital Santo Domingo).
- Legal system- French civil codes

### 2)Political system

The Dominican Constitution is divided mainly into three branches.

#### Executive branch:

- Chief of state- President Leonel Fernandez Reyna (since August 16, 2004).
- The president is both the chief of state and head of government . Cabinet appointed by the president.

#### Legislative branch:

- National Congress-the Senate (Senado) 32, the Chamber of Deputies (Diputado) 178

#### Judicial branch:

- Supreme Court, Judges are appointed by the National Judicial Council comprised of the president, the leaders of both chambers of congress.

#### Main Political parties:

- Dominican Liberation Party (PLD), Dominican Revolutionary Party (PRD), Social Christian Reformist Party (PRSC) .

### 3) Financial Framework

The Monetary and Financial Law 183-02 is divided into four parts;

- (1) Regulatory and Institutional Framework
- (2) Regulation of Monetary System
- (3) Regulation of Financing System
- (4) Transitional and Abrogation Provisions

#### Law 183-02

Law 183-02 adopts the organization concept of Monetary Board, the Central Bank and the Superintendence of Banks. Law 183-02 sets the necessary safeguards to ensure that the Monetary and Financial Administration fulfills its functions in an independent and autonomous manner.

According to the Constitution, the national currency is the Dominican Peso.



Law 183-02 abrogated Monetary Law No. 1528 of 1947, which had become obsolete, since it provided that a Dominican peso has the same value as a US dollar.

The foreign exchange regime shall be based on the free exchange of national currency against foreign ones.

The Law 183-02 provides that transactions made in Dominican Republic may be agreed in local or foreign currency agreed-upon by the parties.

## 4) Education

The education system of the Dominican Republic is regulated by Law 66-97 from 1997. Public education is free from pre-school through 12th grade (year) The enrollment rate for Primary (6 years) is 68.4% which is compulsory education years, and secondary (6 years) is 32.9%.



The Dominican Republic has 35 universities, only one of them public and seven Higher education Institutions. The Universidad Autonomia de Santo Domingo is state university and the first university in the new world founded in 1538. (Universities students is 3.3% of population). There are hundreds of small IT institutes and language schools developing a modern technical work force, for the high tech

and tourism industries.

INFOTEP (the Institute Nacional de Formacion Technica) was created by the government in 1980. INFOTEP's network of over 175 training centers offer specific training for upgrading general education skills.

Source: World Bank , UNCTAD Human Development Report SEESCYT,IESALC

## 1)Key economic indicators

| Indicator                  | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   |
|----------------------------|--------|--------|--------|--------|--------|--------|
| GDP (US\$ million)         | 21,680 | 21,715 | 16,626 | 18,653 | 29,333 | 31,797 |
| Annual GDP growth(%)       | 3.6    | 4.4    | 0.5    | 1.2    | 9.5    | 10.7   |
| Inflation (%)              | 4.4    | 10.5   | 42.7   | 28.9   | 7.4    | 5.0    |
| GDP /capita (US\$)         | 2,578  | 2,536  | 1,907  | 2,102  | 3,247  | 3,458  |
| Sectoral share of GDP(%)   |        |        |        |        |        |        |
| Agriculture                | -      | 9.4    | 9.7    | 9.2    | 9.0    | 9.0    |
| Construction               | -      | 5.8    | 5.0    | 4.7    | 4.8    | 5.1    |
| Manufacture local          | -      | 22.8   | 22.5   | 22.8   | 22.5   | 21.8   |
| Manufacture Free Zone      | -      | 5.0    | 5.1    | 5.4    | 5.0    | 4.1    |
| Communication              | -      | 4.3    | 5.4    | 6.2    | 7.1    | 8.1    |
| Hotel/Restaurant           | -      | 6.6    | 7.5    | 8.0    | 8.0    | 7.6    |
| Others                     | -      | 46.1   | 44.8   | 43.7   | 43.6   | 44.3   |
| Exports (US\$ million)     | 5,276  | 5,165  | 5,471  | 5,936  | 6,144  | 6,440  |
| Imports (US\$ million)     | 5,953  | 6,237  | 5,096  | 5,358  | 7,366  | 8,745  |
| (excluded FZ imports)      |        |        |        |        |        |        |
| Foreign Direct Investment  | 1,079  | 916    | 613    | 909    | 1,023  | 1,183  |
| (Net Inflows US\$ million) |        |        |        |        |        |        |
| Family's Remittance        | 1,807  | 1,959  | 2,060  | 2,230  | 2,429  | 2,747  |
| Unemployment (%)           | 15.6   | 16.1   | 16.8   | 18.4   | 17.9   | 16.2   |
| Exchange rates US\$=D\$    | 16.95  | 18.61  | 30.83  | 42.12  | 30.41  | 33.35  |

Banco Central de la Republica Dominicana

[www.bancentral.gov.do](http://www.bancentral.gov.do)

The World Bank "Dominican Republic Data File"

<http://devdata.worldbank.org>



# Economy

The Dominican Republic ranked one of the fastest growing country in Latin America and Caribbean region that enjoyed average by 5.9% GDP growth throughout from 1991 to 2000. In 2003 the country experienced a major financial and economic crisis with negative GDP growth rates. In 2004 President Fernandez took office and has designed a strategy with strict fiscal targets in accordance with IMF.

The new government undertook a series of measures to correct the fiscal imbalance, including a tax reform, and higher price for energy.

The economic recovery was consolidated with 9.5% GDP growth in 2005 and these trends have strengthened in 2006 with 10.7% an annual growth. (The GDP calculated according to the newly applied base 1991).

The sector that registered positive growth rates are agriculture(9.9%), mining (9.3%),construction (22.9%)communications (26.1%) and free zone industry registered negative growth (-8.3%).

Although tourism, telecommunications, and free-trade-

zones manufacturing are leading industries, mining and agriculture remains the most important sectors.

The energy sector may represent the biggest challenge to moderate growth of the Dominican economy, because the energy shortage causes frequent blackouts and high cost

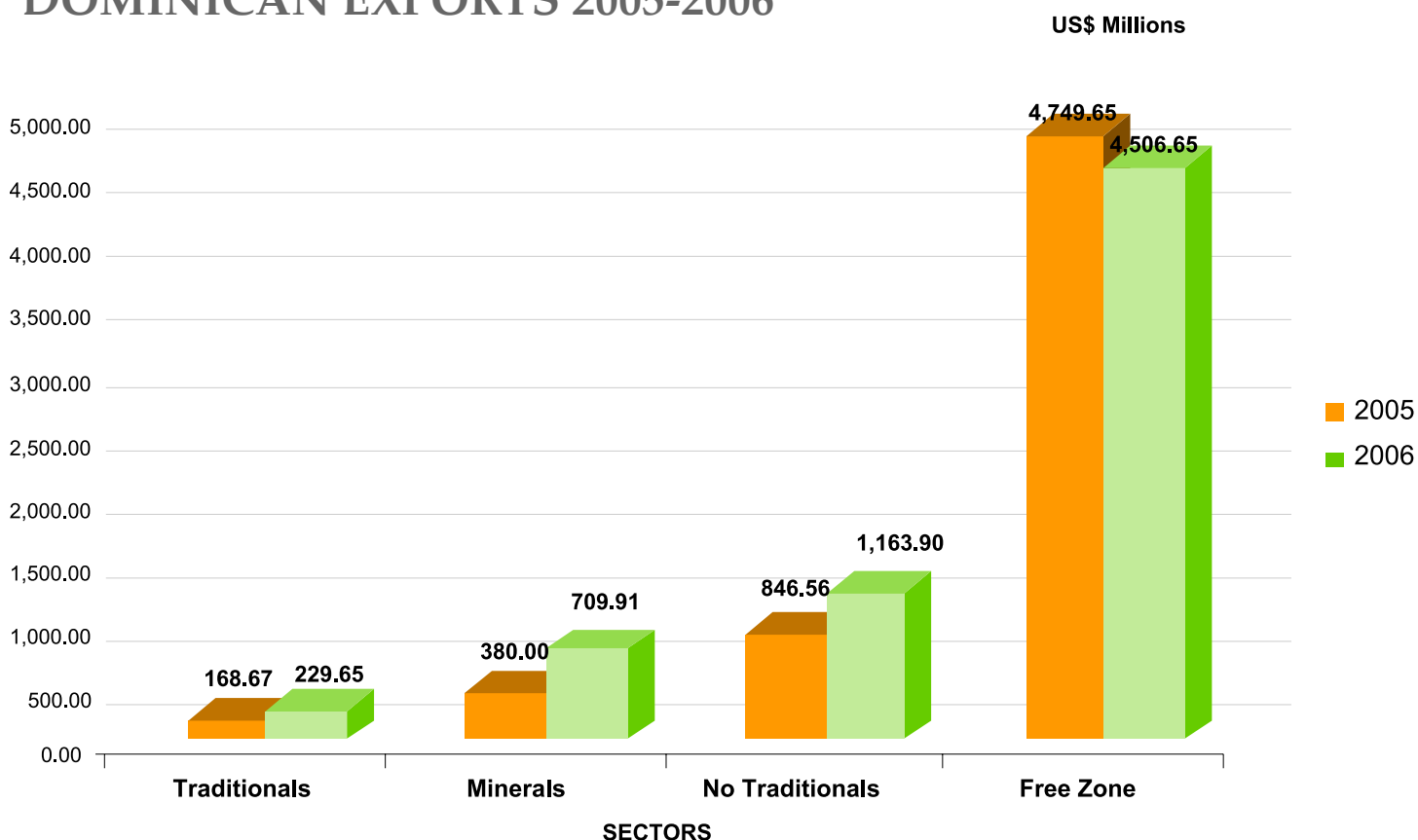
The inflation rate was 5% in 2006. The CPI results show that the Dominican Republic met the inflation target as established in the Central Bank Monetary Program.

## 2) Foreign Trade

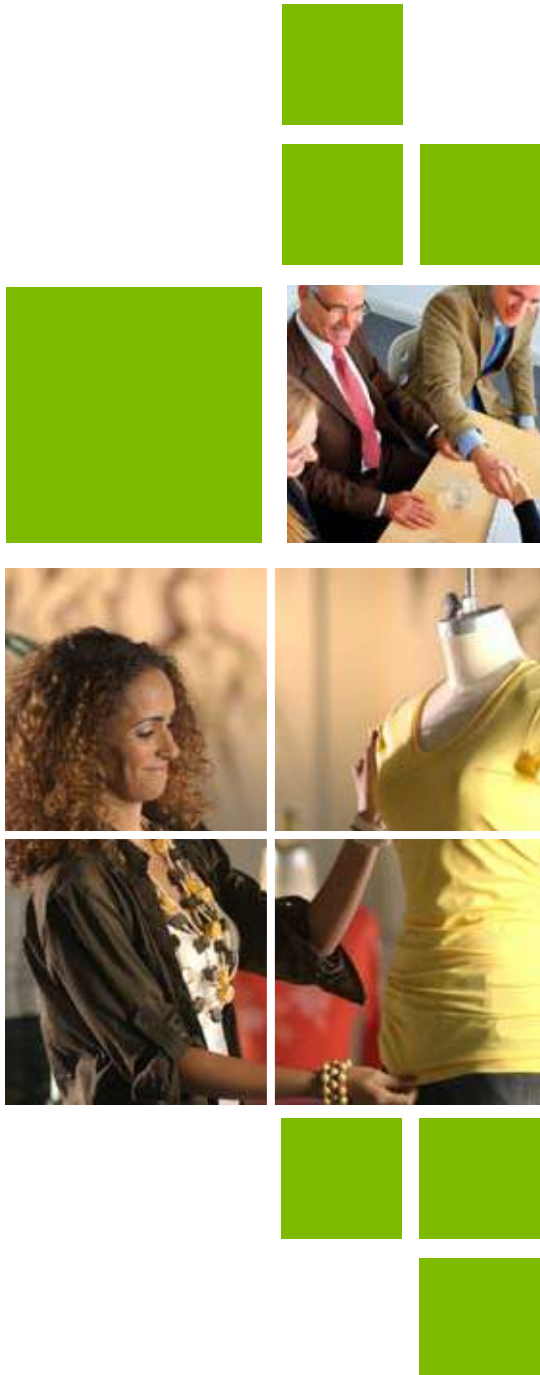
The most important trading partner is the United States, other markets include Canada, Europe, and Japan.

The country exports free-trade-zones manufactured products (garments, footwear, etc.) nickel, sugar, coffee, cacao, and tobacco. DR-CAFTA creates the second-largest U.S. export market in Latin America and provides new market access for U.S. consumer and industrial products and agricultural products. The Agreement entered into force between the U.S. and the Dominican Republic on March 1, 2007. The Dominican Republic expects a boost in exports.

## DOMINICAN EXPORTS 2005-2006



# III. Reasons to Invest in the Dominican Republic



# FDI in Dominican Republic

## 1) FDI Policy

The Dominican Republic recognizes that FDI contributes to Economic growth and social development.

Foreign investment is regulated by Law 16-95 which sets the principle of equal treatment between national and foreign investments, guaranteeing the same legal protection for foreigners.

Unlimited FDI 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 of the country, and production of materials and equipment directly linked to national security without authorization from the president.

Foreign investors have fully participated at every stage in the capitalization of state enterprises such as the electric company, airport management and sugar mills. An important point of contact for potential investors is the Center for Investment and exports of the Dominican Republic. (CEI-RD).

## 2) Legal Framework

### a) Law 16-95: Foreign Investment

The law that regulates foreign investment is Law 16-95. The promulgation of this law has allowed the Dominican Republic to have notable advantages over other legislations that compete with our country. There exist numerous and diverse definitions of what is foreign investment.

In effect, the country recognizes that foreign investment and the transference of technology contribute to the economic growth and social development of the country, favoring generation of revenues and employment, which contribute to efficient production and trade.

Law 16-95 provides a detailed scheme of the attributions of the Center of Export and Investment of the Dominican Republic (CEI-RD), as far as its functions, aims of this law and the procedure used to register the investment.

### Law 16-95; Foreign Investment

1. Equal Treatment between national and foreign investment, securing them the same legal protection, without any discrimination.
2. Free Repatriation of Dividends and Capital. All the capital invested and capital gains and all dividends declared each fiscal year can be remitted abroad in foreign currency.
3. The only restrictions area are disposal of toxic or radioactive waste non generated in the country, activities affecting

public health and the environment, and production of equipment and materials directly related to national defense, unless the approval of the President of the Republic has been obtained.

4. Registration Procedure. It is enough for the foreign investor to notify its investment to the CEI-RD within 180 days after its placement in the country in order to obtain automatically a Certificate of Foreign Investment Registration.

### b) Law 8-90

#### Free Trade Zone

Free trade zones are regulated by the law 8-90.

National Export Free Zone Council (CNZFE) is in charge of regulation and supervising the sector and every 30 days CNZFE Board meets to accomplish the responsibilities to study and approve any operations in the Free Zone.

Three types of free zones exist, that is to say, Industrial Free Zones or Services, Border Free Zones and Special Free Zones.

#### Law 8-90. Incentive for the Free Zone

Free Zone Incentives grants the free zone companies with a 100% exemption for a 15 year term over the following;

\* Income tax payment

\*Payment of taxes over construction, loan contracts over register and transfer of real states through construction of the correspondent Free Zone Operator.

\*Tax payment in the constitution of commercial societies or their capital increase.

\*Municipality tax payment.

\*All import, tariff, customs rights and other taxes affecting raw material, equipment, construction material, buildings, office equipment, etc. for free zone.

\*All export and re-export existent taxes.

\*Taxes and patents of archives or patrimonies. as well as tax over transfer of industrial goods and services. (ITBIS)

\*Payment of import taxes related equipment and necessary tools for the installation and operation of economical dining rooms health services, medical assistance, nursery and any other kind of equipment promoting the welfare of the labor.

\*Payment of import of transport equipment, trucks, garbage collectors minibuses for the employees transport from and for the work centers, previous approval of the CNZFE in each case.

### c) Law 28-01

#### Special Zone for Border Development

The law 28-01, creates a Special Zones for Border Development in order to attract new investment and development projects to those zones, such as industrial, agro industrial, metal mechanic, free zones tourism, metal and energy com-

panies, etc. It declares on national interest the promotion and protection of such companies with the purpose to encourage the development of the boarder region with Haiti.

The Border cities granted with the benefits of the law are:

- \* Pedernales,
- \* Independencia
- \* Elias Pina
- \* Dajabon
- \* Monte Cristi
- \* Santiago Rodriguez
- \* Bahoruco.

The statute creates the Coordination Council of the Special Zone for Border Development to determine and execute through its Technical Bureau the policies and guidelines for putting the law into effect.

Classification requests are filed with this organization through the Executive Board of the Technical Bureau.

## **Law 28-01**

### **Tax Incentives**

The projects benefiting from the preferential regime set forth in this legislation shall be entitled, subject to certain limitations according to the classification of the project, to the following types of tax incentives for a period of five years after the date of entry into force of the application regulations of the law.

- \* 100 % exemption of net taxable income.
- \* Exoneration of ITBIS(VAT).
- \* Exoneration of Custom duties and related charges.
- \* Exoneration of Income Tax on the part of net taxable income that persons or companies re-invest in classified industries
- \*Exoneration of 50% of transit duties and charges for use of ports and airports.

## **d) Law 158-01**

### **Promotion of Tourism Development**

At the moment the Dominican Republic is the greatest tourist attractive island in the region of the Caribbean.

This is due because tourist investment in the country is surrounded by a series of positive and favorable factors, since the country has rich natural resources, a consistent tropical climate and places of cultural and historical interest.

Law 158-01 creates the Tourism Promotion and Development for poles of rare development and new poles in provinces and localities of great potential and also creates the Official Fund for the Tourism Promotion The incentives granted by Law 158-01 and its modifications, the period of tax exemptions, the necessary requirements and the sanctions listed by the law for the Promotion and Development of the Tourism and its modifications, including the functions of the Secretariat of Tourism Law 158-01: Incentive 100% exemptions of

income tax, construction charges, purchase of real property and custom duties for a period of ten years.

## **e) Legal framework for Foreign Person**

In general, foreign citizens must obtain a Dominican visa in order to enter the country. Visas are classified in Diplomatic, Official, Courtesy, Business, Dependants, Tourism, Residence and Student. The Foreign Service of the Dominican Republic issues these visas abroad or by the Ministry of Foreign Relations in the country.

Citizens of countries that have signed an agreement with the Dominican Republic for the exoneration of visa requirement may enter the country for a period of sixty days, upon the purchase of a "tourist card" at the arrival port. Also, foreigners may acquire the right to reside in the country obtaining a residence visa from the Dominican Consulates abroad or the Ministry of Foreign Affaires, and obtaining a provisional and then permanent residence card from the General Immigration Office.

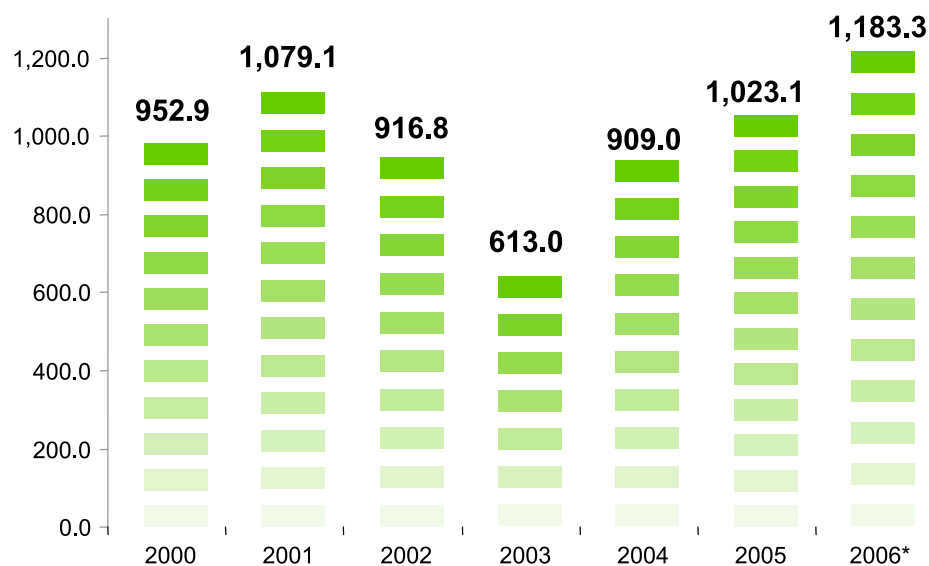
## **Residence Program for Investors**

The Center for Export and Investment (CEI-RD) has introduced a special program for foreign investors in order to accelerate the process of obtaining Dominican residence. This program applies to foreign investment made in the country, by a physical or legal person, in the form of a contribution to the capital of a company established in accordance with the laws of the Dominican Republic, for an amount of at least USD200,000 or its equivalent in local currency and afterwards the investment has to be registered at CEI-RD.

The beneficiaries of the program are the foreign investors and their employees (managers, technicians), as well as their families and economic dependents. The request must be filed with the Foreign Investment Desk of the Immigration office which shall issue the residence permit within 45 days at the latest.

### 3) FDI Statistics in Dominican Republic

(Net Inflows US\$ million)



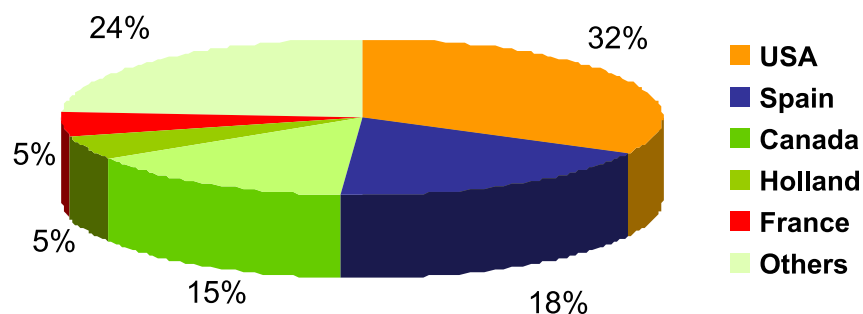
#### a) FDI by Country

FDI data are collected by the Central Bank of the Dominican Republic.  
(US\$ million)

| Country | 2001  | 2002 | 2003 | 2004 | 2005  | 2006  | '93-'06 | %     |
|---------|-------|------|------|------|-------|-------|---------|-------|
| USA     | 433   | 382  | 461  | 177  | 254   | 671   | 3,278   | 32.6% |
| Spain   | 193   | 35   | -13  | 127  | 220   | 178   | 1,852   | 18.4% |
| Canada  | 10    | 18   | -22  | 274  | 195   | 90    | 1,514   | 15.1% |
| Holland | 245   | 119  | 25   | 0.2  | 38    | -26   | 500     | 5.0%  |
| France  | 60    | 109  | 33   | 85   | 81    | -3    | 498     | 5.0%  |
| Others  | 147   | 253  | 59   | 246  | 235   | 273   | 2,400   | 24%   |
| Total   | 1,079 | 916  | 613  | 909  | 1,023 | 1,183 | 10,042  | 100%  |

#### FDI by Country of Origin

'93-'06 accumulated US\$10,042 million



#### b) FDI by sector

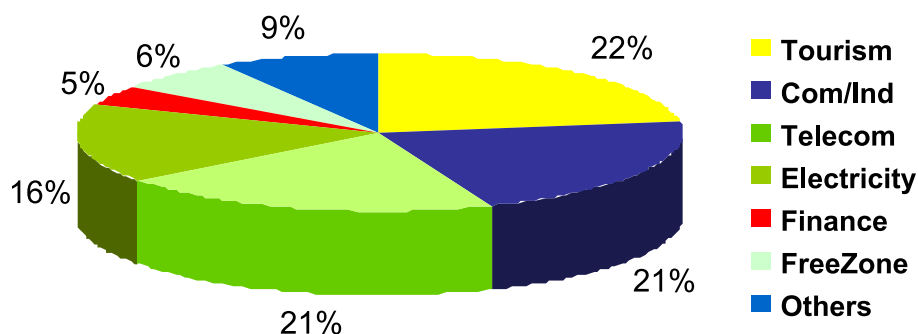
(US\$ million)

| Sector      | 2001  | 2002 | 2003 | 2004 | 2005  | 2006  | '93-'06 | %     |
|-------------|-------|------|------|------|-------|-------|---------|-------|
| Tourism     | 155   | 211  | 78   | 137  | 315   | 276   | 2,259   | 22.5% |
| Com/Ind     | 166   | 223  | 102  | 320  | 190   | 158   | 2,143   | 21.3% |
| Telecom     | 223   | 223  | 146  | 224  | 112   | 324   | 2,103   | 20.9% |
| Electricity | 402   | 140  | 1    | -58  | 43    | 50    | 1,576   | 15.7% |
| Finance     | 15    | 25   | 99   | 61   | 65    | 28    | 454     | 4.5%  |
| Free Zone   | 72    | 45   | 45   | 100  | 175   | 135   | 656     | 6.5%  |
| Others      | 46    | 49   | 142  | 125  | 123   | 212   | 851     | 8.5%  |
| Total       | 1,079 | 916  | 613  | 909  | 1,023 | 1,183 | 10,042  | 100%  |



## FDI by Sector

'93-'06 accumulated US\$10,042 million



### c) Major Foreign Investors

- \*CODETEL (Mexico)
- \*Central Romana Corporation (US)
- \*Falconbridge Dominicana (Canada)
- \*Shell Company
- \*Citibank (US)
- \*Bank of Nova Scotia (Canada)
- \*Tricom
- \*Orange – France Telecom
- \*Colgate Palmolive Inc. (US)
- \*Centennial (Puerto Rico)

# Prime Market Access

## 1) Trade Policy Environment

The investment strategy of the Dominican Republic is aimed at promoting FDI in Free Trade Zones to grant Dominican goods to access United States and European market.

Dominican Republic is a member of the World Trade Organization and has some preferred treatments. The country has access to United States through the Caribbean Basin Trade Partnership Act (CBTPA) which was an extension of the Caribbean Basin Initiative (CBI) and the Preferred Generalized System GSP.

The Cotonou Agreement with the European Community allows preferential access to Dominican goods without quantitative restrictions.

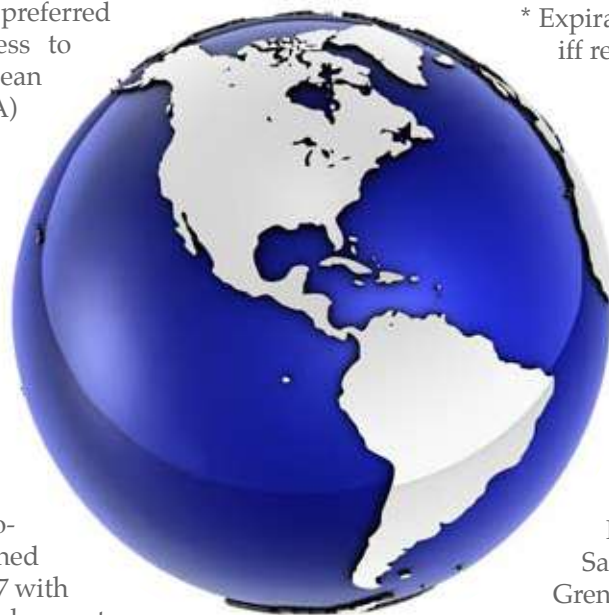
DR-CAFTA (FTA between the US, Central American Countries and Dominican Republic) was recently signed and implemented on March 1st, 2007 with Dominican Republic. (Costa Rica has not entered yet in treat). In 1998 the Dominican Republic signed a Free Trade Agreement with other Caribbean islands (CARICOM).

## 2) Free Trade Agreement and other agreements

### a) Cotonou Agreement

\* Member: EC countries, 44 African countries and 15 Caribbean countries.

\* Expiration: Dec 2007 for preferential tariff regime



### b) CBTPA

\* Member: United States, Puerto Rico, Centro America and Caribbean countries.

\* Expiration: Sept. 2007

### c) FTAs with CARICOM

\*Member: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St.Kitts and Nevis, Saint Lucia, Saint Vincent and The Grenadies, Surinam, Trinidad and Tobago, and Dominican Republic. Date of signature: August 22, 1998



### d) FTAs with Central America

\*Member: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Dominican Republic.  
Date of Signature: April 16, 1998

### e) FTAs with Central America-Dominican Republic-United States (DR-CAFTA)

\*Member: US, Costa Rica, El Salvador, Guatemala Honduras, Nicaragua and Dominican Republic.  
Date of Signature: August 5, 2004

The Agreement first entered in to force between the United States and El Salvador on March 1, 2006, followed by Honduras and Nicaragua on April 1, 2006, Guatemala on July 1, 2006 and the Dominican Republic on March 1, 2007. Approval is pending in Costa Rica.

### f) Partial Preferential Agreement with Panama

Member: Panama and Dominican Republic. Date of signature: July 17, 1985.

### g) Bilateral Investment Treaties

with

\* Spain, Date of signature: March 16, 1995

\* Ecuador, Date of signature: June 26, 1998

\* France, Date of signature: January 14, 1999

\* Republic of China, Taiwan, Date of signature: November 5, 1999

\* Chile, Date of signature: November 28, 2000

\* Argentina, Date of signature: March 16, 2001

\* Finland, Date of signature: November 28, 2000

\* Morocco. Date of signature: May 23, 2002

\* United Kingdom and Ireland, Date of signature: July 11, 2002

\* Panama, Date of signature: February 6, 2003

\* Switzerland, Date of signature: January 27, 2004

\* The Netherlands, Date of signature: March 30, 2006

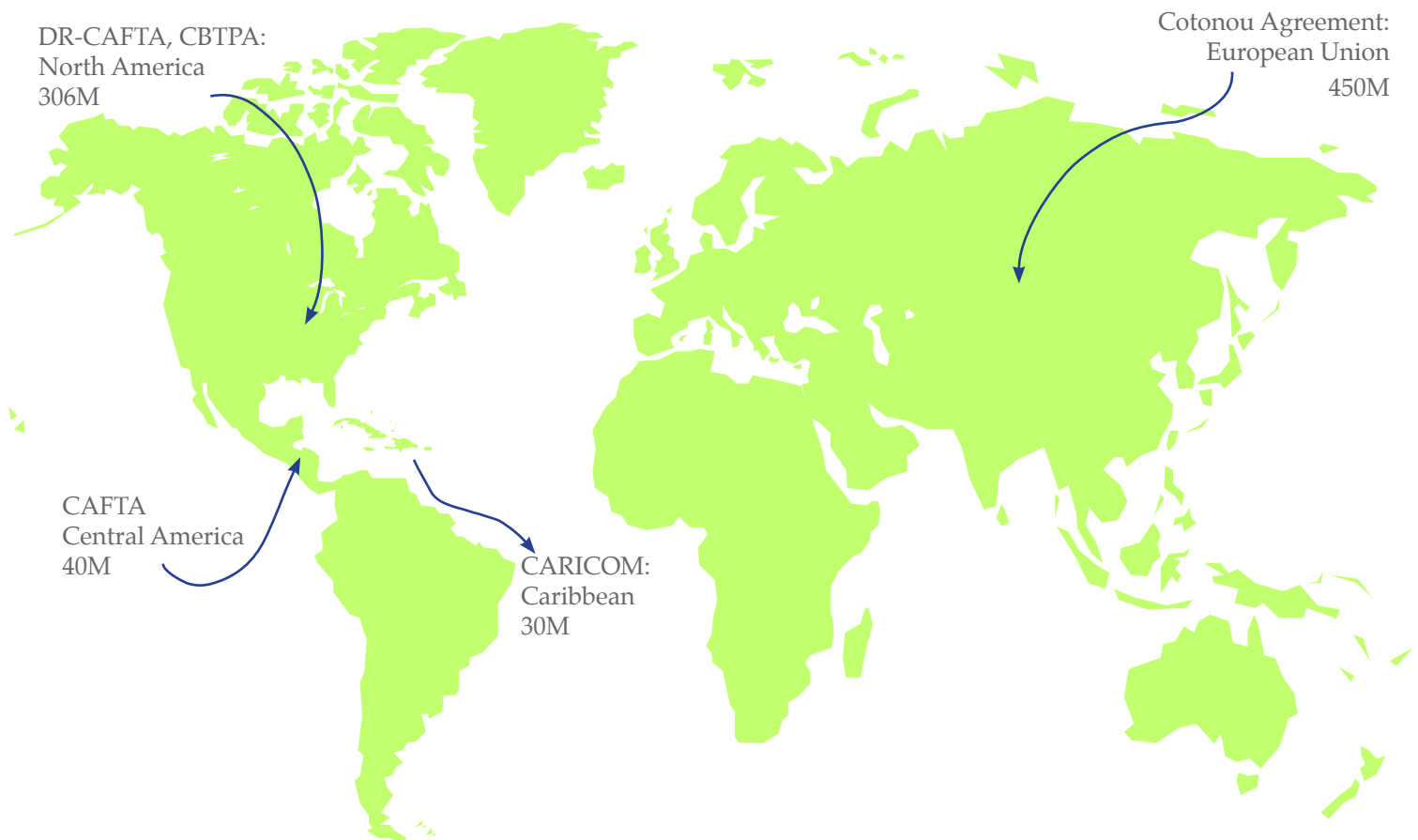
\* Italy, Date of signature: June 12, 2006

\* South Korea, Date of signature: June 30, 2006

h) Double Taxation Agreement with Canada. Date of signature: August 6, 1976

## Preferential Market Access

826 Million Consumers Worldwide



# Business Environment

## 1) Ranking by International Organization

### a) Doing Business 2007 /2008

(World Bank)

Ranking in 178 countries

|                               | D.R. Rank |      |
|-------------------------------|-----------|------|
|                               | 2007      | 2008 |
| <b>Ease of doing business</b> | 106       | 99   |
| <b>Starting a business</b>    | 101       | 84   |
| no. of procedure              | 10        | 9    |
| duration (days)               | 73        | 22   |
| <b>Employing workers</b>      | 105       | 106  |
| difficulty of hiring(0-100)   | 56        | 56   |
| difficulty of firing (0-100)  | 30        | 0    |
| <b>Registering property</b>   | 128       | 106  |
| no. of procedure              | 7         | 7    |
| duration (days)               | 107       | 60   |
| <b>Getting credit</b>         | 32        | 36   |
| <b>Trading across borders</b> | 57        | 35   |
| Documents to export           | 7         | 6    |
| duration (days)               | 17        | 12   |
| <b>Enforcing contracts</b>    | 81        | 82   |
| no. of procedure              | 29        | 34   |

### b) Index of Economy Freedom 2007

( Heritage / The Wall Street)

The Dominican Republic received high scores in fiscal freedom and freedom from government, and scores poorly in financial freedom, property rights, and freedom from corruption somewhat low in business freedom and labor freedom.

**Economic freedom overall Ranking in 110 countries**

*Dominican Republic*

**Rank 100**

**Score 56.7**

Business Freedom 57.6%

Trade Freedom 63.8%

Fiscal Freedom 86.5%

Freedom from Government 91.5%

Monetary Freedom 63.2%

Investment Freedom 50.0%

Financial Freedom 40.0%

Property rights 30.0%

Freedom from Corruption 30.0%

Labor Freedom 54.9%

## c) Global Competitiveness Index ranking 2006

in 125 countries ( World Economy Forum)

|                               | Dominican Republic |       |
|-------------------------------|--------------------|-------|
|                               | Ranking            | Score |
| Global Competitiveness        | 83                 | 3.75  |
| Basic Requirements            | 89                 | 4.09  |
| 1.Institutions                | 93                 | 3.26  |
| 2.Infrastructure              | 80                 | 2.86  |
| 3.Macroeconomy                | 85                 | 4.20  |
| 4.Health y Primary Education  | 89                 | 6.04  |
| Efficiency Enhancers          | 76                 | 3.58  |
| 1.Higher Education y Training | 91                 | 3.36  |
| 2.Market Efficiency           | 82                 | 3.95  |
| 3.Technological Readiness     | 58                 | 3.42  |
| Innovation Factors            | 91                 | 3.22  |
| 1.Business Sophistication     | 79                 | 3.72  |
| 2.Innovation                  | 99                 | 2.72  |



## 2) Operation Environment

### a) Taxation

The national tributary Law 11-92 of may 16, 1962 is also known as the Tributary Code of the Dominican Republic. The national registry of contributor, known as the RNC is the body that regulates who must pay.

changes in the consumption tax on certain luxury and non-essential goods, such as alcohol and tobacco products, and certain motor vehicles.

### c) Labor

The labor subjects in the Dominican Republic are regulated by Law 16-92 or Labor code, and the Regulation of application No 258-93 of the work contract are mentioned next. Unlike other countries, the Dominican Republic does not demand the foreigners what in other legislations is known



The main taxes paid in the Dominican Republic are:

a) Tax on the rent, this one is divided in: the fiscal year, the obligation to present/file affidavits and the designation of retention agents.

b) The Tax to the Transference of Goods and Services (ITBIS), as well subdivided in definition and who must pay this tax, as they are the goods and service exempt from the payment of the ITBIS and the gross tax and the deductions allowed by the law.

c) The selective Tax to Consumption (ISC) this one is subdivided in the taxed goods and services by this tax, the exemptions of the tax and the tax basis to the aims of the declaration and payment.

### b) Tariffs

Tariff Reform Law 146-00 establishes a maximum tariff of 20%. Taxes and duties for imported goods are calculated upon the "ad-valorem price" i.e., CIF price in US Dollars multiplied by the unified foreign exchange rate. All duties and taxes are collected in Dominican pesos.

The Dominican Republic's Reform Package also includes

as workers permit. On the contrary, the call exists nationalization of the work.

To register a working contract for a foreigner interested in working in the Dominican Republic, he/she must first regularize his/her legal status. Initially they must obtain a visa of residence, and after wards a definitive residence, justifying his/her permanence being based on a contract of work subscribed with a company established legally in the country. Diverse requirements exist to initiate the activities of the employer.

The Labor Code establishes a standard work period of 8 hours per day and 44 hours per week.

### Labor Aspects in the Free Zone

Many of the major manufacturers in the Free Zones have voluntary codes of conduct that include worker rights protection clauses generally aligned with the International Labor Organization (ILO). In Article 41 of Law 8-90, the law establishes; "The operators and enterprises installed in the Free Zone under the protection of this law, should obey the laws, rules and current dispositions of the Labor Code and labor laws.

They should also comply with the duties established by the social security Law. Law 116 which creates the National Institute for Technical Professional Education (INFOTEP), the international agreements subscribed and ratified by the Dominican government and the Sanitary Laws for the industrial infrastructures.

Companies shall also pay, pursuant to established in article 41, a 1% of the monthly payroll, to INFOTEP.

The Article 42 establishes the minimum salary for the apprentices under the Labor Code will be applicable to the Free Zone in the following way.

1. For three months in most free zone.
2. For six months in the Free Zones located in the border of the country.

## d) Holidays/ Vacations

\*The employees with one year and no more than five years of services; 14 days of ordinary salary.

\*The employees with more than five years of services; 18 days of ordinary salary. Holidays and weekends will not be counted.

### National Holidays

\*January 1 (New Year's), January Varies (Day of the Epiphany) January 21 (The Virgin of Altagracia), January 26 (Duarte's Birthday) February 27 (Dominican Independence), April Varies (Good Friday) May 1 -varies (Labor Day) , June

Varies (Corpus Christi), August 16 (Restoration Day), September 24 (Virgin of Mercedes) November 6 (Constitution Day), December 25 (Christmas Day)

## e) Social Security

The Law 87-01 regarding Social Security was promulgated May 9th of 2001. In the agreement to the Law, the employers will cover 70% of the Financing of the Contributing Regime, in the Insurance for the elderly, Disability and Survival, as well as the Family Health Insurance.

The worker will cover the remaining 30%. The employers will cover the Insurance for Labor Risks.

## f) Environment Law

The Law 64-00, general law on Environment and Natural Resources, aquatic, marine, forests, mineral caves and resources. It is important to mention that any industrial activity made in the country must be granted by a permission of environmental license, which certifies that the study of corresponding environmental impact has been carried out and evaluated by the evaluation committee and that the activity, project or builds can be executed.

The Secretary of Environment and Natural Resources has dictated several regulating norms in they scope to protection the Environment and the Natural Resources of the Dominican Republic.

# Infrastructure Conditions

## 1) Transportation

### a) Maritime Ports

Santo Domingo and other major cities are serviced by modern port facilities, operating seven major seaports and six local ports distribution to the Atlantic Ocean and the Caribbean Sea:

**1-Haina Port**, located just 20km west of Santo Domingo, is one of the most important port in the Dominican Republic. About 70% of all cargo, excluding Caucedo and free zone exports/imports, is moved through this port.

**2-New DP World's terminal Multimodal Caucedo**, whose maritime terminal and logistic center operate under the Free Zone Regime, meets requirements of "Joint Declaration of Principles" and the Container Security Initiative (CSI) and certified by U.S. Authorities as a secure harbor. Actually 85% of Free Zone exports to United States is shipped from Caucedo terminal. But Multimodal Caucedo port is also able

to act as a trans-shipment hub to the Caribbean and Latin America for Asia specifically Japan as a door to the American market.

**3-Puerto Plata Port** is the main commercial port on the north coast of the Dominican Republic.

**4-Santo Domingo port** is located in the Ozama river and there are berthing facilities on both banks of the river.

**5-Boca Chica Port** is located about 20 miles east of the capital city and 5 miles of the International airport "Las Americas". Currently the port is almost exclusively used for containers and some lumber, newsprint and homogeneous cargoes.

**6-San Pedro de Macoris Port** is located on the Higuamo river. This port is mainly used to discharge bulk fertilizer. Cement clinker, coal, wheat, diesel and LPG. It is also used to export sugar and molasses produced by several sugar cane mills in the region.



**7-La Romana Port** belong to Central Romana Corporation which is a private company established in 1911 and has the largest sugar mill I the country.

The following six local ports are a single pier with berth facility:

**8-Samana Port** (Arroyo Barruk/ Puerto Duarte) is located in the Samana Bay.

**9-Manzanillo Port** is located very close to the Haitian border.

**10-Cabo Rojo Port** is located southeast to the border.

**11-Barahona port** is located in the bay of Neyba.

**12-Azua Port** also called Puerto Viejo is located at Ocoa Bay.

**13-Palenque Port** is located southwest of Santo Domingo. The Dominican Port Authority (APRODOM) and the Specialized Port Security Corp (CESEP) are working jointly to obtain certification from the U.S. Authorities as secure harbors. The certified ports are Haina, Caucedo, La Romana and Boca Chica.

At present, transportation to more than a dozen U.S. ports is available on a weekly basis from main ports of Dominican Republic.

## b) Airports

There are eight international airports in Dominican Republic:

**1-Santo Domingo/Las Americas International Airport** (SDQ) is located about 20 km east of Santo Domingo. The airport serves over 2.6 million passenger per year which is the largest in the country and one of the largest in the Caribbean. Las Americas can receive airplanes up to the size of Boeing 747 and Airbus A340s. The major airlines operating in Las Americas are American Airlines which has 3 daily flights to JFK, 4 to Miami and 6 flights to San Juan, Delta has one daily flight to/from JFK and daily flight to Atlanta, Iberia a daily flight from Madrid, Continental has during the week 1 daily flight to/from Newark (EWR) and two on Sundays. US Air has a flight on Saturday to Philadelphia. Air-France also operates nonstop service to their Paris (CDG).

**2-Punta Cana International Airport** (PUJ) is a privately owned and operated by Punta Cana Resort and Club. Over 70 charter and regular flights arrive weekly at Punta Cana airport from European cities and North/South America. The airport handled more than two million visitors. Bavaro-Punta Cana region entered a fast-paced growth phase with the establishment and initiation of Foreign Investment Projects such as Cap Cana and Rocoki. Most people going to Punta Cana are staying at a all-inclusive resort hotel which capacity counted near to 40,000 rooms.

**3-Puerto Plata/Gregorio Luperon International Airport** (POP) is located 18 km from the city. Puerto Plata has become very popular tourist area due to its fine beaches. The airport is the second largest airport in region and receive near to 1.4 million passenger per year mainly with charter airline from Europe and North/South America.

**4- Santiago/Cibao International Airport** (STI) is completed in 2001. American Airline is major airline operate daily flight for JFK, Miami and San Juan. Copa Airline has daily flight to Panama City. Continental Airline from Newark.

**5-Samana/El Catey International Airport** (AZS) is opened in Nov. 2006 The airport desugbed ti accinnidate a Boeubg 747.



**6-La Romana Internationa Airport** (LRM) is about 110 km from the capital which opened in Dec. 2000. The main airline is American Airline from Miami, JFK and American Eagle from San Juan.

**7- Barahona/Maria Montez International Airport** (BRX)

**8-La Isabela Airport** in northern Santo Domingo. Aerodom (Aeropuertos Dominicanos Siglo XXI) an affiliate of the company that operates the Las Americas, Puerto Plata, Samana and Barahona airports, is also run new La Isabela Airport.

## c) Highways

The Dominican republic has five main highways (DR-1 to DR-5) connecting between its biggest cities/ main airports and Industrial Free Zones/ touristic area.

DR-1 runs from Santo Domingo to San Fernando de Monte Cristi passing by Bonao, Santiago with a four-lane divided highway. DR-1 is commonly called Autopista Duarte.

DR-2, common name Autopista del Sur, runs from Santo Domingo to Comendador and is around 255km long. The expansion to Bani has begun works and expected to be finished by 2009-10.

DR-3 runs from Santo Domingo to San Rafael del Yuma connecting to the east of the country where most of the hotels and resorts lie. The highway commonly named Autopista del Este. Las Americas International Airport is within 30 minutes and La Romana is 110km.

DR-4 starts from Santo Domingo eastwards to San Pedro de Macoris and then to the north to Hato Mayor del Rey and again eastwards ending in the San Rafael del Yuma passing Higüey.

DR-5 starts from Villa Viso running the north-central coast of Puerto Plata and Samana ending in Las Galeras. It is a two-lane highway.

The Santo Domingo – Samana highway is expected to be ready in two years and the first section between the Las Americas and Mella highway was opened. The work is built with an 80% concession, while the Government contributes a 20% counterpart.

The Dominican Republic has built a tremendous telecommunication network infrastructure, which is the most advanced in the Caribbean.

The service is offered by major international carriers: America Movil (Codetel, Claro), France Telecom (Orange Dominicana), Tricom and Centennial. On February 2007, the name of fixed line service was changed from Verizon to Codetel and mobile was changed from Verizon wireless to Claro.

The telecommunication's regulator in the country is INDO-TEL, Institute Dominicano de Telecomunicaciones created by Law 153-98. Telephony penetration in the Dominican Republic reached 61% of the population in 2006, with 4.6 million mobile and 0.9 million fixed that total 5.5 million lines in service. INDOTEL also reported there are 1.4 million internet users with 183,876 Internet accounts through cable, dial-up, DSL and T1 lines.

The Dominican Republic is connected by the ACROS 1 (American Region Caribbean Ring System). The fiber optic cable network provides high reliability and high connectivity linking 15 countries in three continents.

The Caribbean NAP (Network Access Point) in the Parque Cibernético Santo Domingo, located near to Las America Airport, will provide facilities linking points for internet access and data traffic center which allows the country to become one of the world's most important connectivity centers.

## b) Postal Service

The Postal Institute of Dominican Republic (INPOSDOM) can only offer a mailing service in the country.

## 2) Communications

### a) Telecommunication

(Across 1)







# IV. Free Trade Zones Investment Sector Opportunities



# Free Trade Zone Overview

The Dominican Republic is one of the pioneers in creating Free Trade Zones. The country has been developing its free zone network since 1969, when less than a dozen industrial zones existed throughout the world as a way to raise international competitiveness.

The Free Zones promote trade by allowing producers to import inputs duty free, and facilitate exports through improved infrastructure and streamlined export and customs procedures.

## 1) Free Trade Zones Parks

The Dominican Republic has a network of sixty-two (62) Industrial Free Zones Parks with 565 companies installed (2006). The 60% of Free Zones parks are private, 35% are State owned and 5% are mixed.

Among the 565 companies, the 34.5% (195 firms) are textile and apparel Manufacturing, 11% are Commercial, 10% are Service and 7% are Tobacco Manufacturing.

As to the origin of the companies installed, 47% are owned by US Investors, 33% Dominican-sourced capital, and 4% from Korea.

The total cumulative investment is approximately US\$2 billion at year-end 2005, of which 49% came from U.S., 24% from Dominican and the rest followed by Sweden, Switzerland, South Korea, Canada and Netherlands.

## 2) Employment

The total employment in Free Zones declined by 4.8% in the year 2006 for a total of 145,572 from 152,959 in 2005. The main reasons of decline of employment is the shift toward service jobs from apparel Manufacturing. During the year 2006, 10,976 new employment positions were generated with 83 new companies.

51% women and 49% men occupy Free Zone employment and the jobs correspond to 84% workers, 10% technicians and 6% management personnel. The Dominican laborer is the primary attraction due to relatively low wages, high productivity, availability of both workers and technicians.

The average weekly salary in 2005 are approximately US\$40 for workers and US\$90 for technicians in the Free Trade Zones. The minimum wage is cheaper than the rest of the Caribbean region but not competitive relative to such countries as China and Vietnam, especially apparel manufacturing. In order to shift to higher value-added competitive sectors like IT Services, it will be necessary to retrain and upgrade skills of workers and technicians.

## 3) Exports

Free zone exports reached US\$4,506 million in 2006, for a decrease of 5.1% in relation to the previous year. Free zone exports account for 70% of all exports of Dominican Republic.



Textile manufactures, which represent 35.4% of Free zone exports, decreased by 16.2%. Electronic products, which represent 15%, decreased 4.8%. Jewelry with 14% increased 4.7%, Tobacco with 8% increased 9.1%, and Shoe manufactures with 6.4% decreased 8.7%. In relation to destination markets, most of the goods produced in the Free Zones are exported to the U.S. and Puerto Rico, approx. 78%.

## 4) Free Trade zone Advantages

The advantages which have contributed to the fast development of the free trade zones are:

- Attractive legal framework which exempts free zone companies from the payment of import duties, income tax and most other tax obligations.
- Preferential access rights which allow Dominican exports to enter the markets of United States and Europe without having to pay custom duties.
- Possibility of obtaining financing from local or foreign institutions.
- Facilities to freely repatriate abroad in foreign currency.
- Workforce available at competitive wages.
- Background of political stability.

# Major Investment Sector

## A) Services

### 1) ITES / BPO communications

The current Administration is focused on cultivating new market opportunities in targeted areas such as the Call Contact Center & BPO industry in order to attract foreign investment and promote economic development.



The country offers a platform of the most competitive operational costs for Call Contact Centers & BPO in Latin America and the Caribbean.

It currently hosts over 50 Call Contact Centers, located within the Metropolitan area and Free Zone Parks, employing over 18,000 fully bilinguals workers.

The Dominican Republic was selected in January 2006, as the headquarters for the regional establishment of the American Teleservices Association's Caribbean & Latin America Chapter.

#### Education and Training

The Dominican government is sponsoring English as a Second Language (ESL) program, as well as, the first BPO/Call Center Academy at the Parque Cibernetico Santo Domingo (PCSD) to increase the competitive advantages of the national labor force.

These programs will serve to provide a bilingual /skilled la-

bor pool to the Call / Contact Centers and BPO companies established in Dominican Republic.

- 35 Universities and over 320,000 students enrolled in 2005
- Over 35 Bilingual Private Schools (Spanish and English)

#### Contact Center Institute of the Americas (CCI)

The Contact Center Institute (CCI) at Parque Cibernetico Santo Domingo (PCSD) will provide training and recruiting services to support in country growing of contact center and BPO service Organizations.

#### The American Teleservices Association (ATA)

The American Teleservices Association (ATA) is a trade association that represents the contact center industry, including those corporations who provide customer communication and trade via the telephone and Internet, as well as the suppliers of such call centers. Market leaders know that ATA is the only professional association dedicated exclusively to the teleservices industry. The association represents members' interests by advocating on Capitol Hill and in statehouses in the United States, providing advanced professional education opportunities, defending the teleservices industry in the public realm, and acting as the industry's information clearinghouse.

### 2) Software Development

The Software Development is an attractive investment destinations due to the high population of young people with bilingual capacity and professionalism. The country is working in constituting a model in the process of creating policies to facilitate complete access to Technological development that will position the Dominican Republic as an adequate place for the construction, design of systems and equipments of Information Technology.

The Dominican Republic has several Software Development companies that provide business solutions and innovative new products. Currently there are around 80 national software development businesses and more than 20 multinational companies that provides their services and products to the local and international markets.

Many types of IT and software solutions are developed in the Dominican Republic among then following: Administration, Accounting Systems, Database Management, Inventory Control, Sales Program, Applications for diversified business, hospitals, warehouses, solutions for e-commerce and internet banking. The Information Technology sector at the present time is in full expansion as a joint venture with the support of the government and the private sector, which provides a propitious environment for high value added services and especially for the development of the technological industry.

Our Center for Software Engineering at IITLA and local universities strongly pursue excellence in developing the specific skills needed for growth.

## B) Manufacturing

### 1) Medical Devices

The Dominican Republic is the home to various top medical technology companies which have chosen the Dominican Republic as a base for developing, manufacturing and marketing a wide range of medical products, forming one of the largest clusters in Healthcare manufacturing in the Caribbean and the Central American region.

In the year 2006, the Medical Device industry in the Dominican Republic represented a 6.5% of the free zone exports (US\$294 Millions), whose main destination was the United States, our main trade partner and source of foreign investment; generating approximately 9,000 skilled workers, who are constantly renowned for their superior work ethic, allowing us to offer a wealth of human resources that meet the quality demands of the industry.

The Medical Device industry has played a key role in promoting and sustaining growth and development in this

important sector, due to a significant and sophisticated network of experienced international companies established in the Dominican Republic, which have encouraged and supported its development; investments totals well over US\$260 millions, in 2005.

### 2) Electronics, Electric & Auto Parts

The Electronic, Electric, and Automotive industry represents a high potential sector for the development of the Dominican Republic. The advances in Information Technology and the expansion in microelectronic, as well as the new generation of electronic and auto equipments stimulate the demand and world production, allowing the participation of other countries in the international supply chain.

Changes in the global auto industry position the DR to serve competitively North American, European and Asian manufacturers doing business or wanting to do business in the North American region.

The Dominican Republic is rapidly moving to the forefront of the region for affordable assembly, testing, and electronic products packaging, as well as other related industries. The DR has targeted this industry and views this sector with vital and critical importance for the Dominican Republic economy. Today, it is a key priority sector which will bring products and processes with high engineering and labor

## Major Free Zone Parks, Airports and Ports





content and it will also create other opportunities in the service sector.

The Auto Parts industry, includes numerous electric and electronic components that require assembly, sub-assembly and light manufacturing processes; which constitutes one of the selected target markets for Dominican Republic.

Increased enrollment in the DR basic educational programs, institutions of higher learning, and training institutes are constantly improving management capability and insuring a highly productive workforce, offering a wide range of certified training programs. Electrical, Mechanical, Industrial, Chemical, Computer Science and IT engineers as well as many trained technicians are currently available.

## C) Parque Cibernetico Santo Domingo (PCSD)

PCSD is the first technological free zone park in the Dominican Republic, specialized in Information Technology (IT) and related industries including information services exports, software development and computer design, as well as manufacturing technological products. It is located in Andres, Boca Chica at 5 minutes from Las Americas International Airport, the country's main airport.

Parque Cibernetico combines the nation's vision of the future with our aspiration of becoming the technology hub of the region, including call centers, software development, business processing outsourcing (BPO) and high tech product manufacturing, such as medical devices, printed circuit boards, injection molding and micro-electronics. It offers an environment with the essential elements of support for information industries in a tropical, landscaped setting close to the sea, featuring world class design and engineering concepts.

Parque Cibernetico Santo Domingo offers world class connectivity to:

- Communications centers
- Enterprise companies
- Research networks
- Institutional and government entities

## 1) Las Americas Institute of Technology (ITLA)

Las Americas Institute of Technology is an institution seeking to encourage technology development and competitive advantages of the national companies and attract foreign in-

vestment through education, creativity encouragement, critical reasoning and appropriate application of technology.

ITLA is located within Parque Cibernetico premises and currently offers an extensive range of certified training programs to bring up our workforce skills, in areas such as CAD/CAM, Industrial Design, Mechatronics, Multimedia, Telecommunications, Software Programming, Plastic molds, Assembly and Injection Molding, Industrial Electronics and Automatic Controls, as well as Computerized Numeric Control (CNC).

Parque Cibernetico and ITLA are aimed to encourage and nurture the growth of the Technology industries by developing and supporting High Tech Startups and small entrepreneurs in the Dominican Republic and other countries of the Caribbean Basin and Latin American region.

## D) Film Industry

### Diverse Locations

The Dominican Republic has an incredible variety of locations, including four mountain ranges, countless rivers and lakes and a very diverse topography.

We have the right landscape for your script: rain forests, jungles, savannas, coastlines, countryside, beaches, deserts, caves, pine-tree covered mountains and so on.

Our cities and towns also feature various and unique architectural styles, ranging from Spanish colonial to Victorian, from rural farms to modern urban settings.

### Cost Effective

Shooting in the DR is significantly less costly than other film centers around the globe. Government-controlled locations and personnel are free of charge. No union "costs" or Customs fees and film-related services are considerably less expensive in the DR than other film destinations.

### Production Resources

The Dominican Republic has a pool of talented and experienced film crews ready to report to work. They feature impressive resumes, having worked in Michael Mann's "Miami Vice" and Robert De Niro's "The Good Shepherd".

The DR also is home to numerous production companies, equipment rental depots, casting agencies, and other production-related services.

Not to mention that, there have been dozen of local movies



shot during this time.

The Dominican Republic has also become a preferred location for commercial shoots and still photography.

## E) Tourism

### Number 1 Destination in the Caribbean

The Dominican Republic is the heart of the Caribbean: a land of universal profile, buildings and streets surrounded by history, and spectacular places that remain unspoiled. This fine blend of history, nature and quality of life are immersed in modern atmosphere, with all the amenities and socio-economic stability that make the country the perfect location for investment or tourism opportunities.



Over 300 kilometers of sunny beaches and turquoise water, a rich history, and the warmth of the Dominican people have helped us build one of the region's largest tourism sector.

In the year 2006, the Dominican Republic received near to 4.3 million foreign visitors. And the tourism industry generated an income of US\$3,508 million receipts in 2005 which ranks the third place in Latin America.

According to the Central Bank, 3,965,055 non resident visitors arrived by air in 2006 in which 48.6% were from the North America and 42.6% from Europe.

Our tourism industry now offers 59,000 world-class rooms, making the Dominican Republic the Caribbean's largest destination by far and is expected an increase of 18.000 rooms for year 2009. Now turning into diversification to further strengthen our offering, the country hosted ecotourism, sports, adventure travel, and medical tourism.

Not surprisingly, the country's tourism industry is now worth a net US\$544.4 million (year 2005). Sun-kissed white

sand beaches, five-star resorts and the important presence of well known hotel groups such as Barceló, Meliá, Hilton, Riú, Occidental, Iberostar, Accor, Wyndham, Howard Johnson, and Marriot render a promising future.

## F) Medical Tourism

The concept of Medical Tourism dates back thousands of years to when Greek pilgrims traveled from all over the Mediterranean to the small territory in the Saronic Gulf called Epidauria. It became the original travel destination for medical tourism.

TODAY, the Dominican Republic has the highest quality

care hospitals, clinics along with the latest and most advance state of the art medical and surgical equipment in the region. Most of the practicing physicians and surgeons are either US medical graduates or certified. Possesing specializations not only from the US, but also European accreditations.

The Dominican Republic enjoys warm tropical weather year round, so pack for paradise. With seven international airports and a streamlined immigration process, visiting paradise has never been easier. Even communication is trouble-free because although Spanish is the official language, American english is our second language. Wht's up!?!?!?

Real savings of up to 75% off US prices for Plastic Surgery, General and Cosmetic Dentistry, Bariatric Medicine, General Surgery. Our Medical Tourist can confidently and safely contract procedures in:

Cosmetic Body Procedures, Facial Procedures, Dentistry & Hair Replacement Procedures General Eye Procedures, Fertility and Cardiovascular Surgeries Preventive Body Scans, Stress Management Weight Management

Our mission is to provide you with affordable, high-quality





# Annex

## a) Taxation

|  |                      |  |                          |                            |
|--|----------------------|--|--------------------------|----------------------------|
| <b>Corporate tax rate</b>                                  | Local tax specialist | Top corporate income tax rate<br>(Note: Collect entire range in a comment or footnote, but enter highest rate in cell) | Typical value<br>15 - 35 | 25%                        |
| <b>Sales or VAT tax rate</b>                               | Local tax specialist | Value added or sales tax   | Typical value<br>5-15    | 16%                        |
| <b>Annual property tax rate</b>                            | Local tax specialist | Tax on property levied on a yearly basis<br>(Note: This is not a property transfer tax.)                               |                          | 1% over 5 millions of RD\$ |
| <b>Import Duties applied to imported food and beverage</b> | Local tax specialist | Duties applied to imported products  | if necessary, in range   | 3-35%                      |
| <b>Import Duties applied to imported capital equipment</b> | Local tax specialist | Duties applied to imported products  | if necessary, in range   | 0-3%                       |
| <b>Payroll</b>   | Local tax specialist |  |                          | 0-30%                      |
| <b>Room Tax</b>  | Local tax specialist | Tax applied to room occupancy.   |                          | 16%                        |
| <b>Local Taxes</b>   | Local tax specialist | This may vary from country to country.   |                          | 2-16%                      |

# Operational Cost

| Wages                 |             |   |          |                        |
|-----------------------|-------------|---|----------|------------------------|
| Please note that wage |             |   |          |                        |
| Management            | INFORMATION | Mid to upper-level managers. I hotel, it will be general manager.   | in range | RD\$80,000-RD\$150,000 |
| Professional          |             | Head accountant   | in range | RD\$25,000-RD\$50,000  |
| Technical             |             | Engineer, programmer, system analyst, etc   | in range | RD\$20,000-RD\$50,000  |
| Skilled labor         |             | Person in charge of data entry, customer service, assembly line worker with special skills. In hotel, chef or supervisor. | in range | RD\$15,000-RD\$30,000  |
| Unskilled labor       |             | Driver, Janitor, chamber maid, entry level assembly line worker, farmhand, etc.   | in range | RD\$5,000-RD\$10,000   |
| Fringe benefits       |             | 27% of base salary  |          | RD\$600-RD\$1,000      |

| Property Cost                                |   |  |                       |   |
|--|---|--|-----------------------|---|
| Class A Office Rental                        | local real estate companies               | Class A office is office building in prime location  | Typical value 100-300 | US\$216 - US\$290 per m <sub>2</sub> /year plus maintenance fee (US\$22 - US\$30) per m <sub>2</sub> /year, plus ITBIS 16%.   |
| Class A Office Occupancy Charges             | local real estate companies               | Additional charges for renting a class A office  |                       | Depends on the operation of the company. It can be associated to the maintenance fee which is usually a 10% of the rental price. Electricity is not included.   |
| Class B Office Rental                        | Local real estate companies               | Class B office is located out of center  |                       | US\$84 - US\$150 per m <sub>2</sub> /year plus maintenance fee (US\$8 - US\$15) per m <sub>2</sub> /year, plus ITBIS 16%.   |
| Lease price for industrial site              | Real estate agencies; free zone authority | Annual lease price of an industrial site within 20km radius of the capital or main city  |                       | Electricity is not included. US\$24 - US\$48 per m <sub>2</sub> /year plus ITBIS 16%. It might or might not exist a maintenance fee. - The price of these kind of properties is listed in US Dollars. |
| Additional industrial site occupancy charges | Real estate agencies; free zone authority | Additional charges associated with leasing industrial land (Ex. Free zone security fees; membership charges, maintenance fees) |                       | Depends on the operation of the company.  |
| Lease price for standard factory building    | Local free zone authority                 | Annual lease price of a standard factory building shell offered by local free zone   |                       | US\$40 - US\$60 per m <sub>2</sub> /year, plus ITBIS 16%. It might or might not exist a maintenance fee.  |

## Utility Cost

|  |                                   |   |                     |
|--|-----------------------------------|---|---------------------|
| Cost of a minute local call  | local telecom companies           | Within the capital city, charged by lowest cost leading telecom operator.   | RD\$1.25            |
| Cost of a minute call to an adjacent country                           | local telecom companies           | Adjacent country refers to a country that have borders with the country of benchmarking.  | RD\$4.50            |
| Cost of a minute international call to US                              | local telecom companies           | Charged by lowest cost leading international telecom operator in country.   | RD\$4.00            |
| High bandwidth internet (256 kpbs)                                     | local broadband internet provider | Monthly cost charged by main internet service provider for broadband connection (Note: Collect data on charges for various high-bandwidth speeds, but enter value for 256 kpbs service) | RD\$1,500           |
| High-bandwidth internet (256 kpbs) usage charge                        | Local broadband internet provider | Broadband usage charge per minute (if this additional charge is levied.) (Note: Collect data on charges for various high-bandwidth speeds, but enter value for 256 kpbs service)        | N/A                 |
| High-bandwidth internet (3 mbps) monthly charge                        | Local broadband internet provider | Monthly cost charged by main internet service provider for broadband connection (Note: Collect data on charges for various high-bandwidth speeds, but enter value for 2 mbps service)   | RD\$60,000          |
| High-bandwidth internet (2 mbps) usage charge                          | Local broadband internet provider | Broadband usage charge per minute (if this additional charge is levied.) (Note: Collect data on charges for various high-bandwidth speeds, but enter value for 2 mbps service)          | N/A                 |
| Cost of electricity (usage) for industrial use per kWh                 | Local utility companies           | Collect entire range of usage tariffs (peak, off-peak, etc.) as a comment or footnote   | RD\$5.54            |
| Cost of electricity (capacity demand) for industrial use per KVA or KW | Local utility companies           | Collect entire range of demand tariffs as a comment or footnote   | RD\$255.84          |
| Cost for gas per cubic meter (per gallons)                             | Local utility companies           |   | RD\$455.40          |
| Cost of compressed propane gas per liter                               | Local gas supplying company       | Cost of propane gas, sold as cylinders  | N/A                 |
| Cost for water for industrial use                                      | Local utility companies           | Collect entire range of water usage tariffs as a comment or footnote  | RD\$9.00 -RD\$10.00 |

## Ocean Freight Rates

|   |                                    |  |           |
|---|------------------------------------|--|-----------|
| Cost of shipping by sea to Yokohama--Refrigerated Container | Local freight forwarding companies | Cost of shipping (CIF) a 40-foot refrigerated container containing fresh food from capital city to Yokohama Port (taking into consideration any overland shipping charges for landlocked cities) - CIF is not available- | US\$6,681 |
| Cost of shipping by sea to Singapore--Standard Container    | Local freight forwarding companies | Cost of shipping a 40-foot standard container carrying apparel from capital city to Singapore Port (taking into consideration any overland shipping charges for landlocked cities)-CIF is not available-                 | US\$2,250 |

|   |                                    |   |           |
|---|------------------------------------|---|-----------|
| Cost of shipping by sea to Singapore-- Refrigerated Container | Local freight forwarding companies | Cost of shipping (CIF) a 40-foot refrigerated container containing fresh food from capital city to Singapore Port (taking into consideration any overland shipping charges for landlocked cities)- CIF is not available-  | US\$6,681 |
| Cost of shipping by sea to Miami-- Standard Container         | Local freight forwarding companies | Cost of shipping (CIF) a 40-foot refrigerated container containing fresh food from capital city to Rotterdam Port (taking into consideration any overland shipping charges for landlocked cities) - CIF is not available- | US\$1,650 |
| Cost of shipping by sea to Miami-- Refrigerated Container     | Local freight forwarding companies | Cost of shipping (CIF) a 40-foot refrigerated container containing fresh food from capital city to Rotterdam Port (taking into consideration any overland shipping charges for landlocked cities) - CIF is not available- | US\$3,500 |
| Cost of shipping by air to Amsterdam Schipol                  | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$10.06 |
| Cost of shipping by air to Amsterdam Schipol                  | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$4.57  |
| Cost of shipping by air to New York JFK                       | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$3.62  |
| Cost of shipping by air to New York JFK                       | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$1.25  |
| Cost of shipping by air to Los Angeles LA                     | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$4.76  |
| Cost of shipping by air to Los Angeles LA                     | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$2.03  |
| Cost of shipping by air to Tokyo Narita                       | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$15.88 |
| Cost of shipping by air to Tokyo Narita                       | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$4.06  |
| Cost of shipping by air to Singapore Changi                   | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$12.68 |
| Cost of shipping by air to Singapore Changi                   | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$8.84  |
| Cost of shipping by air to Miami                              | Local freight companies            | Normal rate for general cargo under 45 kg, in USD per kg  | US\$2.40  |
| Cost of shipping by air to Miami MIA                          | Local freight companies            | Normal rate for general cargo under >1000 kg, in USD per kg   | US\$0.70  |

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This investment guide offer you up-to-date an investment climate In Dominican Republic for companies that are considering investment in the Country. This guide was edited by Kazuhisa Fujita, Investment Promotion advisor from JICA-SV



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