



## **U.S. Department of State FY 2001 Country Commercial Guide: Dominican Republic**

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## I. Executive Summary

The United States remains a vital economic and cultural partner of the Dominican Republic. The Dominican Republic is the United States' seventh largest export market in the Western Hemisphere and hosts substantial U.S. foreign direct investments. The Dominican Republic has over 8 million people with a per capita income of about US\$2,110. It occupies the eastern two-thirds of the island of Hispaniola, which it shares with Haiti, and is about the size of Hawaii.

The country has shown steady growth in GDP and per capita income over the last several years. The Dominican Central Bank reports 7.3 percent economic growth for 1998, and 8.4 percent for 1999. The Central Bank calculates that Hurricane Georges in 1998 caused damage in excess of US\$2 billion to the Dominican economy, the most affected sectors being agriculture, tourism, and housing. GDP has grown an astounding 10 percent in the first half of 2000, with a prediction of 8 percent growth for the year as a whole. The financial sector problems of the early 1990s have faded, though interest rates remain high, access to long-term capital is limited, and reserves need to be strengthened.

The official exchange rate for the Dominican peso was devalued nine percent from 14.02 to 15.33 pesos to the dollar in July 1998. The rate continued to devalue slowly through 1998 but stabilized in mid-1999 and is now around 16.3 pesos to the dollar. The Central Bank has continued to maintain a solid base for non-inflationary growth, but has depleted foreign exchange reserves to a low level. Telecommunications, tourism, construction and free trade zones continue to be the leading growth sectors. There were 58 new free trade zone projects approved in 1998, and 74 in 1999. With the recent passage of Caribbean Basin Initiative Enhancement

Legislation that gives Dominican textile manufacturers equal tariff treatment to that afforded under NAFTA, this trend is likely to continue. The tourism sector is adding 3,000 rooms per year and further expansion is planned. Domestic manufacturing and traditional agriculture, however, are flat.

There are, however, areas of concern. In the last five years the Dominican Government has made little progress in resolving outstanding disputes with international companies concerning expropriated property and payment defaults. The Government of the Dominican Republic also needs to improve enforcement of its Intellectual Property Rights laws and bring its patent laws up to WTO standards.

Hipolito Mejia, of the Partido Revolucionario Dominicano (PRD), was elected President of the Dominican Republic on May 16, 2000 and took office on August 16, 2000. Mejia won a first round victory with 49.87 percent of the vote. He was Secretary of Agriculture in the 1978-82 Guzman Administration. The four main areas of focus for the new government include housing, education, health and agriculture. In May 1998, Congressional elections were held for the first time separate from the presidential elections, with the PRD obtaining 24 of 30 seats in the Senate and 83 of 149 seats in the Chamber of Deputies.

The Mejia administration has promised to modernize government institutions including its judicial system, maintain macro-economic stability, and provide transparency in government. President Mejia says he will focus on growing the Dominican economy but wants the benefits of that growth to reach average Dominican citizens.

The Dominican government has not fully implemented the Uruguay Round Agreements. The negotiations for the "rectification" of Dominican tariff bindings for eight agricultural commodities have been completed. Electricity service from the state-owned utility, Corporacion Dominicana de Electricidad (CDE), has long been inadequate to meet peak power demand. The government successfully capitalized the distribution and generation units of CDE in April and May 1999 to multinational consortia. This should substantially improve electricity service in the next three to five years provided the government gives priority to paying its debt and strengthening transmission infrastructure.

This Country Commercial Guide (CCG) presents a comprehensive look at the Dominican Republic's commercial environment using economic, political and market analyses. The CCG's were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

Country Commercial Guides are available for U.S. Exporters from the National Trade Data Bank's CD-Rom or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country commercial guides can be accessed via the World Wide Web at <http://www.stat-usa.gov> and <http://www.state.gov/>. They can also be ordered in hard copy or on diskettes from the national technical information service (NTIS) at 1-800-553-NTIS.

## II. Economic Trends and Outlook

This report was drafted in August 2000. Statistics were available for the period through March 2000.

Major trends and outlook:

In 1999 the Dominican economy grew at an 8.4 percent rate with monetary stability. The Dominican Central Bank continued to pursue policies designed to keep inflation under control, maintaining a tight monetary policy. In spite of less than complete cooperation from other elements of the Dominican Government (see below), the Central Bank has succeeded in keeping inflation under 10 percent since 1995. After falling to about four percent in 1996, it rebounded to 8.37 percent in 1997 but fell again to 7.82 percent in 1998 and 5.10 percent in 1999. The Central Bank projects that inflation will again be held to a single digit in 2000.

In 1996 and 2000 attention was focused on how the national elections might affect the economy. The elections caused no significant capital flight. On the contrary, economic stability was enhanced by the orderly manner in which the elections and transition to a new administration were carried out. During his 1996-2000 tenure, President Fernandez made good on his promise to Dominicans and would-be investors that maintenance of macroeconomic stability would be a priority for his administration. Fernandez's economic reform included pushing ahead with the capitalization of state-owned enterprises. The 2000 Presidential election and transition also proceeded smoothly without a disruptive effect on the economy.

The Dominican Government continues to seek nominal exchange rate stability. The peso/dollar exchange rate showed little variation during 1995 and was kept stable through the elections and transition in 1996. At the end of 1996, the Fernandez Administration announced unification of exchange rates based on a market-determined rate. The official rate was devalued from RD\$12.87=US\$1 to RD\$14.00=US\$1 on December 23, 1996. After some minor fluctuation, the official rate was stable at RD\$14.02=US\$1 from March 1997 through June 1998. On July 2, 1998, the official exchange rate, which is used for traditional exports (sugar coffee, rum) and petroleum imports was devalued by nine percent to RD\$15.35=US\$1. The unofficial, market rate for the peso has been less stable in late 1998 and early 1999. As of this writing (July 2000) the peso is trading in the range of RD\$16.20 to RD\$16.40 per U.S. dollar.

The Balaguer Administration, which ended in 1996, left a large domestic debt. But Balaguer also left a cash reserve of approximately RD\$3 billion which was about 30-50 percent of the domestic debt. Within months of the inauguration, the Fernandez Administration formed a commission to review the domestic debt. This commission completed its work, and although some debts have been paid, the Government is still considering payment plans. In November 1999, the Government approved issuance of RD\$5,000 million in bonds to liquidate internal debts that were in effect at the time the Fernandez Administration took office. A massive, last minute public works program begun in 1999 added to a large internal debt inherited by the Mejia administration.

Since the last bank rescheduling, the Dominican Government has paid its debt to foreign lenders in a timely fashion (with exceptions noted below). One notable exception had been the U.S. Commodity Credit Corporation (CCC). In late 1997, however, the Central Bank came to an agreement with the CCC on a payment schedule for approximately US\$140 million in arrears and remained current on those payments until the fall of 1998. Following the passage of Hurricane Georges, the Dominican Republic applied to the Paris Club for debt rescheduling for payments coming due between the end of September 1998 and March 1999. Although the Paris Club did not agree to a formal rescheduling, certain payments were deferred by six months. The Dominican Government has since resumed its payments.

Strong GDP growth and a largely successful reform effort have combined to produce a healthy financial sector in the Dominican Republic. The industry generates substantial revenues, though profits are tempered by strong competition. Reserves, assets, deposits and equity have all grown significantly over the past four years. Pending legislation would codify many of the reforms made to date, and increase the DR's openness to foreign financial institutions.

Dominican tariffs range from 3 to 35 percent. At the end of 1996, President Fernandez submitted a proposal to Congress to decrease all tariffs as part of an economic reform package that would increase VAT-type taxes in compensation. With no congressional action on the legislative proposal in 1997 and 1998, the Fernandez Administration resubmitted it to the Congress in August 1998. Virtually all tariffs are bound in the world trade organization (WTO) at 40 percent. "Rectification" of the Dominican tariff bindings for eight agricultural commodities has been agreed at higher tariff levels. Imports to the Dominican Republic have risen the last few years as the import regime has loosened.

Nonetheless, tariffs and non-tariff barriers remain formidable. The Dominican Government has not yet fully implemented the Uruguay Round agreements, although certain aspects of implementation are proceeding slowly. Weak protection for intellectual property (trademarks, patents, and copyrights) affects investment and business practices. The government's refusal to accept the validity of commercial invoices for purposes of customs valuations or to use a WTO-approved alternative system also poses a barrier to trade. A complex system of licensing and consular approvals of invoices impedes imports. Reports of corruption and poor organization at the ports point to additional non-tariff impediments to trade.

Free trade zones are exempt from most of the restrictions on international trade cited above. The growth of free trade zones demonstrates the ability of the Dominican Republic to compete in global markets when the obstacles to trade are reduced. The law specifies that free trade zone firms have the right to sell 20 percent of their output domestically, although this has not been implemented in the past. The Government has, however, reconsidered this policy and some limited sales from the free trade zones into the local economy are expected.

Principal Growth Sectors:

Sector	Percentage Real Growth in 1999
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Communications	15.6
Hotels, bars & restaurants	10.0
Commerce	9.1
Construction	18.2
Finance	4.2
Manufacturing (non FTZ)	6.7
Free trade zones	-2.5
(temporary reversal due to uncertainty of Caribbean Basin Trade Partnership Act)	
Overall Growth	8.4

Source: Dominican Central Bank

According to the Dominican Central Bank, the economy grew 7.3 percent in 1998 despite the ravages of Hurricane Georges. It grew 8.4 percent during 1999 with the Central Bank estimating that growth will again exceed 8 percent in 2000. The sectors hardest hit by the Hurricane were agriculture and tourism. Housing and other infrastructure were also hard hit. Despite this, there was continued strong growth in the construction, telecommunications and free trade zone sectors. The duality of Dominican economic growth remarked on by some analysts persists: over the last several years, those sectors relatively open to foreign investment and with close ties to international markets (i.e., particularly telecommunications and free trade zones) have grown rapidly, while domestically oriented sectors have had slower growth. Continued periodic electrical power shortages (rolling blackouts) and the high costs associated with back-up generation facilities have impeded the growth of industry.

The Dominican Republic continues to experience a telecommunications boom, which has received renewed impetus with the passage of a modern telecommunications bill in May 1998. Several private companies are competing to provide cellular telephones, pocket pagers, new telephone lines and Internet service. Two private firms provide local service.

The construction sector, which was already enjoying robust growth, was also given new impetus by the hurricane. The sector was calculated by the Central Bank to have grown by over 19.6 percent in 1998 and 18.2 percent in 1999. This growth was stimulated by growth in private sector housing and commercial construction as well as the Government's public works program.

The tourism sector, which has experienced robust growth in the past few years, was hurt by the passage of Hurricane Georges. Hotel occupancy in 1999 was 66.9 percent, as compared with 69.7 in 1998 and 76.2 percent in 1997. At least some of this decrease in occupancy, however,

results from the large number of new units (nearly 5,000 in 1999 alone) added since the hurricane. Growth in the sector was 10.0 percent in 1999, significantly lower than the 16.8 percent figure for 1998.

Dominican agriculture was devastated by Hurricane Georges. After suffering through a drought in 1996 and 1997, the sector had been helped by favorable trends in world markets for traditional agricultural exports such as sugar and tobacco. Hurricane Georges, however, severely affected the sugar, coffee, cocoa and livestock industries. It also compounded the physical and financial deterioration of a number of the state-owned sugar mills. In an effort to reverse the course of this decline, the state turned over management and half ownership of its sugar mills to private operators, several of which are foreign companies.

The minerals sector was hard hit by falling world prices in 1998. After experiencing 3.1 percent growth in 1997, sectoral growth retracted to 2 percent in 1998, and to -1.5 percent in 1999. Falconbridge Dominicana closed for three months from October 1998 to February 1999 due to the drop in the world market price for nickel. The failure to invest in the ore processing operation at the Government-owned Rosario mine has led to declining rates of gold recovery from that ore. The Government has recently moved to close the mine because of its inability to move ahead with privatization.

Since 1995, Dominican Government officials and free trade zone businesses have expressed acute concern about the impact of the North American Free Trade Agreement (NAFTA) on textile businesses in the free trade zones. They have worried that the textile industry would be adversely affected by a lack of tariff parity with Mexico. These concerns were largely laid to rest with the passage of U.S. legislation in 2000 that enhanced the benefits available under the Caribbean Basin Economic Recovery Act, bringing them into line with NAFTA treatment for many textile and other products. Dominican firms have proven competitive, largely through adoption of cutting edge technology and modern management practices that increase their productivity and quality. The lower growth rate and decreased investment flows into this sector can be attributed to aggressive competition from El Salvador, Honduras and Guatemala.

#### Government Role in the Economy:

The Dominican Government has traditionally played a large role in the country's economic life. The Government has been the owner of all public utilities (except telecommunications), an insurance company, the country's largest bank (Banco de Reservas), and factories producing a variety of items. Most of the state enterprises are unprofitable. Legislation to allow the privatization or "capitalization" of state-owned enterprises was passed by the Congress in June 1997. The members of the Commission for the Reform of Public Enterprises (CREP), an entity mandated by the June 1997 law, were named in November 1997. The CREP had its first success with the privatization of the state-owned flour mill, Molinos Dominicanos, in December 1998. The distribution and generation units of the state-owned electricity company, the Corporacion Dominicana de Electricidad (CDE), were capitalized in April and May 1999 with the formal hand over of the first of the distribution units taking place in July. The privatization of assets of the State Sugar Council (CEA) took place in autumn of 1999. The government-owned hotels

held by CORPHOTEL, its defunct airline (Corporacion Dominicana de Aviacion or CDA), and the companies held under the umbrella holding company CORDE are also scheduled for capitalization. Years of unprofitable operations, however, have effectively decapitalized many of the state-owned companies, leaving some with few tangible assets.

The Fernandez Administration worked hard to attract foreign investment, with the President himself leading several important trade and investment missions to the U.S., Europe and Asia. In August 2000, President Fernandez inaugurated a Cyberpark – a high technology industrial park, training center, and free trade zone on the outskirts of Santo Domingo -- that has been financed largely with foreign investment. Earlier this year, the Dominican Republic reached agreement on a trade pact with CARICOM that will lead to greater regional economic integration.

At 15 percent of GDP, the overall tax burden imposed by the Government is not unusually high, but the Government depends on taxes levied on imports for 29 percent of its revenues. The government also relies heavily on the “differential” between its purchases and sales of petroleum products to pay off foreign debt and other obligations. Rising oil prices in 1999 and 2000 reduced this amount severely, causing the government to seek other sources of income (such as an increase in the fee for purchasing foreign currency). The Mejia government raised gasoline prices shortly after taking over.

The large government presence in the economy and a web of complicated regulations means that many economic decisions are politicized and businesspersons spend inordinate time "lobbying" the government. Foreign businesses can be at a distinct disadvantage in this process. U.S. businesspersons operating overseas are obligated to abide by the provisions of the U.S. Foreign Corrupt Practices Act.

Institutional difficulties common to developing countries are also present. Businesses often find that the labor force is hard working but untrained. Although the Fernandez Government instituted an impressive judicial reform program, it can be difficult and time-consuming to obtain an equitable result in the still antiquated justice system. The banking system is expensive (unsecured business loans currently carry interest rates of over 20 percent), long term financing is hard to find, and, as noted above, there is no deposit insurance. In addition, the banking system is weak and a modern regulatory framework for banks is only now being established.

#### Balance of Payments Situation:

Since the mid-1970's the Dominican Republic has had a merchandise trade deficit financed in part by a growing surplus in tourism - now the country's leading foreign exchange earner – and free trade zone earnings. Remittances sent by the Dominican Republic's expatriate population (an estimated one million Dominicans reside in the U.S. alone) and other transfers abroad accounted for another US\$1.9 billion in 1999.

After several years of balance of payments surpluses, in 1994, 1995 and 1996 the Dominican Republic suffered balance of payments deficits. In 1997 and 1998, however, the Dominican Republic again had a small surplus which was repeated in 1998 with a US\$499.8 million deficit in the current account financed by a US\$671.7 million surplus in the capital account.

The merchandise trade balance continues to deteriorate. Exports of manufactured goods (exclusive of free trade zone activities) continue to decline while imports rise. Unless there is a significant change in the cost structure for Dominican manufacturers, prospects for their competitiveness will worsen. Solid economic growth, compounded by an overvalued exchange rate, has led to surging imports. This trend has been amplified following Hurricane Georges.

#### Infrastructure Situation:

-- Electricity: Compania Dominicana de Electricidad (CDE), the state-owned electrical energy supplier, does not have enough capacity to supply the country's electricity demand. Foreign private producers have added over 450 megawatts of capacity since 1990. However, given soaring demand, poor maintenance of CDE's transmission and distribution facilities, and the lack of incentive for energy conservation, this increased capacity is insufficient to resolve the problem. Load shedding is a common practice and virtually all industrial enterprises have their own back-up power. Some large firms maintain completely independent electricity supplies. As noted above, however, CDE was successfully capitalized in April and May 1999. The first of the capitalized units was spun off in mid-July 1999. It is hoped that this process, together with planned new investment in power generation, will bring substantial improvement to the Dominican power sector within two years. U.S. IPP's (Independent Power Producers) estimate that the Dominican Government has approximately US\$120 million in arrears. Recently the government paid US\$30 million of this debt to the IPP's.

-- Roads and Highways: The Dominican Republic has a well developed road network, which the Government continues to improve. Nevertheless, as in most developing countries, some of the roads and highways are considered to be in poor and dangerous condition. Truckers belong to syndicates that regulate prices, increasing the price of haulage.

There are seven international airports in the Dominican Republic: they are in Santo Domingo (2), Puerto Plata, La Romana, Punta Cana, Santiago, Samana and Barahona. An international consortium won a bid and has assumed control of the Santo Domingo, Puerto Plata, Barahona and Samana airports. Plans for additional airports (Santiago, Monte Cristi) have been announced, but construction has yet to begin.

-- Major ports: Santo Domingo and other major cities are serviced by modern port facilities. Haina, located just outside the capital city, has a 2,600-foot long, 35-foot draft wharf, a 40-ton container crane and a 60-acre container yard. Transportation to more than a dozen U.S. ports is available on a weekly basis. There is also daily freight service to Puerto Rico. Other ports are located in the cities of La Romana, Boca Chica, San Pedro de Macoris and Puerto Plata. A passenger car ferry initiated service between Santo Domingo and Mayaguez, Puerto Rico, in June 1998.

-- The Dominican Republic has one of the most advanced telecommunications networks in Latin America. Services offered by the telephone companies (Codetel, Tricom, All American Cables and Radio, Inc.) include: direct distance dialing, international direct distance dialing, line

800, electronic mail, telenet, cellular mobile phones, facsimile, national paging services, and Internet services.

-- Major business newspapers and business or specialized magazines can be purchased locally, and several are available on the Internet. Cable television is also available locally in most large cities, and generally offers some U.S. and European services. Radio and television are the communication vehicles reaching the largest numbers of Dominicans.

### III. Political environment

#### Nature of Political Relationship with the United States:

The Dominican Republic is the Caribbean's largest democratic country. It has a long-standing and close relationship with the United States, its principal trading partner and largest market. High rates of Dominican legal immigration to the United States reflect this close relationship. Dominicans generally have a positive view of the U.S. Though political and economic nationalists at times resort to anti-Americanism and charges of U.S. interference in the country's affairs, few Dominicans seem persuaded by this rhetoric.

#### Major Political Issues Affecting Business Climate:

A highly centralized regulatory and administrative system adversely affects the business climate. The interpretation of laws and regulations is often arbitrary. This has contributed to an unstable and capricious regulatory environment. Businesses, domestic as well as foreign, complain that the rules of the game are constantly changing. Dominican and foreign business leaders have complained of judicial and administrative corruption, and have charged that corruption affects the settlement of business disputes. Dominican expropriation standards have been widely at variance with international norms. Several foreign firms and individuals have outstanding disputes with the Dominican Government concerning expropriated property or non-fulfillment of contractual obligations. Even when compensation has been ordered, investors and lenders often have not received prompt or adequate payment.

The Fernandez Administration changed the Government's approach to the systemic problems affecting business and commerce. For example, a commission to verify the Government's domestic debt was established in November 1996. This Commission completed its work, and the Government implemented a payment plan based on the issuance of bonds to creditors. The Fernandez Administration sought to apply Dominican laws more carefully and took steps to reduce corruption in tax administration and customs. The Government began to fulfil new contractual obligations more promptly, but has fell behind in the last months of the Fernandez administration.

The Dominican Government, which practices the Calvo Doctrine, continues to reject commercial arbitration between itself and foreign private firms, although in one recent case a state enterprise agreed to arbitrate a dispute with a private firm.

Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political

#### Parties:

The constitution provides for a popularly elected president and a bicameral congress (composed of 30 senators and 149 national deputies). The executive branch dominates the political system.

The election of legislators was separate from the Presidential election for the first time in 1998. The President is barred from succeeding himself. Congressional and municipal elections were held in May 1998. Free and fair presidential elections were held on May 16, 2000. The Partido Reformista Social Cristiano (PRSC), the Partido Revolucionario Dominicano (PRD), and the Partido de la Liberacion Dominicana (PLD) are the main political parties. Each of these parties tends toward centrist platforms.

The country is also beginning the long process of judicial reform to modernize its courts and raise the standards of integrity in the system. A national judicial council selected new judges for the Supreme Court in August 1997. The new Supreme Court has appointed new judges throughout the court system and instituted a modern training program for judges and court administrators

#### IV. Marketing U.S. Products and Services

##### Distribution and Sales Channels:

There are several methods for U.S. exporters to enter the Dominican market. One can use locally appointed distributors, a wholly-owned subsidiary, joint venture partners, 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. A distribution agreement is not required for any of the above.

##### Use of Agents/Distributors - Finding a Partner:

Although the use of an agent or a distributor is not required, U.S. exporters wishing to market a product or service in the Dominican Republic on a regular basis, without opening offices or maintaining a joint venture, should find an agent or a distributor.

The Dominican agent/distributor law (Law 173, April 1966) is designed to protect Dominican citizens who work as agents or distributors for foreign companies. Before appointing an agent or distributor in the Dominican Republic, U.S. firms should seek legal counsel, as Law 173 is complicated and potentially very costly to foreign suppliers. Under Law 173, agents and distributors often will have 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 produced abroad or in the Dominican Republic without law 173's lengthy residency requirements or two-thirds Dominican ownership of distribution companies.

The U.S. Commercial Service (USCS) in Santo Domingo can help U.S. exporters find agents and distributors through the following services:

- Agent Distributor Service (ADS): USCS staff will conduct a search for suitable representatives and prepare a report listing firms that have read client literature and have agreed to consider a business relationship. The fee is \$250.

- Gold Key Service: This consists of a survey of potential representatives or customers based on the client's requirements, pre-arranged appointments with these prospects. Fees for the Caribbean region served by USCS Santo Domingo are as follows:

Country	First day	Each Additional Day
Dominican Rep.	\$300	\$200
Bahamas	\$300	\$200
Barbados	\$350	\$250
Guyana	\$300	\$200
Grenada	\$300	\$200
Jamaica	\$350	\$250
Suriname	\$300	\$200
Trinidad	\$350	\$250

- Silver Key Service: This service consists in a list of potential importers or strategic partners, contacted by our office, interested in the kind of goods or service that your company exports. The list, with up to 10 prospects, includes the name, address, telephone and fax of the companies. Available in the Dominican Republic, and Jamaica. Fee US\$50.

- Expo USA: This is an exhibition of new-to-market U.S. firms seeking agents, representatives, distributors, licensees and franchises in the Dominican Republic. Expo USA 2000 is scheduled for September 14-16, 2000 in Santo Domingo, Dominican Republic.

- CaribExpo: An exhibition of U.S. goods and services for U.S. firms seeking agents, representatives, distributors, licensees and franchises in the Caribbean. CaribExpo is scheduled for November 2001, in Port of Spain, Trinidad.

#### Franchising:

Franchising, a relatively recent phenomenon in the Dominican Republic is still evolving and growing rapidly. Pizza Hut, Wendy's, Domino's Pizza, McDonald's, Burger King, Friday's, Baskin-Robbins, Kentucky Fried Chicken, Church's Chicken, Taco Bell, Dunkin' Doughnuts, Mrs. Field's, TCBY, Dairy Queen and Subway are in operation and/or expanding. Non-food franchises include a Radio Shack Store, GNC Vitamin stores, Alphagraphics, Sir Speedy, Dry Clean USA, Mr. Movies, Ethan Allen, Meineke Mufflers, and a number of up-scale clothing outlets, including Benetton, Liz Claiborne and Versace. As the food service sector of franchising becomes well established, Dominican entrepreneurs are looking toward services franchises such as printing, auto service, etc. as a growth sector.

#### Direct Marketing:

Direct marketing has met with some success for low-cost, locally produced services. Avon, Jafra and Amway have established successful foreign-owned direct marketing organizations.

Joint Ventures/Licensing:

There is considerable joint venture/licensing activity in the Dominican Republic, including manufacturing and services. The foreign investment law provides for 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.

Steps to establishing an office through incorporation of a local subsidiary (other than free-zone investments governed by law 8-90):

Requirements and procedures:

1. Articles of incorporation are the basic document of 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 Secretariat of Industry and Commerce should be obtained for any trademark desired 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 (Direccion General de Impuestos Internos).
6. A first 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 (la Seccion de Impuestos a la Propiedad y Obsequios del Departamento de La Direccion 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 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 (Secretaria de Estado de Industria y Comercio).

- register the name of the company in the Business Registry (Registro Mercantil) maintained by the Official Chamber of Commerce, Agriculture and Industry.

Selling Factors/Techniques:

At the retail sales level, Dominicans prefer actually seeing the product and 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 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.

Advertising and Trade Promotion:

Most businesses in the Dominican Republic use major local newspapers, television channels and radio stations to advertise their products. Because of high illiteracy rates, television and radio are the media most used for products which are intended to be marketed to all social classes.

Companies already in the Dominican Republic are well aware of the benefits of participating in local exhibition/trade promotion shows; there are many industry specific expositions flourishing

in the Dominican Republic. Major regional exhibitions of American products and services sponsored by the U.S. Embassy's Foreign Commercial Service, are staged every year and many have traditionally been held in Santo Domingo. See appendix G on trade promotion events.

List of Major Newspapers and Publishers:

Editora El Listin Diario  
 Mr. Miguel Franjul, Director  
 Mr. Jose Javier, Economic Editor  
 Calle Paseo De Los Periodistas No. 52  
 Ensanche Miraflores  
 Santo Domingo, Dom. Rep.  
 Phone: (809) 686-6688 ext. 2082  
 Fax: (809) 686-6595  
 E-mail: [el.dinero@listin.com.do](mailto:el.dinero@listin.com.do)

Editora Ultima Hora (part of the Listin Diario group)  
 Rudy Gonzalez, Director  
 Zoila Paniagua, Economic Editor  
 Calle Paseo De Los Periodistas No. 52  
 Ensanche Miraflores  
 Santo Domingo, Dom. Rep.  
 Phone: (809) 688-3361 extension 2232  
 Fax: (809) 688-3019  
 E-mail: [u.h.redadc@ccodetel.net.do](mailto:u.h.redadc@ccodetel.net.do)

Periodico Hoy  
 Mario Alvarez Dugan, Director  
 Mario Mendez, Economic Editor  
 Ave. San Martin No. 236  
 Ensanche La Fe  
 Santo Domingo, Dom. Rep.  
 Phone: (809) 567-5442/566-1147/541-5967 extension 254  
 Fax: (809) 683-6803  
 E-mail: [periodico.hoy@codetel.net.do](mailto:periodico.hoy@codetel.net.do)

Periodico El Nacional (part of the Periodico Hoy group)  
 Radhames Gomez Pepin, Director  
 Emilio Ortiz, Economic Editor  
 Av. San Martin No. 236  
 Santo Domingo, Dom. Rep.  
 Phone: (809) 565-5581 extension 368  
 Fax: (809) 565-1336  
 Elnacional@codetel.net.do

Editora El Caribe

Luis Canela, Director  
Milton Tejada, Economic Editor  
Autopista Duarte km. 7 ½  
Santo Domingo, Dom. Rep.  
Phone: (809) 566-8161/566-0059 extension 306  
Fax: (809) 544-4003  
[Elcaribe@codetel.net.do](mailto:Elcaribe@codetel.net.do)

Periodico El Siglo  
Editora El Golfo, S.A.  
Mr. Federico Henrique Grateraux, Director  
San Anton No. 2  
Zona Industrial de Herrera  
Santo Domingo, Dom. Rep.  
Phone: (809) 518-4000, 537-2210  
Fax: (809) 530-8412

Periodico El Nuevo Diario  
Persio Maldonado, Director  
Jaqueline Morrobel, Economic Editor  
Av. Francia No. 41 esq. Rocco Cochia  
Santo Domingo, Dom. Rep.  
Phone: (809) 687-7450/686-1541  
Fax: (809) 687-3205  
e-mail: [nuevodiario@codetel.net.do](mailto:nuevodiario@codetel.net.do)

La Nacion  
Modesto Rodriguez, Economic Editor  
San Anton No. 2  
Zona Industrial de Herrera  
Santo Domingo, Dom. Rep.  
Phone: (809) 537-2444  
Fax: (809) 537-4865  
E-mail: [editor.nacio@lanacion.net](mailto:editor.nacio@lanacion.net)

#### Pricing Product:

This is a price-sensitive market where the price is often as equally important as quality and service. Dominicans are often familiar with U.S. pricing practices. Many successful new retail outlets, however, concentrate on quality goods and service support as Dominican consumers become more affluent and sophisticated.

#### Sales Service/Customer Support:

Dominican customers have increasingly demanded consistent, quality support and service. Service and customer support are still a developing concept. Several (both wholesale and retail)

companies maintain sales without discounting. This is partly attributable to the good reputation for quality service and support, which suggests the importance of after-sales support.

#### Selling to the Government:

The former Fernandez Administration, tried to establish in the Dominican Republic a more favorable creditworthy reputation and resolve some of the systemic problems affecting irregularities in public contracting. Several unresolved payment disputes remain.

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, and where the bidding process is open and transparent, and payment guaranteed by the outside sources.

#### Protecting Your Intellectual Property:

To help ensure production, trademarks, and copyright infringement, your product should be registered at the Legal Department of the Secretariat of State for Industry and Commerce. Once approved, a notice should be published in a local newspaper.

The Dominican Republic is a member of the World Trade Organization and signatory of both the Berne and Paris Conventions on Copyrights and Patents and Trademarks, respectively. Nevertheless, protection of intellectual property rights is weak. Even where the law provides protection, enforcement and remedies are often inadequate.

#### Need for a Local Attorney:

A local attorney is an important vehicle for establishing operations and advising on the conditions for doing business in the Dominican Republic. A list of lawyers familiar with U.S. businesses follows:

Steel Hector & Davis Llp.  
Mr. Alejandro Pena Prieto  
Managing Partner  
Ave. Pedro Henriquez Ureña No. 157  
Santo Domingo, Dom. Rep.  
Telephone: (809) 472-4900  
Fax: (809) 472-4999  
E-mail: [apena@steelhector.com](mailto:apena@steelhector.com)

Pellerano & Herrera  
Mr. Luis R. Pellerano, President  
Foreign Investment Partner  
Av. John F. Kennedy No. 10, Ens. Miraflores

Santo Domingo, Dom. Rep.  
Telephone: (809) 541-5200  
Fax: (809) 567-0773  
E-mail: [lpellerano@phlaw.com](mailto:lpellerano@phlaw.com).  
[lpelle@attglobal.com](mailto:lpelle@attglobal.com)

Aristy & Asociados  
Esther Aristy, Principal Attorney  
Avenida Anacaona No. 31  
Edificio Maria Jesus 2c  
Santo Domingo, Dom. Rep.  
Telephone: (809) 533-8728  
Fax: (809) 533-2020  
E-mail: [aristy.asoc@codetel.net.do](mailto:aristy.asoc@codetel.net.do)

Oficina de Abogados Dr. Carlos Cornielle  
Mr. Carlos Radhames Cornielle M.  
Ave. Pedro Henriquez Urena No. 55  
Esq. Maximo Cabral, Gazcue  
Santo Domingo, Dom. Rep.  
Telephone: (809) 688-3818/ 689-3624  
Fax: (809) 685-3096  
E-mail: [c.cornielle@codetel.net.do](mailto:c.cornielle@codetel.net.do)

Grisolia & Bobadilla  
Mr. Andres E. Bobadilla, Partner  
Av. John F. Kennedy and Lope De Vega, 5<sup>th</sup> Floor  
Edif. Bank of Nova Scotia  
Santo Domingo, Dom. Rep.  
Telephone: (809) 562-6100  
Fax: (809) 562-7609  
E-mail: [aeb@griboba.com](mailto:aeb@griboba.com)

Headrick, Rizik, Alvarez Y Fernandez  
Mr. William Headrick  
Elvira De Mendoza No. 51  
Zona Universitaria  
Santo Domingo, Dom. Rep.  
Telephone: (809) 686-0404/685-4137/8  
Fax: (809) 685-2936  
E-mail: [hraf@codetel.net.do](mailto:hraf@codetel.net.do)

Russin, Vecchi & Heredia Bonetti  
Dr. Luis Heredia Bonetti, Owner and Manager  
El Recodo No. 2  
Edif. Monte Mirador, 3er. Piso

Bella Vista Santo Domingo, Dom. Rep.  
Telephone: (809) 535-9511  
Fax: (809) 535-6649/7517  
E-mail: [info@robb.com](mailto:info@robb.com)

Dominex  
Dr. Hugo J. Ramirez Risk  
President  
Calle La Cantera No. 10  
Zona Universitaria  
P.O. Box 22319  
Santo Domingo, Dom. Rep.  
Telephone: (809) 535-5540  
Fax: (809) 535-5090  
E-mail: [dominex@codetel.net.do](mailto:dominex@codetel.net.do)

Additional names are available from the U.S. Embassy Foreign Commercial Section.

#### V. Leading Sectors for U.S. Exports and Investment

Best Prospects for Non-Agricultural Goods and Services:

Rank: 1  
Name of Sector: Computers and Peripherals  
ITA Code: CPT

#### Narrative

The market for Computers and Peripherals is showing a sustained growth over the last three years. The use of computers is widespread and both the government and private entities have recognized the need for automation and have transformed their operations with the use of computers. Also, because of the Internet, the market for personal computers has experienced an increase of about 50 percent.

Another factor that has influenced the market is that after April of 1999 there is a new law affecting the import tax levied to Computers and Peripherals. The new law mandated a reduction in the tariff rate from 30 and 10 percent to 1.5 percent. As a result, prices for the end-users decreased and firms and individuals are able to purchase new equipment and/or change the old ones. Besides, since 1999, the banking sector is providing favorable financial terms to the purchasing of computer equipment.

The most promising sub-sectors are: parts, peripherals (printers, etc.), and accessories.

## Data Table (Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	53.7	76.8	106.5
B. B. Total Local Production:	14.0	20.0	27.0
C. Total Exports:	--	--	--
D. Total Imports:	39.72	56.8	79.5
E. Imports from the U.S.:	23.8	34.1	47.7

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 2

Name of Sector: Air Conditioning and Refrigeration Equipment

ITA Code: ACR

## Narrative

In the Dominican Republic, the market for Air conditioning and Refrigeration Equipment is expected to continue the steady growth it has shown the last three years. The main reasons behind this growth are: the need for an air conditioned environment in a country where the local temperature is over 80 F year around; the continuous increase in the construction of apartment complexes, building offices, and malls; and the rapid expansion of the fast food industry that demands commercial and industrial refrigeration.

Imports continue to dominate this market supplying approximately 90 percent of total demand. U.S. imports have traditionally supplied the majority of the total market due to the excellent positioning of U.S. firms and the perceived quality and durability of the products offered.

The most promising subsectors include: air conditioners, window units; household refrigerators; freezers and refrigerators; display counters and showcases; and spare parts.

## Data Table (Millions of U.S. Dollars)

	1998	1999	2000 (e)
A. Total Market Size:	54.5	85.5	113.6
B. Total Local Production:	10.0	13.0	16.0
C. Total Exports:	2.1	3.7	5.2
D. Total Imports:	46.6	76.2	102.8
E. Imports from the U.S.:	32.6	49.5	66.8

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 3

Name of Sector: Telecommunications Equipment

ITA Code: TEL

Narrative

For many years, the telecommunications market has been a leading growth sector and a key element in the Dominican economy. This trend is expected to continue as competition increases, new firms enter the market, and the current players increase their investment.

The Dominican Republic has one of the most advanced telecommunications network in Latin America. The Dominican users have access to services provided in the United States and the telephone companies continuously improve equipment and services. The Dominican Republic has 15 telephone lines per 100 inhabitants and it also has approximately 230,000 pagers and 290,000 cellars in operation for a population of 8.5 million.

Receptivity of American products is very good. American telecommunication products are perceived by end-users to be of the best quality. The most promising subsectors are: switching equipment, mobile telecommunication equipment, radio and television transmission equipment, and parts for telephone and switching equipment.

Data Table (Millions of U.S. Dollars)

	1998	1999	2000(e)
--	------	------	---------

A. Total Market Size:	139.4	173.9	216.8
B. Total Local Production:	6.3	6.3	6.5
C. Total Exports:	3.7	4.0	4.2
D. Total Imports:	136.6	171.6	214.5
E. Imports from the U.S.:	102.5	128.7	160.9

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 4

Name of Sector: Engineering/ Architectural Services

ITA Code: ACE

#### Narrative

The market for engineering services is relatively strong in the Dominican Republic and is dominated by a small number of major firms, which operate as sole builders. Most of these companies are located in the Capital of Santo Domingo and Santiago, the country's second largest city. While no specific engineering expertise is lacking in the Dominican Republic, there are opportunities for U.S. engineering consultants to do business in the market.

Investments made by the Dominican Government in construction activity reached US\$233.2 million in 1999 exceeding 1998 by 37.4%. The majority of these funds were assigned to several mega-projects built, or in progress, by the current Government. Total investments in the sector reached US\$408 million in 1999. Several ongoing Major Projects (public and private investment) represent potential business opportunities for American companies interested in expanding their presence in the Caribbean region.

Many of the engineering firms contacted by our office, indicated that they would like to establish strategic alliances with U.S. firms for upcoming mega-projects requiring sophisticated systems of planning, design and construction.

#### Data Table

(Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	254.63	408.20	497.9

B. Sales by local firms in the DR:	241.90	387.79	473.01
C. Sales by local firms in foreign markets:	N/A	N/A	N/A
D. Sales by foreign firms:	12.73	20.41	24.89
E. Sales by U.S.-owned firms:	10.18	16.32	19.91

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 5

Name of Sector: Advertising Services

ITA Code: ADV

#### Narrative

Over the last six years the advertising industry has experience high growth which can be attributed to the stability of the Dominican economy. The steady growth in the Dominican economy has attracted foreign companies to the Dominican market with a host of new products and services. Strong demand for a variety of high-quality products and services and increased purchasing power are the main factors behind the growth of the advertising industry. Furthermore, the Dominican consumer's spending habits have shown an increase in consumer expenditures and a growing propensity to consume. In response to the rising consumer demand, there has been and continues to be rapid growth in the number of shopping malls, international retail outlets, franchise operations, restaurant chains, etc., which has in turn generated strong demand for advertising.

The market is becoming increasingly globalized with international clients (franchises mainly) who recently have entered the Dominican market, demanding advertising support from international advertising companies

In the Dominican Republic there are good opportunities for American companies in the areas of market research (public opinion polling, rating surveys, etc.), management information systems, and designing programs (software). U.S. firms have a reputation as innovators in the field of advertising and local firms are willing to work in conjunction with them.

#### Data Table (Millions of U.S. Dollars)

	1998	1999	2000(e)
C. Total Market Size:	47.0	54.0	62.1

D. B. Total Local Production:	14.1	16.2	18.6
C. Total Exports:	--	--	--
D. Total Imports:	32.9	37.8	43.5
E. Imports from the U.S.:	29.6	34.8	40.0

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 6

Name of Sector: Food Processing and Packaging Equipment

ITA Code: FPP

Narrative

There is a strong and growing market for food processing and packaging equipment in the Dominican Republic. There are several expansion projects underway in the edible oil, coffee and water packaging industries with strong opportunities for U.S. suppliers.

There are many Dominican companies involved in agro-industry activities that require food processing and packaging equipment in their operations. Food processors and canners (including meat, sausage, etc.) are experiencing an increase in demand both domestic and foreign, and are reacting by expanding or planning expansions in their facilities. The growing local tourism industry has made a tremendous impact in the local production of processed foods and vegetables.

There is also an established beverage industry including rum, beer and refreshment processing plants that is in constant growth and expansion.

Data Table

(Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	28.6	42.0	44.5
B. Total Local Production:	1.6	2.0	2.5
C. Total Exports:	-	-	-
D. Total Imports:	27.0	40.0	42.0
E. Imports from the U.S.:	18.9	24.4	28.0

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank : 7

Name of Sector: Building Products

ITA Code: BLD

#### Narrative

Construction activity showed remarkable growth in the Dominican Republic in 1999, which reflected investment by the Dominican Government as well as the private sector. According to information provided by the Dominican Republic Central Bank, the construction sector has been one of the most active, with a growth rate of 21.6% for 1999.

In the past five years, investment by private consortiums to develop housing projects, shopping malls, hotels, etc., as well as investment by the Dominican Government in infrastructure projects for highways, social projects like housing, schools, and hospitals generated a 27.6% net increase in overall outlays for the construction industry, for a total of nearly US\$1 billion.

Currently U.S. products dominate the import market with approximately a 42% share in both 1998 and 1999. We expect this share to increase through 2000. Best sales prospects include products used in the construction of low to medium cost housing, malls and commercial buildings; and public works mega-projects, such highways, bridges and marine ports.

#### Data Table

(Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	233.50	294.78	338.64
B. Total Local Production:	13.32	15.45	17.30
C. Total Exports:	2.78	3.82	4.28
D. Total Imports:	222.96	283.15	325.62
E. Imports from the U.S.:	95.86	111.59	124.98

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank: 8

Name of Sector: Franchising

ITA Code: FRA

#### Narrative

A relatively recent phenomenon in the Dominican Republic, franchising is still evolving, and growing rapidly. There are more than 70 franchises operating in the Dominican market with a total of approximately 400 stores. There is high interest in franchising due to the success and expansion of existing companies and, as a result, many new firms are entering the market continuously. The largest and fastest growing sector is food franchises, with approximately 25 names present in Santo Domingo and expanding to other cities such as Santiago, La Romana and Puerto Plata. Food franchises represent 35 percent of the total franchise market in the DR.

In the past two years, retail and service franchises have begun to flourish and are growing rapidly.

In the past five years, the franchise concept has gained respect and acceptance in the Dominican business community. As the food service sector of franchising becomes well established, Dominican entrepreneurs are looking toward service franchises such as printing, auto service, etc. as a growth sector.

#### Data Table

(Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	74	80	89
B. Sales by local firms in the DR:	2	3	5
C. Sales by local firms in foreign markets:	-	-	1
D. Sales by Foreign firms:	72	77	85
E. Sales by U.S.-owned firms:	69	73	81

Exchange Rate used: 16.12

The above are unofficial estimates.

Rank : 9

Name of Sector: Automotive Parts and Services

ITA Code: APS

#### Narrative

The market for automotive parts and services is showing sustained growth. Local production is dedicated to the sole manufacture of batteries and 98 percent of the market is supplied by imports. The factors behind the growth in this sector are: high import taxes for new vehicles causing an increased demand for used vehicles; the extension of the useful life of vehicles to avoid purchasing a new one; and an increased break-down of vehicles due to the deterioration of the streets of the Dominican Republic.

According to the Motor Vehicle Department there are 1.6 million vehicles in the Dominican Republic. Since 1994, when the Government of the Dominican Republic enacted Decree 6-94 reducing import duties to used cars, there were 200,000 used cars imported into the D.R.

The most promising sub-sectors are: Automotive Accessories, and Automotive Spare parts.

#### Data Table (Millions of U.S. Dollars)

	1998	1999	2000(e)
A. Total Market Size:	148.0	158.8	171.4
B. B. Total Local Production:	2.0	2.1	2.2
C. Total Exports:	--	--	--
D. Total Imports:	146.0	156.7	169.2
E. Imports from the U.S.:	58.9	62.7	67.7

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Rank : 10  
 Name of Sector: Electrical Power Systems  
 ITA Code: ELP

#### Narrative

Strong export opportunities exist in this sector due to the privatization, in the form of capitalization of the government electric utility, CDE, completed in August 1999.

A group led by Spain's Union Fenosa took over the North and South distribution units while U.S.-based AES won the bidding for the Eastern unit.

The second round of CDE's capitalization was successfully completed when the generation units were capitalized:

New Caribbean Investment group (Gener/Chile and Coastal Power Generation/USA) won the bidding for Generadora ITABO.

A consortium led by Seaboard (Seaboard, Enron International, the Commonwealth Development Corporation and local interests) took over Generadora HAINA.

Transmission lines offer another opportunity within this sector. CDE will keep 100 percent ownership of the transmission company, but will put it under management by a private sector company. CDE has an ambitious expansion plan for the transmission lines (69 and 138 KW) through the year 2003 which will be partially financed by a World Bank credit of US\$92 million for the construction, equipment and supplies.

Statistics in the table below show a strong free trade zone activity in electronic assembly on-going in the Dominican Republic.

Data Table	(Millions of U.S. Dollars)		
	1998	1999	2000(e)
A. Total Market Size:	243	254	268
B. Total Local Production:	60	56	60
C. Total Exports:	57	52	52
D. Total Imports:	240	250	260
E. Imports from the U.S.:	120	126	133

Exchange Rate used: 16.12

The above statistics are unofficial estimates.

Best prospects for agricultural products:

In 1999, the agriculture and livestock sector accounted for 10 percent of the total Gross Domestic Product (GDP) in the Dominican Republic (DR). Central Bank statistics indicate that this sector experienced 0.9 percent growth in 1998/99, compared to 1.0 percent in 1997/98.

US exports to the Dominican Republic, which comprise about 65-70 percent of the Dominican Republic's total agricultural imports (including fish and seafood products and forest products), increased from US\$570 million in 1998 to \$653 million in 1999. Dominican export figures for 1997 mark the highest export levels ever achieved. However, the decrease in DR exports during 1998 was associated with atmospheric agents (i.e., those related to Hurricane Georges). The large portion of the imports from the United States reflect high volume and prices for bulk agricultural commodities such as wheat, corn, rice and tobacco.

Imports of rice from the United States (US) increased from 3,000 metric tons (MT) in 1996 to over 73,600 MT in 1998. Import of US rice remained high in 1999 with a value of US\$22 million dollars. Import of tobacco (mainly wrappers) set a new record in 1999 of US\$137 million dollars. Imports of consumer oriented products also set a record in 1999 at a US\$121 million dollar. This sector has excellent growth potential as the number of supermarkets, retail outlets, and fast food chains continue to expand in the DR. Adding to this sectors growth potential is the increase in the number of new products introduced from the US to local stores. Another factor contributing to the increase of consumer oriented products is the expanding Dominican tourism industry. The tourism industry demands high quality food products and this has helped increase consumer ready sales.

United States softwood and treated lumber sales expanded to US\$43.6 million in 1998 and continued to grow in 1999 reaching the highest export level ever (US\$53.8 million). This increase reflects an expansion in both private and public construction industries in the DR. It is important to note that the DR is the fourth most important trade partner to the US in terms of forest products.

The value of agricultural exports from the Dominican Republic to the United States increased to US\$438 million in 1997. However, it has shown a decreasing trend until 1999 and the first four months of 2000.

Sugar and products remain an important factor in agricultural trade for the DR, representing about thirty percent of the total Dominican agricultural revenues. Other important sources of revenue are cocoa and coffee. These two products decreased from \$97 million to less than \$20 million from 1998 to 1999. The majority of Dominican cocoa is exported to the US while only half of the coffee exports reach the same market. After the hurricane, coffee and cocoa sectors have devoted considerable efforts to recuperate plantations and hope to recover in years to come.

The main prospects are:

Wheat (1001902055)

Narrative

Government-owned Molinos Dominicanos, the largest wheat mill in the DR, has had chronic financial and administrative problems until 1998. It was privatized in 1999. Because the mill has been privatized, it is expected to operate more efficiently in the future. This may translate into more wheat imports from the US. Other private wheat mills, originally designed to supply wheat products to the pasta industry, continue to process and supply more than half the wheat demanded by the baking industry. Some wheat flour is also imported from the US. It is important to note that some of the flour and related products continue to serve the Haitian market. Barring subsidies for European exports or more competitive prices from Canada, the United States will remain the predominant supplier to this price-sensitive market. Imports of wheat in 1999 exceeded US\$40 million.

Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Market Size	211,000	298,220	307,000
Total Local Production	0	0	0
Total Export	0	0	0
Total Imports	211,000	298,220	307,000
Imports from the United States.	211,000	298,220	307,000

e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

Soybean Meal (230400000)

Narrative

The United States is the Dominican Republic's principal supplier of soybean meal. It is mainly used in feed formulations for poultry and swine. The market is dependent on the poultry sector, which consumes about 70 percent of all feed ingredient imports. This sector was seriously affected by Hurricane Georges, but it has been rapidly recovering. Although Dominican poultry imports are still controlled by permit requirements, whole birds and parts imports increased in

1998 in response to local production shortfalls. In spite of the production shortfall, Dominican producers are aggressively fighting to get the government to protect the industry. Dominican producers have been somewhat successful, which implies potential for US soybean meal. Imports of high protein soybean meal from the US were valued at US\$55 million in 1999.

Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Market Size	221,242	308,883	324,000
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	221,242	308,883	324,000
Imports from the United States.	221,242	308,883	324,000

e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

Corn (1005902030)

Narrative

Corn in the DR is used primarily for poultry and swine feed formulations. Continued demand will be affected by additional market access for imported poultry. The return to acceptable price levels of corn has stimulated the use of good quality US grain, lowering the pressure on the local prices of poultry meat and producer margins. The devastating effects of Hurricane Georges on the poultry population caused a decrease in consumption in 1998. The direct purchase from major producers of poultry and swine and the merging of the main feed manufacturing companies into one (PROTEINAL), assured the use of corn from the US. Corn exports in 1999 were valued at US\$89 million, up from US\$69 million the year before.

Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Market Size	756,950	936,338	893,600
Total Local Production	43,600	43,600	43,600
Total Exports	0	0	0
Total Imports	713,350	892,738	850,000
Imports from the United States.	601,346	892,738	850,000

e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

#### Rice (1006309010)

##### Narrative

Rice is the main source of carbohydrate in the Dominican diet. The Dominican government controls rice imports through permits which are issued by the Secretariat of Agriculture. In 1997, an extended drought caused a production shortfall. This shortfall necessitated the import of approximately 68,000 MT of high quality U.S. rice in 1997. A similar quantity was imported in 1998 and it increased to 73,670 MT in 1999. Some traders have indicated that rice may also be moving into the Dominican Republic from Haiti. Suppliers from South American and Asian are also exploring the market but have been kept out of the market for phytosanitary reasons. The Dominican import market for rice is approximately US\$22 million in 1999.

##### Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Market Size	411,008	413,857	414,000
Total Local Production	340,187	340,187	340,000
Total Exports	0	0	0
Total Imports	70,821	73,670	74,000

Imports from the United States.	70,821	73,670	74,000
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e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

Beef (1602509020)

Narrative:

The Dominican Republic has switched from a net beef exporter to a net importer. The market is currently growing and the number of businesses which import beef, is increasing. Dominicans consider US beef a high quality and healthy product. However, it is important to consider that local meat producers are striving to make government officials raise the import duties to protect local production. Local meat producers would also like to continue the use of discretionary import permits. Pork remains restricted to discretionary import authorizations issued only during shortfalls. During 1999 U.S. exports of red meat grew to US\$13 million, a new record.

Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Market Size	84,340	86,504	83,000
Total Local Production	76,954	76,954	77,000
Total Exports	0	0	0
Total Imports	6,000	5,816	6,000
Total Imports from the United States.	1,386	3,734	4,000

e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

Fresh Apples and Other Deciduous Fruits (8061/8081/8082)

Narrative

While the Dominican Republic produces an excellent variety of tropical fruits, there is a strong consumer market for apples, grapes and pears. These products are not native to the country and

there is a high demand particularly during the Christmas season. Most imports are from the United States, but occasionally South American fruit is imported during the holidays. About 92 percent of deciduous fruit is imported from the US and the remaining 8 percent, from other sources, such as Chile. The import value for fresh apples and other deciduous fruits for 1999 was estimated at US\$6 million, a record.

Data Table (In Metric Tons)

Year	1998	1999	2000(e)
Total Import Market	7,451	8,131	8,505
Total Local Production	5	5	5
Total Exports	0	0	0
Total Imports	7,446	8,126	8,500
Total Imports from United States.	6,981	7,618	8,000

e/unofficial estimates

Exchange rate: US1.00 = RD\$16.12

Wine (2204214000)

Narrative

Consumption of wine in the Dominican Republic has grown at an average rate of over 10 percent a year during the first half of the decade. Although the US market share is growing somewhat erratically, the United States currently ranks third behind Spain and Chile in supplying wine to the market. Consumers perceive US wine to be a quality product, but high prices are a major constraint to increased market share for the United States. According to Dominican customs data, the value of total imports, including tariffs, increased from DR\$67.06 million in 1994 to DR\$149.57 million in 1997.

In the Dominican Republic there is limited wine production. The local production is mainly a sweet wine, which targets a lower income sector. There are some tariff and non-tariff barriers which affect market which include very high import taxes, in some cases it exceeds 100% of the CIF value.

Data Table (In US\$000)

Year	1998	1999	2000(e)
Total Import Market	6,850	6,970	7,300
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	6,850	6,970	7,300
Total Imports from United States.	1,147	1,170	1,200

e/unofficial estimates

Exchange rate: US\$1.00 = RD\$16.12

#### Softwood and Treated Lumber

##### Narrative

For several years the Dominican Republic was the top foreign market for US forest products. Softwood and treated lumber represent almost sixty percent of the total Dominican imports, while plywood and other wood products only 10 percent. Private sector construction of hotels, housing, commercial plazas and offices continues to be strong, particularly after the 1997 hurricane.

High value woods from Central and South America play a lesser, but significant role in the country's total wood market of about US\$100 million. Efforts to replace imported wood products with domestic varieties have not been successful. Chilean and Central American pine have not proven to be competitive in the Dominican market. Both types of pine combined hold less than a quarter of all wood imports. The strong effort to protect the natural resources in the Dominican Republic as well as the reconstruction effort after hurricane Georges, make this market particularly attractive. However, the relatively high tariffs continue to restrain the industry's growth.

##### Data Table (In US\$000)

Year	1998	1999	2000(e)
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Total Import	Market	58.1	71.7	73.0
Total Local Production		n/a	n/a	n/a
Total Exports		0	0	0
Total Imports		58.1	71.7	73.0
Total Imports from United States.		43.6	53.8	55.0

## VI. Trade Regulations and Standards

### Trade Barriers, Including Tariffs, Non-tariff Barriers and Import Taxes:

Taxes and duties for imported goods (agricultural and non-agricultural) are calculated upon the "ad-valorem price," i.e., CIF price in US dollars multiplied by the unified foreign exchange rate (presently US\$1.00=RD\$16.12). All duties and taxes are collected in Dominican pesos. There are generally three taxes on imports except for those subject to exemptions provided by law. The taxes are:

A) Tariff: the basic import tax which can be as low as 0 percent and as high as 35 percent. (Dominican tariffs are bound by the WTO to 40 percent for all commodities with eight agricultural exceptions).

B) Impuesto Selectivo al Consumo: a consumption tax for luxury imports; e.g., wine & beer, cigars and cigarettes pay 30 percent. For non-agricultural goods this tax for "non-essential" goods ranges between 10-60 percent. This tax is calculated on the CIF price.

C) Exchange Surcharge or Recargo Cambiario: a five percent tax imposed to all imports into the Dominican Republic.

D) ITBIS: an eighth percent tax on industrialized goods and services (Impuesto de Transferencia a los Bienes Industrializados y Servicios) for processed agricultural goods and all non-agricultural goods which is calculated on the CIF price plus the amount paid for taxes and duties previously mentioned. Legislation to increase the tax to 12 percent is under review by the Dominican Congress. It has been pending in Congress for over a year. Many domestic products are exempt from ITBIS by law or practice.

Example: Product X

A) CIF value of import in US\$ 300.00

B) CIF value in Dominican pesos

(US\$1-RD\$16.12)	4,836.00
C) Tariff rate paid (example, 10% of b)	483.60
D) Impuesto Selectivo (luxury tax) paid (30% of b)	1,450.80
E) Exchange Surcharge (5% of B)	241.80
F) Industrialized goods and services tax ("ITBIS" 8% of b plus c, plus d, and e) (4,836.00 + 483.60 + 1,450.80 + 241.80) (0.08)	560.98
Total taxes	2,737.18
Effective tax rate	56 %

The Dominican President has proposed a new tariff rate to the Dominican Congress that sets a maximum tariff of 20 percent. Open hearings were conducted two years ago, but there has been no real progress in the Dominican Congress to approve this proposal.

#### Customs Valuation:

Customs officials have shown a strong desire to modernize the various clearance and verification procedures, starting with the computerization of their office and changes to forms filled out by importers. This shows a willingness to facilitate the process and accelerate the dispatch of merchandise out of the ports of entry.

GODR/Customs made progress in signing an agreement under the WTO whereas it grants an extension until July 2000 for compliance. Customs with the assistance of the Organization of American States has progressed in the areas of training for Customs inspectors and office staff and has started improving its technology structure.

There are 23 existing Customs offices in the Dominican Republic: ten at ports, seven at 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, Las Americas International Airport and the Port of San Pedro de Macoris.

Customs officials indicate that the average entry takes two days from submission of the pertinent documentation and clearances can be made in hours if importers make use of express clearance procedures. Anecdotal evidence confirms this information. Importers contacted indicate satisfaction at the changes and improvements made to Dominican Customs. Many importers are using one of the following express clearance procedures:

- Advance Declaration (Declaracion Anticipada) - Importers may submit customs documentation 25 days prior to the arrival of the shipment.

- Express Dispatch (Despacho Expreso) - this mode includes advance declaration of the goods and the verification of the shipment by customs officials at the importer's warehouse. Shipments may be dispatched in four hours when using Express Dispatch.

Another advancement with customs declarations is the reception of documentation by magnetic or electronic means. Customs is working on the installation of an ambitious telecommunications network that will allow the interconnection of all sectors, including cargo transport companies, with Customs Service 24 hours a day.

Valuation: Regarding the valuation of imports for duty purposes, Dominican Customs is in a transition process. The "Guarantee Letter" (Carta Garantia) is a document created by Customs to facilitate a change in mentality for importers. Customs wants to move towards the implementation of the Customs Valuation Code set forth in the WTO agreement. This code establishes in principal the acceptance of the invoice value. Customs has given a deadline for compliance of July 2000. The "Guarantee Letter" is a step towards WTO agreement implementation.

The "Guarantee Letter" also provides traditional importers the ability to declare the actual value of imported goods, when those "databased" values are perceived to be incorrect. The Customs Database is a reference list compiled from importers, associations, trade magazines and other sources.

There is also a proposed Consejo Superior de Aduanas (Customs Council) still awaiting approval by Congress. The council would include a representative from the private sector to oversee customs operations. The new custom law also provides for a permanent civil service council. This enables more continuity, transparency, and predictability within the customs process.

Import Licenses:

A) Commerce/Industry:

Import licenses are not required for most products, except pharmaceutical products (drugs, cosmetics and skin care products) and agro-chemicals. For pharmaceutical products a license must be obtained at the Secretariat of State for Public Health for each trademark/product imported by the company. The license is valid for a period of five years. Agro-chemicals and fertilizers require an import license from the Secretariat of State for Agriculture.

B) Agriculture:

"No objection" and other type of permits are often required to import agricultural commodities into the Dominican Republic. Phytosanitary certificates issued by recognized authorities in the country of origin must accompany live plants and agricultural material used in planting. Imports of animals normally require certificates of origin and other veterinarian documentation to assure disease-free status. Tariff rate quotas were proposed for seven agricultural goods (rice, sugar, chicken parts, pork, corn, onions and garlic) and the government is negotiating an additional tariff rate quota on milk powder. Imports of food and agricultural products are normally facilitated

through local distributors. Unless otherwise indicated, the Dominican Republic tends to follow U.S. standards concerning chemical tolerances in foods, packaging and labeling requirements.

#### Export Controls:

##### A) Commerce/Industry:

No export licenses are required. However, the sworn declaration of exports (Declaracion Jurada de Exportacion) should be presented at the port of departure. Free zone companies need only submit certifications from the National Free Zone Council to CEDOPEX (a government organization) to declare and register exports. Ultimately, the Customs system now used only on entries should be expanded to collect data on exports from the Dominican Republic.

##### B) Agriculture:

A requirement for export licenses for most agricultural exports was lifted in 1993. The exchange rate applied to traditional exports was unified at the current official exchange rate of US\$1.00 = RD\$15.33 up from RD\$14.02. That unification eliminated the penalization of traditional exporters with an exchange rate differential which supported the Central Bank Revenues. For the following years, the official exchange rate was used. Currently, the Dominican Center for Export Promotion (CEDOPEX) implemented the use of a form to declare exports. According to CEDOPEX, it trusts the quantity and the price exporters declare. Export values are reported in US dollars. In the event the transaction is in any other currency (including RD\$), the US\$ value is estimated at the official exchange rate.

#### Import/Export Documentation:

All imports into the Dominican Republic, other than free zone imports, require a consular invoice from a Dominican overseas consulate approving the transaction. Many U.S. exporters continue to complain that the fees are rarely nominal and often arbitrarily assessed. The uncertainty regarding total associated costs is present for every shipment to the Dominican Republic. Private-sector associations and other groups continue to push for a change in the system, but it is a major revenue earner for Dominican consulates as well as for general revenue coffers. Customs officials have advised that importers can agree to pay a set fee of RD \$6,500 (approximately US\$400 at current exchange rates) if the importer chooses not to present a consularized invoice at the time of customs processing. Customs allows four additional days for the importer to bring them the consular invoice after the arrival of the goods.

Imports into free trade zones that are destined for re-export are excused from this and other customs requirements, such as import licenses, registration requirements, and payment of customs duties based on commercial invoice and airway bills of lading.

#### Temporary Entry:

##### A) Commerce/Industry:

Temporary entry is permitted for exhibition or demonstration purposes. Also for equipment needed for a temporary work in the D.R. Temporary entry of goods was adopted by Customs as a business facilitation service. No customs duties are paid to customs and the goods must be returned. A bond, however, or other suitable security for all or a portion of the value of the goods must be posted at the time of temporary entry. This will be returned 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 three (3) months. If more time is needed a renovation is required at the end of the three months.

#### B) Agriculture:

There are no provisions for the temporary entry of agricultural products. However, agricultural commodities and food products may be imported under bonded warehousing and for transshipment.

#### Labeling, Marking Requirements:

The Dominican Republic has formally subscribed to ISO 9000 and has announced its intention to follow all subsequent ISO 9000 standards. It is also a member of COPAN, the Panamerican Convention on Norms and Standards. Officials have stated that products meeting U.S. standards in labeling and marking should have little difficulty in complying with relevant Dominican regulations. DIGENOR (Direccion General de Normas y Sistemas de Calidad), the government office in charge of enforcement of regulations on marking, labeling as well as quality controls, freely admits that its surveillance of products entering the country is not as thorough as it should be for lack of resources. Nevertheless, companies should review existing legislation and rules last published in 1990 if exports deviating from U.S. standards in labeling and marking are intended to be imported into the Dominican Republic from the United States. There are special rules for live animals and unpacked foods as well as medicines and products designed to enter the health market. These special rules, however, are more in the area of registration and prior import license approval than in marking and labeling requirements.

#### Prohibited Imports:

There are no legal prohibitions to imports although discretionary import licenses continued to be required from the Secretariat of Agriculture for most agricultural products. These serve to limit imports of many items which are perceived as competing with domestic production.

#### Standards:

The Dominican Republic tends to follow U.S. standards and requirements.

#### Free Trade Zones/Warehouses:

Free Zone Operators (FZO) and enterprises are entitled to 100 percent exemption for extended

periods of time from:

- The payment of corporate income tax.
- The payment of construction taxes, taxes on loan agreements, and on the recording and transfer of real property from the date of formation of the FZO.
- The payment of all taxes otherwise due on corporate formation or capital increases.
- The payment of any municipal taxes which may affect their activities.
- The payment of import duties and related taxes on raw materials, equipment, construction materials, parts for buildings, office equipment, etc., destined for construction, preparation or operation within the free trade zone.
- All taxes or duties on exports or re-exports, except for exports which enter into the local market.
- The business tax (patente) on inventory or assets and from the tax on the transfer of industrialized goods and services (ITBIS).
- Consular charges on imports consigned to Free Zone operators or enterprises.
- Import duties on equipment and utensils for the installation and operation of cafeterias, health services, medical assistance, child care centers, entertainment or amenities or other equipment for the well-being of workers.
- The payment of duties on the importation of transportation equipment, such as trucks, garbage trucks, micro buses, minibuses for the transportation of employees to and from work, subject to the prior approval in each case, of the National Free Zone Council. Such vehicles shall be non-transferable for a period of at least five years.

The following are types of operations free trade zone companies may engage in:

- Introduce, store, unpack and re-pack, recycle, exhibit, manufacture, mount, assemble, refine, process and deal in any type of product, goods or equipment.
- Provide internal services, such as design, layout, marketing, telecommunications, printing, data processing, translation, software development and any other similar or related service.
- Introduce into the free trade zone any and all machinery, equipment, parts, and tools which may be necessary or advisable in their operations.
- Transfer materials, equipment, machinery, etc. as well as labor and services from one free trade zone enterprise to another or between enterprises of different free trade zones, provided the transit regulations from one free zone to another are fulfilled.

It should also be noted that firms licensed to operate in the free trade zone may also be subject to certain rules of safety, environmental considerations and national security.

Special import provisions:

None

Membership in Free Trade Arrangements:

The Dominican Republic is a member of the World Trade Organization. On April 16, 1998, the Dominican Republic joined with five countries in Central America in establishing a Central American-Dominican Republic Free Trade Area which is expected to enter into force soon, after each country completes its ratification procedures. The Dominican Government is currently negotiating a similar agreement with CARICOM. At the Second Hemispheric Summit in Santiago, Chile, in April 1998, the Dominican Republic also joined with other Western Hemisphere governments in committing itself to completing negotiation of a free trade agreement for the hemisphere by the year 2005.

## VII. Investment Climate

### A.1. Openness to foreign investment

The Dominican Government officially welcomes foreign investment. A foreign investment law (No. 16-95) enacted in December 1995 allows unlimited foreign investment in nearly all sectors of the economy. It should be noted, however, that certain earlier laws applying to specific sectors (e.g., banking and insurance) that may discriminate between domestic and foreign investments remain applicable. Regulations implementing the foreign investment law were enacted in September 1996 -- one of the early acts of the Fernandez Administration reflecting the importance it placed on attracting foreign investment. In 1997, the Government established the Office for Investment Promotion (OPI) which has proven to be an important contact for potential investors.

Under the foreign investment law, foreign investment is permitted in all sectors except the following: disposal and storage of toxic, hazardous or radioactive waste not produced in the country; activities affecting public health and the ecological equilibrium of the country; and, the production of materials and equipment directly linked to national security without authorization from the president.

There are no limits on foreign control or screening of foreign investment. Foreign investors have participated, and been treated without discrimination, at every stage in the capitalization of state enterprises such as the electric company, airport management and sugar mills. As noted in Sections A.3 and A.4 below, foreign investors often have problems, particularly in contracts with the government, once established in the Dominican Republic.

### A.2. Conversion and Transfer Policies

A private sector exchange rate system exists for most commercial banking transactions. The Central Bank uses the market-determined rate of exchange, with some exceptions. Importers may obtain hard currency directly from commercial banks as well as from the Central Bank. One result of this system is that there is currently no queuing for foreign exchange.

Although by law, the Central Bank must receive all dollars resulting from exports of goods manufactured by non-free trade zone companies, in practice this law is applied flexibly and the dollars are turned into the commercial banking system. Moreover, for exporters of non-traditional products (i.e., manufactured goods, processed agricultural goods) and the tourism sector, dollars can be sold at the free market rate rather than the Central Bank rate. The foreign investment law allows for remittance of all capital and profits.

The Central Bank collects a fee for all exchanges of pesos into hard currency. This fee had been 1.75% for several years, but was raised to 5.0% in late 1999 in an effort to offset declining revenues from the state's resale of petroleum products.

### A.3. Expropriation and Compensation

Dominican expropriation standards have historically been at variance with international norms. A number of U.S. investors have outstanding disputes with the Dominican Government concerning expropriated property. In some cases these claims have existed for many years. Investors and lenders often have not received prompt or adequate payment. Even when compensation has been ordered by a Dominican court, or when the Government has recognized the claim, actual payment has been extremely difficult to obtain.

The Fernandez Administration established a record of expropriating far fewer properties than its predecessors, and of paying adequate compensation in those few cases. It also set up a mechanism to try to settle expropriation cases left by previous governments through the issuance of government bonds to the former owners. At the time of writing this report, however, no property owners had yet received bonds as compensation for expropriated land. In 1999, the government did reach a cash settlement in one substantial, long-standing expropriation case involving a U.S. investor.

The government has not fully lived up to the commitments it made, in connection with the capitalization of the energy sector, to clear up arrears owed to several independent power producers. In 1998, the government sent soldiers to keep one foreign-owned electricity plant operating after the owner had expressed an intention to shut it down for lack of payment.

### A. 4. Dispute Settlement

The Dominican Republic is a civil code country. The Dominican Republic also subscribes to the "Calvo Doctrine," under which commercial disputes must be settled in the courts of the territory in which they occur and without provision for private sector-government dispute settlement. Both free trade zone and non-free trade zone companies face dispute resolution problems in the Dominican Republic. U.S. firms are bound by the Foreign Corrupt Practices Act and have had particular difficulty accessing justice within the Dominican system and defending their interests

in court. Judicial reforms in recent years, including replacement of the entire Supreme Court, have somewhat improved administration of justice in the country.

The Dominican Republic has not generally recognized the right of investors to submit disputes to binding international arbitration. The Dominican Republic only recently became a member of the International Center for the Settlement of Investment Disputes (ICSID, also known as the Washington Convention). It is not a member of the New York Convention of 1958 on the negotiation and enforcement of foreign arbitral awards. Last year the Government settled a dispute with Smith-Enron Cogeneration, which was before an arbitration panel in Mexico City. The Government does not enter into binding arbitration with foreign private citizens.

Land tenure also poses difficulties. Although not specified in law, the government can take land without compensation and judicial procedures in the land courts have been of uneven quality. The Supreme Court appointed new land court judges in October 1998, however, and is pushing ahead with efforts to upgrade these courts. When a judgment in favor of a foreign investor is rendered, the judicial system is often unable to enforce its decision.

A number of U.S. investors, ranging from large firms to private individuals, have payment-related, expropriation, or contractual disputes with the Dominican Government and its government-owned enterprises. The most notable of these is the government's continuing failure to implement the terms of an agreement reached with independent power producers in connection with the capitalization of most functions of the state electric company. As noted above, the Government generally refuses to engage in international commercial arbitration or to negotiate a settlement directly with most firms. The Embassy estimates the total value of U.S. investor claims as at least US\$300 million, of which more than one-third is owed to the independent power producers.

#### A.5. Performance Requirements/Incentives

There are no special investment incentives or other types of favored treatment given to foreign investors. There are no requirements that investors export a certain percentage of their production. Foreign companies are unrestricted in their access to foreign exchange. Law 69 requires local sourcing when components are of approximately equal cost and quality compared to imports, but this law has not hindered investors.

In addition, there are no requirements that foreign equity be reduced over time or that technology be transferred according to certain terms. The Government imposes no location, local ownership, local content, or export requirements or conditions on foreign investors. The Dominican labor code establishes that 80 percent of the labor force of a foreign company, including free trade zone companies, must be composed of Dominican nationals (the management or administrative staff of a foreign company is exempt from this regulation).

The Foreign Investment Law provides that licensing contracts for the use of patents or trademarks, the leasing of machinery and equipment, and the provision of technical know-how must be registered with the Central Bank's Directorate of Foreign Investment.

#### A.6. Right to Private Ownership and Establishment

The Dominican Constitution guarantees the freedom to own private property and to establish businesses. The Foreign Investment Law grants foreign investors the same rights as domestic investors. Public enterprises are not given preference over private enterprises.

#### A.7. Property Rights

Secured interests in both movable and real property are recognized and respected. Mortgages on real property must be registered in the Registry of Titles of the place where the property is located. Real property rights registered under the Dominican Republic's Torrens system of real property registration are binding on third parties. Provision in the law is also made for registration of liens on personal property. Despite legal protections, foreign investors often have trouble obtaining and maintaining reliable title to property in the Dominican Republic.

Protection of intellectual property rights has improved in recent years, but is still deficient in some areas. The Office of the U.S. Trade Representative placed the Dominican Republic on the Section 301 Watch List in 1997, and on the Priority Watch List in 1998, 1999 and 2000. Pirated software, video and audio recordings, as well as unauthorized broadcasts of copyrighted material remain concerns despite government efforts crack down on these violations. Unlicensed production of patented pharmaceuticals is also a problem not adequately addressed by current law.

The Dominican Republic recently passed a new patent and trademark law that while intended to comply with the nation's obligations under World Trade Organization rules fails to do so in a few key respects. Proposed new copyright legislation that appears to meet WTO standards was passed by the Congress in August 2000.

#### A.8. Transparency of the Regulatory System

During the last few years, the Government has carried out a major reform effort aimed at improving the transparency and effectiveness of the laws affecting competition. New customs regulations have been instituted, and major elements of the tax laws and the labor code have been reformed. A telecommunications law was passed in May 1998. Other major legislative proposals are still pending in the Congress including a Financial Monetary Code to regulate the banks and other players in the financial sector, an electricity sector law, and the so-called Market Regulation Code which seeks to revise and modernize various areas of commercial law. As in many developing countries, however, red tape and differences between law and actual practice remain significant problems.

#### A.9. Efficient Capital Markets and Portfolio Investment

Strong GDP growth and a largely successful reform effort have combined to produce a healthy financial sector in the Dominican Republic. The industry generates substantial revenues, though profits are tempered by strong competition and relatively low interest rates. Reserves, assets, deposits and equity have all grown significantly over the past four years. Total financial

system assets were approximately \$10 billion at the end of 1999.

The Dominican stock market, the Bolsa de Valores de Santo Domingo, was founded in 1991. Since beginning operations, the Bolsa has handled initial offerings of commercial paper. The Fernandez Administration has submitted capital market regulatory legislation to the Congress which has not acted on it. The Government believes the development of a capital market would assist in privatization efforts and democratize the distribution of capital.

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.

#### A.10. Political Violence

In 1999, two small bombs were placed near facilities belonging to a U.S.-owned electricity distribution company, one of which caused minor property damage. The incidents occurred shortly after the company raised rates following its participation in capitalization of the state electric company.

Recently concluded presidential elections were notable for the smaller than usual number of violent incidents occurring during the contenders' campaigns. Occasional labor protests are generally peaceful. Student demonstrations are more common, but are generally confined to the areas immediately around college campuses, and have not resulted in damage to foreign investment facilities.

#### A.11. Corruption

Although Dominican law prohibits governmental corruption, it remains a problem within the administrative, judicial and legislative branches of the government; law enforcement agencies, and local and municipal levels of government. Corruption and the need for reform efforts are openly and widely discussed. The Attorney General appointed a special anti-corruption unit in 1996, but it has not performed up to expectations. The Office of the Comptroller General has opened an office to facilitate reports of corruption. The Supreme Court, newly appointed in 1997, has appointed new lower court judges, specifically removing those suspected of corruption. The government still lacks, however, the necessary enforcement mechanisms to eliminate corruption.

#### B. Bilateral Investment Agreements

There is no bilateral investment agreement between the Dominican Republic and the United States. The Dominican Republic has a Bilateral Investment Treaty with Spain that does not provide the level of protection to investors contained in U.S. bilateral investment treaties.

#### C. OPIC and other Investment Insurance Programs

The Overseas Private Investment Corporation is active in the Dominican Republic with both insurance and loan programs. The Dominican Government is a party to the Multilateral Investment Guarantee Agency (MIGA) Agreement. Estimated annual U.S. dollar value of local

currency likely to be used by the Embassy is \$5.3 million.

#### D. Labor

An ample labor supply is available, although there is a scarcity of skilled workers and technical supervisors. Most employers have found the local work force competent, trainable, and cooperative. Foreign employers are not singled out when labor complaints are made. About 10% of the nation's work force are unionized. The labor code specifies that 20% or more workers in a company may form a union. Before a union may enter into a collective bargaining agreement or call a strike, it must have the approval of 51% of the company's workers. The unemployment rate calculated by the Central Bank for the Dominican work force is less than 14%. Other experts, however, believe the actual rate is considerably lower.

The Dominican Labor Code, which became law in June 1992, is a comprehensive piece of legislation which establishes policies and procedures for aspects of employer/employee relationships ranging from minimum wage levels, hours of work, overtime and vacation pay, to severance pay, causes for termination, and union registration. The labor code also specifies that 80% of non-management workers of a company must be Dominican nationals. The standard workweek is 44 hours. Most jobs pay salaries based on the minimum wage.

#### E. Free Trade Zones

The Dominican Republic's free trade zones are regulated by Law Number 8-90. This legislation is managed by the Free Trade Zone National Council (CNZF in its Spanish acronym). The CNZF is a joint private sector/government body. Law 8-90 provides 100% exemption on all taxes, duties, charges and fees affecting production and export activities in the zones. These incentives are for 25 years for zones located near the Dominican-Haitian border and 15 years for zones located in the rest of the country. The Free Trade Zone National Council has discretionary authority to extend the time limits on these incentives.

Hard 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 CNZF reports a total cumulative investment in Free Trade Zones of approximately US\$760 million by year-end 1998, of which nearly 80 percent represents foreign investment. Two-thirds of the foreign investment came from the U.S., followed by companies registered in Korea and Taiwan. In general, firms operating in the free trade zones experience far fewer bureaucratic and legal problems than do firms operating outside the zones.

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

Consejo Nacional de Zonas Francas

Leopoldo Navarro No. 61

Edif. San Rafael, piso no. 5

Santo Domingo, D.R.

Phone: (809) 686-8077

Fax: (809) 686-8079 and 688-0236

Contact: Lic. Gabriel Castro Gonzalez, Executive Director

#### F) Foreign Direct Investment Statistics

Foreign direct investment in the last few years has been largely concentrated in tourism, free trade zone activity and electricity generation. The Fernandez Administration made a concerted effort to attract new investment to the country, taking advantage of the new foreign investment law and of the country's natural and human resources. The decision to capitalize ailing state enterprises (electricity, airport management, sugar) attracted substantial foreign capital to these sectors.

#### Foreign Investment Data (In millions of U.S. dollars)

Source: Central Bank of the Dominican Republic

Year	1997	1998	1999 (est.)
FDI Stocks	2,224.0	2,923.8	4,276.3
FDI stock/GDP	14.8%	18.4%	25.7%
FDI flows	420.6	699.8	1,352.5
FDI flows by source country:			
Canada	199.0	127.8	
U.S.	157.8	180.4	
Spain	52.4	205.6	
Grand Cayman	45.6	45.5	
UK	41.4	22.9	
Switzerland	14.7	7.7	
Italy	0.3	33.1	
Other	(90.6)	76.8	

#### G) Major Foreign Investors

Following are some of the largest companies registered as foreign businesses by the Central Bank of the Dominican Republic:

1. Compania Dominicana de Telefonos (CODETEL) owned by GTE of Canada (in turn a subsidiary of GTE of Stanford, Conn.): the main telephone service provider which has operated in the Dominican Republic for more than 40 years.

Registered capital: \$370 million.

2. Central Romana Corporation (U.S.): A diversified operation which includes a hotel, sugar plantations, a mill and a real estate businesses, among other activities. Registered capital: \$92

million.

3. E. Leon Jimenes, C. por A. (a local partner of Phillip Morris, of the U.S.): this company produces cigarettes, cigars and beer. Registered capital: \$16.5 million.
4. Falconbridge Dominicana (Canada): produces ferro nickel for export mining in the Dominican Republic.  
Registered capital: \$15 million.
5. Shell Company (Holland/England): shares ownership with the Dominican Government of the only petroleum refinery in the country (50% each) and is a distributor of petroleum by-products in the Dominican Republic.  
Registered capital: \$14 million.
6. Citibank (U.S.): the bank has operated in the Dominican Republic for many years.  
Registered capital: \$13 million.
7. Esso Standard Oil (U.S.): Esso is a long-time distributor of petroleum by-products.  
Registered capital: \$11 million.
8. Texaco Caribbean (U.S.): Another long-time distributor of petroleum by-products.  
Registered capital: \$10 million.
9. Colgate Palmolive, Inc. (U.S.): a leading manufacturer in the Dominican Republic of soaps and toothpaste.  
Registered capital: \$9.5 million.
10. Bank of Nova Scotia (Canada): One of the oldest foreign commercial banks in the Dominican Republic.  
Registered capital: \$8 million.
11. AES (U.S.): Through local subsidiaries operates the electricity distribution network in the eastern half of the country, as well as electricity generation plants.
12. Enron (U.S.): In partnership with other companies operates an electricity generating plant Puerto Plata.
13. Coastal (U.S.): A major investor in electricity generation.
14. Seaboard (U.S.): A major investor in electricity generation.
15. Tricom (40% owned by Motorola - U.S.): Second largest provider of long distance and cellular telephone services in the Dominican Republic.
16. Union Fenosa (Spain): Distributes electricity in the northern and western portions of the country.

17. Iberostar (Spain): Operates several all-inclusive resort hotels.

18. Barcelo (Spain): Operates several all-inclusive resort hotels.

### VIII. Trade Project Financing

#### Brief description of the Banking System:

The Dominican financial system includes commercial banks, mortgage banks, savings and loan associations, and development banks. The Central Bank regulates the money supply and controls official foreign exchange reserves.

Commercial banks are the main formal source of private sector financing. Most commercial lending is in the form of short-term lines of credit; some medium and long-term financing is available, principally from Central Bank development fund resources. Mortgage banks traditionally have provided medium and long-term loans for the construction and tourism sectors. However, due to the uncertain lending environment, medium-term, and annually renegotiated loans are most common. The only services provided by savings and loan associations are medium and long-term loans for residential housing; savings and CD deposits may be accepted. Foreign lending to the private sector is uncommon.

Development banks, both public and private, offer medium and long term loans to finance projects in priority sectors, including agriculture, tourism, industry, services, and transportation. Finance companies (financieras) provide short and medium-term loans to commercial and industrial sectors. These companies provide loans when commercial banks are unable or reluctant to do so, and with the highest rate of the market. Long-term lending is restricted to Central Bank funds, development banks, mortgage banks, and savings and loan associations. Foreign companies cannot obtain domestic credit for a period greater than one year without prior approval from the Central Bank (law 861, article 28 of July 1978).

The Dominican financial system has recently been through a modernization process assisted by multilateral organizations such as the World Bank, the International Monetary Fund and the Interamerican Development Bank. The purpose of this reform is to make the Dominican financial structure function more effectively and securely.

The Central Bank requires financial institutions to be multiservice banks offering checking, savings and various lending services. The Central Bank intends by merging banking functions into a single financial institution to produce a smaller group of more solid larger institutions with better risk management. List of Multibanks to date are: The Bank of Nova Scotia, Citibank, Banco Nacional de Credito, Banco Intercontinental, Banco Mercantil, Banco Osaka, Banco Global, Banco Hipotecario Dominicano, Banco Dominicano del Progreso, and Banco Popular Dominicano. Banco Santa Cruz which opened in 1999 is still pending approval.

Over the last three years, the banking system has experienced three merges: Banco del Comercio Dominicano with Banco Intercontinental, Banco Metropolitano with Banco

Dominicano del Progreso, and Banco Gerencial y Fiduciario with Banco Hipotecario Dominicano. The main reason for these merges was to increase the range of products offered to clients.

Another project underway attempts to maintain better control and supervision of the new financial regulations. The project is restructuring and revising the operations of the government office in charge of supervising banking operations in the Dominican Republic (Superintendencia de Bancos). To date significant improvements have been made, but much remains to be done.

The Dominican government allows the peso to float for most transactions, although the float is influenced by Central Bank activity. The interest rates are determined by the market.

#### General Financing Availability:

Current market rates range between 19 and 43 percent with 19 percent available for preferred clients. Due to recently measures taken by the Central Bank, commercial banks have liquidity constraints, therefore, interest rates will remain high.

#### How to Finance Exports/Methods of Payment:

The most common forms of payment are letters of credit, cash (most Dominican companies maintain dollar accounts abroad), and supplier credit when a trading relationship has been established. Another form of payment that has been recently used is electronic transfer. Besides, payment through credit card for business purchases is common. Nevertheless, American firms should be cautious accepting credit cards due to increased fraud.

#### Types of Available Export Financing and Insurance:

United States Ex-Im Bank and OPIC financing may be available to the U.S. private sector. Local financing is generally not available to foreign investors.

#### Project Financing Available:

Financing is available for specific projects from the Inter-American Development Bank (IDB), the World Bank, the Overseas Private Investment Corporation (OPIC), and Section 936 financing from Puerto Rico.

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

The International Bank for Reconstruction and Development (IBRD), a member of the World Bank Group, gives long-term loans at market-related rates. Such loans are granted primarily to developing nations.

The International Development Agency (IDA), the soft loan window of the World Bank, lends to the poorest of the developing countries. Both the IBRD and IDA work to promote broad based economic growth and operate under the same set of procurement guidelines. Their projects frequently focus on structural adjustment, sectoral reform and individual project lending. Each project may cover a wide variety of sectors and can involve anywhere from one to hundreds of separate contracts providing export business opportunities for suppliers worldwide.

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.

List of Banks which Maintain Correspondent U.S. Banking Arrangements:

Banco Comercial BHD, S.A.  
Arq. Jose Antonio Caro, President  
Luis F. Thomen Esq. Winston Churchill  
Torre BHD  
Santo Domingo, Dom. Rep.  
Telephone: (809) 243-3232  
Fax: (809) 541-4949  
E-mail: [www.bhd.com.do](http://www.bhd.com.do)

Banco de Reservas de La Republica Dominicana  
Lic. Manuel Hazouri, General Administrator  
Avenida Winston Churchill  
Esq. Porfirio Herrera  
Santo Domingo, Dom. Rep.  
Telephone: (809) 227-2277  
Fax: (809) 562-8151  
E-mail: [www.mhazouri@brrd.com](mailto:www.mhazouri@brrd.com)

Banco Gerencial & Fiduciario Dominicano, S.A.  
Dr. Jesus Enrique Armenteros, President  
Ave. 27 De Febrero No. 50, El Vergel  
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Telephone: (809) 473-9400  
Fax: (809) 473-2531  
Banco Intercontinental, S.A.  
Mr. Ramon Baez Figueroa, President  
Ave. 27 de Febrero Esq. Winston Churchill  
Santo Domingo, Dom. Rep.  
Telephone: (809) 545-5500/02  
Fax: (809) 544-1298

Banco Mercantil, S.A.  
Lic. Andres A. Aybar Baez, President  
Roberto Pastoriza No. 303

Santo Domingo, Dom. Rep.  
Telephone: (809) 567-4444  
Fax: (809) 549-6509  
E-mail: [www.mercantil.com.do](http://www.mercantil.com.do)

Banco Metropolitano, S.A.  
Agustin Verdejas, President  
Ave. Lope De Vega Esq. Gustavo Mejia Ricart  
Edif. Goico Castro, Ensanche Naco  
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Telephone: (809) 562-4242  
Fax: (809) 540-1566  
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Banco Nacional de Credito  
Dr. Maximo Pellerano, President  
Ave. John F. Kennedy esq. Ave. Tiradentes  
Santo Domingo, Dom. Rep.  
Telephone: (809) 540-4441  
Fax: (809) 685-8588  
E-mail: [www.bancredito.com](http://www.bancredito.com)

Banco Popular Dominicano  
Manuel Alejandro Grullon, President  
Av. John F. Kennedy No. 20  
Esq. Maximo Gomez, Torre Popular, 11<sup>th</sup> Floor  
Santo Domingo, Dom. Rep.  
Telephone: (809) 544-5900  
Fax: (809) 544-5999

Citibank, N.A.  
Mr. Henry Comber , General Manager  
Ave. John F. Kennedy No. 1 Esq. San Martin  
Santo Domingo, Dom. Rep.  
Telephone: (809) 566-5611  
Fax: (809) 685-7535

The Bank of Nova Scotia  
Ariel Perez, General Vice President  
Ave. John F. Kennedy Esq. Lope De Vega  
Ensanche Naco  
Santo Domingo, Dom. Rep.  
Telephone: (809) 544-1700  
Fax: (809) 567-5732

## IX. Business Travel

### Business Customs:

Normal business attire is the rule.

Business hours are generally from 8:00 am - 5:00 pm, Monday through Friday. Government offices work from 7:30 am - 2:30 pm, Monday through Friday. Some companies work Saturday mornings. The lunch hour is from 12:00 PM - 1:00 PM or 1:00 PM - 2:00 PM. Lunch meetings are common, and breakfast meetings are becoming more frequent, particularly among companies doing business internationally. Business appointments are generally required, but punctuality is not a consistent part of Dominican business practices. Most Dominican businesspeople speak English, but communication in Spanish is desirable. Business cards are exchanged.

### Travel Advisory and Visas:

At the time of publication no travel advisories were in effect. However, travelers should call the U.S. Department of State at (202) 647-5225 for current information.

Visas are available at any Dominican consulate in the United States or its Embassy in Washington. Visas are not necessary for U.S. citizens who purchase a tourist card for a fee of \$10.00 at the airport of departure in the United States or upon arrival in the Dominican Republic. There is also a departure tax of \$10.00.

### Holidays 2000:

January 1	New Year's Day
January 6	Day of the Epiphany
January 21	The Virgin of Altigracia
January 26	Duarte's Birthday
February 27	Dominican Independence
Varies	Good Friday
May 1	Dominican Labor Day
June 22	Corpus Christi
August 16	Dominican Restoration Day
September 24	The Virgin of Mercies
November 6	Constitution Day
December 25	Christmas Day

Law 139-97 mandates that holidays that falling on Tuesday or Wednesday be moved to the previous Monday, and for those falling on Thursdays or Friday be moved to the following Monday.

### Business infrastructure:

See under section II. Economic Trends and Outlook, item on Infrastructure Situation.

## Appendices

### A. Country data

- 1) Population: 8.0 million
- 2) Population Growth Rate: 2.3 percent
- 3) Religion: Predominantly Catholic
- 4) Government System: Representative Democracy
- 5) Language: Spanish. English is widely spoken in the business community.
- 6) Work Week: Government: Monday-Friday, 8:30 am - 4:00 p.m.  
Private Sector: Monday-Friday, 8:00 a.m.- 5:00 p.m.

### B. Domestic Economy

	1997	1998	1999
1) GDP	15.0bn	16.2bn	17.7
2) GDP Growth Rate	8.2%	7.3%	8.4%
3) GDP per Capita	1,884	1,827	1,927
4) Government Spending as a percent of GDP	7.6%	8.2%	8.4%
5) Inflation	8.4%	7.8%	5.1%
6) Unemployment	16.0%	14.4%	13.8%
7) Foreign Exchange Reserves	556mn	659mn	881mn
8) Average Exchange Rate for US\$ 1.00	14.9	16.2	16.50
9) Debt Service Ratio	5.5%	5.8%	n/a
10) U.S. Economic Military/ Economic Assistance	13.3 mn	37 mn	47 mn

Central Bank of the Dominican Republic Statistics as of December 31, 1998. Monetary Amounts in US\$

### C. Trade

	(in US\$ Millions)		
	1997	1998	1999

1) Total Country Exports (*)	4,614	4,980	5,203
2) Total Country Imports (*)	3,958	4,897	5,380
3) U.S. Exports to DR (**)	3,928	3,977	4,086
4) U.S. Imports from DR (**)	4,329	4,443	4,282

(\*) Central Bank of the Dominican Republic

(\*\*) U.S. Department of Commerce National Trade Data Bank.

#### D. Investment Statistics

Cumulative as of December 1999  
(US\$ Millions)  
(Source: Quarterly Bulletin, Central  
Bank of the Dominican Republic)

Transportation, Communication & Warehouse	378.4
Finance, Insurance, Real Estate, Trade Services & Tourism	252.7
Food Products	151.5
Chemical Products	148.7
Commerce	111.2
Metal Industry (Equipment & Machinery)	22.1
Mining	22.6
Beverage and Tobacco	63.8
Textiles and Apparel	3.5
Other Services	275.0
Total	1,429.5

Foreign Investment by Country of Origin  
Cumulative as of 1994  
(US\$ million)

United States of America	213.01
Canada	418.18
Great Britain	22.11
Holland	17.95
Panama	16.44
Spain	10.53
Switzerland	8.18
Italy	6.06
France	4.69
Germany	2.83
Others	11.22
Total	731.20

Although these figures reflect Central Bank data, we believe they underestimate actual market value of all foreign investment. In fact, data on the Dominican Republic from U.S. Department of Commerce, Bureau of Economic Analysis, survey of U.S. direct investment positions abroad (historical cost basis) shows: \$1,274 million in 1995, up from \$1,191 million in 1994; \$1,039 million in 1993; and \$779 million in 1992.

#### E. U.S. and Country Contacts

##### U.S. Embassy Trade Related Contacts:

U.S. Dept. Of Commerce/Commercial Service  
 Carol Kim, Regional Commercial Counselor  
 Sanford N. Owens, Regional Commercial Officer  
 Ave. Pedro Henriquez Urena No. 133  
 Edificio Empresarial Reyna I, 5<sup>th</sup> Floor  
 Santo Domingo, Dom. Rep.  
 Telephone: (809) 227-2121 Ext. 221  
 Fax: (809) 540-1267

U.S. Dept. of Agriculture/Foreign Agricultural Service  
 Kevin Smith, Agricultural Counselor  
 U.S. Embassy  
 Ave. Pedro Henriquez Urena No. 133  
 Edificio Empresarial Reyna I, 4<sup>th</sup> Floor  
 Santo Domingo, Dom. Rep.  
 Telephone: (809) 227-0112 Ext. 275  
 Fax: (809) 732-9454

Dominican Republic Government Offices

Secretaria de Estado de Industria y Comercio  
Lic. Angel Lockward, Secretary for Industry and Commerce  
Ave. Mexico, Edificio de Oficinas Gubernamentales  
Juan Pablo Duarte, Piso 7  
Santo Domingo, Dom. Rep.  
Phone: (809) 688-2449 and 685-5171  
Fax: (809) 686-1973  
(Secretariat of State for Industry and Commerce)  
E-mail: [ind.comercio@codetel.net.do](mailto:ind.comercio@codetel.net.do)  
Web page: [www.seic.gov.do](http://www.seic.gov.do)

Secretaria de Estado de Agricultura  
Ing. Agrom. Eligio Jaquez, Secretary of State for Agriculture  
Kilometro 6 ½, Autopista Duarte  
Santo Domingo, Dom. Rep.  
Phone: (809) 547-3888  
Fax: (809) 549-3907  
(Secretariat of State for Agriculture)

Direccion General de Aduanas  
Lic. Vicente Sanchez Baret, Customs Director  
Ave. Mexico  
Santo Domingo, Dom. Rep.  
Phone: (809) 688-7070  
Fax: (809) 687-3486  
(Customs Office)  
E-mail: [aduana.dga@codetel.net.do](mailto:aduana.dga@codetel.net.do)

Instituto de Estabilizacion de Precios (INESPRE)  
Pablo Mercedes, Executive Director  
Plaza Independencia  
Santo Domingo, Dom. Rep.  
Telephone: (809) 530-0871  
Fax : (809) 530-0343  
(Price Stabilization Institute)

Corporacion de Empresas Estatales  
(CORDE)  
Lic. Felix Calvo, General Director  
Gustavo Mejia Ricart No. 73 esq. Agustin Lara  
Santo Domingo, Dom. Rep.  
Telephone: (809) 540-7702 ext. 221  
Fax: (809) 732-3528  
(Corporation of Government-Owned Enterprises)

Instituto Azucarero Dominicano  
Lic. Rafael Montilla, Executive Director  
Ave. Winston Churchill No. 606  
Santo Domingo, Dom. Rep.  
Telephone: (809) 532-9226  
Fax: (809) 533-2402  
(Dominican Sugar Institute)  
E-mail: [Inst.azucar@codetel.net.do](mailto:Inst.azucar@codetel.net.do)

Patronato Nacional de Ganaderos  
Dr. Marcelino Vargas y Vargas, President  
Ciudad Ganadera  
Santo Domingo, Dom. Rep.  
Telephone: (809) 535-7165  
Fax: (809) 535-7167  
(National Livestock Patronage)

Instituto Interamericano de Ciencias Agrícolas (IICA)  
Dr. Rafael Marte, Representative  
Fray Cipriano De Utrera Esq. República del Líbano  
Centro de Los Heroes  
Santo Domingo, Dom. Rep.  
Telephone: (809) 533-2797  
Fax: (809) 532-5312  
(Interamerican Institute for Agricultural Sciences)

Banco Agricola de la Republica Dominicana  
Ing. Radhame Rodriguez Valerio, Administrator  
Ave. Independencia  
Santo Domingo, Dom. Rep.  
(Development Bank)  
Telephone: (809) 535-8088 exts. 2001, 2002, 2003  
Fax: (809) 533-1064  
(Dominican Private Enterprise Council)  
E-mail: [bagricola.refor@net.do](mailto:bagricola.refor@net.do)

Fundacion Dominicana de Desarrollo  
Lic. Ada Wiscovitch, Director  
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Santo Domingo, Dom. Rep.  
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Fax: (809) 686-0430  
(Dominican Development Foundation)

Fundacion de Desarrollo Agropecuario, Inc. (FDA)  
Lic. Altagracia Rivera de Castillo, Executive Director

Jose A. Soler No. 50  
Santo Domingo, Dom. Rep.  
Telephone: (809) 544-0616  
Fax: (809) 544-4727  
(Agricultural and Livestock Development Foundation)

Chambers of Commerce:

Camara de Comercio y Produccion del Distrito  
Lic. Milagros Puello, Executive Director  
Arzobispo Nouel No. 206  
Santo Domingo, Dom. Rep.  
Phone: (809) 682-2688  
Fax: (809) 685-2228  
(Santo Domingo Chamber of Commerce)  
E-mail: [www.ccpsd.org.do](http://www.ccpsd.org.do)

Camara Americana de Comercio de la Republica Dominicana  
William Malamud, Executive Director  
Ave. Winston Churchill Esq. Luis F. Thomen  
Torre BHD, 4to. Piso  
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Fax: (809) 544-0502  
(American Chamber of Commerce of the D.R.)  
E-mail: [amcham@codetel.net.do](mailto:amcham@codetel.net.do)

Country Trade Associations or Industry Associations in Key Sectors:

Junta Agroempresarial Dominicana (JAD)  
Osmar Benitez, Executive Vice President  
Euclides De Morillo No. 51, Arroyo Hondo  
Santo Domingo, Dom. Rep.  
Telephone: (809) 563-6178  
Fax: (809) 566-7722  
(Dominican Agribusiness Council)  
E-mail: [jad@codetel.net.do](mailto:jad@codetel.net.do)

Asociacion Nacional de Importadores  
Dr. Andres Dauhajre, President  
Roberto Pastoriza No. 16  
Condominio Diandi XIII  
Santo Domingo, Dom. Rep.  
Telephone: (809) 562-6909  
Fax: (809) 541-2574

(Dominican Importers' Association)

Asociacion Dominicana de Exportadores (Adoexpo)

Lic. Juan Barcelo Salas, President

Winston Churchill No. 5

Santo Domingo, Dom. Rep.

Telephone: (809) 532-6779

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(Dominican Exporters Association)

E-mail: [adoexpo1@codetel.net.do](mailto:adoexpo1@codetel.net.do)

Asociacion de Industrias de la Republica Dominicana

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(Association of Manufacturers of the Dominican Republic)

E-mail: [aird@codetel.net.do](mailto:aird@codetel.net.do)

Consejo Nacional de la Empresa Privada

Lic. Celso Marranzini, President

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(Dominican Private Enterprise Council)

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Edif. Scotiabank  
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Av. Abraham Lincoln esq. John F. Kennedy  
Edificio Ambar  
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Fax: (809) 541-0221  
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Ave. Tiradentes with Gustavo Mejia Ricart  
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Multilateral Development Bank Offices in Country:

Interamerican Development Bank (IDB)

Banco Interamericano de Desarrollo

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#### U.S. Trade Related Offices:

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TPCC Trade Information Center  
 Number in Washington: 1-800-USA-TRADE  
 (1-800-872-8723)

US Department of Agriculture  
 Foreign Agriculture Service  
 Trade Assistance and Promotion Office  
 Telephone: (202) 720-7420

#### F. Market Research Reports

##### 1. List of Industry Subsector Analyses prepared in 1999 - 2000

Transmission Equipment	February 2000
Automotive Spare Parts	May 2000
Franchising	June 2000
Building Products	July 2000
Mobile Telecommunication Equipment	July 2000
Cosmetics	December 1999
Restaurant Equipment	June 1999
Surgical Appliances and Supplies	June 1999
Telephone Sets	August 1998

##### III. Agricultural Industry Sector Analyses prepared in 1998 – 1999

Rice  
 Oilseed and Products

Sugar  
Tobacco  
Livestock

#### G. Trade event schedule

Fiscal Year 2001 (October 2000 – September 2001)

October 3 – 6, 2000: MedTrade, Orlando, Florida. USCS Commercial Service in Santo Domingo will organize an “International Buyer Program”(IBP) delegation of Dominican business representatives to attend the MedTrade Show.

November 13-17, 2000: Comdex Fall, International Buyer Program (IBP), Las Vegas Nevada. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the Comdex Show.

November 14-16, 2000: Power Gen International (IBP), Orlando FLorida. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the Power Gen Show.

December 7-10, 2000: International Autobody Congress & Exposition (NACE), Orlando, Florida. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the NACE Show.

January 14-17, 2001: International Housewares Showcase (IBP), Chicago, Illinois. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the Show.

March 10-13, 2001: International Beauty Show, New York, NY. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the show.

April 21-26, 2001: National Association of Broadcasters (IBP), Las Vegas, Nevada. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the NAB Show.

April 27-29, 2001: Kitchen/ Bath Industry Show (IBP), Orlando, Florida. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the Show.

May 19-22, 2001: Restaurant, Hotel-Motel Show (IBP), Chicago, IL. USCS Santo Domingo will organize a Dominican business delegation to attend the show.

June 7-9, 2001: Expo USA 2001, Santo Domingo. Organized by the U.S. Commercial Service Office in Santo Domingo, is an exhibition of U.S. firms seeking to increase sales or find representatives and partners in the Dominican Republic.

August 16-18, 2001: Bobbin World (IBP), Orlando, Florida. USCS Santo Domingo will organize an IBP delegation of Dominican business representatives to attend the Show.

Note: Trade event schedules may change. U.S. firms should consult the Export Promotion Calendar on the NTDB or contact the Commercial Service in Santo Domingo for the latest information.