

Business Opportunities in the **Dominican Republic**

National Free Zones Council of the Dominican Republic

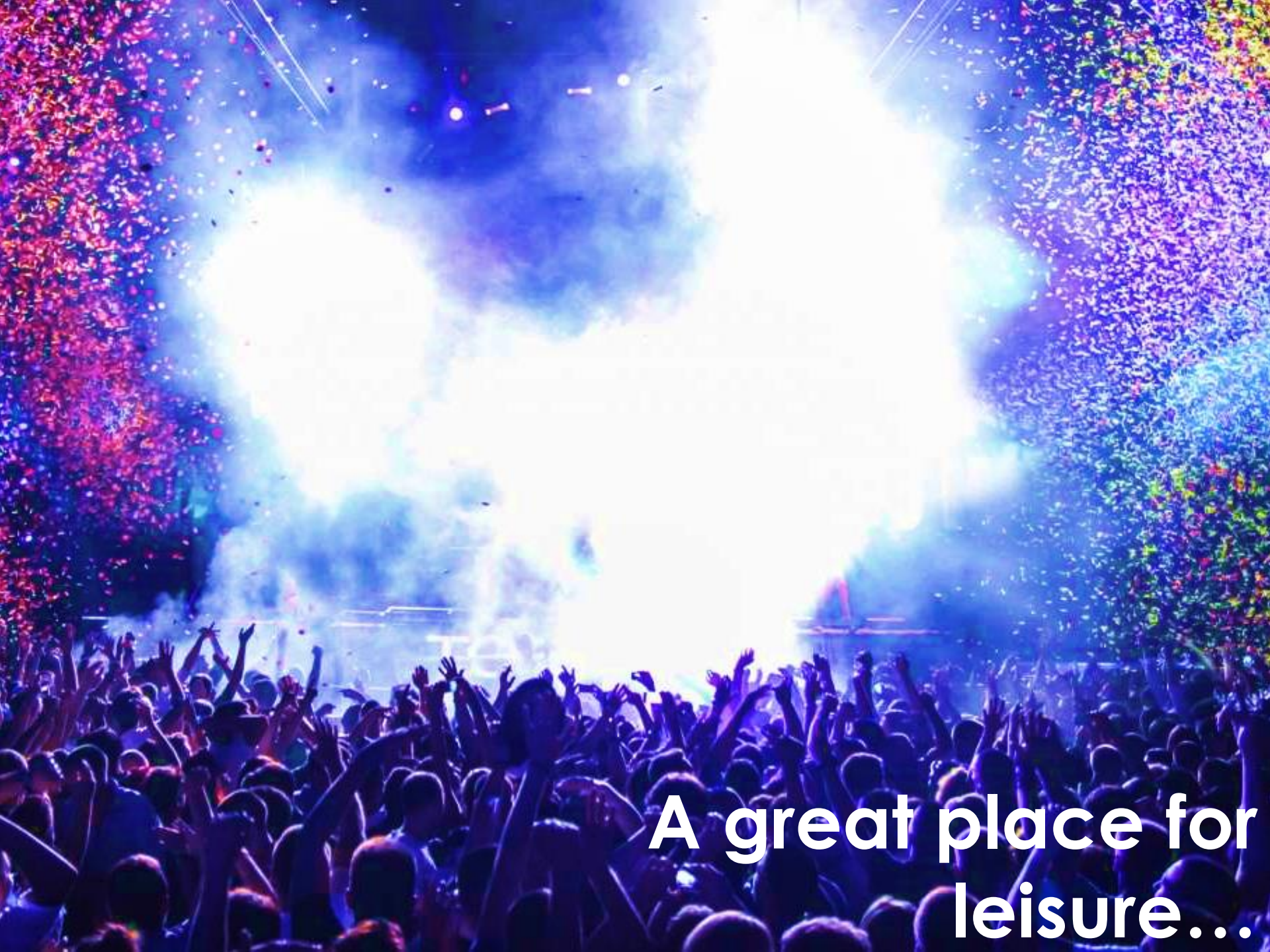


March, 2018
Helsinki, Finland

6th.

Most visited country
in the western
hemisphere...





**A great place for
leisure...**

But most importantly, a regional
hub for business...



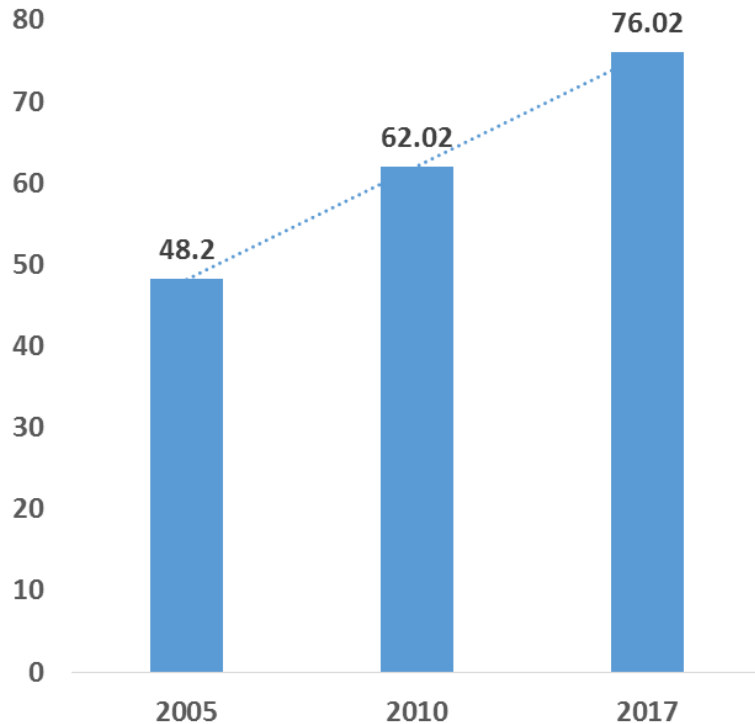


**And a competitive
destination for nearshore
manufacturing...**

Political and Economic Stability

Gross Domestic Product (GDP)

(Billion of US\$)



Expansion of 57% in 2008-2017

Source: Central Bank of the Dominican Republic, 2017

Top 10 Latin American Countries with highest economic growth In 2012-2016

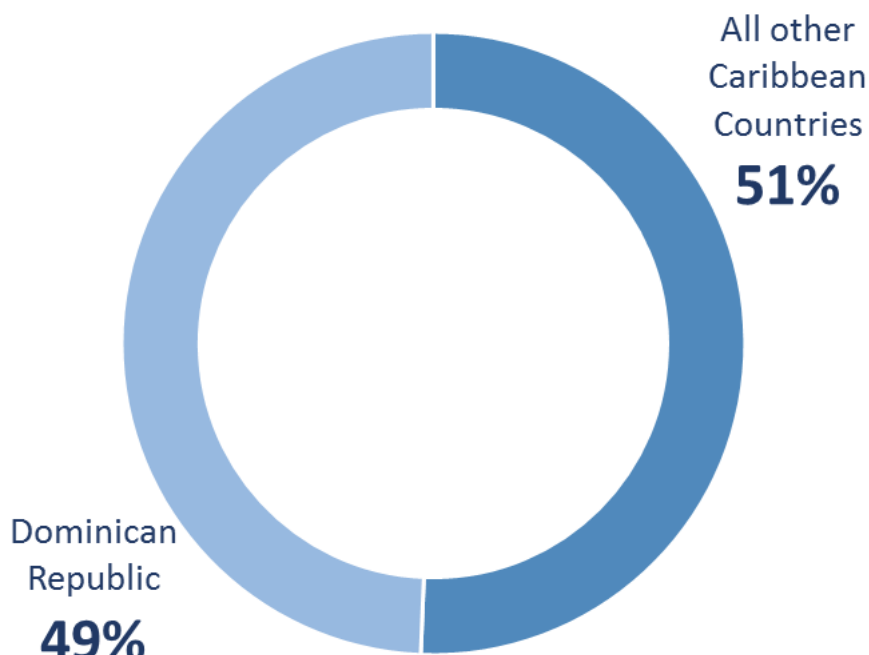
(Growth rate)

No.	Country	Change%
1	Dominican Rep.	6.5
2	Paraguay	6.3
3	Panama	5.9
4	Bolivia	5.2
5	Nicaragua	4.6
6	Guatemala	3.8
7	Peru	3.7
8	Colombia	3.6
9	Honduras	3.3
10	Costa Rica	3.2

Source: World Bank, 2017

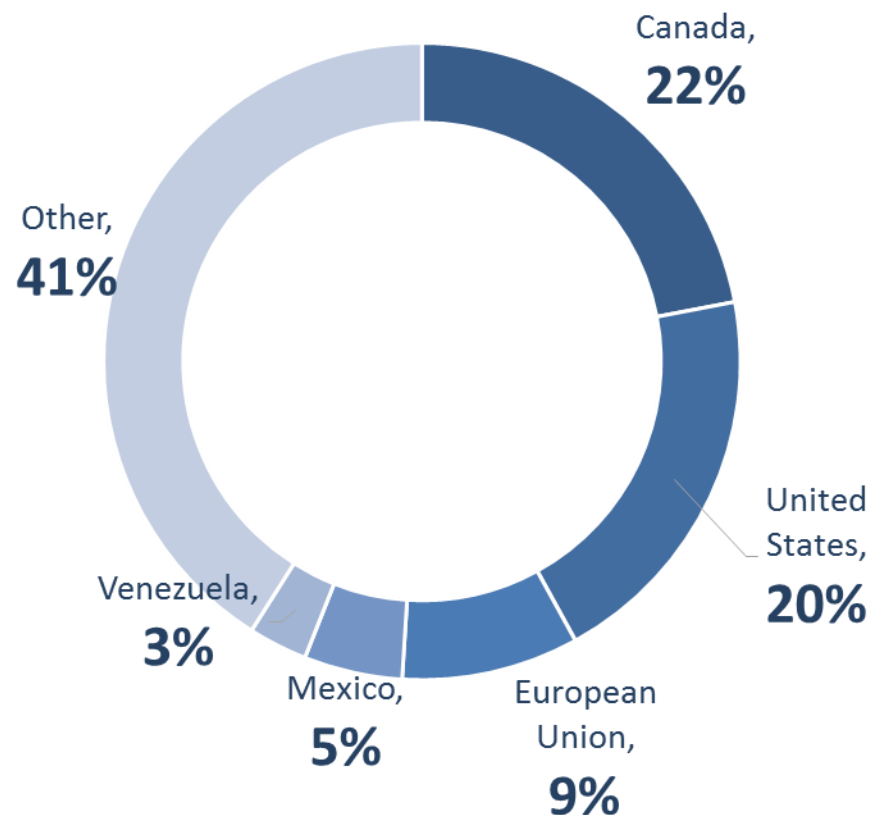
Political and Economic Stability

Inward FDI in the Caribbean Region 2016



Source: ECLAC, 2017

Country of Origin of FDI in the Dominican Republic (2010-2016 - Billones de US\$)



Source: Central Bank of the Dominican Republic, 2017

Free Trade with **48** Countries



Preferential Market
Access to :

1 Billion

Consumers

Strategic Geographic Location



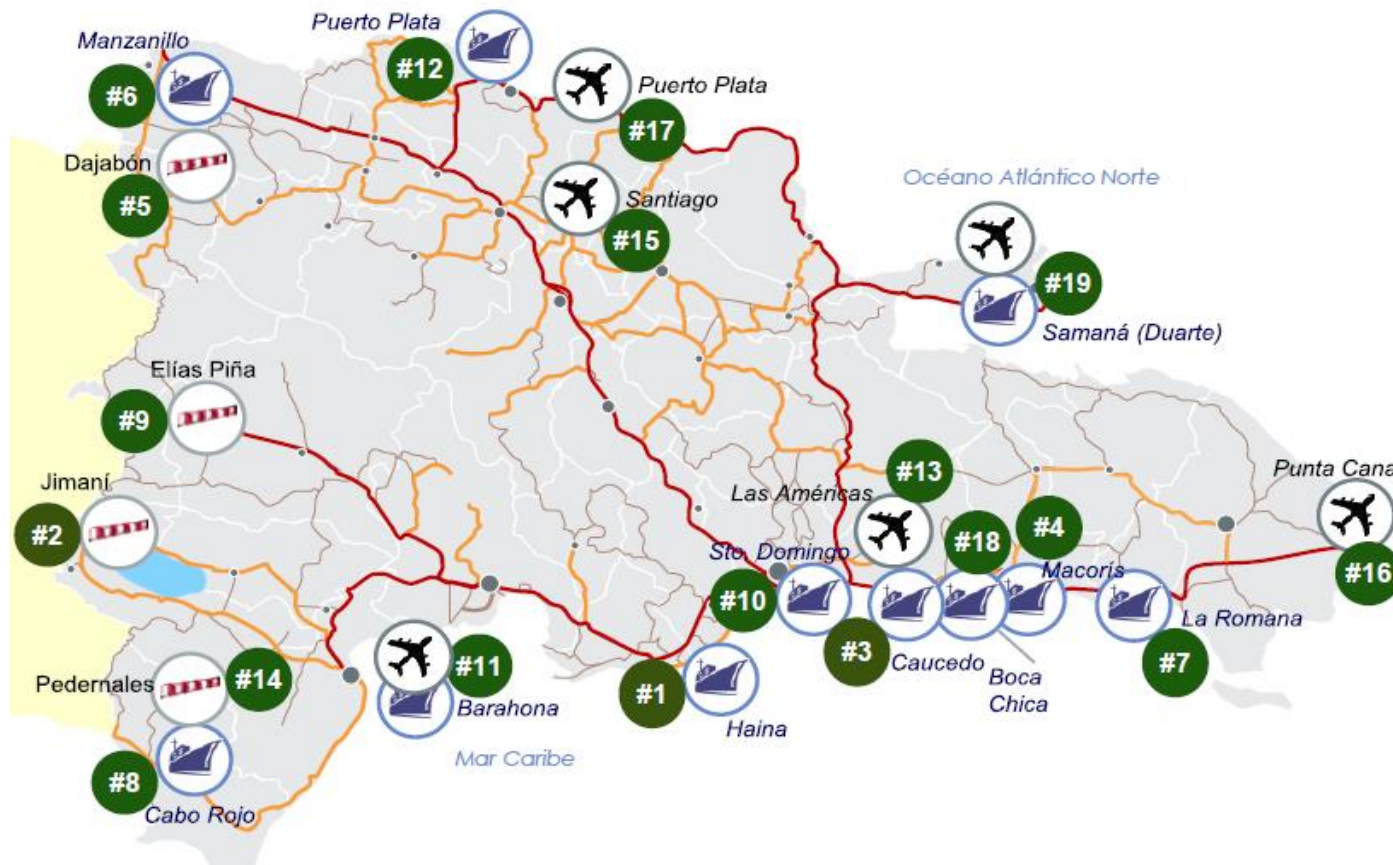
90

Weekly vessels with direct routes to North America, Europe, Asia, the Caribbean, and South America

270

Daily flights, with strong connectivity with North America, Central America, Europe and South East Asia.

Wide Network of Transport Infrastructure



08

International
Airports

11

Ports

25,000

Kilometers of Integrated
Roads

A competitive platform for FDI..

Free Zones

“A geographic area of the country under special customs and tax controls, **in which enterprises will be licensed to devote their production of goods or services to foreign markets** through the granting of incentives to stimulate their development.”



Main indicators



165,685

Direct jobs and more than 200,000 indirect jobs.



56%

Of total exports of the Dominican Republic, with a value above US\$ 5.7 billion.



US\$ 4.6 billion

Accumulated Investment– mainly from the United States, United Kingdom, Canada, Germany, Switzerland, Brazil, South Korea and Taiwan.



668

Companies operating in 25 out of 32 provinces in the country.

Global Positioning

1,849

Products exported in
2017

132

Countries

ALDO
FOOTWEAR & ACCESSORIES

 **Allen Edmonds**
AN AMERICAN ORIGINAL

Baxter

B | BRAUN

CK
Calvin Klein


CardinalHealth

Clarks

Cole Haan



EAT•N

ECOLAB

G.H. Bass & Co.

 **GE**
Energy

GILDAN
ACTIVEWEAR


Hanes

Honeywell

 **Imperial**
Tobacco

Johnson & Johnson

 **LEAR**
CORPORATION

 13
LEXUS

 **Medtronic**

RALPH LAUREN


Rockwell
Automation

 **ROCKY**

SEBAGO 

SPERRY
TOP-SIDER 



TIFFANY & Co.

Timberland 


TORY BURCH

VANS

Global Positioning



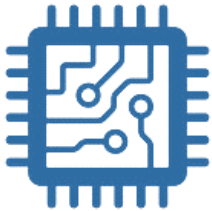
1st.

World
exporter of
cigars



3rd.

Latin American
exporter of footwear
and 9th USA supplier



2nd.

USA supplier of
circuit breakers



3rd.

Latin American
exporter of medical
devices and 4th USA
Supplier



2nd.

Latin American
exporter of
candles



3rd.

USA supplier of
woolen coats

What is the deal?

Economic Incentives

100%

Exemption from national
and local taxes

Exemptions are applied during the
complete period of operations,
and renewable each 15 years

Corporate Income Tax

Value Added Tax (VAT)

Import Duties

Excise Tax on insurance and
fuels

Tax on assets and real
property

World Class Industrial Parks

72

Free Zone Industrial
Parks

Free Zones may have public, private or mixed administration, and could host one or multiple companies. Some parks have clustered specific activities.

Operators provide “Shelter” services:
Business solutions, backoffice support and other services outsourced by tenants.

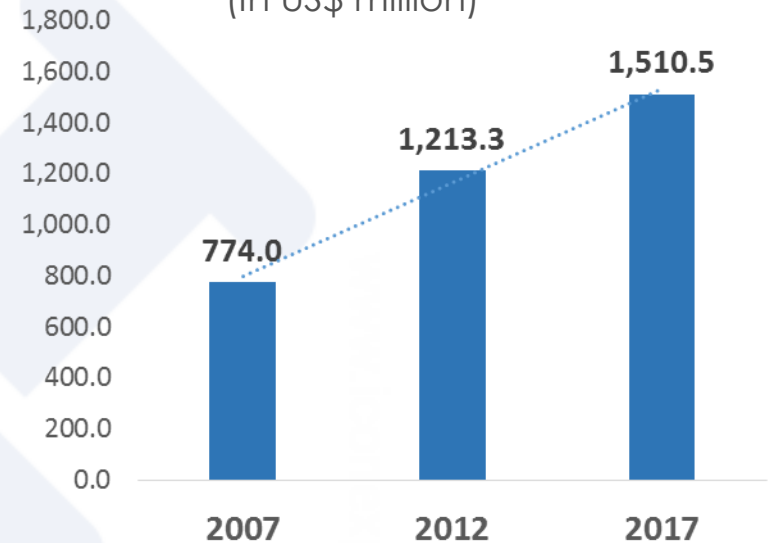
Some Free Zone Parks have been recognized as: “Best Free Zone in Latin America” and “Best Free Zone in Caribbean”

Sectoral Opportunities for Finnish Investors

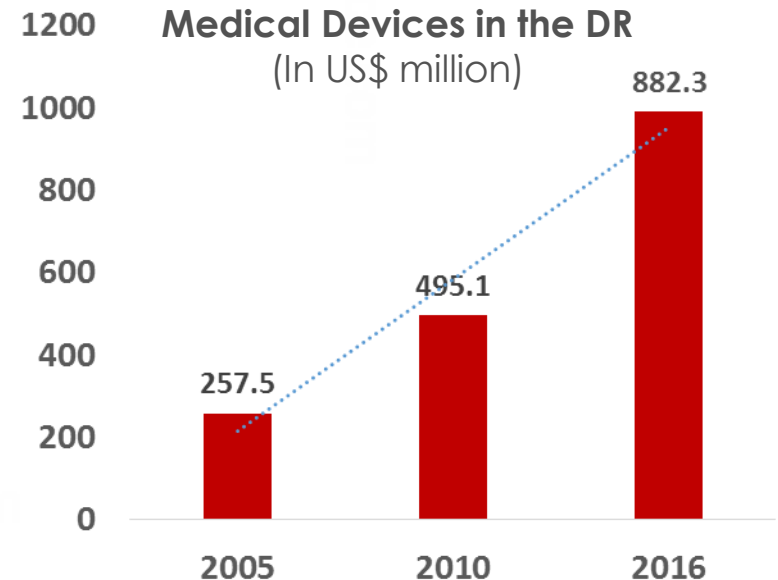
Medical Devices

- **Main export industry in the free zones:** US\$ 1.5 billion; annual avg growth rate of 7.7% in 2007-2017
- **23,000** direct jobs
- **US\$ 882 million** of accumulated investment; growth of 243% in 2005-2017
- Growing capabilities: in-house sterilization, component manufacturing; more sophisticated products.

DR Medical Devices Exports
(In US\$ million)



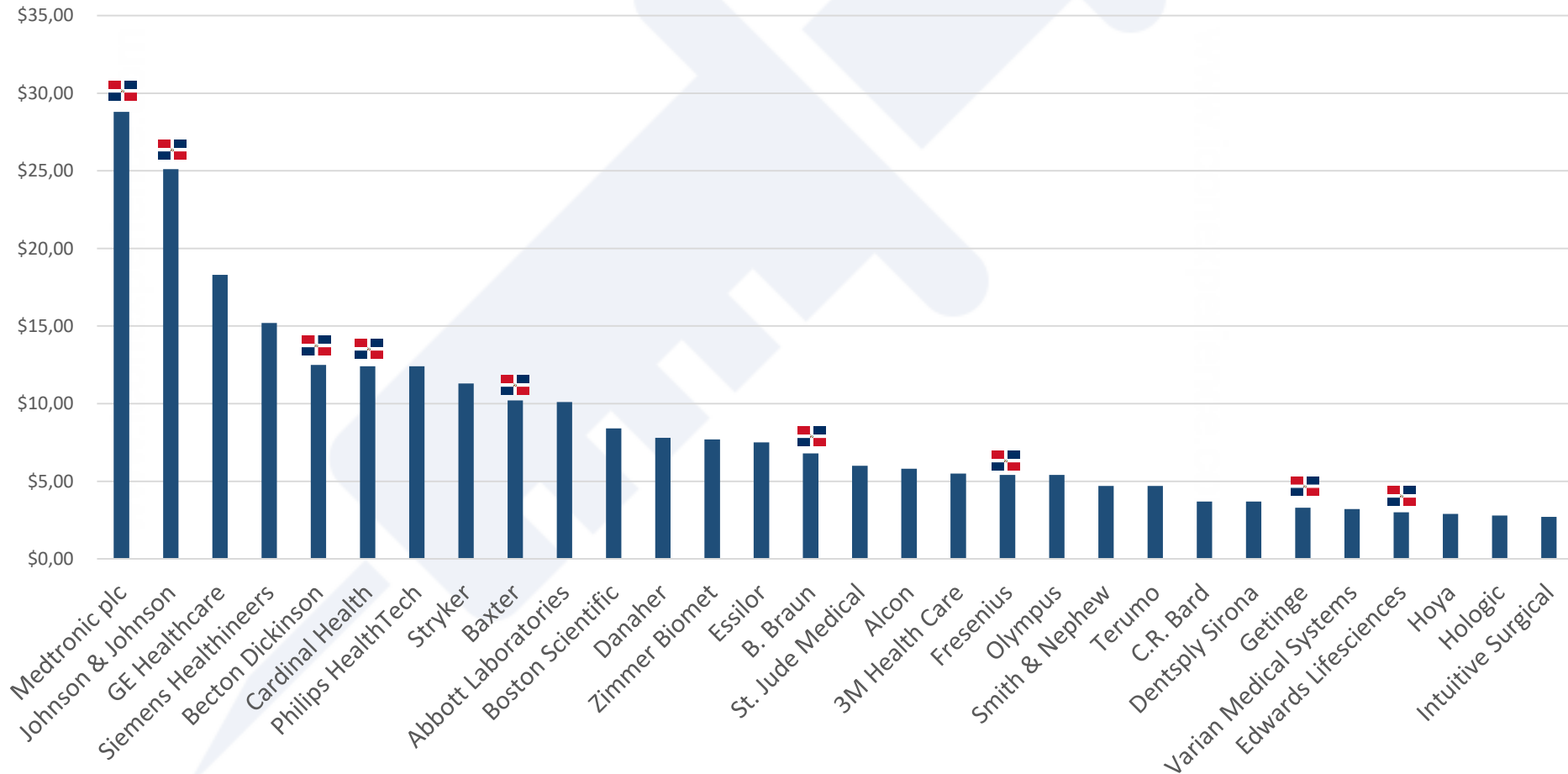
Accumulated Investments of Medical Devices in the DR
(In US\$ million)



Home to Medical Device Leaders...

Top 30 Global Medical Device Manufacturers

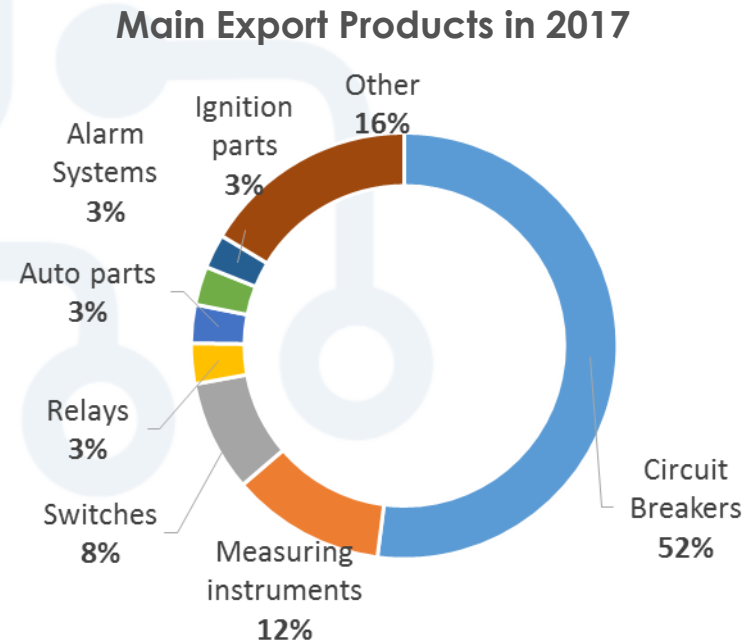
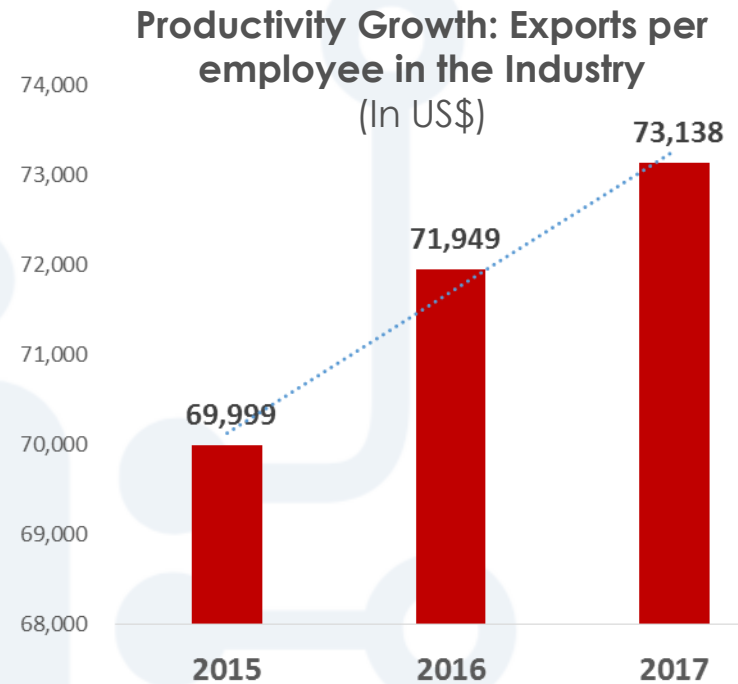
(By FY16 Revenue, In US\$ Billions)



9 of 30 mayor global medical device companies have direct manufacturing operations in the Dominican Republic

Electrical Products Components and Autoparts

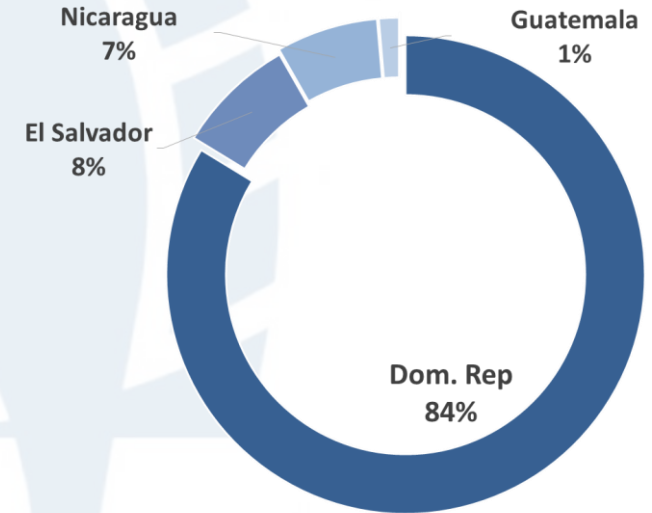
- **Among stronger export industries in the free zones:** US\$ 825 million in 2017; accumulated growth rate of 45% in 2009-2017
- **11,000** direct jobs
- **Sustained productivity growth:** exports per employee of US\$73,138
- **Growing capabilities beyond assembly:** design, components manufacturing, regional distribution.



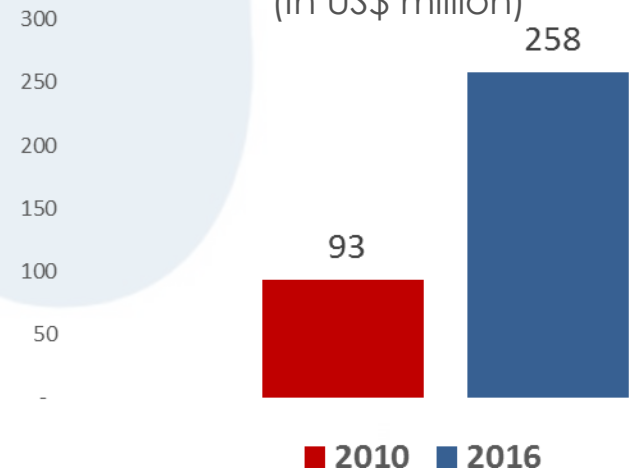
Footwear and Leather Products

- **Fastest growing export industry in the free zones:** US\$ 400 million; accumulated growth rate of 111% in 2010-2016
- **84% of total DR-CAFTA footwear exports**
- **14,000** direct jobs
- **Accumulated investments tripled in 2011-2016:** from US\$ 93 million to US\$ 258 million

DR-CAFTA Footwear Exports to the USA
(In US\$ million)



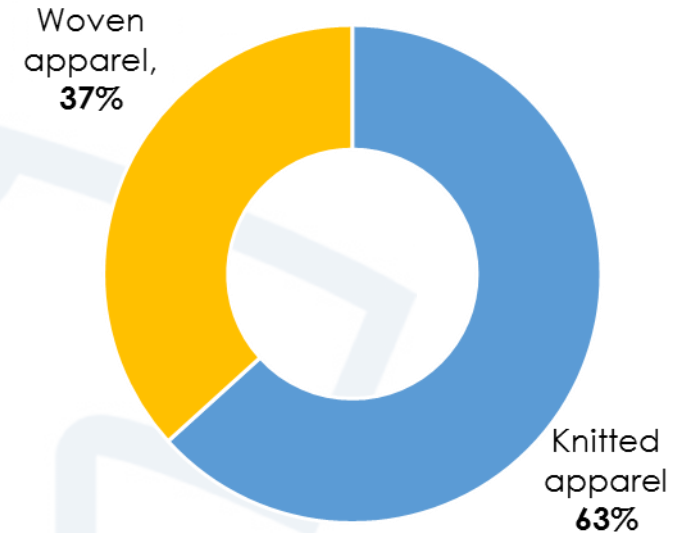
Accumulated investments in the Industry
(In US\$ million)



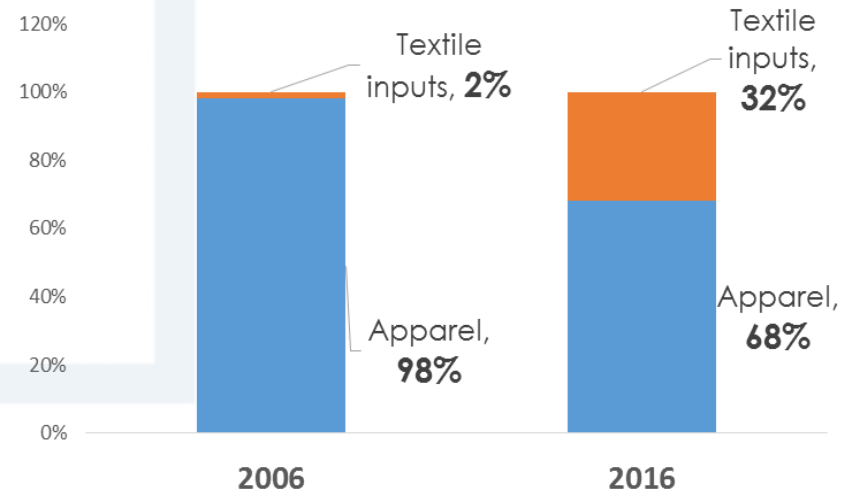
Textiles and Apparel

- **Main employer in the free zones:** 41,000 direct Jobs
- **102** factories.
- **US\$ 874 million** of accumulated investment.
- **US\$ 1.2 billion** in exports
- Flexibility, specialization (i.e. full package) and regional integration, are main drivers of growth.

Distribution of Apparel Exports, by type of Fabric (2017)



Evolution of Textiles and Apparel Export: Higher Added-Value



Logistic Services

- With the new Logistic Regime, operators may consolidate, desconsolidate, store, pack, re-pack, label, re-label and distribute goods from desinated Logistics center, without paying import duties until the merchandise is nationalized.

Caucedo Logistic Center (CLC)



In conclusion...

- Free zones have been our most effective policy to promote exports, but also a proven source of competitiveness for global renowned companies that have trusted us.
- 5 free zone sub-sector have the potential to generate US\$10 billion in new exports and 350,000 additional Jobs in the country.
- Be part of our success!