

Dominican Republic

Dec 2020

Executive Summary

This country fact sheet provides key trade, investment, and tourism related statistics for the Dominican Republic. Specifically, it shows global trade and investment flows including an analysis of the top markets and products for the Dominican Republic in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also investigates tourism trends for the Dominican Republic as well as those between the Dominican Republic and South Africa. The key highlights in the fact sheet are provided below:

Economy

According to the World Bank the COVID-19 pandemic has significantly impacted the Dominican Republic's economy. The pandemic has caused a sharp contraction in the second quarter of 2020 across critical sectors such as tourism, construction, and mining. Furthermore, the Gross Domestic Products (GDP) is expected to contract by 4.3% in 2020 and projected to remain below its potential in 2021 and 2022. The impact of the pandemic has put a lot of pressure on the country's trade balance, but by 2021 a combination of economic recovery and improvements in the efficiency of public spending is expected to help return the fiscal deficit to a sustainable trajectory. Meanwhile, effective debt management and the development of local capital markets will become increasingly important to safeguard long-term debt sustainability and limit exposure to foreign-exchange risk.

Trade

Over the period 2010 to 2019, the Dominican Republic was a net importer of goods. In 2019 from the globe. The Dominican Republic exported of goods to the value of USD10.53bn. On the contrary, the country imported goods valued at USD18bn in 2019.

Between 2010 and 2019, South Africa was a net importer of Dominican Republic goods. In 2019 the Dominican Republic exported USD8.37m worth of goods to South Africa and in the same year the country imported USD12,65m from the Caribbean country. In 2019, the Western Cape's exported goods valued at USD262 070 to the Dominican Republic, while imported goods were valued at USD149 370.m. Exports from the province decreased between 2015 and 2019 by 1.14%, while imports decreased by 9.22%.

Investment

Between January 2003 and June 2020, a total of 11 FDI projects were recorded from the Dominican Republic. These projects represent a total capital investment of USD645,6m which indicates an average investment of USD58,69m per project. During the period, a total of 3 689 jobs were created.

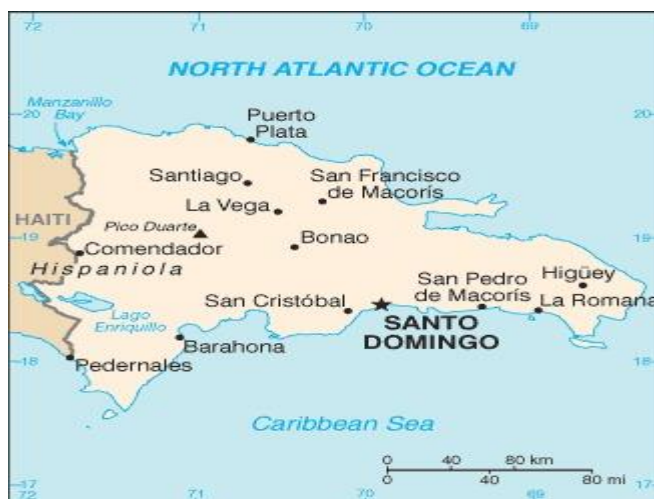
Table of Contents

1.	Country Overview	3
2.	Economic Overview	4
2.2	The Dominican Republic's Risk Ratings	7
3.	Trade	9
3.1	The Dominican Republic trade in services	9
3.2	The Dominican Republic's trade in goods	10
3.3	Trade with South Africa	13
3.4	Trade with the Western Cape	15
3.5	Trade Agreements	16
3.6	Tariffs	16
3.7	Standards and regulations	17
3.8	Port-to-Port	18
4.	Foreign Direct Investment	19
4.1	Global Investment into the Dominican Republic	19
4.2	Global investment from the Dominican Republic	23
4.4.1	Western Cape Investment Opportunities	24

1. Country Overview

The Dominican Republic is situated on the island of Hispaniola in the Greater Antilles archipelago of the Caribbean region. It occupies the eastern five-eighths of the island, which it shares with Haiti, making Hispaniola one of only two Caribbean islands, along with Saint Martin, that are shared by two sovereign states. The Dominican Republic is the second-largest nation in the Antilles by area (after Cuba) at 48,671 square kilometres (18,792 sq. mi), and third largest by population with approximately 10.5 million people (2020 est.), of whom approximately 3.3 million live in the metropolitan area of Santo Domingo, the capital city. The official language of the country is Spanish (Wikipedia, 2020).

The Dominican Republic has a representative democratic government whose power is divided among three independent branches: the executive, the legislative and the judicial (Wikipedia, 2020).



3

The president exercises the executive power. As a result of changes the country made to its constitution in 1994, presidential elections are now held separately from legislative and municipal elections; the president must be elected by a majority vote, which may require a second round of elections if the first round does not provide a majority to any one candidate; and a president may not be elected for more than one term (Wikipedia, 2020).

GENERAL INFORMATION: DOMINICAN REPUBLIC	
Capital of the Dominican Republic	Santo Domingo
Administrative regions	10 regions; Cibao Nordeste, Cibao Noroeste, Cibao Norte, Cibao Sur, El Valle, Enriquillo, Higuamo, Ozama, Valdesia, Yuma
(Population, 2020 Est.)	10,499,707
Government Type	Presidential republic
Head of Government	Luis Abinader (since 5 July 2020)
Life Expectancy (2014 Est.)	72 years
Ethnic Groups	Mixed 70.4% (mestizo/Indio 58%, mulatto 12.4%), black 15.8%, white 13.5%, other 0.3%
Religions (2017 Est.)	Roman Catholic 47.8%, Protestant 21.3%, other 2.2%, none 28%, do not know/no response .7%
Languages	Spanish (official)
Human Development Index (2018)	0,745

Sources: CIA World Factbook, 2020, UNDP, 2020

2. Economic Overview

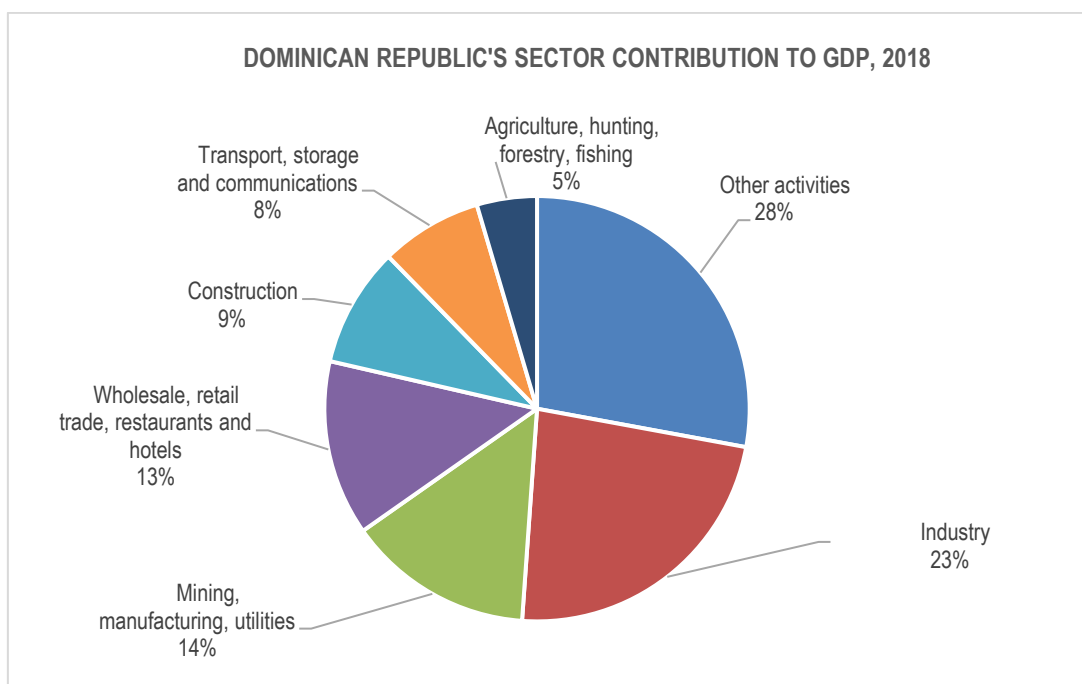
The Dominican Republic is well known for exporting sugar, coffee, and tobacco, but over the last three decades the economy has become more diversified as the services sector has overtaken agriculture as the economy's largest employer, due to growth in construction, tourism, and free trade zones. The mining sector has also played a greater role in the export market since late 2012 with the commencement of the extraction phase of the Pueblo Viejo Gold and Silver mine, one of the largest gold mines in the world (CIA Factbook , 2020).

According to the World Bank, the COVID-19 pandemic has had a significant impact on the Dominican Republic's economy; the pandemic has caused a sharp contraction in the second quarter of 2020 across critical sectors such as tourism, construction, and mining. Furthermore, the Gross Domestic Product (GDP) is expected to contract by 4.3% in 2020 and is projected to remain below its potential in 2021 and 2022. The impact of the pandemic is putting intense pressure on the trade balance, but by 2021 a combination of economic recovery and improvements in the efficiency of public spending should help return the fiscal deficit to a sustainable trajectory. Meanwhile, effective debt management and the development of local capital markets will become increasingly important to safeguard long-term debt sustainability and limit exposure to foreign-exchange risk.

ECONOMIC INFORMATION	
GDP (PPP) (2017)	USD1,125 trillion
Real GDP growth (2017)	-4,3%
GDP per capita (2017)	USD17 ,000
Inflation (2017)	3,3%
Population below the poverty line	30.5%
Unemployment rate (2017) (2016 est.)	5,1%
Doing Business in 2020 ranking	115
Total Exports (2017)	USD231.6 billion
Total Imports (2017)	USD221 billion

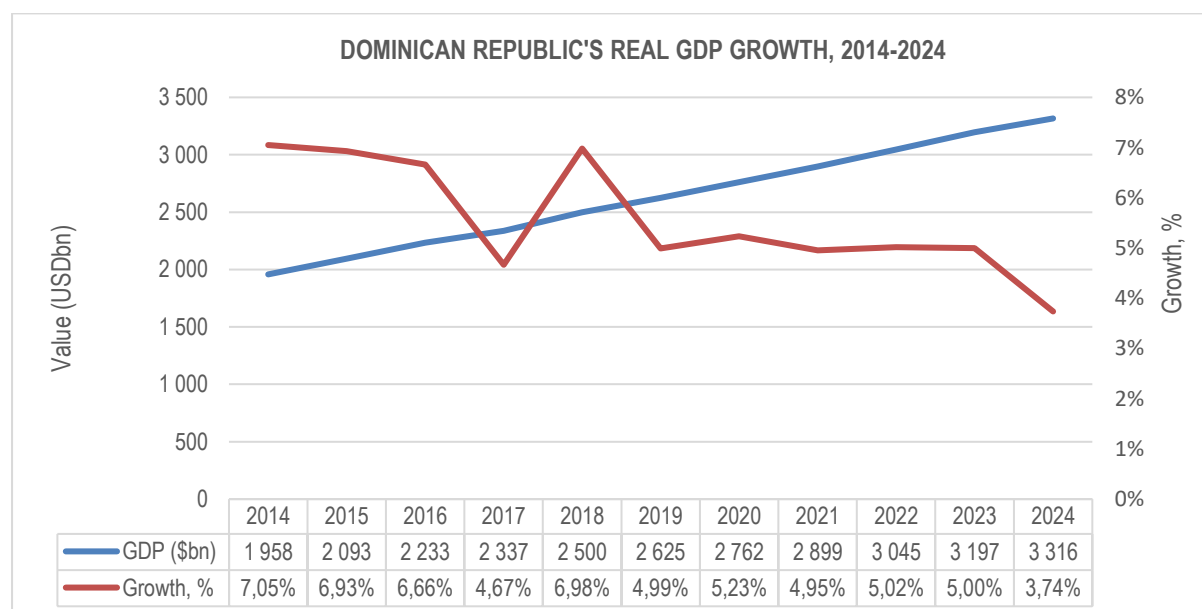
Source: CIA World Factbook, 2020, Indexmundi, 2020

A depiction of the contributions of the Dominican Republic's economic sectors to GDP in 2018 can be seen in the figure below. The largest contributor was the industrial sector (23%), followed by the mining, manufacturing and utilities sector, accounting for 14% of GDP.



Source: UNCTAD, 2020

The graph below shows the Dominican Republic's real GDP growth over an eleven-year period. Pre-COVID-19, the country's real GDP was expected to grow by 5,23 percent between 2019 and 2020.



Source: IMF, 2020

2.1 Doing Business in the Dominican Republic

The table below shows the Dominican Republic's "Ease of Doing Business" indices in 2020. According to the World Bank's *Doing Business 2020* report, the Dominican Republic ranked 115th out of 190 countries in terms of "Ease of Doing Business". The Dominican Republic's top-ranking indicators were trading across borders (66th), registering property (74th) and dealing with construction permits (80th).

DOMINICAN REPUBLIC'S COST OF DOING BUSINESS, 2020	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES
Starting a Business	112
Dealing with Construction Permits	80
Getting Electricity	116
Registering Property	74
Getting Credit	119
Protecting Investors	143
Paying Taxes	150
Trading Across Borders	66
Enforcing Contracts	133
Resolving Insolvency	124
Doing Business 2020	115

Source: *Cost of Doing Business, 2020*

2.2 The Dominican Republic's Risk Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating".

Source: Investopedia, 2017

While several credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only access to funding in international bond markets via the issuance of bonds in external debt markets, but it is also a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating serving as a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below the highest rating, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

Standard & Poor's credit rating for the Dominican Republic stands at BB- with a negative outlook. Moody's credit rating for the Dominican Republic was last set at Ba3 with a stable outlook. Fitch's credit rating for the Dominican Republic was last reported at BB- with a negative outlook.

DOMINICAN REPUBLIC'S COUNTRY RATINGS						
STANDARD & POORS SOVEREIGN RATINGS					FITCH RATING	MOODY'S RATINGS
Local Rating	Currency	Foreign Rating	Currency	T&C Assessment	Credit Rating	Credit Rating
BB-		BB-		BB-	BB-	Ba3
Negative		Negative		Negative	Negative	Stable
Apr 16 2020		Apr 16 2020		Apr 16 2020	May 08 2020	Jul 20 2017

Source: TradingEconomics, 2020

Several alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers this service is Belgium's Delcredereuroire, the country's official export credit agency and public credit insurer.

The table below shows Delcredereuroire's current risk assessment of the Dominican Republic in terms of export transactions and direct investments. The ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- Political risks associated with export transactions in the Dominican Republic are deemed moderate in the short, medium, and long-term.
- Commercial risk is, in turn, is considered to be of high levels risk.

Regarding direct investments, risks associated with all the categories are low as indicated by the scores awarded below.

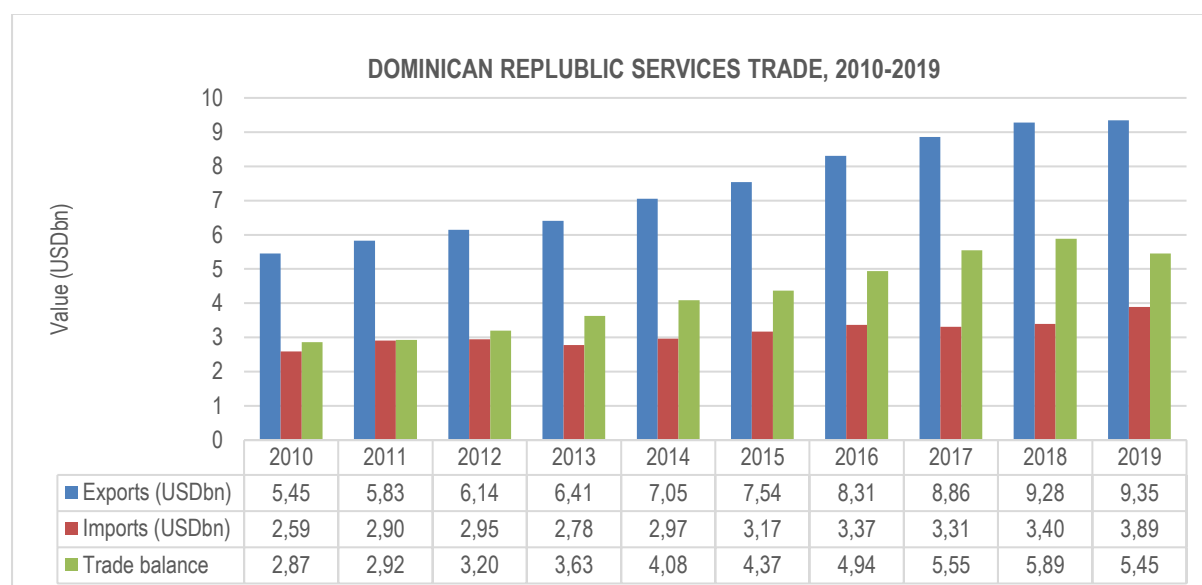
DOMINICAN REPUBLIC'S RISK ASSESSMENT - Delcredereducroire		
EXPORT TRANSACTIONS - (Scale 1 – 7) *		
Political Risks	Short Term	3
	Medium-Long term	3
	Special Transactions	3
Commercial Risk	C	
DIRECT INVESTMENTS		
Political violence risk	2	
Expropriation Risk	3	
Currency Inconvertibility & Transfer Restriction Risk	4	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and C is high risk.		

Source: ONDD, 2020

3. Trade

3.1 The Dominican Republic trade in services

In 2019, the Dominican Republic exported services to the value of USD9.35bn. The country's global exports of services grew by an annual average growth rate of 5.83% between 2015 and 2019. In terms of global imports, the Dominican Republic imported services valued at USD3,89bn. Moreover, imports grew by an annual average growth rate of 5.70% between 2015 and 2019. Furthermore, the Dominican Republic consistently maintained a positive trade balance over the period under review.



Source: Trademap, 2020

9

In 2019, travel was the largest exported service from the Dominican Republic, valued at USD7.49bn, followed by transport valued at USD674.70m. Other business services and government goods and services were ranked third and fourth and were valued at USD558.10m and USD314.30m, respectively.

Transport was the largest imported service into the Dominican Republic, valued at USD1.73bn, followed by travel valued at USD619.90m. Other business services and insurance and pension services were ranked third and fourth valued at USD562.30m and USD251.20m, respectively.

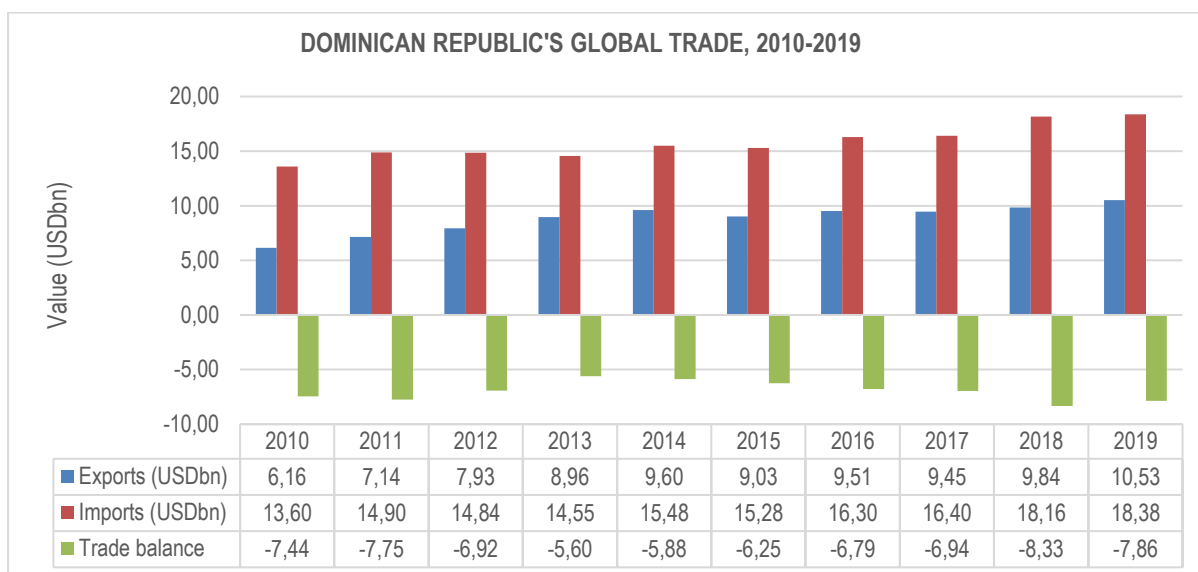
TOP 10 SERVICES EXPORTED BY THE DOMINICAN REPUBLIC, 2019				TOP 10 SERVICES IMPORTED BY THE DOMINICAN REPUBLIC, 2019			
CODE	SERVICE	VALUE 2019 (USD'000)	% GROWTH 2015-2020	CODE	SERVICE	VALUE 2019 (USD'000)	% GROWTH 2015-2019
4	Travel	7 468 100	5,89%	3	Transport	1 732 600	4,17%
3	Transport	674 700	6,37%	4	Travel	619 900	8,84%
10	Other business services	558 100	20,41%	10	Other business services	562 300	14,12%
12	Government goods and services	314 300	0,20%	6	Insurance and pension services	251 200	6,51%
9	Telecommunications, computer, and information services	91 000	-13,84%	8	Charges for the use of intellectual property	248 900	26,32%
6	Insurance and pension services	80 200	14,25%	7	Financial services	205 400	-9,36%
11	Personal, cultural, and recreational services	58 100	102,79%	12	Government goods and services	172 200	4,48%
1	Manufacturing services on physical	55 400	-3,40%	9	Telecommunications, computer, and information services	62 800	8,11%

	inputs owned by others						
7	Financial services	45 700	-2,28%	11	Personal, cultural, and recreational services	37 900	28,49%
TOTAL EXPORTS		9 345 600	5,83%	TOTAL IMPORTS		3 893 200	5,70%

Source: TradeMap, 2020

3.2 The Dominican Republic's trade in goods

Over the period 2010 to 2019, the Dominican Republic was a net importer of goods. In 2019, goods exported by the Dominican Republic reached USD10.53bn. On the contrary, the Dominican Republic imported goods valued at USD18.38bn in 2019. Furthermore, exports increased by an annual average growth rate of 1.97% while imports grew by 3.59% over the period 2015 to 2019.



Source: TradeMap, 2020

The United States was the leading export market for the Dominican Republic in 2019, with a value of USD5.70bn. Switzerland (USD773.74m) and Canada (USD491.18m) ranked second and third, respectively. Half of the top 10 destination countries for the Dominican Republic were from Europe.

TOP 10 DESTINATION MARKETS FOR THE DOMINICAN REPUBLIC EXPORTS, 2019			
RANK	COUNTRY	VALUE 2019 (USDm)	% GROWTH 2015-2019
1	United States	5 704,32	4,30%
2	Switzerland	773,74	98,85%
3	Canada	491,18	-16,67%
4	India	482,64	115,98%
5	China	471,56	27,15%
6	Netherlands	252,36	4,18%
7	Germany	250,57	1,03%
8	France	195,13	4,30%
9	Mexico	177,05	3,29%
10	United Kingdom	149,68	-7,56%
TOTAL EXPORTS		10 526,89	1,97%

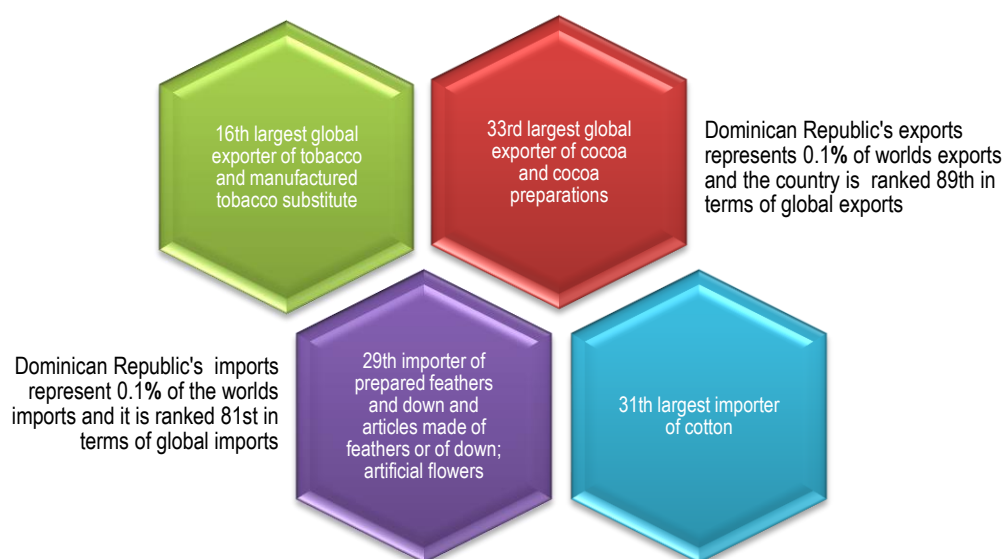
Source: TradeMap, 2020

In 2019, the United States was the leading import market for the Dominican Republic, with a value of USD9.21bn. This is primarily because of the close proximity to the United States as well as a preferential commercial treatment granted to the country under the Caribbean Basin Initiative (CBI). China (USD2.39bn) and Brazil (USD677.30m) were ranked second and third, respectively.

TOP 10 SOURCE MARKETS FOR DOMINICAN REPUBLIC, 2019			
RANK	COUNTRY	VALUE 2019 (USDm)	% GROWTH 2015-2019
1	United States	9 207,77	3,38%
2	China	2 393,01	13,76%
3	Brazil	677,30	14,94%
4	Spain	676,30	14,05%
5	Mexico	607,53	-5,90%
6	Italy	391,79	12,46%
7	Colombia	346,21	4,73%
8	Germany	301,39	6,78%
9	Netherlands	296,46	22,13%
10	Japan	266,46	4,74%
TOTAL EXPORTS		18 384,06	3,59%

Source: TradeMap, 2020

The figure below shows the Dominican Republic's competitive advantage in trade:



Source: TradeMap, 2020

Gold was the leading exported product from the Dominican Republic in 2019, valued at USD1.64bn. The country is the site of the single largest gold mine in Latin America, the Pueblo Viejo mine. The second largest exported product group were instruments and appliances used in medical, surgical, dental, or veterinary sciences, worth USD1.40bn, followed by and cigars which was valued at USD831.86m in 2019. Furthermore, other top exported products were electrical apparatus for switching or protecting electrical circuits (USD811.67m) and bananas (USD416.71m).

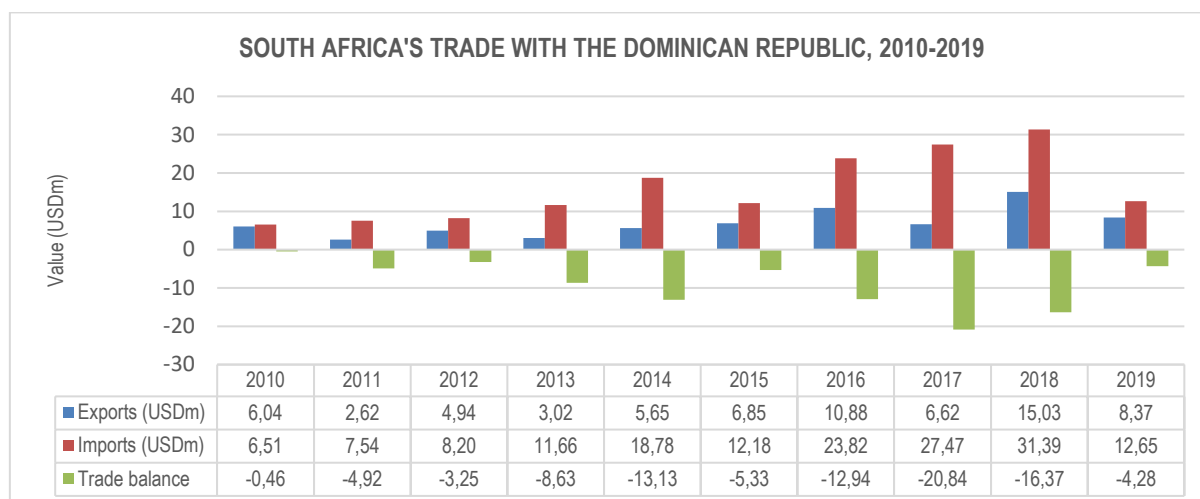
Refined petroleum oils and oils obtained from bituminous minerals were the leading imported products to the Dominican Republic in 2019, valued at USD1.81bn. Motor cars and articles of jewellery and parts thereof were ranked second and third at USD732.50m and USD529,60m respectively. Of the top ten imported products, instruments and appliances used in medical, surgical, dental, or veterinary sciences had the highest 5-year growth per annum at 31.45%.

TOP 10 PRODUCTS EXPORTED BY THE DOMINICAN REPUBLIC, 2019				TOP 10 PRODUCTS IMPORTED BY THE DOMINICAN REPUBLIC, 2019			
RANK	PRODUCT	VALUE 2019 (USDm)	% GROWTH 2015-2019	RANK	PRODUCT	VALUE 2019 (USDm)	% GROWTH 2015-2019
1	Gold	1 637,38	2,08%	1	Refined petroleum oils and oils obtained from bituminous minerals	1 809,69	-0,97%
2	Instruments and appliances used in medical, surgical, dental, or veterinary sciences	1 399,66	12,89%	2	Motor cars	732,50	4,84%
3	Cigars, cheroots, cigarillos, and cigarettes of tobacco or of tobacco substitutes	831,86	9,75%	3	Articles of jewellery and parts thereof	529,60	26,86%
4	Electrical apparatus for switching or protecting electrical circuits	811,67	13,49%	4	Petroleum gas and other gaseous hydrocarbons	514,29	-0,66%
5	Bananas	416,71	12,17%	5	Telephone sets	450,82	8,65%
6	T-shirts, singlets, and other vests, knitted or crocheted	383,75	4,66%	6	Crude Petroleum oils and oils obtained from bituminous minerals	388,87	-2,97%
7	Pharmaceutical preparations	313,80	8,61%	7	Instruments and appliances used in medical, surgical, dental, or veterinary sciences	368,29	31,45%
8	Ferroalloys	312,56	-	8	Maize or corn	254,88	2,91%
9	Footwear with outer soles of rubber	255,59	48,24%	9	Cotton yarn other than sewing thread	246,22	19,85%
10	Articles of jewellery and parts thereof	233,29	4,22%	10	Unmanufactured tobacco; tobacco refuse	244,89	11,24%
TOTAL EXPORTS		10 526,89	1,63%	TOTAL IMPORTS		18 384,06	1,38%

Source: TradeMap, 2020

3.3 Trade with South Africa

Between 2010 and 2019, South Africa was a net importer of Dominican Republic goods. In 2019, South Africa exported USD8.37m worth of goods to the Dominican Republic and in the same year the country imported USD12,65m from the Dominican Republic.



Source: Quantec, 2020

The leading exported product from South Africa to the Dominican Republic in 2019 were motor vehicles, valued at USD5,45m, followed by residual lyes from the manufacture of wood pulp (USD532 780) and machinery for sorting, screening, earth, stone, ores, or other mineral substances (USD419 880). Of the top 10 exported products, the highest growth was recorded for printing ink between 2015 and 2019.

The leading imported product into South Africa from the Dominican Republic was ferro-alloys, valued at USD3.59m, followed by instruments and appliances used in medical, surgical, dental or veterinary sciences (USD3.56m) and pharmaceutical goods (USD1.55m). Of the top 10, the highest growth rate was recorded by wadding, gauze, bandages, and similar articles (544,12% y-o-y) between 2015 and 2019.

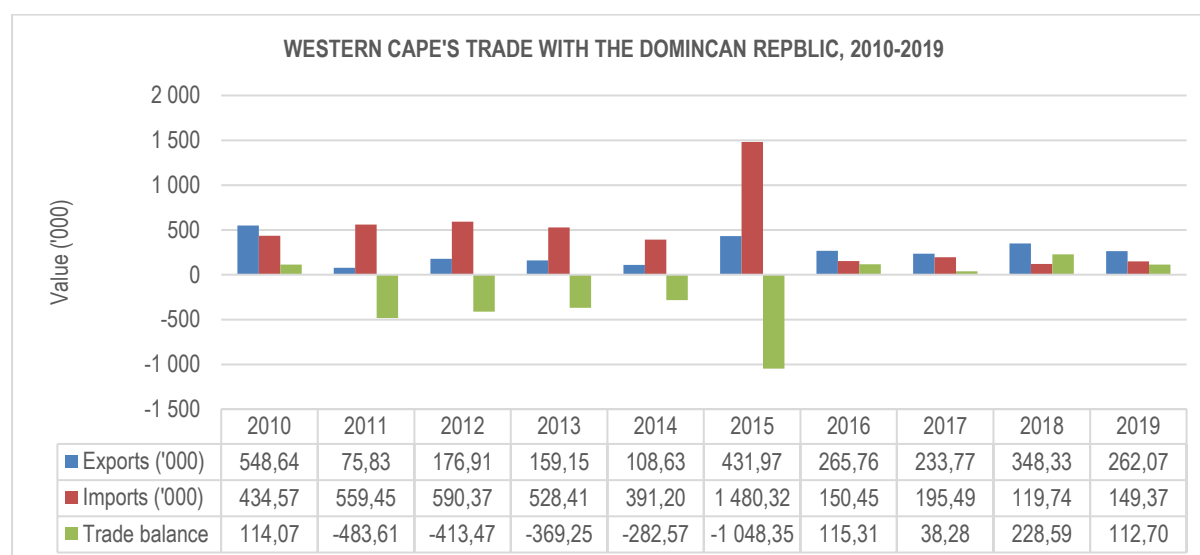
TOP 10 SOUTH AFRICAN EXPORTS TO THE DOMINICAN REPUBLIC, 2019				TOP 10 SOUTH AFRICAN IMPORTS FROM THE DOMINICAN REPUBLIC, 2019			
RANK	PRODUCT	VALUE 2019 (USDm'000)	% GROWTH 2015-2019	RANK	PRODUCT	VALUE 2016 (USD'00)	% GROWTH 2015-2019
1	Motor vehicles	5 446,98	-5,99%	1	Ferroalloys	3 590,20	-
2	Residual lyes from the manufacture of wood pulp	532,78	12,78%	2	Instruments and appliances used in medical, surgical, dental, or veterinary sciences	3 561,83	-7,40%
3	Machinery for sorting, screening, earth, stone, ores, or other mineral substances	419,88	107,91%	3	Pharmaceutical goods	1 552,93	-12,27%
4	Other office machines	236,78	30,34%	4	Electrical apparatus for switching or protecting electrical circuits	936,53	0,80%
5	Electrical insulators of any material	185,75	79,96%	5	Footwear with outer soles of rubber, plastics, leather or composition leather	773,42	3,41%

					and uppers of leather		
6	Metal-rolling mills and rolls therefor	178,35	7,77%	6	Cigars	732,81	57,06%
7	Tanning extracts of vegetable origin	129,70	115,21%	7	Wadding, gauze, bandages, and similar articles	454,14	544,12%
8	Unmanufactured tobacco; tobacco refuse	120,87	285,44%	8	Parts suitable for of electrical apparatus	278,05	7,36%
9	Printing ink	110,47	649137,89%	9	Parts and accessories for machines, appliances, instruments	82,41	-
10	Medicaments	100,42	16,58%	10	Compound optical microscopes	76,52	44,36%
TOTAL EXPORTS		8 374,20	-1,53%	TOTAL IMPORTS		12 650,18	6,07%

Source: Trademap, 2020

3.4 Trade with the Western Cape

In 2019, the Western Cape's exported goods to the Dominican Republic were valued at USD262 070, while imported goods were valued at USD149 370. Exports decreased between 2015 and 2019 by 1.14%, while imports decreased by 9.22%. Between 2016 and 2019, the Western Cape demonstrated a positive trade balance, with the highest trade balance (USD228 590m) in 2018.



Source: Quantec, 2020

In 2019, printing ink (valued at USD112 256) was the leading exported product from the Western Cape to the Dominican Republic, followed by beauty or make-up preparations and preparations for the care of the skin (USD60 964) and self-propelled bulldozers, angledozers etc. (USD51 799). Of the top ten exported products, the highest growth rate was recorded for paintings with an average growth rate of 358,95%.

In terms of imports, in 2019 cigars (USD74 300) were the leading import product this was followed by mechanical appliances, valued at USD21 804 and seats, valued at USD15 502. Of the top ten imported products, mechanical appliances experienced the highest growth rate of 1 722,19% per annum.

TOP 10 WESTERN CAPE EXPORTS THE DOMINICAN REPUBLIC, 2019				TOP 10 WESTERN CAPE IMPORTS THE DOMINICAN REPUBLIC, 2019			
RANK	PRODUCT	VALUE 2019 (USD)	% GROWTH 2015-2020	RANK	PRODUCT	VALUE 2019 (USD)	% GROWTH 2015-2020
1	Printing ink	112 256	49,96%	1	Cigars	74 300	32,38%
2	Beauty or make-up preparations and preparations for the care of the skin	60 964	66,62%	2	Mechanical appliances	21 804	1 722,19%
3	Self-propelled bulldozers, angledozers etc.	51 799	-	3	Seats	15 502	-
4	Undenatured ethyl alcohol	11 042	-	4	Instruments and appliances used in medical, surgical, dental, or veterinary sciences	8 374	170,11%
5	Paintings	5 873	358,95%	5	Artists', students', or signboard painters' colours	5 432	-
6	Safety fuses	5 266	-	6	Brooms, brushes	4 257	-89,18%

7	Dish washing machines	3 888	-97,07%	7	Coffee	3 893	-
8	Instruments and appliances used in medical, surgical, dental, or veterinary sciences	3 626	-	8	Textile fabrics	2 694	-
9	Saturated acyclic monocarboxylic acids and their anhydrides	2 432	-	9	Self-adhesive plates, sheets, film, foil, tape, strip, and other flat shapes	2 215	-33,98%
10	Vegetable saps and extracts	1 448	-	10	Electrical apparatus for switching or protecting electrical circuits	1 761	-40,81%
TOTAL EXPORTS		262 067	-24,76%	TOTAL IMPORTS		149 371	24,75%

Source: Quantec, 2020

3.5 Trade Agreements

South Africa's does not have a trade agreement the Dominican Republic.

3.6 Tariffs

Tariffs imposed on South African exports to the Dominican Republic in 2019 are listed below. These tariffs are listed by the importing country, i.e. the Dominican Republic:

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY THE DOMINICAN REPUBLIC, 2019							
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	3	H33: Essential oils, perfumes, cosmetics, toiletries	17	H65: Headgear and parts thereof	15		
H02: Meat and edible meat offal	29	H34: Soaps, lubricants, waxes, candles, modelling pastes	13	H66: Umbrellas, walking-sticks, seat-sticks, whips	20		
H03: Fish, crustaceans, molluscs, aquatic invertebrates	19	H35: Albuminoids, modified starches, glues, enzymes	8	H67: Bird skin, feathers, artificial flowers, human hair	19		
H04: Dairy products, eggs, honey, edible animal product	19	H36: Explosives, pyrotechnics, matches, pyrophorics	6	H68: Stone, plaster, cement, asbestos, mica, articles	13		
H05: Products of animal origin	3	H37: Photographic or cinematographic goods	5	H69: Ceramic products	14		
H06: Live trees, plants, bulbs, roots, cut flowers	11	H38: Miscellaneous chemical products	1	H70: Glass and glassware	6		
H07: Edible vegetables and certain roots and tubers	20	H39: Plastics and articles thereof	6	H71: Pearls, precious stones, metals, coin	17		
H08: Edible fruit, nuts, peel of citrus fruit, melons	20	H40: Rubber and articles thereof	9	H72: Iron and steel	3		
H09: Coffee, tea, mate, and spices	16	H41: Raw hides and skins (other than furskins) and leather	0	H73: Articles of iron or steel	10		
H10: Cereals	3	H42: Articles of leather, animal gut, harness, travel goods	19	H74: Copper and articles thereof	1		
H11: Milling products, malt, starches, inulin, wheat gluten	6	H43: Furskins and artificial fur, manufactures thereof	6	H75: Nickel and articles thereof	0		
H12: Oil seed, oleaginous fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	4	H76: Aluminium and articles thereof	2		
H13: Lac, gums, resins, vegetable saps and extracts	1	H45: Cork and articles of cork	12	H78: Lead and articles thereof	0		
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	15	H79: Zinc and articles thereof	0		
H15: Animal, vegetable fats and oils, cleavage products,	12	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0		
H16: Meat, fish, and seafood food preparations	24	H48: Paper & paperboard, articles of pulp, paper, and board	7	H81: Other base metals, cermets, articles thereof	1		

H17: Sugars and sugar confectionery	16	H49: Printed books, newspapers, pictures	7	H82: Tools, implements, cutlery, of base metal	5
H18: Cocoa and cocoa preparations	18	H50: Silk	0	H83: Miscellaneous articles of base metal	12
H19: Cereal, flour, starch, milk preparations and products	17	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	1
H20: Vegetable, fruit, nut food preparations	19	H52: Cotton	0	H85: Electrical, electronic equipment	5
H21: Miscellaneous edible preparations	11	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits, and vinegar	19	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	12
H23: Residues, wastes of food industry, animal fodder	4	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	3
H24: Tobacco and manufactured tobacco substitutes	18	H56: Wadding, felt, nonwovens, yarns, twine, cordage	5	H89: Ships, boats, and other floating structures	3
H25: Salt, sulphur, earth, stone, plaster, lime, and cement	4	H57: Carpets and other textile floor coverings	20	H90: Optical, photo, technical, medical apparatus	2
H26: Ores, slag, and ash	0	H58: Special woven or tufted fabric, lace, tapestry	2	H91: Clocks and watches and parts thereof	19
H27: Mineral fuels, oils, distillation products,	2	H59: Impregnated, coated, or laminated textile fabric	1	H92: Musical instruments, parts, and accessories	19
H28: Inorganic chemicals, precious metal compound, isotopes	0	H60: Knitted or crocheted fabric	7	H94: Furniture, lighting, signs, prefabricated buildings	19
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	20	H95: Toys, games, sports requisites	19
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	20	H96: Miscellaneous manufactured articles	20
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	19	H97: Works of art, collectors' pieces, and antiques	1
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	7	H64: Footwear, gaiters and the like, parts thereof	19		

Source: Trademap, 2020

17

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.7 Standards and regulations

The Dominican Standardization System follows international guidelines, and it is compatible with the General Agreement on Tariffs and Trade (GATT) Code of Standards.

INDOCAL (Instituto Dominicano para la Calidad-Quality Dominican Institute) is the Dominican governmental body overseeing the formulation, and implementation of quality norms in the Dominican Republic. INDOCAL was created to replace the former DIGENOR. In June 2012 the Dominican standards system experienced a significant change with the promulgation of a new Law that created the SIDOCAL (Sistema Dominicano para la Calidad); which oversees quality control development, the development of norms/standards, metrology, monitoring, certification, and accreditation.

Standards

Under the new law that created SIDOCAL the following are the new standards organizations:

INDOCAL serves as the National Notification Authority under the WTO agreement on Technical Barriers to Trade and the Local Agent for the International Organization for Standardization (ISO). CEDIRET (Centro Dominicano de Información sobre Reglamentación Técnicas) is the institution in charge of the compilation and publication of standards in the Dominican Republic

The Ministry of Agriculture is the National Contact Point for Codex Alimentarius Commission (international standard-setting body for food standards) (International Trade Administration , 2020).

Testing, inspection, and certification

INDOCAL is the institution authorized to provide product certification in the Dominican Republic. The INDOCAL Seal of Compliance (Sello de Calidad INDOCAL, in Spanish) is a certification that indicates (manufactured) products have met Dominican standards. Any company interested in obtaining this certification for its product should present documentation indicating that an internationally accredited laboratory (including the two local laboratories currently accredited) has tested and approved the product. In the case of pharmaceuticals, cosmetics, processed foods and dairy products, the products must also receive a certification of approval ("Registro Sanitario," in Spanish) from the Ministry of Public Health. Without this "Registro Sanitario", pharmaceutical, cosmetics, processed foods and dairy products are not allowed to enter the Dominican Republic (International Trade Administration, 2020).

There are two accreditation laboratories in the Dominican Republic. One is for electrical equipment, which is mainly used by the electricity utilities to test customers' energy meters suspected of having been altered for fraudulent purposes. There is another laboratory with the required accreditation for performing tests on food products, the Instituto de Innovación en Biotecnología e Industria (IIBI). However, SIDOCAL provides that documents and assessments prepared by internationally accredited bodies or testing laboratories shall be accepted in the Dominican Republic (International Trade Administration, 2020).

For more information on the "Registro Sanitario" please visit the website of the Ministry of Public Health and Social Assistance: <https://www.msp.gob.do>

KEY TRADE CONTACTS IN DOMINICAN REPUBLIC		
Representative	Address	Contact
H E Mr G Galvan Suzana	252 Berea Street, Muckleneuk, Pretoria, South Africa	(+27) 12-362-2463/ dominicanembassy@gmail.com
South Africa is not residentially represented in the Dominican Republic. Please contact the SA Embassy in <u>Havana, Cuba</u> .	5ta. Ave. No.4201 esq. 42 Miramar, Havana, Cuba	+537-204-1101/ mision@sudafrica.cu

Source: Visahq.com,2020

18

3.8 Port-to-Port

Santo Domingo is the most important port in the Dominican Republic. The port is located close to the Rio Haina harbour, which deals with sugar, fruits, coffee, and other local products. Moreover the port is located on the river Rio Ozama which flows into the city of Santo Domingo.

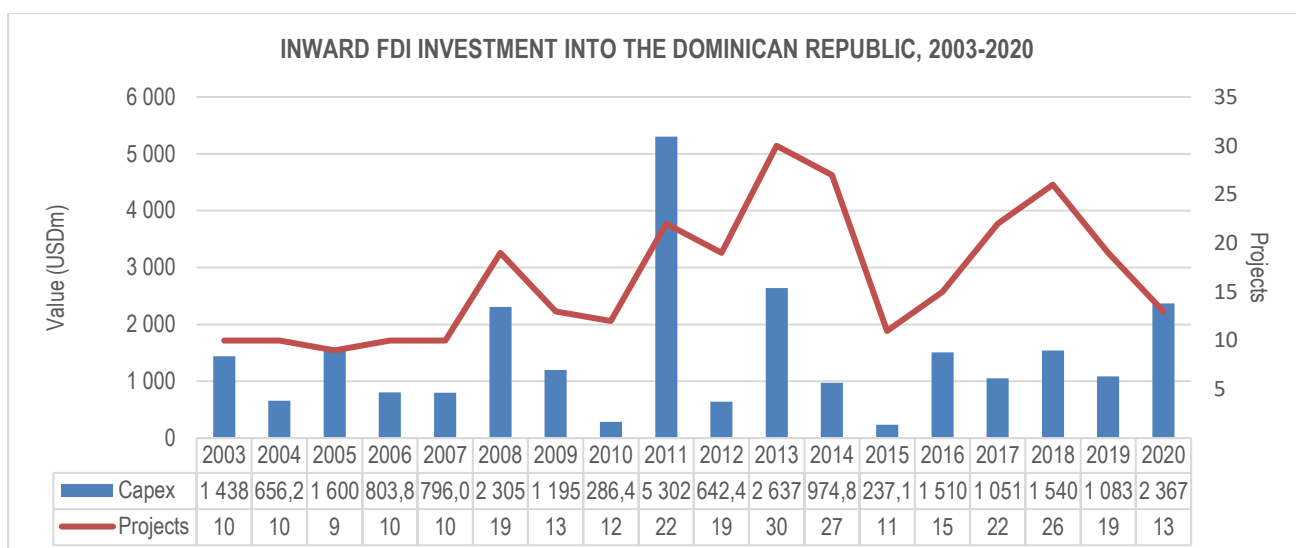
TRANSIT TIME FROM CAPE TOWN TERMINAL TO THE LARGEST PORTS IN THE DOMINICAN REPUBLIC, 2020		
TERMINAL	DISTANCE	TRANSIT TIME
Port of Santo Domingo	11055 km	60 days
Rio Haina	11055 km	60 days
Port of Barahona	11055 km	60 days
Port of Puerto Plata	11055 km	60 days
Port of Caucedo	11055 km	60 days
Port of Samana	11055 km	60 days
Port of Manzanillo	11055 km	60 days

Source: SeaRates, 2020

4. Foreign Direct Investment

4.1 Global Investment into the Dominican Republic

Between January 2003 and October 2020, a total of 297 FDI projects were recorded into the Dominican Republic. These projects represent a total capital investment (capex) of USD26.43bn, which is an average investment of USD89m per project. During this period, a total of 76 388 jobs were created. The graph shows that capex into the Dominican Republic peaked in 2011 at USD5.30bn while projects reached their peak in 2013 with a total of 30 projects.



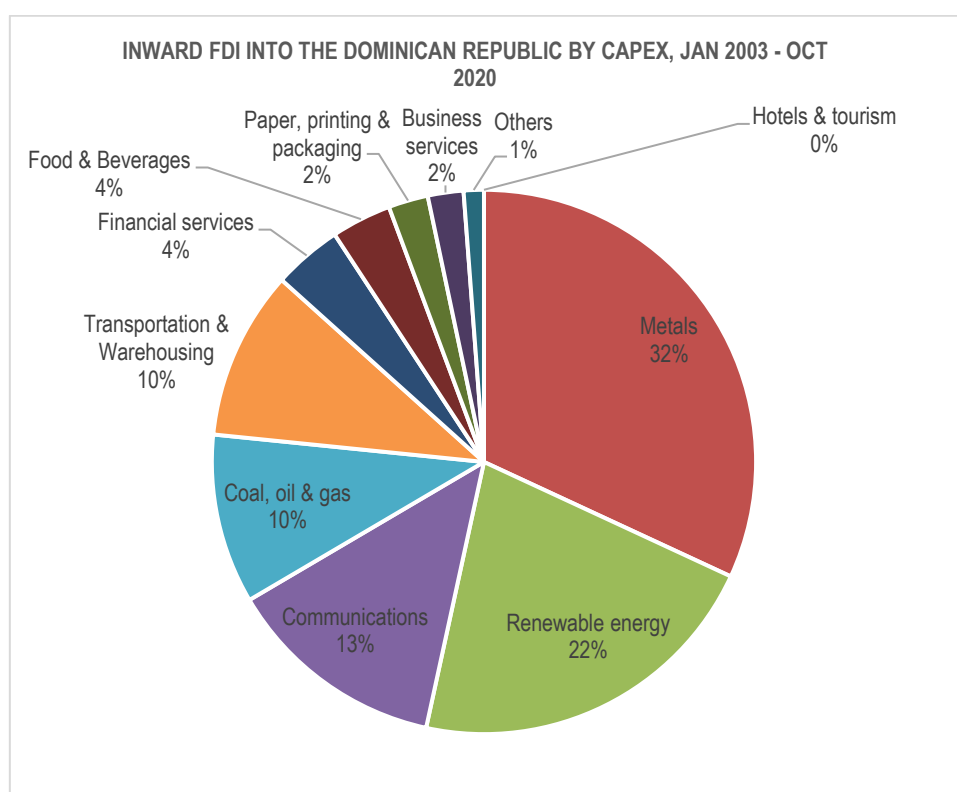
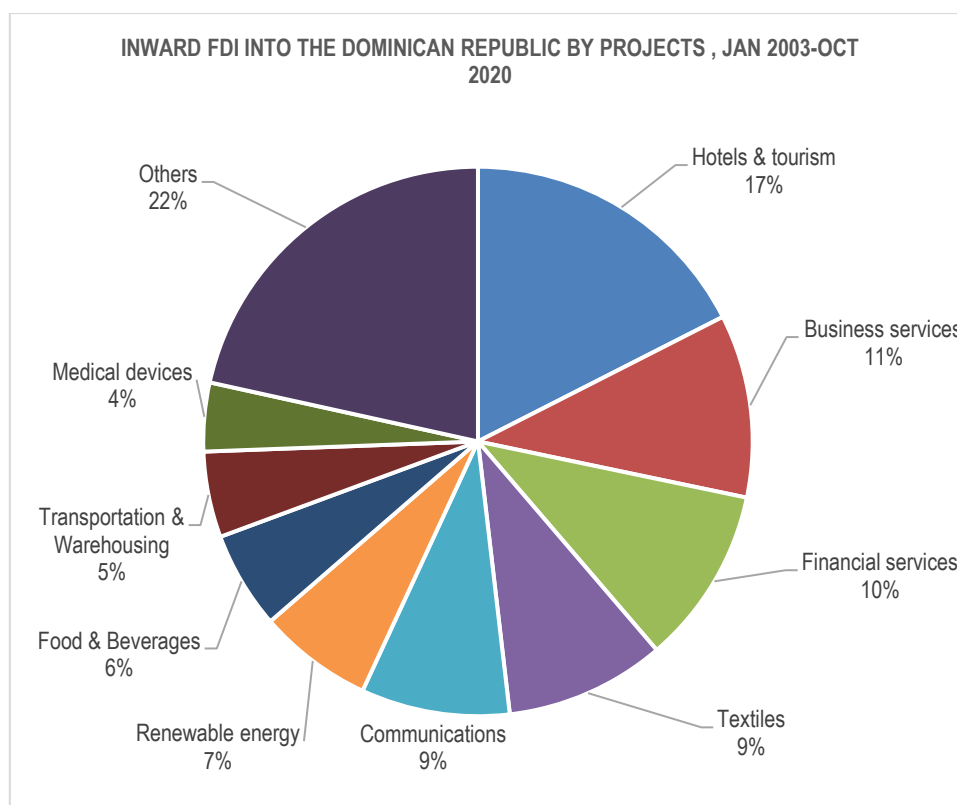
Source: FDI Intelligence, 2020

In terms of projects, Canada was the largest source market for inward FDI into the Dominican Republic with 21 investment projects, which accounted for 22% of projects. The United States and Spain were ranked second and third, accounting for 13% and 6% of projects, respectively.

TOP 10 DESTINATION MARKETS FOR FDI INTO THE DOMINICAN REPUBLIC, 2003 –JUNE 2020					
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX
1	Canada	21	22%	6 001	22,71%
2	United States	80	13%	5 129	19,41%
3	Spain	73	6%	5 023	19,00%
4	Turkey	2	6%	2 000	7,57%
5	Mexico	15	5%	1 615	6,11%
6	Germany	9	3%	649	2,45%
7	South Korea	3	3%	600	2,27%
8	Ireland	5	3%	590	2,23%
9	Netherlands	8	3%	573	2,17%
10	Venezuela	14	2%	540	2,04%
TOTAL		297	100%	26 430	100,00%

Source: FDI Intelligence, 2020

The hotel and tourism and business services sector were the top receiver of FDI by projects, accounting for 17% and 11% of FDI projects, respectively. This was followed by the financial services sector (10%). In terms of capex, the metals and the renewable energy sector were the top two sectors, accounting for 32% and 22% respectively.



Source: FDI Intelligence, 2020

The table below shows a list of the ten companies that are responsible for FDI inflow into the Dominican Republic. The leading company was Banesco Banco Universal with 11 investment projects, valued at approximately USD365.0m. Globalia

Corporation and Melia Hotels International (Sol Melia Hotels & Resorts) were the second largest recipient of inward FDI investment with 6 projects respectively.

TOP 10 COMPANIES FOR FDI OUT OF THE DOMINICAN REPUBLIC, JAN 2003–OCT 2020					
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)	JOBS CREATED
1	Banesco Banco Universal	Business Services	11	365,0	543
2	Globalia Corporation	Hotels & tourism	6	420,9	1 732
3	Melia Hotels International (Sol Melia Hotels & Resorts)	Hotels & tourism	6	523,4	2 133
4	Orange Dominicana	Communications	5	446,2	572
5	Claro	Communications	4	438,6	306
6	Gildan Activewear	Textiles	4	234,1	3 640
7	AES Corporation (AES)	Coal, oil & gas	3	525,0	539
8	Altice	Communications	3	127,1	297
9	DP World	Transportation & Warehousing	3	509,0	755
10	Sportline America	Textiles	3	9,6	372
TOTAL			297	26 429,6	76 388

Source: FDI Intelligence, 2020

4.2 Global investment from the Dominican Republic

Between January 2003 and June 2020, a total of 11 FDI projects were recorded from the Dominican Republic to the globe. These projects represent a total capital investment of USD645,6m which amounts to an average investment of USD58,69m per project. During the period under review, a total of 3 689 jobs were created.

Project date	Investing company	Destination country	Sector	Activity	Capital investment	Jobs created
Apr 2018	The Price Models	Spain	Business services	Business Services	2,4	45
Aug 2010	EGO Vanity Shoes	United States	Textiles	Retail	59,7	106
Aug 2010	KB Importadora	United States	Consumer products	Retail	19,1	318
Jul 2009	Industrias Nacionales C por A (INCA)	Costa Rica	Metals	Sales, Marketing & Support	5	45
Feb 2009	Marabel Farms	United States	Food & Beverages	Logistics, Distribution & Transportation	34,8	129
Feb 2007	Caribbean Land Development Group	Peru	Hotels & tourism	Construction	166	991
Feb 2007	Caribbean Land Development Group	Peru	Hotels & tourism	Construction	166	991
Feb 2007	Caribbean Land Development Group	Peru	Hotels & tourism	Construction	166	991
Mar 2005	Fertilizantes Santo Domingo (Fersan)	Jamaica	Chemicals	Manufacturing	9,7	14
Feb 2004	FreeStar Technology	Switzerland	Software & IT services	Headquarters	12,5	41
Dec 2003	FreeStar Technology	Sweden	Software & IT services	Sales, Marketing & Support	4,4	18
TOTAL					645,6	3 689

Source: FDI Intelligence, 2020

4.4.1 Western Cape Investment Opportunities

WESTERN CAPE INVESTMENT OPPORTUNITIES FOR THE DOMINICAN REPUBLIC COMPANIES, 2017	
Agribusiness Opportunities:	
<ul style="list-style-type: none"> Niche markets such as biltong, herbal tea and ostrich meat are likely to find a burgeoning global audience among health-conscious consumers. The increasing use of genetically modified crops will help to significantly improve yields and output. Corn production would benefit from a decision to lift the ban on the use of the crop for biofuel. Sugar consumption is set to rise and, along with disposable incomes, there will be growth in the fast food and casual dining industries. Development of food supply chain technologies especially in food safety Growing and exporting of cut and dried flowers. Expand domestic fruit juice concentrate production. Extend production of organic products for domestic and export markets. Expand production of honey bush teas to meet growing consumer demand. Expand production and processing of ostrich products Expand production of high-quality wines for export and establish boutique cellars. Modernise and expand wine and beverage production facilities. Expand packaging, freezing and canning facilities for export products. Cuniculture (Rabbit farming). Agri tourism Cold storage facilities Multiple opportunities in agribusiness value chain Per capita food consumption is forecast to grow dynamically over our forecast period, opening expansion opportunities for existing companies. Several food segments remain underdeveloped and would benefit from further investment. Many industry sub-sectors, such as energy drinks, tea, and coffee, are far from saturated and would benefit from further investment. Rising health-consciousness is boosting demand for low-calorie soft drinks. Scope for growth in high-end premium retailing as South Africa gets richer over the long term. 	
ICT Opportunities:	
<ul style="list-style-type: none"> In the personal devices market, vendors will be able to tap demand from first-time buyers and in the upgrade/replacement market as the economic environment becomes more supportive. Improvements to network infrastructure, an enabler for device sales, as well as wider adoption of cloud services and smart infrastructure. Potential for South Africa to become a cloud services hub in the region due to relative strengths in network connectivity and legal environment. Strong private investment in key industry verticals, including financial services, retail, and manufacturing. Vibrant small- and medium-sized business sector will sustain demand for IT products and services. 	
Oil & Gas	
<ul style="list-style-type: none"> Considerable offshore exploration opportunities with major companies involved in upstream activity. Shale gas resources in the Karoo Basin are thought to be among the largest in the world. Coal-bed methane potential in the Karoo, with positive pilot production displaying upside potential. The potential development of the LNG IPP Programme presents notable upside to gas imports. The proposed separation of oil and gas regulation from legislation covering the mining industry could provide greater regulatory clarity. Considerable offshore exploration opportunities in South Africa Shale gas resources in Karoo Basin Services facility: Port development and management. Onshore and offshore maintenance Pipeline engineering and construction (both subsea and onshore): Lack of gas infrastructure: LNG facilities plant required: over reliance on imports and Eskom needed to reduce reliance on diesel due to costs and shift towards gas Upgrading of refineries required to meet standards Building a new refinery as future forecast is that the consumption will outstrip production Storage facilities 	
Real Estate Opportunities:	
<ul style="list-style-type: none"> Good retail sales, despite a slowing economy, reveal potential for relevant commercial unit developments, as well as distribution space. A developing REIT market will attract foreign investment further down the line. 	

<ul style="list-style-type: none"> • The anticipated rebound in GDP growth indicates potential for the broader commercial real estate market, amid improving demographics • Building of boutique hotels (5-star, 4 star and 3 star) due to growing tourism market
Electronics Opportunities:
<ul style="list-style-type: none"> • Suppliers of parts and components for wind turbines and photo voltaic • Manufacture of automotive and electronic components • Manufacture of consumer electronics

For more information on this publication and other Wesgro publications please contact research@wesgro.co.za or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2020.