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DOMINICAN REPUBLIC 2024



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Dominican Republic 2024

This 2024 edition marks a significant return for The Business Year in the Dominican Republic after a five-year hiatus. Our last edition was published in 2019, just before the global pandemic disrupted economies worldwide. Returning to the Dominican Republic in 2024, we set out to shed light on the dynamic developments taking place across the country—beyond the well-known tourism sector—to reveal a thriving, diversified economy that many global observers may not have fully explored.

While tourism remains a cornerstone of the Dominican economy, our on-the-ground research revealed that the country's economic landscape extends far beyond its pristine beaches and all-inclusive resorts. It uncovered the growing importance of sectors such as industry, finance, and green energy. The country's medical equipment manufacturing industry has quietly become a key driver of exports, reflecting a level of economic diversification that is not always associated with the Dominican Republic.

A key highlight of our research was the reaffirmation of the Dominican Republic's status as the fastest-growing economy in Latin America for the past two decades. This sustained growth highlights the resilience and adaptability of the Dominican economy, even amid global uncertainties. Through interviews with top business and government leaders, we were able to capture how the country is emerging as a leader in sectors beyond tourism, particularly in logistics, as it strives to become a regional logistics hub in the Caribbean and Latin America.

This logistics strategy is being spearheaded by key players such as Tropical Shipping and BM Cargo, whose CEOs share valuable insights into how the Dominican Republic is capitalizing on its geographic location and infrastructure to attract global trade and investment in interviews for this publica-

tion. The logistics sector's expansion is vital to the country's nearshoring efforts, which seek to bring manufacturing and supply chain operations closer to North American markets.

We were privileged to speak with several other influential figures during the production of this edition, including Minister Víctor Bisonó, who outlined the government's commitment to industrial growth and regulatory improvements, and William Malamud, Executive Vice President of AmCham, who discussed the strategic partnership with the US and the potential for nearshoring. We also interviewed Christopher Paniagua, CEO of Banco Popular, who provided insights into the bank's leadership in digital transformation and sustainable finance, as well as Tomás Alonso Martínez and Sofía Antor, Country Managers of Mastercard and Visa, respectively, who emphasized the rapid adoption of digital payments in the Dominican Republic.

In addition, our conversations with Miguel Ceara Hatton, the Minister of Environment, highlighted the country's ambitions in renewable energy and sustainability. These insights were echoed by Pepsi and Ron Barceló's CEOs, who both underscored the private sector's role in driving eco-friendly practices and aligning with the country's green energy goals.

The process of producing this edition has been both insightful and inspiring. We came with the goal of showcasing a Dominican Republic that is far more than just a tourism destination. The country's economic landscape is vibrant, driven by manufacturing, logistics, finance, and clean energy. Its political stability, business-friendly environment, and visionary leadership have positioned the Dominican Republic for sustained growth in a highly competitive post-pandemic world.

We invite you to explore this edition and discover the remarkable stories of resilience, innovation, and ambition that are shaping the Dominican Republic's exciting future. ✘

This publication has been produced by The Business Year International's expert cadre of journalists, writers, editors, and designers. The content contained within is original and was compiled by our team on the ground.

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RISING FORCE

The Dominican Republic is one of Latin America's fastest-growing economies and is keen to continue diversifying its economy with sustainability a core tenet.

IN 2024, the Dominican Republic is embracing a future built on economic resilience, innovation, and sustainability. The country's performance across key sectors such as finance, industry, logistics, digitalization, and green energy reflects its commitment to fostering a robust and diversified economy. Through our interviews with business leaders and government officials, the main trends, challenges, and opportunities shaping the Dominican economy have come into focus, positioning the nation as a rising force in the Caribbean and Latin America.

ECONOMIC RESILIENCE & STRATEGIC DIVERSIFICATION

The Dominican Republic's economic performance in 2024 remains stable, with GDP growth expected to continue at a steady rate of around 4.5%, according to government forecasts. This is underpinned by a diversified economic base and significant foreign investment. The government continues to focus on reducing bureaucratic inefficiencies and streamlining regulations to attract both domestic and international investment.

One of the pillars of the Dominican economy is its free trade zones (FTZs), which have long been an engine of industrial and manufacturing growth. The FTZs account for approximately 70% of national exports and contribute significantly to the country's GDP. These zones, which primarily focus on industries such as textiles, electronics, and medical devices, are set to expand further in 2024 thanks to the growing trend of nearshoring. The Dominican Republic's proximity to the US has made it an attractive option for companies looking to relocate their supply chains closer to North America, enhancing the country's role as a logistics hub.

However, the country still faces challenges, particularly in workforce development. There is a need to improve vocational training and technical education to meet the growing demand for skilled labor, especially in the expanding manufacturing and digital sectors. This will be crucial as the Dominican Republic seeks to remain competitive in a rapidly evolving global economy.

FINANCIAL INNOVATION & INCLUSION

The financial sector in the Dominican Republic is undergoing a dynamic transformation, driven by digital innovation and regulatory improvements. The sector contributes around 4-6% to GDP, with banking, insurance, and capital markets playing vital roles. In 2024, the focus is on enhancing financial inclusion, particularly through the expansion of mobile banking and fintech solutions.

The push for financial inclusion has led to a significant reduction in the unbanked population. As of 2023, the percentage of adults with access to financial services reached 73%, a notable



increase from previous years. Mobile banking and digital wallets have played a crucial role in this shift, particularly in rural areas.

The green finance movement is gaining traction, with several banks and financial institutions launching products designed to support sustainable projects. In 2023, the Dominican Republic saw the issuance of its first green bond, marking a key milestone in aligning finance with the country's sustainability goals.

LOGISTICS: BUILDING A REGIONAL HUB

The Dominican Republic is rapidly positioning itself as a regional logistics hub, leveraging its strategic location and advanced infrastructure. The sector is key to national growth, supported by major investments in ports, airports, and warehousing. With 79% of national exports flowing through free trade zones (FTZs), logistics has become integral to strengthening global supply chains. However, challenges persist in developing a skilled workforce. There is a shortage of engineers and technicians, with companies collaborating with universities to offer specialized programs and promote careers in logistics. As the country addresses these issues, it solidifies its role as a key player in the Caribbean and Latin American markets.

DIGITALIZATION: POWERING ECONOMIC TRANSFORMATION

The government's Digital Agenda 2030 outlines its vision to harness technology to modernize the economy and improve governance.

In 2024, the country is positioning itself as a hub for software development, IT services, and cybersecurity in the Caribbean. E-commerce is also experiencing rapid expansion. In 2023, e-commerce transactions grew by 25%, fueled by rising smartphone penetration and the increasing popularity of digital payment platforms. This has also led to the growth of logistics and delivery services, which are helping SMEs integrate into the formal economy, hence modernizing the overall economy.

INDUSTRIAL GROWTH & SUSTAINABILITY

Industry is one of the largest contributors to the Dominican economy, accounting for 20-25% of GDP. This sector, driven by manufacturing, free trade zones, and construction, has played a pivotal role in positioning the country as an export hub in the Caribbean. The free trade zones alone, driving Dominican exports, continue to attract FDI.

Manufacturing remains a key growth driver, with significant investments in sectors such as food processing, textiles, medical devices, and electronics. The country's strategic location and robust infrastructure make it an ideal hub for nearshoring, particularly in the wake of global supply chain disruptions. Additionally, the industrial sector is undergoing a shift toward automation and digitalization, improving efficiency and production quality.

Sustainability is increasingly becoming a focal point for industry players. With global pressure to reduce carbon emissions, Dominican manufacturers are incorporating eco-friendly practices into their operations. This includes adopting energy-efficient technologies, reducing waste, and leveraging renewable energy sources.

GREEN ENERGY: LEADING THE CARIBBEAN'S CLEAN ENERGY TRANSITION

The Dominican Republic is emerging as a leader in the Caribbean's renewable energy transition. The energy sector is seeing a notable shift toward green energy solutions, with solar and wind power projects taking center stage. The government has set ambitious targets to increase the share of renewables in the national energy mix to 25% by 2025.

In 2023, the country saw the commissioning of several large-scale solar projects, which will provide clean energy to thousands of homes and businesses. Wind energy is also gaining traction, with the installation of additional capacity expected to reduce the country's reliance on imported fossil fuels.

However, integrating renewable energy into the national grid remains a challenge, with infrastructure upgrades required to accom-

modate the increased capacity. Addressing these challenges will be critical as the country seeks to solidify its leadership in the Caribbean's clean energy transition.

TOURISM: A STRATEGIC GROWTH DRIVER

Tourism remains one of the Dominican Republic's most dynamic sectors, contributing 15.3% to GDP and employing a significant portion of the workforce. The post-pandemic recovery has been robust, with over 10 million tourists visiting in 2023, and numbers are expected to rise further in 2024.

While the traditional sun-and-beach model continues to attract millions of visitors annually, there is a growing trend toward eco-tourism, adventure tourism, and wellness retreats, offering tourists immersive experiences in nature. This diversification is helping the sector align with sustainability goals while attracting new demographics of travelers.

Additionally, with investments in new infrastructure and the expansion of international flight routes, the Dominican Republic is well-positioned to maintain its status as a premier destination. ✖

GDP PER CAPITA (2023)

SOURCE: WORLD BANK, IMF

USD10,716

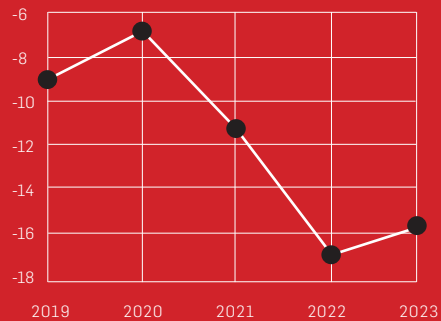
INFLATION (2023)

SOURCE: WORLD BANK

4.79%

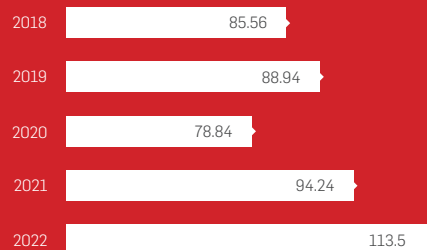
MERCHANDISE TRADE BALANCE OF GOODS (USD BN)

SOURCE: FOCUS ECONOMICS



GDP (CURRENT PRICES, USD BN)

SOURCE: WORLD BANK



FEBRUARY, 2024

The Dominican Republic posts 6.2% YoY growth in February 2023, marking the best performance since March 2022. This growth was driven by increases across several sectors, including tourism and manufacturing.

APRIL, 2024

The Dominican Republic inaugurates the Innovation Hub Punta Bergantín in Puerto Plata, known as "Silicon Beach." This hub aims to foster technological innovation and entrepreneurship, supporting the country's digital transformation goals under the Digital Agenda 2030.

JUNE, 2024

The Dominican Republic implements new energy storage requirements to support its renewable energy goals, aiming for 30% renewable energy by 2030. This is part of efforts to attract significant investment in the energy sector.

AUGUST, 2024

Significant steps are taken in environmental sustainability as USAID launches the USD2.9-million Climate Adaptation Activity to enhance resilience in the Dajabón region by improving natural resource management and adopting climate-smart agricultural practices.

MARCH, 2024

A new partnership is announced under the US-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030), whereby the US and the Dominican Republic plan to deepen technological cooperation to advance the clean energy transition and address the effects of the climate crisis.

MAY, 2024

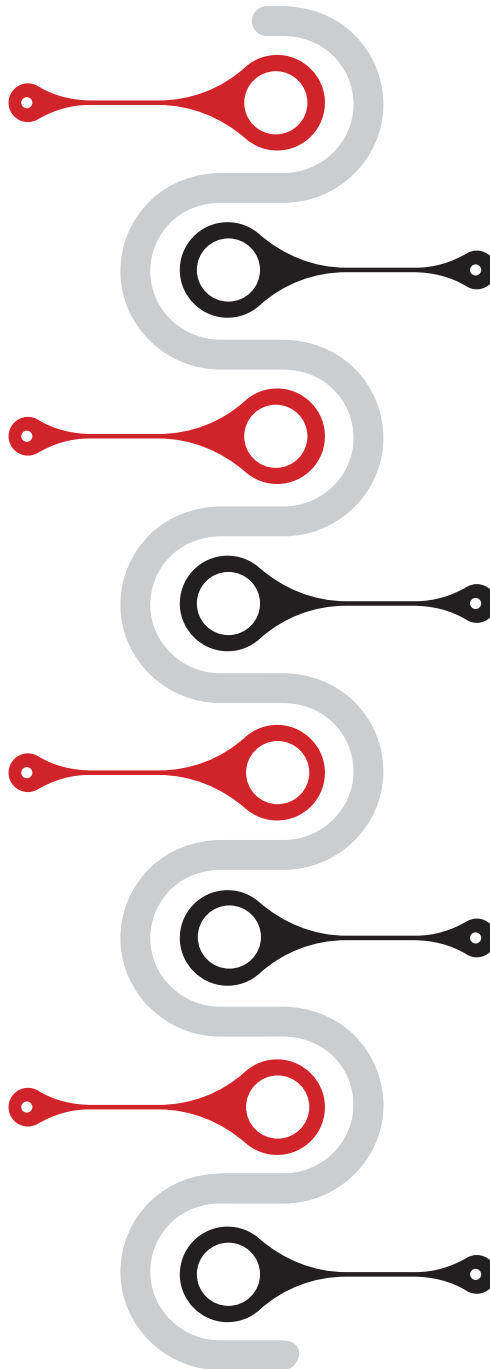
The Dominican economy grows 4.3%, with an accumulated average growth of 4.9% for the first five months of the year. Key sectors such as tourism and construction contributed to this growth, alongside an impressive 20.3% YoY increase in private sector credit in national currency.

JULY, 2024

The Dominican Republic leads Latin America with a robust economic expansion of 4.8%, positioning it as the fastest-growing economy in the region. This performance is underscored by strong macroeconomic fundamentals and a booming tourism sector.

SEPTEMBER, 2024

The Great Bazaar of Entrepreneurs 2024 is held. The event played a crucial role in fostering the development of Dominican entrepreneurs. This event not only supported trade, but also served as a hub for innovation, business expansion, and networking, significantly impacting the local economy.



THE ONWARD *march*

Luis Abinader
PRESIDENT,
THE DOMINICAN REPUBLIC

Luis Abinader, from the center-right of the Dominican Republic's political spectrum, won reelection this year and hopes to continue his business-friendly agenda and ambitious social reforms.



THE DOMINICAN REPUBLIC has demonstrated exceptional resilience in recent years. Despite global challenges, we have maintained solid and consistent economic growth. Between 2021 and 2023, we achieved an average annual GDP growth of 6.5%, an enviable figure that places us ahead of many countries in the region. Forecasts for 2024 remain optimistic, with projected growth of 5.4%, while the rest of Latin America is expected to grow by only 1.9%.

This growth has been made possible thanks to responsible economic policies and a climate of confidence that has attracted unprecedented levels of foreign direct investment. In 2023, foreign investment exceeded USD4.39 billion, breaking historical records and demonstrating that the Dominican Republic is an attractive destination for international investors. This confidence is also reflected in our inflation stability. Throughout 2023, we managed to reduce inflation to 3.57%, one of the lowest rates in Latin America.

Tourism has been one of the sectors that has contributed the most to this growth. In 2023, we received more than 10 million visitors, exceeding pre-pandemic expectations and consolidating our position as the second most visited country in Latin America. For 2024, we project exceeding 11.5 million tourists, which will generate even more income and opportunities for our country.

INFRASTRUCTURE & LOGISTIC DEVELOPMENT

One of the keys to our success has been the investment in strategic infrastructure. We have built and improved our port and airport infrastructure, turning the Dominican Republic into a logistics hub in the Caribbean. Currently, we are constructing a new multimodal logistics port in Manzanillo, infrastructure that will strengthen our commercial connectivity and attract even more foreign investment. In addition, we have inaugurated two new tourist ports, and three more are under construction through public-private partnerships.

As for our internal infrastructure, we have fo-

cused on modernizing public transportation, with projects such as the Santiago monorail, the Santiago and Los Alcarrizos cable cars, and the extension of the Santo Domingo metro. These projects will not only improve the quality of life for our citizens, but also boost the local economy and facilitate internal trade.

POVERTY REDUCTION AND SOCIAL PROTECTION

Economic prosperity must translate into a tangible improvement in the quality of life of Dominicans. In this regard, we have made significant progress in reducing poverty. In 2019, monetary poverty stood at 25.8%, and despite the pandemic and other global challenges, in the first half of 2024, we reduced this figure to 18.9%, the lowest level in our history.

This has been made possible thanks to social programs like SÚPERATE, which has benefited more than 1.5 million households, and the doubling of social protection investment in the last four years. We have increased subsidies for gas and electricity and implemented food aid programs that have significantly improved the living conditions of our most vulnerable citizens.

EDUCATION & TECHNICAL TRAINING

Education has been another of our great pillars. In the last four years, we have added 65,000 more students to the Extended School Day Program and renovated more than 6,400 educational facilities across the country. The investment in school infrastructure has been accompanied by efforts to improve early childhood education, which has increased from 36% coverage in 2020 to 64% in 2023. We will continue working to ensure that more Dominican children have access to quality education from an early age.

Additionally, we have connected 72% of our schools to broadband internet and trained more than 15,000 teachers in the use of educational technologies. Our goal is to create an education system that not only prepares our students for the future

BIO

Luis Abinader, the President of the Dominican Republic, took office in August 2020. He holds a degree in economics from the Instituto Tecnológico de Santo Domingo and a graduate degree in project management from Harvard University. Before entering politics, Abinader worked in his family's business, the Grupo Abicor, which operates in the tourism and real estate sectors. He has also served as the executive director of the Dominican Association of Hotels and Tourism. A member of the Modern Revolutionary Party (PRM), Abinader ran for the presidency in 2016 before winning in 2020.

but also equips them with the necessary skills to compete in an increasingly globalized world.

LABOR & FISCAL REFORMS

In this new term, we will present a labor reform aimed at modernizing the regulatory framework of work, strengthening social protection, and improving labor market competitiveness. We want to create quality jobs with decent wages and remove barriers that hinder access to formal employment.

On the other hand, we will promote a fiscal reform aimed at guaranteeing healthy public finances, reducing debt, and ensuring the necessary resources to improve our public services. In the last four years, we have reduced unnecessary government spending and directed those resources to the most vulnerable areas of the population. However, we know that much remains to be done, and that is why we will work on a reorganization of the State to eliminate unnecessary institutions and improve administrative efficiency.

SECURITY & POLICE TRANSFORMATION

Security is fundamental to the development of any nation. In 2023, we reduced the homicide rate to 11.5 per 100,000 inhabitants, and so far in 2024, this figure has decreased even further, to 9.9. This is an important achievement, but it is not enough. We know that we must continue working to ensure that the Dominican Republic is a safe country for everyone.

The transformation of our National Police is a top priority. In 2023, we significantly increased police officers' salaries, and we will continue improving their working conditions in the coming years. Additionally, we are investing in the training and professionalization of our security forces to better prepare them to tackle crime and delinquency.

ELECTRIC SECTOR AND ENVIRONMENTAL COMMITMENT

The transformation of the electric sector has been one of our priorities. In the last four years, we have

awarded the construction of 2,000MW of thermal generation and contracted 1,504MW of renewable generation. This will allow us to have a 15% energy surplus by 2027, an unprecedented achievement in our country's history.

We know that climate change is one of the greatest challenges facing humanity, and we are committed to mitigating its effects in our country. That is why we have implemented policies that promote the use of renewable energy and energy efficiency, and we will continue working in this direction in the coming years.

COMMITMENT TO DEMOCRACY

Finally, I want to reaffirm my commitment to democracy and the Dominican people. We will present a constitutional reform that will prevent any leader from perpetuating themselves in power for more than two consecutive terms. Our goal is to ensure political stability and strengthen our democratic institutions.

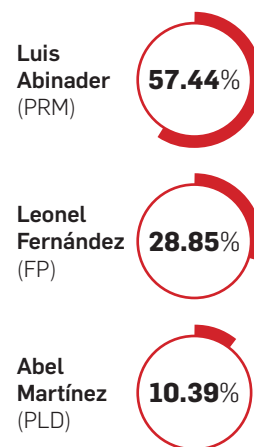
We are committed to transparency, accountability, and the independence of the judiciary. The independence of the Public Ministry, which we have promoted in recent years, will now become a constitutional mandate.

CONCLUSION

In the past four years, we have achieved significant progress, but there is still much work to be done. We are building a stronger, fairer, and more prosperous Dominican Republic, laying the foundation for a future of growth and opportunity for all. We know that the progress of our nation does not depend solely on its leaders but on the collective effort of every citizen. Together, we can make the Dominican Republic an example of success and development in the region. Long live the Dominican Republic!

**Translated and adapted from a speech delivered on August 16 following Luis Abinader's re-election. ✖*

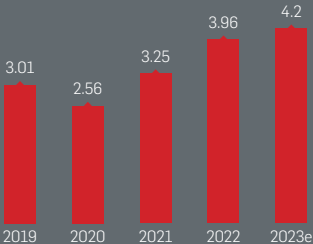
2024
PRESIDENTIAL ELECTION RESULTS, MAY 19



The Dominican flag hanging on Arzobispo Meriño street in Santo Domingo

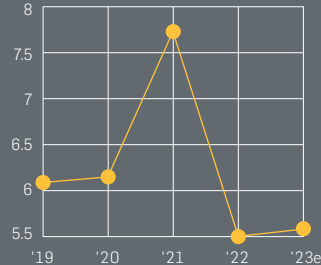
FDI (IN USD BN)

SOURCE: WORLD BANK, DOMINICAN TODAY, THEGLOBALECONOMY.COM



UNEMPLOYMENT (%)

SOURCE: WORLD BANK



DOP-USD EXCHANGE RATE AS OF JAN 1

SOURCE: WISE, EXCHANGERATES

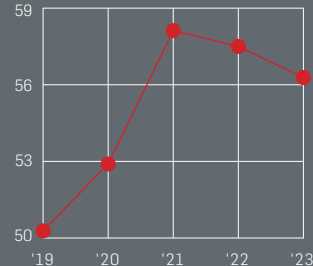


Image: onapalmitre

Economy

A WIDE NET

It has been a dynamic year for the Dominican economy, with growth fueled by its robust pro-business policies and a thriving investment climate. Our interviews with top business leaders underscore that the country has positioned itself as a regional leader, not only in traditional sectors like tourism and free trade zones, but also in emerging industries like renewable energy, nearshoring, and logistics.

One of the defining features of this economic landscape, transpiring from most of our conversations, is the government's commitment to creating an investor-friendly environment. As Ramón Ortega, Managing Partner of PwC, remarked, "the local business and investment environment is flourishing, largely thanks to the President's pro-business initiatives, which have driven new investments and streamlined bureaucratic procedures." This sentiment is echoed across the economy, with a consensus that the country's infrastructure and regulatory frameworks have undergone significant progress, making it easier for businesses to thrive.

A noteworthy development in the country's economic infrastructure is the growth of its stock market. Elianne Vilchez Abreu, General Manager of the BVRD, noted the stock market has grown tenfold since 2017, enabling companies to launch IPOs. She added, "We are aiming to increase the number of publicly listed companies and diversify assets to attract more investors."

Tourism continues to be a pillar of the economy, bolstered by a strong post-pandemic recovery. As noted by William Malamud, Vice President of AmCham DR, the country welcomed over 10 million visitors in 2023—a figure expected to rise in 2024. The government's success in managing the pandemic has placed the country on the map as a premier tourist destination. However, sectors beyond tourism, like medical devices and

logistics, are also seeing remarkable expansion.

In the area of logistics in particular, the Dominican Republic aims to become the hub for commerce in the Americas. This is complemented by the strategic nearshoring opportunities presented through initiatives like the Alliance for Development in Democracy. According to Ortega, "The government's promotion of logistics hub centers is part of a broader strategy to leverage the country's favorable geographic position, which will be instrumental in fostering nearshoring opportunities."

Of course, challenges remain. As Miguel Angel González from the Guyana Chamber of Commerce highlighted, while the business environment is attractive, companies still face hurdles related to workforce training and navigating bureaucratic processes. Yet, the Dominican Republic's competitive advantages, including its proximity to the US and a skilled yet affordable labor force, continue to outweigh these challenges.

Looking ahead, sectors such as renewable energy and digital transformation are expected to lead the next wave of growth. With foreign direct investment exceeding EUR1 billion from Europe alone in 2023, the Dominican Republic's future looks promising. As Yves Ferreira, Regional Head of the European Investment Bank, noted, "2023 was a record year for European FDI, and the country is well-positioned to broaden this scope further in areas like renewable energy and sustainable development."

The outlook for 2024 is bright, with the Dominican Republic continuing to evolve as a major economic hub in Latin America. This chapter explores how, with a combination of government reforms, strategic sectoral focus, and growing international interest, the country is on a trajectory toward sustained economic growth and diversification. ✖

INTERVIEW

FROM A to Z

As the Dominican Republic continues to solidify its position as a key player in the Caribbean and Latin American economies, ProDominicana plays a critical role in shaping the nation's strategic direction.

Biviana Riveiro Disla
EXECUTIVE DIRECTOR,
EXPORT AND INVESTMENT CENTER OF THE DOMINICAN REPUBLIC
(PRODOMINICANA)



What are the key strategic priorities for ProDominicana in 2024 and 2025?

In 2024 and 2025, the Dominican Republic, through its investment promotion agency, the Export and Investment Center of the Dominican Republic, ProDominicana, is focused on further enhancing its role as a leading hub for FDI and trade in the Caribbean and Latin America. Key strategic priorities include leveraging digital tools to streamline investment processes, boosting transparency and focusing on critical sectors such as telecommunications, energy, infrastructure, and agriculture, among others. One major inclusion in our investment attraction priorities for 2024 and 2025 is the industry of semiconductor manufacturing, especially due to our capabilities and logistics advantages within our region, and closeness to the US. Our major initiative is the Single Investment Window (VUI), its acronym in Spanish, which simplifies obtaining necessary permits and certifications, becoming a one-stop shop while reducing bureaucracy and ensuring legal security for foreign investors. This online platform, launched in 2023, centralizes the registration and management of FDI, offering investors a more efficient and cost-effective process. Additionally, ProDominicana continues to promote the Dominican Republic as a stable and legally secure market, emphasizing the country's macroeconomic stability, which has attracted more than USD4 billion in FDI in 2022 and 2023, every year surpassing the previous year and reaching historic heights, with 2024 on the same upward trend, with a projection of USD4.5-5 billion in net FDI at year's end. Collaboration between public and private sectors, a reduction of bureaucratic hurdles, and improved access to vital economic data also play critical roles in attracting and retaining investment. With these efforts, the Dominican Republic aims to solidify its leadership in the region and enhance its

competitiveness in global markets.

How is ProDominicana ensuring that the influx of foreign investment contributes to inclusive growth across the country, particularly in underdeveloped areas and among marginalized communities?

ProDominicana has adopted a strategic approach to ensure that FDI contributes to inclusive growth across the country. By prioritizing underdeveloped regions and sectors with high potential for job creation, ProDominicana aims to address regional disparities and enhance economic opportunities for marginalized communities. One of the agency's key strategies is to promote local content requirements in FDI projects. This encourages foreign investors to source goods and services from local suppliers, boosting domestic businesses and creating employment opportunities within these regions. Additionally, ProDominicana collaborates with local educational institutions to develop skills training programs that align with the needs of FDI projects, ensuring that the local population is well-equipped to participate in the emerging job market. To foster a positive relationship between foreign investors and local communities, ProDominicana facilitates dialogue and encourages public-private partnerships. These initiatives aim to address community concerns, align FDI projects with local priorities, and develop infrastructure and social programs in underserved areas. Ultimately, ProDominicana's strategic approach seeks to maximize the economic benefits of FDI while ensuring that these benefits are distributed equitably across the Dominican Republic.

Looking ahead, what message would you send to the international investor community about investing and doing business in the Dominican Republic?

I invite investors to explore the myriad of

opportunities available for their business to thrive in our beautiful Caribbean paradise. The Dominican Republic offers a compelling combination of factors that make it an ideal destination for foreign investment. Our strategic location, in the heart of the Caribbean, provides unparalleled access throughout the Americas, north through south. We have implemented a stable and business-friendly environment, characterized by competitive tax rates, efficient regulatory frameworks, and a dedicated workforce. With a thriving tourism industry, a strong agricultural sector, and a growing manufacturing base, the Dominican Republic presents a diverse range of investment opportunities. Our government is committed to creating a conducive business climate, characterized by transparent regulations, efficient bureaucracy, and a competitive tax regime. We understand that your success is paramount, and we are dedicated to providing you with the support and resources necessary to thrive in our market. Our team at ProDominicana is ready to assist you with every aspect of your investment journey, from market research and site selection to regulatory compliance and ongoing support. ✖

BIO

Biviana Riveiro Disla graduated with a degree in law, magna cum laude, from Pontificia Universidad Católica Madre y Maestra (PUCMM). She has completed numerous national and international studies and courses at institutions such as the World Trade Organization and the International Telecommunication Union and holds a master's in corporate business law, postgraduate studies in business economics, and diplomas in international law, intellectual property, banking law, administrative law, and arbitration, sponsored by various Dominican and foreign universities. She also completed the Executive Leadership Program at Barba Business School.

DRIVER *of development*

As the country's investment and export promotion agency, ProDominicana is taking steps to create a more favorable investment climate and enhance workforce skills.

Marcial Smester
DIRECTOR OF INVESTMENT,
EXPORT AND INVESTMENT CENTER OF THE DOMINICAN REPUBLIC
(PRODOMINICANA)



What are the most promising sectors for investment in the DR currently, and what specific advantages does the country offer to investors in these areas?

The Dominican Republic is well-positioned to attract significant investment across a range of sectors due to its strategic location, trade agreements, and developing infrastructure. The sectors highlighted below are high tech and light manufacturing, tourism, and agriculture, among others, which reflects the country's evolving economic landscape. Promising sectors for investment in the country include: high-tech manufacturing (including semiconductors, medical devices, vehicle parts, and electronics); tourism, in particular cruises, golf tourism, medical tourism, movie production tourism, and luxury real estate investments, to name a few; light manufacturing in free zones; and agriculture, in particular tropical fruit, coffee, cocoa, and cigars.

What main challenges does the country face in attracting and retaining foreign investment, and how is ProDominicana addressing these challenges?

Some of the key challenges in the country include infrastructure gaps, bureaucratic hurdles, global competition, and a labor market and skills mismatch. ProDominicana, as the country's investment and export promotion agency, is taking steps to address these issues and create a more favorable investment climate. It has launched a single investment window (VUI) in response to bureaucratic inefficiencies. This platform centralizes and automates the process of securing permits, licenses, and certifications, reducing wait times and lowering costs for investors. ProDominicana is also working closely with the private sector and other government entities to provide targeted incentives in sectors like high-tech man-

ufacturing, renewable energy, and tourism. In infrastructure, we are advocating for continued improvements, especially in port facilities and energy reliability, to support growing sectors such as manufacturing and logistics. In response to the skills mismatch, ProDominicana, in partnership with the Dominican government, is working on educational and vocational training initiatives aimed at improving the workforce's technical skills, particularly in sectors like IT, electronics, and manufacturing. In summary, we are tackling the key challenges facing foreign investors by modernizing investment processes, targeting strategic sectors, improving infrastructure, and enhancing workforce skills.

How do you see the role of PPPs evolving in the Dominican Republic's investment landscape?

The Dominican government has developed a robust legal framework (Law 47-20) that sets out clear rules for PPPs, ensuring transparency and legal certainty, which is a great incentive for both the public and private sectors. The collaboration between ProDominicana and the PPP Agency (DGAPP) has been fundamental to the success of PPPs in the Dominican Republic. By joining forces, both institutions contribute to attracting foreign investment, improving infrastructure and promoting the country's economic development. There is an agreement between both institutions that establishes a joint work plan to promote PPP projects in the investment catalogue. This type of initiative demonstrates the Dominican government's commitment to promoting PPPs as a driver of economic development.

How do you balance the need to attract foreign direct investment with the responsibility to protect and advance national interests?

Attracting FDI is essential for economic development, but it is equally important

to ensure that these investments align with the country's national objectives. We face the delicate mission of attracting investment while protecting national interest. This harmony is crucial to ensure that investments not only generate economic benefits, but also contribute to the country's sustainable development. Our primary goal would be to strike an equilibrium between economic benefits and social, environmental, and cultural considerations. We focus on sectors that align with the country's development priorities and have a positive impact on local communities, like renewable energies, sustainable tourism, among others. We link FDI incentives to specific outcomes, such as job creation, technology transfer, and environmental sustainability. We enforce strict environmental standards to protect natural resources and mitigate negative impacts and involve local communities in the decision-making process, ensuring that FDI projects benefit the whole population. By adopting these strategies, ProDominicana has helped attract FDI that not only contributes to economic growth, but also supports the country's sustainable development and protects its national interests. ✖

BIO

The Director of Investment at ProDominicana, Marcial Smester has over 30 years of experience in the financial sector of the Dominican Republic. He began his career at the largest insurance company in the Caribbean, eventually rising to top reinsurance executive. Over the years, Smester has managed several multinational companies across various industries, including finance, retail, and security. For the past four years, he has led investment efforts at ProDominicana, contributing to record-breaking achievements in FDI and strengthening the Dominican Republic's position as the leading FDI destination in the region.

INTERVIEW

TRADE IS KING



Benefitting from its geographic proximity to the US, the Dominican Republic has proven an excellent place for US companies to invest and expand, particularly in nearshoring activities. And AmCham is there to help.

William Malamud
VICE PRESIDENT,
AMCHAM DOMINICAN REPUBLIC

Strong relationship with the US

DR was classified as safe for investments due to recent progress in IP protection

What are the key pillars of trade between the Dominican Republic and the US?

Since transitioning to democracy, the Dominican Republic has enjoyed economic and political stability, which helped launch the tourism industry and free trade zones in the late 1970s and early 1980s. Our chamber has been instrumental in ensuring the DR participated in and benefited from trade agreements such as the Caribbean Basin Initiative and the Dominican Republic-Central American Free Trade Agreement. Our chamber has a significant footprint in the local economy, with 1,600 member companies. We also have third-country multinationals aligned with our agenda of liberalization and tighter integration into global value chains. About 55% of our members are in the capital, with the rest spread across the country. Our primary value proposition is connecting members with business opportunities and information to enhance competitiveness and import and export capabilities. We facilitate trade missions and represent our members in dialogues with local and US governments on regulatory and competitiveness issues. Tourism is a major pillar, attracting significant FDI. The free zones are another key sector, evolving from textiles and apparel to producing medical products, light electronics, and cigars. Total free zone exports in 2023 were USD8.06 billion. The mining sector, particularly gold mining, is vital, along with a well-developed telecommunications sector. Construction is booming, and there is significant investment in renewable energy. Medical devices are a major export to the US, with companies like Edwards Lifesciences, Johnson & Johnson, Cardinal, and Abbott operating here.

How do you assess the relationship between the Dominican Republic and the US?

The relationship with the US is as strong as ever. Current challenges lie outside the trade sector, particularly in the electric sector, which has a USD1.5-billion deficit, equivalent to about 1.3-1.4% of GDP. Reform is needed, especially in distribution. Additionally, fiscal reform is necessary to fund improvements in education, public health, and infrastructure. The previous administration

aimed for it, but prioritized managing the pandemic. Now, the president has emphasized the need for reform. The private sector broadly agrees, though details on rate increases and implementation are still to be determined. The government aims to achieve investment-grade status for Dominican sovereign bonds, which would lower borrowing costs. Multinational companies now prioritize risk mitigation and robust, diverse supply chains closer to their target markets, benefiting the Dominican Republic due to our proximity to the US.

What initiatives is AmCham promoting to enhance digitalization?

We have a Technology and Innovation Committee dedicated to digitalization efforts. Digitalization not only improves efficiency, but also reduces opportunities for discretion, aligning with the administration's anti-corruption stance. We have established a task force with the government, resulting in the 2030 Digital Agenda. This initiative was recognized internationally, with the Dominican Republic receiving an award from the International Telecommunications Union for its digital transformation strategy. Compared to other countries in the region, the Dominican Republic is surprisingly strong in the digital space, particularly in cybersecurity. The financial sector, in particular, is well-regulated and boasts robust cybersecurity measures, overseen by both the private sector and the central bank. Additionally, the country hosts a number of fintech companies. In 2023, we held a pitch competition for start-ups, with six winners selected, three at early stages and three further along. We then showcased them at eMERGE, a technology conference in Miami, which has been fostering its reputation as a technology hub for over a decade. Three of our finalists made it to the grand finals. Our aim is to cultivate a culture of innovation and support start-ups. To this end, our Technology and Innovation Committee has developed a comprehensive ecosystem map on our website, outlining the various stakeholders involved in the Dominican Republic's start-up scene, including start-ups themselves, universities, angel investors, and other levels of investment. ✖

BIO

William Malamud obtained a bachelor of arts in political science and international studies from Dickinson University and holds an MBA from the Thunderbird School of Global Management School at Arizona State University. He joined the AmCham in 1998, an organization that currently represents over 1,600 companies.

BUILDING *bridges*

The Dominican Republic's role continues to evolve as its influence and strategic importance grows in the Caribbean and Latin America.

Defined by the UN's geoscheme as a subregion of the Americas comprised of 13 sovereign island nations, the Caribbean is emerging as an important international powerhouse. At present, the Dominican Republic is the Caribbean's largest economy and the seventh largest in Latin America as a whole. Since the turn of the century, the Dominican Republic has had the fastest-growing economy in the Western Hemisphere. By leveraging this economic growth, its political stability, and its geographic location, the country hopes to become a regional leader in fostering diplomatic cooperation, attracting foreign investment, and promoting trade integration.

Since assuming the presidency in August 2020, President Luis Abinader's administration has focused its foreign policy on strengthening international relations, promoting trade, and attracting investments, positioning the country as a relevant player in the global arena. One of the country's notable successes came in 2022 with the adoption of UN Security Council Resolution 2645, which, thanks to Dominican diplomats, renewed an arms embargo on Haiti to prevent the supply of weapons to non-state actors, as well as a targeted asset freezes and travel ban measures against the gangs operating in the neighboring country—a significant achievement underscoring the growing influence of the Dominican Republic in the Caribbean region.

The president has also implemented measures to increase the professionalism and quality of the country's foreign relations. Through rigorous training of diplomats and the implementation of modern management practices, the country intends to demonstrate that its diplomatic staff is aligned with international standards and is capable of adequately representing the country's interests abroad.

Dominican Foreign Minister Roberto Álvarez has been actively pursuing greater visibility and acknowledgment of his Caribbean country in the international arena. A Dominican embassy was established in Guyana in 2023 and one in Riyadh, Saudi Arabia is soon to follow. These efforts signal efforts to increase trade and foreign investments with key locations. Minister Álvarez has also emphasized the strengthening of bonds with other strategic players, such as the US, the EU, and other Caribbean nations. Creating the Alliance for Development in Democracy together with Costa Rica, Panama, and Ecuador has allowed the four countries to jointly address political, cooperation, and trade issues, generating new commercial and investment opportunities and further positioning the Dominican Republic as a regional powerhouse in terms of diplomacy. The country is also seeking to increase its leadership role in the Caribbean by joining regional organizations such as the Central American Integration

System and the Association of Caribbean States, and actively participating in international forums such as the Organization of American States.

And it's not just diplomacy that the country is hoping to improve; the Dominican Republic is also using economic policies to strengthen trade ties with its neighbors and expand its export markets worldwide. With trade agreement negotiations such as the Dominican Republic-Central America FTA (CAFTA-DR), and the promotion of investment opportunities, the Dominican Republic is quickly becoming the regional hub for economic activity. In fact, the country has been trying to position itself as a nearshoring destination and logistics hub for the Americas, taking advantage of its geographic location between Europe, Africa, and North, Central, and South America. As William Malamud, Vice President of Cámara Americana De Comercio de la República Dominicana (AMCHAM-DR) told TBY, "Our state-of-the-art port and airport infrastructure attract significant investment in logistics. Improved logistics infrastructure makes us more appealing for nearshoring investments. Nearshoring and developing a logistics hub are top priorities for both the government and the private sector. The overarching strategy is tighter integration into North American value chains, essential for sustainable economic growth and improving living standards."

Promoting foreign trade and attracting investment have been crucial aspects of the government's strategy. Collaboration with the US and other key trade partners has been especially significant, improving supply chains and taking advantage of new business opportunities. Oil discoveries in Suriname and Guyana have boosted interest in those nations, and the Dominican Republic is aiming to position itself as a key player in the supply of manufacturing and logistics for projects involving those. The Dominican Republic is also focused on seeking positions in both the Organization of American States and various agencies of the United Nation. "The Dominican Republic boasts high levels of cybersecurity in its telecommunications and financial sectors, positioning it well for further integration into global value chains," William Malamud told TBY.

Overall, the foreign policy of the Dominican Republic is reflective of a strategic approach that intends to strengthen international relations, promote sustainable economic development, and project a positive image of the Dominican Republic to the world. The country is leveraging its political and economic stability, as well as its geographic location to transform itself into a regional leader in diplomacy and trade. With this clear vision, the country is well-positioned to face future challenges and take advantage of the numerous global opportunities awaiting it. ✖



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