

# DOMINICAN REPUBLIC

## BRIGHT AND FRIENDLY

President Leonel Fernandez' third term as President of the Dominican Republic is set to usher in an era of prosperity as stability supports the country's economic advancement

Though national economies around the globe are bracing themselves for financial crisis on a grand scale, the Dominican Republic is going into the downturn in an enviable fiscal position. Over the past 10 years, foreign direct investment (FDI) in the country has totaled over \$10 billion. Last year, it poured in at its fastest rate in half a century, according to the Dominican Republic Exports and Investment Center (CEI-RD). In 2008, FDI reached a historical high of \$2.7 billion, up \$1 billion over 2007, a jump of more than 58.8%. Similar figures are expected for this year, leading the investment agency to forecast that the Dominican Republic will soon be the region's top investment destination.

These numbers are especially remarkable as it has only been a few years since the DR was struck by banking collapse and economic crisis. This change in fortune is attributed to President Leonel Fernandez's success in restoring international confidence in the country, and to a range of new strategic economic alliances. The President has devoted considerable time and effort travelling to countries such as the United Arab Emirates, Kuwait, Taiwan and Korea, acting in an ambassadorial role by promoting his country's advantages as a "springboard" for entering the United States duty-free. President Fernandez believes that the free-trade agreement has led to growth and will continue to do so. "If European and Asian investors see the Dominican Republic as a point of contact for the eastern United States, we can go even further than Singapore."

Thanks to the implementation of the DR-CAFTA in 2007, a regional free trade agreement with the United States, the Dominican Republic is receiving a surge of interest from foreign companies wishing to set up business operations there. The government has also signed trade agreements with the European Union and the surrounding Caribbean community (CARICOM), which are sure to bring further foreign direct investment in the future.



**Dr. Leonel Fernandez**  
President of  
the Dominican Republic

"The Dominican Republic offers a fertile ground for investment," says Secretary of Foreign Relations Carlos Morales Troncoso, pointing out that the Spanish-speaking country shares a common language with 45 million Americans.

Working to stimulate the economy has gone hand in hand with improving quality of life for Dominicans. "To follow through with our national development plans, we need to attract more foreign investment every day," explains Mr. Troncoso, "and parallel to that, we must consolidate private Dominican investment." Dominicans have already benefited from their strengthened economy. Between 2004 and the first quarter of 2008, 470,542 new jobs were created, surpassing President Fernandez' second term objective of 400,000. This has brought even more heartening news: over the same period, poverty in the country was reduced by over 8%.

President Fernandez, now in his third term of office, has recently been focusing his efforts more visibly in the social arena as part of his government's 'Vision 2030' to maximize development. In January and February of this year, he is hosting a summit that is open to the public with leaders from the private, public and social spheres to open a new dialogue on how best to achieve the 2030 goal of medium to high development, especially given the current global crisis.

Some things are clear, however. Secretary of State of Economy, Planning and Development Temistocles Montas said at a United Nations Conference on Trade and Development last year that the Dominican government will continue to invest in social development, particularly education, health, shelter and social security. The current summit, he says, "is aimed at reaching a national consensus on the route the country should take to combat the economic crisis over the next few years."



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## DR IS WELL POSITIONED TO RIDE OUT INTERNATIONAL CRISIS

The country's economic policy, aimed at diversification, has received widespread praise

The IMF and World Bank have classified the DR's economic recovery as 'miraculous', and indeed, the country now numbers among the top five economies in Latin America and the Caribbean. Averaging 8.5% growth per year since President Fernandez came to power in 2004, with significant reductions in both public and foreign debt, the DR today boasts a solid economy that is more than 90% driven by private sector companies. Kudos from the international arena have helped to boost investment inflows - the country's risk ratings have risen from CCC to a B+, and the World Bank ranked it among the world's top ten reformers in its Doing Business 2009 report.

Although the current global recession will undoubtedly put somewhat of a damper on this exuberant growth, predictions still tend to be optimistic. Economic authorities are estimating growth of approximately 3 percent in 2009, with single-digit inflation between 6 percent and 7 percent.

"The economic crisis is affecting all global economies, but Dominican authorities are working to minimize its effects and be productive for the growth of the economy and

the social fabric of the DR," says Secretary of State of Economy, Planning and Development Temistocles Montas. "The government is committed to maintaining the macroeconomic stability to sustain long-term economic growth."



**Temistocles Montas**  
Secretary of State of Economy, Planning and Development

His words echo those of President Fernandez, who has insisted on long-term economic planning. The government's Vision 2030 aims to place the DR among medium to highly developed nations by the end of that time period.

"We are going to run a medium- and long-term macroeconomic program, aimed at preserving macroeconomic stability, achieving an average annual growth rate of GDP of at least 6 per-

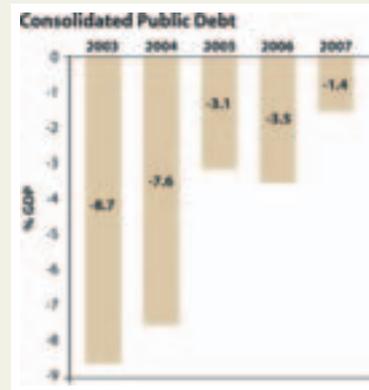
cent, keeping inflation at a single digit, facilitating financing to the productive sectors and ensuring the sustainability of public debt while favoring social spending on education, health, drinking water and shelter," the President said.

The Central Bank has had an important role to play in securing the DR's newfound economic stability. In a 2008 meeting with the Governor of DR's Central Bank Hector

Valdez Albizu, members of an IMF delegation highlighted that "monetary policy has become an anchor of Dominican macroeconomic stability," and mentioned how timely the monetary measures adopted by the Central Bank have been with regards to the international crisis.

Likewise, at a time when some of the world's largest financial institutions are falling, Dominican banks are some of the safest and strongest in the region. Exposure to financial risk due to external crisis is minimal. "We have a consolidated financial system, strong and isolated from external convulsions, which has been achieved by the design of appropriate regulation and efficient oversight," says Bank Superintendent Rafael Camilo.

Mr. Montas sees the high international



approval the country is receiving as a call to achieve even greater results. Commenting on the Dominican Republic's inclusion in the World Bank's Doing Business 2009 list of top reformers, he said the recognition "invites us to reflect and challenges us to continue on the same path in terms of economic and institutional reforms, to raise our competitiveness higher and to commit ourselves to realizing goals that are yet even more ambitious."

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## A STRENGTHENED TAX ADMINISTRATOR BOOSTS SECURITY FOR INVESTORS

The Internal Revenue Administrator (DGII) has gone from being an institution with a rudimentary management of domestic taxes to one of the public sector's most credible divisions, competing in terms of technology with the largest companies in the country. As a result of DGII's improved capacity, over the past four years, the DR has gone from being dependent on import revenue to being self-sufficient on the income generated by its internal market alone, freeing the country up to take greater advantage of its free trade agreements (FTAs).

Between 2004 and 2007, the DR's tax revenue from trade dropped from 30% to 11%. The government's decision to explore and form a variety of FTAs will further propel administrative and tax reforms that substitute import taxes for domestic taxes.

DGII, responsible for domestic tax, continues to undergo reforms to improve its efficiency. The modernization process revolves around four basic pillars that are aimed at ensuring a steady increase in tax collections while providing the government with the resources it needs to maintain the economic stability it has enjoyed in recent years. These pillars include reducing tax evasion by improving compliance monitoring processes and elevating the perception of risks; creating efficient mechanisms of information for taxpayers and society in general; providing quality service that encourages voluntary compliance and reduces compliance costs; and strengthening internal processes to support tributary functions, such as budgetary administration and the management of human resources.

## CUSTOMS INCREASES CAPACITY

Dominican Customs (DGA) is one of the most advanced and well-managed government institutions in the southern hemisphere, according to the World Bank's Doing Business 2008 report.

Miguel Cocco, director of the institution, headed up DGA during both of President Fernandez' previous terms, and has his confidence for the third one. Under Mr. Cocco's guidance, significant reforms have been carried out in the customs agency including a comprehensive technology upgrade that has led to major improvements in service efficiency, especially in regards to the implementation of new trade agreements such as DR-CAFTA.

The new system, which involves a \$23 million automation of all of the DR's ports and airports, is also better equipped to combat illegal traffic passing through the Dominican Republic,

thanks to increased collaboration with the agency's foreign counterparts.

DGA is also being extremely effective in tax payments. Mr Cocco's team was able to raise more than \$1.75 million in duty taxes in 2008. The agency also recovered more than \$170 million for the public coffers in seized goods last year. According to *Dominican Today*, in December of 2008 alone, DGA seized billions in pharmaceuticals and hospital equipment, which the agency then transferred to the Public Health Ministry.

Mr. Cocco remains optimistic in the face of the current global economic crisis, saying that he believes the Dominican Republic has the resources to see the crisis out. "We just need to be optimistic, and have a solid work plan, which we do and which has proven to be successful," says the customs director.

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## SECURITY AND INCENTIVES BOOST FDI & TRADE

Trade agreements with both the U.S. and the EU have opened the economic doors for the DR

Foreign Direct Investment (FDI) estimates for the DR for 2009 are \$ 2.3 billion, continuing an upward trend the country has been experiencing for near on a decade now. Dominican Republic Exports and Investment Center (CEI-RD) Executive Director Eddy Martinez has called this a "record foreign investment flow thanks to the international relationships made by President Fernandez."

He adds that "wide access to preferential markets, an investment climate with clear rules, economic stability, logistic factors such as infrastructure, bright, friendly Dominican personnel and a friendly investment climate" are the key elements that make the DR attractive to investors.

Top draws for FDI last year were real estate, tourism and telecoms, with the U.K., Canada and the U.S. ranking as the largest investors. This year, experts believe technology, infrastructure (thanks to a new law on public-private partnerships) and energy will join the list of top destinations.

Canada's Barrick Gold Corporation recently announced that it will invest \$2.6 billion in the country, making it the largest single investment ever in the DR. Secretary of State of Economy, Planning and Development Temistocles Montas comments, "One of the great efforts made by this government has been the removal of obstacles to international



**Eddy Martinez, Former Secretary of State and Executive Director of CEI-DR**

trade. We are creating conditions that allow foreign companies to set up in the DR and creating an environment that is conducive to business."

The other side of the coin is exports. At the heart of President Fernandez' Vision 2030, the export sector is set to benefit significantly from the country's trade agreements, in particular DR-CAFTA and EPA (Economic Partnership Agreement with the EU). Top Dominican names such as Brugal Rum, now the fastest-growing rum brand in the EU, Cafe Santo Domingo, Induban's signature coffee, and Rizek Cacao, the largest



grower of organic cocoa in the world, have all seen a boom in exports and have expanded into new markets. This is in line with President Fernandez' goal of diversifying the country's export destinations.

Today, the U.S. accounts for 65% of export revenues, and last year, bilateral trade between the two countries amounted to \$10 billion. Aiming to double exports by 2013, however, the Dominican government is not counting solely on the U.S. President Fernandez has made it clear that it is vital to extend the country's export drive beyond America. "The idea is to consolidate what we have in the U.S. while diversifying at the same time," said the President.

Trade with the EU is now expanding thanks to EPA, and additional agreements are being negotiated with Canada and Mexico. As well, commodities such as cocoa and coffee are being exported for the first time to Japan.

## INVESTMENT INCENTIVES

Some of the incentives that have made the DR one of the Caribbean's most attractive investment destinations are listed below:

- Equal Treatment between national and foreign investment.
- Free Repatriation of Dividends and Capital.
- Registration Procedure: The foreign investor must only notify the CEI-RD within 180 days of his investment in the country in order to automatically obtain a Certificate of Foreign Investment Registration.
- Free Zones: Incentives include 100% exemption for a 15-year term over the following: income taxes; construction taxes; municipal taxes; all import, tariff, customs rights and other taxes affecting raw material, equipment, construction material, buildings, office equipment; all export and re-export existing taxes; and taxes and patents of archives or patrimonies, as well as tax over transfer of industrial goods and services.

For more information, contact:  
**The Dominican Republic Export & Investment Center**

[www.investinthedr.com](http://www.investinthedr.com)

## DR SHARPENS ITS COMPETITIVE EDGE

National competitiveness plan is 'the most complete and realistic plan of action that any Latin American country has created'

At the World Economic Forum, held in Davos, Switzerland in February 2008, Andres van der Horst, founder and executive director of the National Council for Competitiveness (CNC), confirmed the DR's commitment to achieving higher levels of competitiveness, saying that the target for 2015 is that "the Dominican Republic becomes the third most competitive country in the region," with a sustainable and equitable development platform.

Initially conceived in 1998, the plan to place the Dominican Republic at the forefront of regional competitiveness began with the First National Competitiveness Plan. This was later set in motion with the creation of the National Council for Competitiveness (CNC) in 2001, and became a priority in 2004 when President Leonel Fernandez declared the CNC "a national priority and state policy."

Then, just twenty days after DR-CAFTA was signed, the National Plan for Systematic Competitiveness (NPSC) was created to redefine the DR's trade integration. On NPSC's launch, the President said, "With a shift in mentality we can develop a systematic national strategy that can be used as a platform to overcome the challenges of globalization."

Mr. van der Horst adds, "The NPSC is the most complete and realistic plan of action that any Latin American country has created to face the challenges of country openness." He explains that in order to take full advantage of the DR-CAFTA and EPA free trade agreements, the government felt that it was necessary to have an 'attack plan', a tactic that will allow Dominican producers to fully exploit the benefits of internationalization.

Secretary of State of Economy, Planning

and Development Temistocles Montas adds, "The ultimate goal of the government has been to convert the Dominican economic case in a success story of development convergence in the Caribbean. A necessary condition towards this goal is that the economy grows and generates in a rapid, competitive and sustainable way. And we are achieving it. Rapid and sustained growth has also been accomplished in the non-traditional economic sectors, boosted by productivity improvements, and therefore positively affecting the quality of growth."

Progress has also been made in creating a competitive climate. The World Bank's Doing Business 2009 report ranked the DR among the world's top 10 countries in terms of creating a more business-friendly environment, while the country also climbed 13 spots in the overall ranking on Ease of



**Andres van der Horst Secretary of State and Founder & Executive Director of NCC**

Doing Business. The areas of reform in which the DR obtained excellent results were opening of a business, registration of properties and cross border trade. The report also highlighted the payment of taxes as the most reformed indicator, due in great part to a new law to improve the efficiency of tax collection.

Mr. van der Horst explains "In 2006, we formed a committee to improve the performance of the country in the areas identified by indicators in Doing Business, and established a punctual agenda of

concrete actions towards regulatory improvements and administrative processes that produced significant strides, among those the reduction in the time to open a business, which took 78 days in 2006, and now only takes 19 days, or just 78 hours if one uses the website: [www.creatuempresa.gob.do](http://www.creatuempresa.gob.do)."

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## GREEN REVOLUTION, FALLOW LANDS ARE NOW FUELLING THE DOMINICAN REPUBLIC ENGINE

The government turns to ethanol production as a means of combatting its huge oil bill

One of the largest obstacles for the Dominican Republic in becoming a regional powerhouse is its electricity sector. Long plagued by crisis, overhauling the sector, according to President Fernandez, is the number one challenge the country must overcome. Consequently, the government has worked to design a comprehensive National Energy Plan, covering all types of energy sources. Aware that the Dominican Republic has great potential in renewable energy, the government has pushed forward the approval of Law 57-07, which grants incentives for projects in the renewable energy sector.

Response to the new law has been overwhelming. Since it was passed, more than \$3 billion has poured into the country for new wind, solar, biodiesel and ethanol projects, converting the renewable energy sector into one of the most dynamic and profitable sectors in the country for investors. Secretary of State and president of the National Energy Commission (CNE) Aristides Fernandez Zucco comments, "The incentives provided by Law No. 57-07 make investing in renewable energy projects in the Dominican Republic a sound and very profitable venture."

Mr. Fernandez Zucco says that it is crucial



**Meeting at Expo Cibao**  
Mr. Batista and Mr. Castillo explain details of the Fenix Project to Mr. Fernandez Zucco and the head of the Santiago Chamber of Commerce

### LAW 57-07 HAS BEEN KEY IN ATTRACTING NEW INVESTMENT INTO THE RENEWABLE ENERGY SECTOR

for the country to change its energy matrix so that renewable energy meets at least 25% of the country's energy requirements within the next 15 years as its current reliance on petroleum imports is severely taxing on the government coffers and is inhibiting economic growth. For Mr. Fernandez Zucco, "It is imperative that the Dominican Republic revises its energy matrix, 80% of which is composed of oil derivatives, which makes our energy bill unaffordable and unsustainable. One out of three U.S. dollars exported by the Dominican Republic is now being assigned to the oil bill. We will lead the country

in changing its energy matrix to 25% of renewable energy in 15 years time."

Law 57-07 also states that as of January 2009, all fuel must be comprised of 10% ethanol. Alfonso del Carmen Fermin, president of the recently-established Dominican Chamber of Biofuels and Renewable Energy, which is comprised of 14 companies, says that the Dominican Republic currently needs 40 million barrels of ethanol per year to meet the requirements of Law 57-07. This figure will rise in accordance with the law's dictations, which state that by 2010, fuel needs to contain 20% ethanol. Consequently, while production of biodiesel has been more readily accepted in the country for its easy preparation, there is greater government support for ethanol projects. Industry experts, how-

ever, are confident that the country's growing ethanol business will reduce the Dominican Republic's oil bill by 20% to 30% within the next four years.

RJS Group, a member of the Dominican Chamber of Biofuels and Renewable Energy and headed by Dominican American Francisco Batista, is now constructing an agro-industrial park for biofuel production and electricity generation in the northwestern region of the country that the National Energy Commission has labelled the first step towards the mass production of biodiesel and ethanol for the DR. After 40 years of living and working in the U.S., Mr. Batista says the RJS Fenix Project (see below) is his first project worldwide, although a second similar project, now at the land acquisition stage, will soon be underway in Mexico.

Mr. Batista comments, "The Dominican Republic is one of the first countries in Central America and the Caribbean to define its laws and regulations on renewable energy. This has helped significantly in motivating investors like us to come into the country. Through the new law, the National Energy Commission has made the processes for setting up operations in the country faster and more efficient. Without this law, the CNE and Mr. Fernandez Zucco's support, there wouldn't have been a project."

### FENIX PROJECT AT A GLANCE

New ethanol plant is set to significantly advance the government's renewable energy agenda

The \$350M Fenix Project from RJS Group is set to produce 100M gallons of ethanol per year, utilizing sweet sorghum as feedstock. It is estimated that it will save the DR some 2.5M barrels of oil per year (BPY). Located in the four northwestern regions of the DR, the Fenix Project will be a state-of-the-art cogeneration Agro-Industrial Park for biofuel production.

The project will cover a total area of 156,000 acres, with the capacity to expand to 200,000 if needed. As of December 2008, 95,000 acres had been acquired under a 30-year freehold lease with a further 24,500 bought outright. By the end of February 2009, management expects to have secured the full 156,000 acres that the project calls for.

The industrial phase of the project will begin before the end of the year, and construction will take from 22 to 24 months. Ethanol production will commence within 24 months of groundbreaking.

With an estimated annual production of 100 million gallons, Fenix will be the world's largest ethanol plant using sweet sorghum as feedstock. Project Fenix will comprise an industrial complex of six factories, including ethanol, electrical power, and sunflower oil plants, DDGS producing facilities, and a small biodiesel production plant.

The feedstock will consist of new varieties of sweet sorghum seeds, as well as hybrids. The company is looking at feedstock from India (ICRISAT, NARI) or



The Agro-Industrial complex will cover an area of 156,000 acres

the U.S. (Texas A&M, Kansas State U.) as possible candidates. Experimental field trials on the selected seeds will be conducted starting in April. Drip irrigation will help produce a harvest of roughly 6M metric tons of sweet sorghum, and 175 metric tons of sunflower seeds per year. With crop rotation, the region's favorable climate will allow for three annual harvests, which will not only produce over 100M gallons of ethanol and 2M tons of bagasse.

### FENIX INDUSTRIAL COMPLEX

- 100M + gal/yr sweet sorghum (SS) ethanol plant
- 55/60MW electricity generating plant
- DDGS plant, gasifier
- 156,000 acres / 172,000t of SS seeds
- 1.95Mt of bagasse from SS
- 13.5M gallons of sunflower oil (usage: edible/biodeisel)
- Technology: Spain, Brazil, India, U.S.
- Low consumption of energy, vapor and water
- Grown on company-operated land
- Tanks/capacity in port area: 4.5M gallons
- Creation of more than 4,200 direct jobs and 14,700 indirect jobs

# DOMINICAN REPUBLIC

## BIOFUEL IS OUR BUSINESS

RJS Group is leading the pack in a country with a renewed commitment and strong focus on creating real and sustainable sources of alternative energy

A bright spot on the horizon in the Dominican Republic's quest to cultivate its alternative energy sector is RJS Group's plans to build an agro-industrial complex in the northwestern region of the country. It is the first real step towards bringing the country's new national energy plan to fruition. Government initiatives, along with a positive economic climate, drew RJS Group, a Panama-based company that was set up to provide consulting services for biofuel projects within the CAFTA countries and Mexico, to the DR.

RJS Group's Executive Director Ramon Castillo comments, "An investment of this magnitude and nature has great ramifications, not only at a national level, but at an international level, as well. Over the past few years, several biofuel projects were announced, but none of them have really taken off. This project will prove that the Dominican Republic can participate in the biofuel sector."

RJS's president, Dominican American Francisco Batista, adds, "The economic stability that President Fernandez has brought to the country is what gives us the confidence to invest."

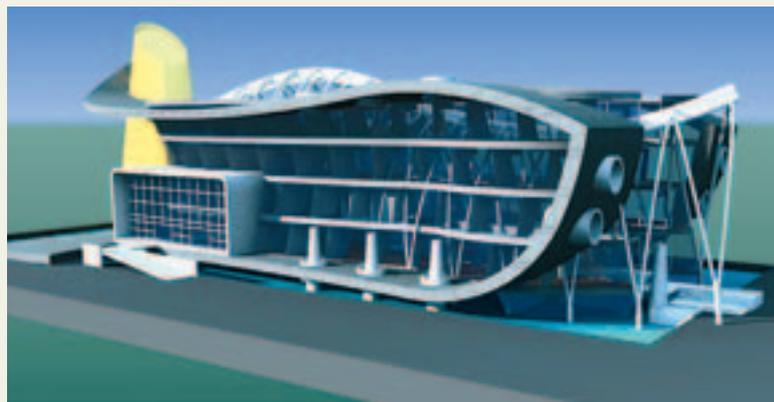
The Fenix Project will produce enough ethanol to reduce the government's oil imports by up to 2.5M barrels per year when production comes online within the next 36 months. The project is lending the country increasing credibility in the renewable energy sector. RJS Group has been awarded exclusive concession for biofuel production in the four DR provinces in which it will operate. Taking advantage of the preferential treatment of DR-CAFTA, RJS Group will be

exporting ethanol to the U.S. in the near future. In the concession area, the company will install several 50M-gallon ethanol dehydration plants to convert hydrous ethanol to anhydrous ethanol, which can be exported duty-free to the U.S.

The roots of the story go much deeper, however, and center around the common interest of RJS' three main partners in creating a socially-responsible company. RJS president Francisco Batista is a U.S.-based businessman who has been actively involved in charitable efforts in the Dominican Republic for more than 30 years. Not surprising then that Batista has been focused on the long-term benefits of Fenix Project for the DR and its people. He comments, "This project is a step forward for the country. One of our main intentions is to improve the quality of life of the people in the concession area."

**"THIS PROJECT IS A STEP FORWARD FOR THE COUNTRY. OUR INTENTION IS TO MAKE SURE THE PEOPLE CAN ENJOY THE BENEFITS AND IMPROVE THEIR QUALITY OF LIFE"**

RJS's corporate philosophy is soundly based in social responsibility to the point that company bylaws state that 10% of corporate profits must be invested in social projects. "Our company philosophy is centered on the 'we'. And our 'we' includes our workers, our leasees, and the other socially-active organizations in the area," Vice President Rafael Fernandez adds. "If in our corporate



RJS Group's future corporate offices in Santiago de los Caballeros, DR

philosophy we treat them as associates, we can incorporate them into our thought and action process. We are not a typical company. We are a socially responsible company. The money invested in social programs is returned. We don't believe in welfare, we believe in workfare. RJS means jobs, it means that families do not have to be split up because there is no work. It means future."

Castillo says the project will create more than 4,200 direct jobs and 10,000 indirect jobs. "This is a poor region of 400,000 people. We can make a difference, and we will," he comments. "We have a social investment program in healthcare that includes the construction of 12 outpatient clinics, three in each province, to attend to women, children and cancer patients. We are collaborating with the Benoit Foundation in this. In housing, the company will sponsor a housing program whereby a worker can build and own his home for less than 20% of market value. Education and sports facilities are also envisioned."

Still, RJS is not neglecting its business fundamentals. As Castillo says, "We strive to make a maximum profit." Even if global prices for ethanol drop below \$1.30, the company will still be

profitable, and this is without factoring in carbon credits (the project will generate at least three million tons in carbon credits), the sale of Fenix' electricity to the national grid, nor earnings from sunflower oil, biodiesel or DDGS sales.

"Our business model is very stable, with different sources of income – bio-fuels, edible oil, electricity, animal feed, carbon credits, noble gases and fertilizer," says Mr. Castillo. "If we consider the 10-year tax free period granted by the government and the ability to import all the required materials and equipment for the project duty free, a biofuel investment in the Dominican Republic can be a wise and profitable investment."

For RJS Group, these incentives were accompanied by the full cooperation and support of government authorities, says Mr. Fernandez, adding that the Dominican officials provided invaluable help in getting the project off the ground. "I would like to take this opportunity to extend our most heartfelt thanks and gratitude to the National Energy Commission, and especially its president, Aristides Fernandez Zucco, for their assistance in making this project possible," he concludes.

Clean Energy + Social Corporate Responsibility

10% of RJS Group's revenues from its \$500 million clean-burning ethanol project will be invested in Corporate Social Programs. A brighter future for the Dominican Republic in every way.

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# DOMINICAN REPUBLIC

## 'THE PLAYER'S PARADISE' IS BECOMING THE CARIBBEAN'S TOP DESTINATION FOR BOTH INVESTMENT AND GOLF

This island gem is not only attracting a significant number of new tourism investors but also lots of new golfers

The Dominican Republic is a growing tourism giant. Offering the best of both worlds – a Caribbean paradise with first-class infrastructure, the country is blessed with the kind of natural endowments that industry experts around the world dream of. Its limitless stretches of white beaches create an exotic world that is accessible to all.

Today, the country welcomes more than 4 million visitors a year, but tourism in the DR has lots of room to grow. Just beginning to garner international attention for the quality of its resorts, and named among the best golf destinations in the world by leading golfing magazines, the DR is without a doubt a diamond in the rough and a quickly rising player in the global tourism industry. Indeed, the World Travel & Tourism Council predicts that the \$7.8 billion generated by the sector in 2007 will rise to \$17 billion by 2017.

Blessed with stunning beaches that form a backdrop to the most beautiful golf courses in the Caribbean, the DR was named 'Golf Destination of the Year for the Caribbean and Latin America' by the International Association of Golf Tour Operators (IAGTO) in 2008. In addition to the IAGTO award, the DR was also recently recognized

by *Travel & Leisure Golf* magazine as 'The Player's Paradise'. The magazine named the Faldo Legacy Course at Roco Ki as one of the 10 Best New Golf Courses in the World. The recognition came on the heels of the Association of British Travel Agents' decision last year to name the Faldo Legacy course as second in the world.



**Francisco Javier Garcia,**  
Secretary of State  
of Tourism

*Golfweek* recently named two Dominican courses to its list of the magazine's 2009 picks of the Top 50 courses in the Caribbean and Mexico: Punta Espada Golf Course, ranked at number one, and the Faldo Legacy Course at Roco Ki, ranked at number 20.

These attributes have not gone unnoticed by the DR's northern neighbors. With over a million Americans visiting the country each year, the DR is now the third most popular Caribbean destination for Americans after

the Bahamas and Jamaica.

Also helping tourism to grow has been the DR's improved scores on international rankings, the result of many years of infrastructure investment and savvy promotional campaigns. Secretary of Tourism Francisco Javier Garcia says that private investors have announced \$9 billion in new investments. "Tourism is the sector that will guarantee



**Punta Espada Golf Course,** designed by Jack Nicklaus, at Cap Cana

macroeconomic stability thanks to the investment opportunities it generates," he says.

Recently named the Top Caribbean destination for International Visitors by the Caribbean Tourism Organization, the DR is taking its increased stature to the bank. Efforts to expand upscale tourism are underway, and all-inclusive resorts all over the country are getting a makeover. Some of the major high-end players with projects in the works include Trump (Cap Cana), Four Seasons (Casa de Campo) and Westin (Roco Ki).

Infrastructure upgrades, such as an \$80 million investment in El Catey international airport and DR highways, are also leading to the development of new destinations. Last December, the \$150 million Samana-Santo Domingo highway was inaugurated, reducing driving times and opening up new

development opportunities for the peninsula of Samana, the DR's last untamed secret. New projects include Terrazas de Coson, an eco-friendly luxury residence complex, and Angsana Samana Bay, the first venture of Banyan Tree Hotels and Resorts in the DR.

Behind the growing investment in the tourism sector are some of the best incentives in the Caribbean. A law aimed at promoting new tourism offers a 100% exemption on income tax, construction charges, purchase of property and customs duties for a period of 10 years. Additionally, a lack of restrictions on foreign property ownership are fuelling another lucrative sector – real estate. In 2007, more than \$1.5 billion was injected into the sector, and the government is aiming to attract \$3 billion a year throughout the next three years.

### NEW LAW FOR PUBLIC-PRIVATE VENTURES SPURS DEVELOPMENT

Infrastructure is a national priority, says the President, who is working to provide a sound legal framework for projects

President Leonel Fernandez, in his swearing speech, announced the biggest ever public works program for the 2008-2012 term with an investment of over \$3 billion. The President said that infrastructure upgrades were a national priority, commenting, "The development of a country is in direct relation to the upgrading of its infrastructures."

The President also said that new legal framework is needed in order to define the terms of public-private partnerships in infrastructure. Consequently, he has been working with the Ministry of Public Works to develop a law that will provide a modern structure for joint ventures with both Dominican and international companies in infrastructure projects.

"The project incorporates the best national and international practices, creating a transparent and consistent legal framework, which undoubtedly will facilitate and encourage private investment in the works covered by this law," said President Fernandez.

Some of the most important projects include new roadways in the east of the country, where the DR's largest luxury resorts are located, as well as new projects in tourism, education, energy, culture, health and public works. These include the restoration of cultural monuments, and the construction of new parks, convention centers, housing, and hydro-electric plants.

### THE ENGINE OF GROWTH FOR THE REGIONAL TECHNOLOGY CORRIDOR

Mobile networks lead the telecommunications sector in the Dominican Republic

The DR's telecom market is highly developed in comparison with regional peers. The country has the largest bandwidth per capita and the highest tele-density of the Americas. With over 6 million cellular subscribers (from a population of 10 million), the fully liberalized sector is one of the fastest growing and most competitive in the economy. As President Fernandez remarked, "The Dominican Republic is on its way to becoming the Caribbean technological hub."

The telecom market is dominated by international players such as America Movil, Viva and Orange that have connected the island with the rest of the world.

Indotel, the government organization

that regulates and supervises the development of the country's telecommunications market, is looking to increase WiFi hotspots in public areas and digital cable coverage in the DR. In addition, a technological free trade zone known as CyberPark will attract FDI.

President Fernandez observed, "This is the future of the Dominican Republic and represents the engine that will spur the growth of the technology corridor of the Americas."

The mobile industry and CyberPark will provide the country with the best technological platform of its kind in the Caribbean, and convert the DR into one of the main centers for internet, voice and data in the region.