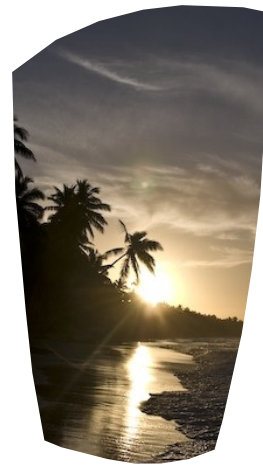


# Doing Business in

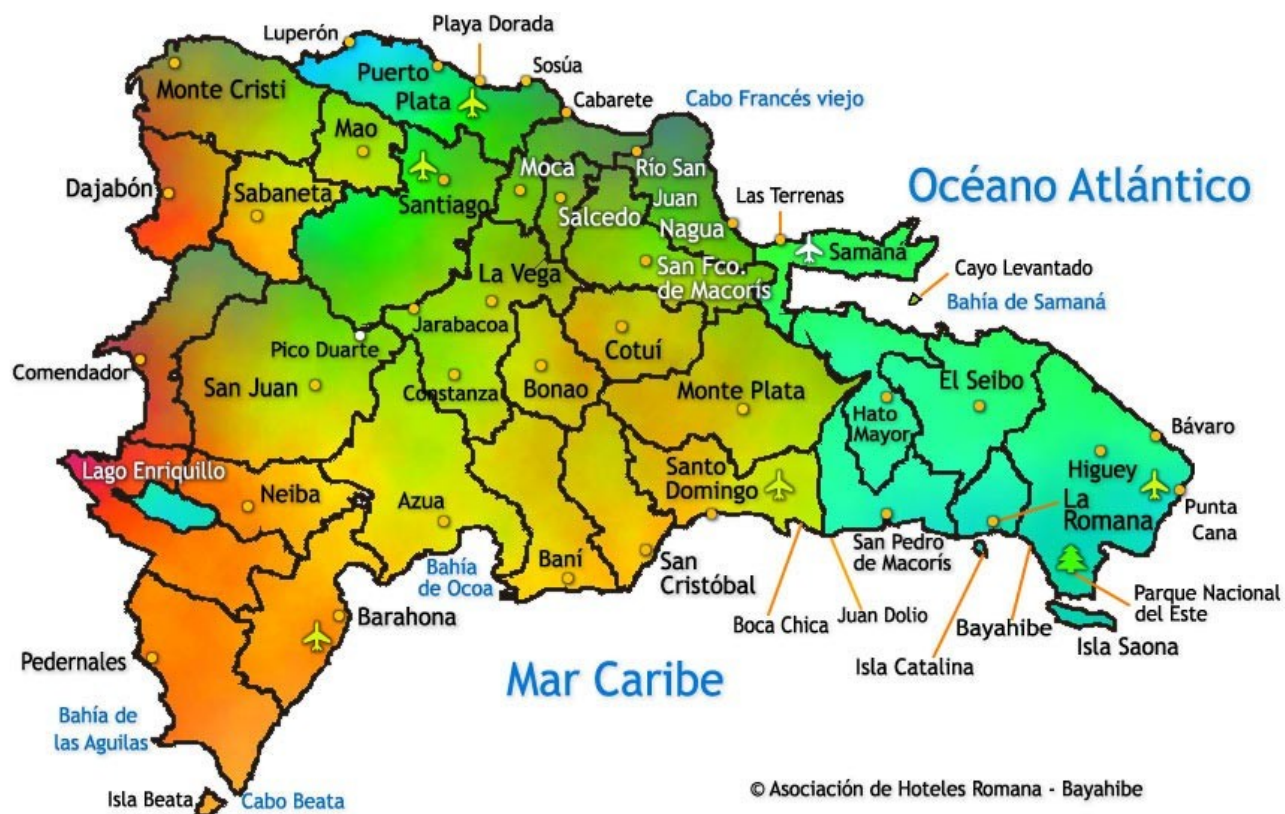
## *Dominican Republic*



Produced by the UKTI Team in the Dominican Republic  
Contact: Claudia Fulgencio  
Email: [claudia.fulgencio@fco.gov.uk](mailto:claudia.fulgencio@fco.gov.uk)  
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Are you a member of a UK company wishing to export overseas? Interested in entering or expanding your activity in the Portuguese market? Then this guide is for you!

The main objective of this **Doing Business Guide** is to provide you with basic knowledge about the Dominican Republic; an overview of its economy, business culture, potential opportunities and an introduction to other relevant issues. Novice exporters, in particular will find it a useful starting point.

Further assistance is available from the UKTI team in the Dominican Republic. Full contact details are available at the end of this guide.

### Important Information - Sanctions and Embargoes

Some countries maybe subject to export restrictions due to sanctions and embargoes placed on them by the UN or EU. Exporting companies are responsible for checking that their goods can be exported and that they are using the correct licences.

Further information is available on the [Department for Business, Innovation & Skills \(BIS\)](#)

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## Introduction

The Dominican Republic shares the island of La Hispaniola with Haiti, situated in the Caribbean between Cuba and Puerto Rico. With an area of 48,442 square kilometres (or about 18,000 square miles), and occupying two-thirds of the island, the Dominican Republic is the second largest nation in the Caribbean.

## Strengths of the market

The Dominican Republic is a country that offers multiple business and investment opportunities as a result of a variety of different factors, including the following:

- **Geographical Position:** The Dominican Republic, located in the centre of the Caribbean, enjoys a competitive advantage by virtue of its enviable geographic position. This allows it to access with relative ease the North, South, and Central America markets, as well as to serve as a bridge between those markets and the European continent for the commercialization of goods and services.
- **Legal Framework:** The Dominican economy is supported by a streamlined regulatory process, which has led to a variety of measures opening and commercially integrating the economy in recent years. Having recognized that the Dominican market depends on international economic integration, the Dominican government has opted to generate a legal foundation that allows for sustained economic stability as well as the liberty and security for the commercialization of goods and services to the different economic agents that participate in the economy.
- **Political and Economic Stability:** By virtue of a regular government effort to ensure development of, and investment in, the country's markets, the Dominican Republic has seen a consistent and growing economic stability during the last several years. The Dominican government is democratic, republican and presidential and since 1996 we have had political stability, holding presidential elections every four years. The Dominican Republic came through the global economic crisis better than most countries in the region, with GDP growth of 3.5% in 2009 and manageable levels of public debt.
- The Dominican Republic has attractive fiscal and financial incentives, as well as an excellent telecommunications system.

## Opportunities in the Dominican Republic

The Dominican Republic has made significant efforts to widen its trade relations with economic groups of the region, and a free trade agreement with Central America and the United States of America (DR-CAFTA) entered into effect in March 2007. Therefore, foreign companies are attracted to install their industries to manufacture their products in this country and have free access to several other markets of the region.

The Dominican Republic is one of the signatory countries of the Economic Partnership Agreement that includes trade in goods, services and investment, government procurement, competition policy, environment and social aspects.

The agreement entered into effect on January 2009, and since then all exports in goods and services originating from within the Cariforum countries (CARICOM plus the Dominican Republic) receive duty-free and quota-free access in Europe. Eighty percent of the goods produced in Europe will receive duty free access to the Caribbean markets within the next 15 years.

Priority sectors identified by UK Trade & Investment are:

- Power
- Renewable Energy
- Construction
- Agriculture
- Healthcare
- Food & Drink
- Tourism
- Ports
- Security

### Trade between UK and the Dominican Republic

The Gross Domestic Product (GDP) of the Dominican Republic grew by 3.5% during 2009. This result reflects a slowing of economic growth as a consequence of the global crisis and its impact on the Dominican economy, since in 2008 GDP growth was 5.3%. Inflation closed at 5.8% by the end of 2009. Despite the unfavourable international situation, the country continued to grow beyond expectations. In the last four years (2006-2009) the Dominican economy enjoyed a growth average of 7%, making the Dominican Republic one of the most dynamic economies.

Foreign direct investment in 2008 totalled US\$2.88 Billion (latest figure available). **UK is the fifth largest investor country in the Dominican Republic**, with a total of US\$1 billion, behind the US, Canada, Mexico and Spain.

Economic activity is skewed towards 4 principal sectors: infrastructure, tourism, renewable energy and agriculture. Also the Industrial Free Trade Zones offer attractive incentives for foreign investment in areas such as textiles and electronics. The Dominican Republic has a low cost and capable labour pool that has proved receptive to adopting new manufacturing skills.

### Economic Overview

The Dominican Republic is a middle-income developing country primarily dependent on agriculture, trade and services, especially tourism. Although the service sector has taken over from agriculture as the leading employer of Dominicans (due principally to growth in tourism and the Free Trade Zones), agriculture remains the most important sector in terms of domestic consumption and second (to mining) in terms of export earnings. Tourism accounts for more than \$1 billion in annual earnings. Free Trade Zone earnings and tourism are the fastest growing export sectors.

Economic sectors registering the best performance in the first half of 2009 (latest figure available) were: Communications, 19.4%; Agriculture and Livestock, 12.7%; Financial Intermediation and Insurance, 7.8%; Other Services, 6.5%; Health, 3.9%; Education, 3.2%; Rental Housing, 3.1%; Public Administration, 2.2%; and Energy and Water, 2.1%. These activities together accounted for 45.1% of GDP.

Overall, macroeconomic stability has been maintained despite the difficult environment for the Dominican economy in the context of the global crisis. The first signs of a possible recovery seem to be appearing on the international scene, which would allow the Dominican economy to benefit from a less adverse global context.

The Dominican Republic is an important market within the Caribbean and represents a small but significant growth market for the UK. The value of exports to the DR in 2009 was £80 million that represented an increase of 30%. Imports from the DR were £100 million.

## **Population**

The Dominican population is the result of an intense mixture of races, in which three main components participated: Indians, Europeans, and Africans. This process has made the Dominican a synthesis of the best of several different worlds.

From a cultural point of view, there is a Hispanic influence, which is evidenced by the fact that Spanish is the Dominican Republic's official language and by the fact that most of the population is Catholic, although the Dominican Constitution establishes freedom of religion.

The 2002 National Census indicated that the Dominican population was about 8.6 million people. Estimates made more recently, in 2008, indicated that the population was around 9.5 million people. In terms of the age of the total population: 47% of Dominicans are between 15 and 44 years old; 34% below 15 years of age; and 19% over 45. The country has a large and varied work force, in which university graduates, workers with basic skills and knowledge, and the general labour force are intertwined.

## **Political Overview**

The Dominican Republic is a representative democracy with national powers divided among independent executive, legislative, and judicial branches. The president appoints the cabinet, executes laws passed by the legislative branch, and is commander in chief of the armed forces. The president and vice president run for office on the same ticket and are elected by direct vote for 4-year terms. Legislative power is exercised by a bicameral Congress--the Senate (32 members) and the House of Representatives (178 members).

The Dominican Republic has a multi-party political system with national elections every 2 years (alternating between presidential elections and congressional/municipal elections). Presidential elections are held in years evenly divisible by four. Congressional and municipal elections are held in even-numbered years not divisible by four. International observers have found that presidential and congressional elections since 1996 have been generally free and fair. Elections are supervised by a Central Elections Board (JCE) of 9 members chosen for a four-year term by the newly elected Senate. JCE decisions on electoral matters are final.

Under the constitutional reforms negotiated after the 1994 elections, the 16-member Supreme Court of Justice is appointed by a National Judicial Council, which is comprised of the president, the leaders of both houses of Congress, the president of the Supreme Court, and an opposition or non-governing-party member. One other Supreme Court Justice acts as secretary of the Council, a non-voting position. The Supreme Court has sole authority over managing the court system and in hearing actions against the president, designated members of his cabinet, and members of Congress when the legislature is in session.



The Supreme Court hears appeals from lower courts and chooses members of lower courts. Each of the 31 provinces is headed by a presidentially appointed governor. Mayors and municipal councils to administer the 124 municipal districts and the National District (Santo Domingo) are elected at the same time as congressional representatives.

The new Constitution adopted in January 2010 sets up new structures including the Constitutional Court and the office of the "Defensor del Pueblo" (Ombudsman). It also makes gender equality a constitutional right.

### Getting here and advice about your stay

#### FCO Travel Advice

The FCO website has travel advice to help you prepare for your visits overseas and to stay safe and secure while you are there.

For advice [please visit the FCO Travel section](#)

### Getting here

#### Travel routes to Dominican Republic

There is a direct scheduled flight from the UK to the Dominican Republic with BA two times per week, departing from Gatwick and landing in Punta Cana (Eastern part on the country); however, connecting flights are available with connections from Madrid, Paris, New York and Miami. A departure tax of US\$10.00 (subject to changes) is payable at the airport when leaving the island.

#### Visa

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

It is always advisable to confirm entry visa requirements with the closest diplomatic or consular representation of the country before travelling. Country listing may be subject to change from time to time.

The UK is part of the countries that have signed an agreement with the Dominican Republic for the exoneration of visa requirements, and UK citizens may enter the country for a period of sixty days, upon the purchase of a "tourist card" at the arrival port for the amount of US\$20.00.

## Where to Stay

### ▪ Hotel Holiday Inn Santo Domingo

The Embassy's Marker Hotel is the new Holiday Inn Santo Domingo, located in the Business District of Santo Domingo city. The hotel is located within walking distance of the Embassy and numerous important corporate building, restaurants, and shopping centres. Hotel info below:

Hotel Holiday Inn Santo Domingo  
Address: Avda. Abraham Lincoln No.856  
Santo Domingo, Dominican Republic  
Tel: (809) 621-0000  
Fax: (809) 985-1000  
[www.holidayinn.com](http://www.holidayinn.com)

### ▪ Hilton Santo Domingo

The Hilton Santo Domingo is Located on El Malecon, Santo Domingo's ocean-view boulevard and is just 30 minutes from Las Americas International Airport (Santo Domingo). Recreational facilities include a spacious health club and 7th floor swimming pool with pool bar and large sundeck.

Hilton Santo Domingo  
Address: George Washington Avenue No. 500  
Santo Domingo, Dominican Republic  
Tel: (809) 685-0000  
Fax: (809) 685-0202  
Email: [sdqhi\\_sales@hilton.com](mailto:sdqhi_sales@hilton.com)  
Website: [www.hiltoncaribbean.com/index.php?destination=santodomingo](http://www.hiltoncaribbean.com/index.php?destination=santodomingo)

### ▪ Occidental El Embajador

It is conveniently situated near Santo Domingo's bustling commercial and business districts.

Occidental El Embajador  
Address: Avenida Sarasota No. 65  
Ensanche Bellavista  
Santo Domingo, Dominican Republic  
Tel: (809) 221-2131 /  
Fax: (809) 532-5306  
Guest Service: [Embajador@do.occidentalhotels.com](mailto:Embajador@do.occidentalhotels.com)

## 2. Preparing to Export to the Dominican Republic

In most cases, UK companies interested in doing business in the Dominican market would require a local representative or agent who should be well established amongst the community.

This partnership or joint venture generally gives good results because the local company should have a deep knowledge of future plans and projects in the market. In the Dominican Republic family structures predominate in the business environment, and personal relationships are very important. Regular visits to the market would be required, especially during the early stage.



The most common way of business association in this market is the limited liability company ("Compania por Acciones"). The Commercial Code also provides for other types of business entities such as: Civil Partnership, Commercial Partnership, Limited Commercial Partnership, Limited Stock Partnership; and Company of Participation

The procedure for setting up a corporation is set forth by the Commercial Code.

UKTI's team in the Dominican Republic can provide a range of services to British-based companies wishing to grow their business in the Dominican market. Our services include the provision of market information, validated lists of agents/potential partners, key market players or potential customers; establishing the interest of such contacts in working with the company; and arranging appointments. In addition, they can also organise events for you to meet contacts or promote a company and its products/services.

You can commission these services under which are chargeable and operated by UK Trade & Investment (UKTI) to assist British-based companies wishing to enter or expand their business in overseas markets. Under this service, the Embassy's Trade & Investment Advisers, who have wide local experience and knowledge, can identify business partners and provide the support and advice most relevant to your company's specific needs in the market.

To find out more about commissioning work, please contact your local UKTI office. See [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

### 3. How to do business in the Dominican Republic

#### What companies should consider when doing business

The Government of the Dominican Republic has stated attracting **world-class foreign investment** since it is a key ingredient that will allow it to renovate its economic development model and diversify its economy to focus on higher value-added manufacturing and services. To achieve this objective, the authorities aim at making the country an ideal investment location. It is therefore against this very ambitious goal that this chapter reviews the Dominican Republic's policy framework and recommends improvements to the investment climate.

- National Plan for Systemic Competitiveness

The National Plan for Systemic Competitiveness was launched by the President of the Dominican Republic in March 2007. It was elaborated by the National Competitiveness Council with the objective of formulating, implementing and developing competitive strategies for the economy.

The plan represents the first and most systematic **effort to improve the country's international competitiveness** across the entire spectrum of the economy. It contains strategic horizontal recommendations (i.e. those that apply to the entire economy) and vertical (i.e. sector-specific) programmes to boost competitiveness.

The plan considers national industry as the driving force for growth in the Dominican economy and sets forth an industrial systemic competitiveness strategy for moving the various industrial sectors towards higher-value-added activities. With this aim, the plan includes policies on industrial restructuring; innovation and technological development; export promotion; cluster development; and the improvement of the regulatory and institutional framework for business development.

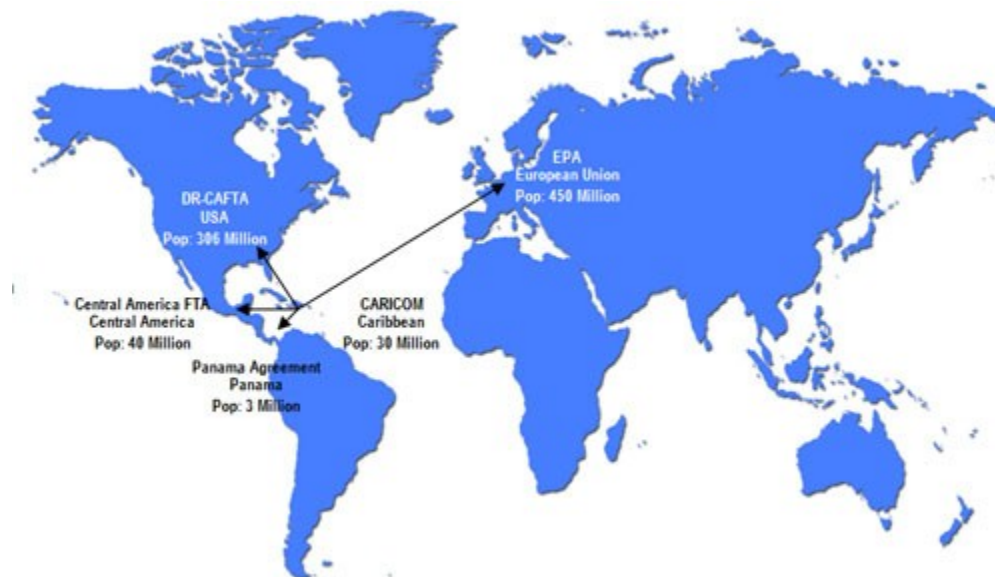
Moreover, the plan sets out a competitiveness strategy for each of the following wing areas:

- Free zones
- Exports
- Micro, small and medium-sized companies
- Strategic clusters (i.e. tourism, textile, footwear, agribusiness, building industry and housing)
- Innovation and technological development
- Government and public administration
- New institutional market economy
- Infrastructure and logistics
- Macroeconomic framework.
- Preferential Market Access

The Dominican Republic is a founding member of the World Trade Organization (WTO), and also member of the Central American Integration System (SICA) and the Central American Bank for Economic Integration.

It currently benefits from participating in multiple trade agreements, which grant preferential market access to a total of 830 million consumers worldwide. It is committed to a system of free and fair trade that allows for maximum benefit of competitive advantages.

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



### Gateways/Locations – Key areas for business

Santo Domingo is the biggest city with a population of 3 million inhabitants and is the centre of financial services. It is also the home of many international companies established in the Dominican Republic since it has two international airports and also two of the main container ports of the country.

Santiago is the second largest city located in the northern region which is the most productive agricultural region of this market. The main areas for development of tourism are the eastern, northern and north-eastern regions.

### **Market entry and start up Considerations**

A foreign company planning to set up business operations in the Dominican Republic can do so either as a foreign company through a:

- Joint Venture
- Project office
- Branch office
- Wholly owned subsidiary
- Liaison Office/Representative office

Foreign Investors are advised to consider the market potential by examining competition, defining regulatory issues as well as conducting a thorough market research, where after, the entry strategy options may be determined and suitably structured.

### **Establishment of Branches – Designation of Agents**

The establishment of branches of foreign companies is made through the procedure of fixing legal domicile in the country. Complying with this requirement is not mandatory but recommended.

In some cases the law requires that the foreign company complies with the requirement of fixing domicile in the country in order to operate. For instance, for financial services in the local market, foreign banks must either incorporate a Dominican Company or open a branch in the country. From the tax point of view, foreign branches receive the same treatment as Dominican companies.

The foreign company willing to designate agents or licensees in the local market should mainly take into account the Law 173 of 1966 on Protection of Import Agents of Goods and Products and Law 16-95 on Foreign Investment, to protect the local agents from the unfair termination of their contracts by their foreign principals. The provisions of Law 173 are of public order and therefore are applied irrespectively of what has been agreed by the parties.

The Free Trade Agreement between the United States, Central America and the Dominican Republic assumed certain commitments for the application of Law 173, which only applies to the relations with the United States.

Law 16-95 extended the scope of application of Law 173 by eliminating Article 12, and established that all local agents, regardless of their nationality, may enjoy the rights granted by Law 173. Moreover it allows the registration at the Central Bank of technology transfer agreements. Such as know-how, franchises and technical assistance that enables the licensee to pay abroad in foreign currency the royalties and commissions owed to the licensor.

The law also allows foreign companies that make “intangible” technological contributions, like trademark, designs, etc. to register such contributions as foreign investment, and thus receive freely in foreign currency the profits obtained in the Dominican territory.

## **Customs and Regulations**

The Customs Code supported by law 14-93 of 28 August 1993 adapted the custom taxes, adopting the Reconciled Coding and Designation System used internationally. This simplified the calculation and recovery process. In order to adjust to GATT requirements, law 146-00 of 27 December 2000 was enacted. This regulation introduced a customs reform that set forth new rates. Additionally, the exemptions for strategic sectors of the economy were kept and reinforced. This Customs rectification contributes to the strengthening of the national industry's competitiveness. On the other hand, Article VII of GATT was approved on July 2001, as a method of assessment of goods. The WTO authorized the Dominican Republic to waive provisionally 24 items subject to the GATT valuation method.

Custom taxes are calculated and charged in Dominican Pesos. The conversion to pesos is made according to the current official exchange rate at the moment of payment. Besides the customs taxes, the importer must pay the following: 1. Selective Tax charged to certain goods, which ranges from 10% to 80%, calculated on the CIF price of the goods plus custom duties, and; 2. The Transfer Tax on Industrialized Goods and Services (ITBIS). Besides the free trade zones, the waivers and exemptions are clearly defined and identified.

There are several legal provisions that regulate or affect business transactions in the Dominican Republic. The most important are: the tax system, labour laws, environmental laws, the protections for intellectual property, and laws for commercial transactions and electronic commerce.

The tax legislation in the Dominican Republic is the Tax Code adopted in May 1992 and modified several times since then. There also is the General Law for the Department of Internal Revenue (DGII), the entity that is in charge of the payment of internal taxes, as well as several laws for specific taxes, incentives, and promotions.

By virtue of these laws, the primary taxes in the Dominican Republic are the following:

### **Income Tax**

Any legal entity or individual residing in the Dominican Republic and the undivided successions of people living in the country are subject to the payment of taxes over their income from Dominican sources and from sources outside the Dominican Republic from investments and financial gains.

#### **Income Tax for Legal Entities**

Companies, public entities that have a commercial nature, and other entities, undivided successions, association of persons, societies in fact, irregular societies, and any other form of organization that is not expressly defined are considered legal persons for this tax. In accordance with the tax law, these entities are subject to the payment of taxes for income, utilities, and benefits obtained in a determined fiscal period, minus the deductions approved by law.

Out of this net income, the applicable rate for legal entities with domicile in the country is 25 % over the net income from fiscal year 2007.

The deadline to present the Legal Entities Declaration (Form IR-2) and payment is 120 days from the date of the closing of the fiscal year, which shall be one of the four dates expressly permitted by law.

## **Tax on the Transfer of Industrialized Goods and Services (ITBIS) – VAT Equivalent**

The ITBIS is the tax over the transfer and import of industrialized goods, as well as the rendering of services. Physical persons and legal persons (foreign and domestic), that make transfers and imports of industrialized goods or render services have the obligation to pay this tax. The rate of this tax is 16% and is calculated over the price of the transfer or the service that is provided.

During the first 20 days of each month, all contributors that transfer industrialized goods and services or importers of industrialized goods, must declare and pay the Tax on the Transfer of Industrialized Goods and Services (ITBIS) by means of certified check in favour of the Collector of Internal Revenue.

The payment to be made corresponds to the excess in favour of the Internal Revenue Department that results from the surplus of ITBIS that was invoiced to clients during the presentation of services or the sale of goods to which this tax applies over the ITBIS advanced to the suppliers at the moment of acquisition of goods and services used to produce taxed income with the referred tax, or the values that were paid to Customs at the moment of introduction into the country of goods to which the same applies, which are employed to produce goods and services also subject to this tax.

## **Legislation and Local Regulations**

Amongst the measures taken to improve foreign investment inflows, has been the simplification of procedures and guidelines in respect of foreign investments.

## **Foreign Direct Investment**

The Dominican Republic's foreign investment law provides a hospitable climate for investors in such thriving sectors as technology, telecommunications, power and tourism.

The Dominican Republic operates one of the Caribbean region's most liberal and attractive legal frameworks for foreign investment. The country's foreign investment law underwent a major overhaul 10 years ago to ensure equal treatment to foreign investors. The law establishes and defines three categories of foreign investment, as well as the concepts of foreign investor and national investment. These categories are direct foreign investment, foreign re-investment (investment made in whole or part from operating profits) and new foreign investment.

For purposes of legal identification, a foreign investor is the owner of a duly registered foreign enterprise, while national investment refers to that made by the state, municipalities and national enterprises domiciled or registered in the national territory. The law places no restriction on repatriation of capital and dividends. Investors have free access to foreign currency through the Central Bank of the Dominican Republic and local banks.

Technology transfer is considered an investment for legal purposes. The legal framework also provides guarantees against political and expropriation risks through the Centre for Export Promotion and Investment (CEI-RD) and other agencies.

While all this legislation exists, it is essential to seek local legal, financial and taxation advice and support before embarking on any venture or major investment.

## Responding to Tenders

In the Dominican Republic all major public projects select their suppliers of products and services through public tenders, published in the local and regional daily newspapers that can be found in most provincial capitals. First in influence and national readership is Listin Diario, which is also the nation's oldest paper with more than 100 years of continuous publication. The other most influential dailies are Hoy, El Caribe, El Nacional, Diario Libre and Clave Digital with their weekly publication. Several newspapers in English can be found electronically, such as DR1 and Dominican Today.

UKTI team in Santo Domingo is always looking for projects which are considered an opportunity for UK companies will be published in the UKTI portal, under the "Business Opportunities" section.

## Recruiting and Retaining Staffing

Highly qualified technical staff are available. The Dominican Republic has a large pool of all types of labour as well as an adequate supply of office staff for both management, supervisory and clerical posts. Skilled manpower and professional managers are available at a comparatively moderate cost. The usual form of recruitment is advertisement in the national press.

The relationship of companies with their employees is regulated by the Labour Code, contained in Law 16-92 from June 17, 1992. The Ministry of Labour supervises the law governing these relationships, and Labour Courts have jurisdiction over labour disputes.

## Quotas for Dominican Employees

At least 80% of the workers in a company must be Dominican citizens. The managers and other employees that have supervising functions must preferably be Dominicans and there are no restrictions at the administrative level.

## Work Periods

The normal work week is 44 hours; a normal work day is 8 hours. The common practice is to work from Monday to Friday and, in some companies, on Saturday morning. Part time workers cannot work more than 29 hours per week.

## Labelling and Packaging Regulations

There are no hard and fast rules about marking of goods. Marks of origin are not needed. There are special labelling requirements for food and drink, pharmaceuticals, cosmetics, insecticides and fungicides.

## Getting your Goods to the Market

The Dominican Republic has a number of important ports, and the general responsibility of all the matters related to the ports of the Dominican Republic falls to Autoridad Portuaria Dominicana (APORDOM).

There are sixteen international commercial ports of which four are private. Multimodal Caucedo, Coastal Dominicana Terminal, AES Andrés Terminal and Itabo Coal Terminal. The majority of others are owned and operated by the state.



#### Major ports in the Dominican Republic:

- |                               |                             |
|-------------------------------|-----------------------------|
| 1. AES Andres Terminal        | 9. Manzanillo (Montecristi) |
| 2. Azua                       | 10. Multimodal Caucedo      |
| 3. Baní                       | 11. Pedernales              |
| 4. Barahona                   | 12. Rio Haina               |
| 5. Boca Chica                 | 13. Samana                  |
| 6. Coastal Dominican Terminal | 14. Puerto Plata            |
| 7. Itabo Terminal             | 15. San Pedro de Macorís    |
| 8. La Romana                  | 16. Santo Domingo           |

Multimodal Caucedo is a world-class maritime terminal located at Punta Caucedo in the Dominican Republic it is operated by DP World. This private port started operations in December 2003, with an approximate investment of 300 million dollars. It has state-of-the-art technology for port operations and the most sophisticated security systems.

There are plenty of warehouse facilities at ports. Goods should be cleared from customs as quickly as possible to avoid demurrage and pilferage. It is important that you contact a good customs agent at an early stage.

#### Intellectual Property Rights

The complete reform for the protection of intellectual property rights in the Dominican Republic, enacted in 2000, was a great achievement in the modernization of the legal framework governing the country's economic activities and a significant step in the process of complying with the OMC's obligations. Moreover, as a result of the application of the Free Trade Agreement with Central America and the United States (DR-CAFTA), the Author Rights and Industrial Property Rights Law has been the object of recent modifications.

Law 20-00 from May 8, 2000 on Industrial Property has as its main objective to create the legal framework that contributes the transference and distribution of technology and the benefits of the products and users of technical knowledge and that effectively protects industrial property rights, achieving an equilibrium between the rights and obligations of the owners that promotes the social, economic, and technological development of the country. Decree No. 599-01 establishes the rules for application of Law 20-00.

Law 20-00 is in accordance with the dispositions of the ADPIC and other international agreements. It establishes that the classifications for registration must be in accordance with the internationally recognized classifications system: for patents and industrial models the Strasbourg Convention from March 24, 1971 applies; for Industrial Designs the Locarno Agreement from October 8, 1968 applies; and for trademarks the Niza Accord from June 15, 1957 applies.

The government agency in charge of granting patents and registering industrial property is the National Industrial Property Office (ONAPI). Civil and criminal sanctions may be applied in case of an infraction of industrial property rights, which include damages as well as fines and/or prison.

## 4. Business Etiquette, Language and Culture

Spanish is the official language of the Dominican Republic, but English is widely spoken among the business community. Usually Dominican businessmen do not respond to mail shots since business is conducted through personal interactions. Business is personal in the Dominican Republic. It is recommended that companies interested in entering the local market visit the country. Face to face contact is vital to develop business relationships and research the sectors. Even though this is an informal society, business meetings, at least “the first ones”, are more formal affairs and dress for these should be accordingly business attire.

### Meetings and Presentations

Before conducting business in the Dominican Republic, UK investors should be aware of the various cultural norms and customs that need to be taken into account. Some useful observations include:

- Dominicans attach great importance to titles. Professional titles such as “Licenciado” (meaning “graduate”) or “Ingeniero” (engineer) should be used as this recognizes their status;
- Those without titles should be addressed with Mr. (Señor), Mrs. (Señora) or Miss (Señorita) followed by the surname.
- When doing business in the Dominican Republic, you will find that first names are rarely used initially as they are reserved for family and close friends. Wait to be invited to address someone by their first name.
- Women and men will shake hands when doing business and in social situations.
- Dominicans generally dress more formally than Europeans. It is therefore important to be well dressed for business meetings.
- Business cards are usually exchanged at the beginning of the meeting.
- Dominicans prefer doing business with people whom they know and trust. Your success in this country is therefore dependent upon your ability to establish, build and maintain good relationships. Interpersonal skills are needed to fit in, cultivate relationships and win the favour of others. These can actually be more important than professional experience and know-how.
- Learning Spanish is obviously of benefit. If you don’t have time to become conversant, making the effort to learn basic pleasantries can go down well.
- Once you know your contacts/customers well, it is customary and polite to enquire about their family at the start of meetings or during “small talk” opportunities.

### Negotiations

When negotiating, companies will respond to your approach in an equal manner. Therefore, if a potential partner demonstrates flexibility and willingness to commit, they will gladly put the same effort into the partnership.

The success in any business relationship will very much depending on the nature of the product/service and the level of domestic competition in the Dominican market. But developing a personal relationship with a Dominican partner can be just as significant as the product or service offering itself.

Personal contact with potential and existing partners/clients and regular visits to the market is of utmost importance and it is natural for the business relationship to be built with time.

## 5. What are the challenges?

Although the Dominican Republic has the legal framework necessary to protect local and foreign investors, on occasions it is not applied impartially.

Customs and the courts system are not the only areas affected by governance problems. Public procurement of goods and services are other primary sources of corruption.

None of these issues are major obstacles to Foreign Direct Investment, but anachronistic anti-corruption provisions and inadequate sanctions based on the Napoleonic Criminal Code of 1844, together with weak enforcement, permit high levels of administrative corruption, which are not compatible with a first-in-class investment climate. This is reflected in the country's international corruption perceptions rankings.

The Dominican authorities are attempting to tackle the corruption problem and have initiated a number of reforms, the most important of which is the programme of modernization of the judicial system. Since then, the Supreme Court has led reform to re-establish confidence in the judicial system. The first step was the "replacement or retraining" exercise: 500 new judges were appointed for the various courts in the country, in a process, which entailed a major skills evaluation and capacity-building exercise.

The President recognises the problem of corruption amongst public officials, he has set up (December 2009) a working group with international players such as International Monetary Fund (IMF), International Development Bank (IDB), and the World Bank to design anti-corruption measures.

**The Centre of Export and Investment of the Dominican Republic (CEI-RD)** has recently launched an initiative to make the judiciary aware of the particular issues and concerns of foreign investors. In parallel to the reform of the judiciary, new tools and initiatives to fight corruption and improve governance were introduced over the last decade. Among these are: In 1996, the Dominican Republic ratified the Inter-American Convention against Corruption. In 1997, an Anti-Corruption Department was created as a unit within the Office of the Attorney General, specialized in addressing all aspects of administrative corruption in the country.

In 1998, Decree No. 149-98 created **Public Ethics Commissions** within each ministry and public administration agency to serve as promoters of transparency and channels of communication with the Anti-Corruption Department on governance issues.

### Getting Paid - Terms of Payment

Payment is usually by letter of credit (in US dollars or Dominican Pesos) or by payment in advance. However, many Dominican businesses will wish to move to open account terms once a relationship has been built up, due to the cost and delays associated with letters of credit.

## 6. How to Invest in the Dominican Republic

The Dominican Republic has a growing diversified manufacturing base with an availability of quality raw materials. It is well endowed with agricultural, mineral and natural resources and contains a large reservoir of technical manpower as well as skilled, semiskilled and unskilled people.

The Dominican Government has recognised the importance of foreign investment as an instrument of technology upgrade, augmentation of foreign exchange resources as well as of globalisation of the Dominican economy. Since few years ago, the country has visibly changed and the Government is well on its way to move it to the international business.

The Dominican Republic is a country that progresses and advances. The facts show that the country has been growing in the last several years, in a consistent manner in all areas. A careful look at the economic indicators shows that this growth has been sustained and indicates that the Dominican economy is dynamic.

An increasing number of corporate transactions involving foreign entities are taking place in the Dominican Republic. This ranges from Mergers and Acquisitions to investments in important – and growing- Dominican industries including mining, construction, insurance and the project finance of hydroelectric facilities, power plants and parts. The country is also seeing more securitization of corporate receivables and other assets.

The legal environment for these and similar types of corporate financings is quite favourable, as a wide range of laws have been revised or enacted in recent years to promote foreign investment.

The Dominican Republic is a country that is recognized for the political stability and social peace that it enjoys; the warmth with which it opens its doors and its heart to receive those who visit it; and the emotion with which it prepares itself to receive them.

## **Financial Assistance**

The Dominican Republic is a participant in the Multilateral Investment Guarantee Agency, which provides protection from losses arising from currency inconvertibility and expropriation, as well as the risk of non-compliance of government contracts and wars and civil disturbances.

Working capital facilities are normally provided by the commercial banks, while the non banking finance companies increasingly involve themselves in areas like leasing, hire purchase, bills discounting, etc.

Export Credit Guarantee Department provides cover to help finance and encourage investment in the Dominican Republic.

## 7. Contacts

If you have a specific export enquiry about the **Dominican Republic** which is not answered by the information on this report, you may contact:

### **UK Trade & Investment Enquiry Service**

Tel: +44 (0)20 7215 8000

Fax: +44 (0)141 228 3693

Email: [enquiries@ukti.gsi.gov.uk](mailto:enquiries@ukti.gsi.gov.uk)

To contact the team in the **Dominican Republic**:

### **Leonora Dipp**

UK Trade and Investment Officer

Santo Domingo, Dominican Republic

Tel. 00 1 (809) 472.7054

Fax. 00 1 (809) 472.7190

Email: [Leonora.dipp@fco.gov.uk](mailto:Leonora.dipp@fco.gov.uk)

### **Claudia Fulgencio**

UK Trade and Investment Assistant

Santo Domingo, Dominican Republic

Tel. (809) 472 1111 Ext. 12032

Fax. (809) 472 7190

Email: [claudia.fulgencio@fco.gov.uk](mailto:claudia.fulgencio@fco.gov.uk)

[UK Trade & Investment](#) can help you make the most of these opportunities and help you plan your approach to the market. You may find out more about the range of services available to UK companies trading internationally through your local International Trade Team.

**We hope that you have found this guide useful. For further information, please contact your International Trade Adviser or one of the UKTI team in the Dominican Republic**

## 8. Resources/Useful Links

### **Business Link: International Trade**

Business Link's International Trade pages provide an overview of export basics including licensing, customs procedures, classifying and movement of goods, other regulatory information and export paperwork issues. It also introduces exporters to the UK Trade Tariff.

#### **Essential reading for exporters!**

Find out more at: <http://www.businesslink.gov.uk/bdotg/action/layer?r.s=tl&r.lc=en&topicId=1079717544>

### **Country Information:**

BBC Website:

[http://news.bbc.co.uk/1/hi/country\\_profiles/default.stm](http://news.bbc.co.uk/1/hi/country_profiles/default.stm)

FCO Country Profile:

<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/>

### **Culture and communications:**

CILT – National Centre for Languages - Regional Language Network in your area:

[http://www.cilt.org.uk/workplace/employer\\_support/in\\_your\\_area.aspx](http://www.cilt.org.uk/workplace/employer_support/in_your_area.aspx)

Kwintessential culture guides:

<http://www.kwintessential.co.uk/>

### **Customs & Regulations:**

HM Revenue & Customs: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Import Controls and documentation (SITPRO): <http://www.sitpro.org.uk>

### **Economic Information:**

Economist:

<http://www.economist.com/countries/>

### **Export Control**

Export Control Organisation:

<http://www.berr.gov.uk/whatwedo/europeandtrade/strategic-export-control/index.html/strategic-export-control/index.html>

### **Export Finance and Insurance:**

ECGD: <http://www.ecgd.gov.uk/>



## Intellectual Property

Intellectual Property Office:  
[www.ipo.gov.uk](http://www.ipo.gov.uk)

## Market Access

Market Access Database for Tariffs (for non-EU markets only):  
<http://mkaccdb.eu.int/mkaccdb2/indexPubli.htm>

SOLVIT – Overcoming Trade Barriers (EU Markets only)  
[www.bis.gov.uk/EUMarketAccessUnit](http://www.bis.gov.uk/EUMarketAccessUnit)

## Standard and Technical Regulations:

British Standards Institution (BSI):  
<http://www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport/>  
National Physical Laboratory: <http://www.npl.co.uk/>  
Intellectual Property - <http://www.ipo.gov.uk/>

## Trade Statistics:

National Statistics Information: <http://www.statistics.gov.uk/hub/index.html>  
UK Trade Info: <https://www.uktradeinfo.co.uk/>

## Travel Advice:

FCO Travel: <http://www.fco.gov.uk/en/travel-and-living-abroad/>  
NHS: <http://www.nhs.uk/nhsengland/Healthcareabroad/>  
Travel health: <http://www.travelhealth.co.uk/>