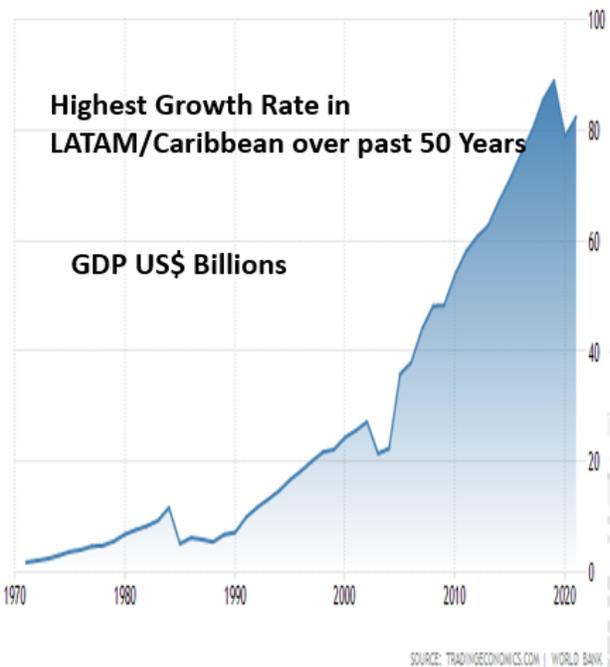
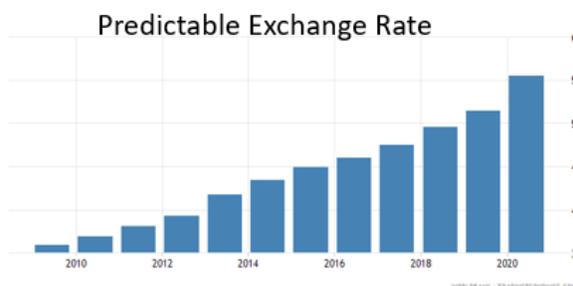
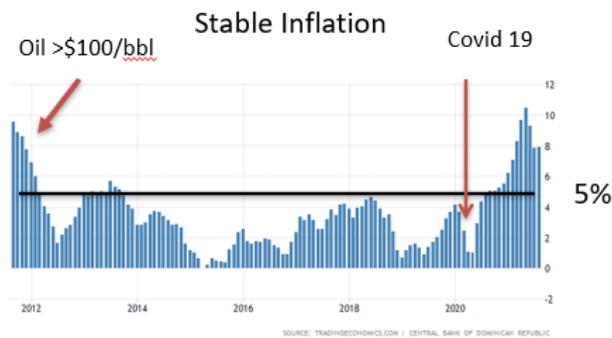


## The Dominican Republic: An Unsung Success Story

### ***Political + Macroeconomic Stability = Sustained Economic Growth***

The Dominican Republic is the United States' sixth largest trading partner in Latin America and the Caribbean and is the sixth-most popular destination in the world for U.S. tourists. The Dominican Republic's participation in the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) has enhanced trade-related rules for telecommunications, intellectual property rights protection, government procurement, and investment. In fact, U.S.-Dominican trade increased from \$9.8 billion at the outset of the trade agreement to \$14.7 billion in 2019. In the past two years, the Dominican Republic replaced El Salvador as the country with ***the highest stock of American Foreign Direct Investment*** in the CAFTA-DR. In the period between 2010 and 2016, the Dominican Republic was the eighth largest recipient of foreign direct investment in all of Latin America, and adjusted for GDP had the fifth highest percentage of FDI/GDP.



The Dominican Republic has sustained GDP growth of over 5 percent per year from 1993 to 2019, and on average over ***the past fifty years has had the highest economic growth in the Western Hemisphere***, despite some volatility and recessions. Exports of goods and services (primarily tourism), including from the free trade zones, exploded in variety and quantity, rising from \$4.7 billion in 1993 to \$20.2 billion in 2018. Growth was reasonably inclusive: poverty rates declined from 33 percent to 23 percent and extreme poverty diminished from 8 percent to 3 percent (pre-COVID-19). However imperfect, since the mid-1960s the multi-party representative democracy has held over a dozen consecutive, internationally supervised elections, won by diverse political parties. Unusual in the Western Hemisphere, the public and private sectors have learned to work together to the benefit of national economic welfare.

The impact of COVID 19 on economic activity, particularly in the tourism sector, was acute, with the economy experiencing negative growth of 5.5% of GDP, compared to negative 6.8% for all of Latin America and the Caribbean (LAC). Free Zones quickly adjusted, and by 4Q20 were exporting at a record pace. In 2021 tourism, particularly from the United States, began to recover and the Dominican Republic is projected to finish 2021 with at least 8.0% GDP growth versus 5.9% for LAC.

The Dominican Republic's free trade zones consist of 74 parks housing 673 firms, employing 172,000 workers and exporting \$6.2 billion or 57 percent of total national merchandise exports (see Figure below). According to some experts, the parks generate almost as much "indirect employment" as direct employment. Production is spread among a diversity of products, including medical devices, textiles and apparel, footwear, tobacco (cigars and cigarillos), electronic products, call centers and business process outsourcing outfits (BPOs), and jewelry. The medical device cluster includes industry leaders such as Medtronic, Johnson and Johnson, General Electric, Cardinal Health, Baxter, Siemens, and Fresenius. In the Dominican Republic, most free trade zone parks are owned and managed by Dominicans.

### Dominican Republic Supply Chains by Sector:

Sector	Exports (USD millions)	Employment
Medical Devices and Pharmaceuticals	1,557	23,698
Electronics	1,150	11,480
Textiles and Apparel	1,107	41,370
Tobacco Manufacture	850	29,831
Jewelry	491	2,768
Footwear	352	11,965
Other / Call Centers and Services	724	50,614
<b>Total</b>	<b>6,230</b>	<b>171,726</b>

*Sources:*  
Banco Central de la República Dominicana, Sector Externo, "Zonas Francas. Exportaciones de Zonas Francas" 2018, available at: <https://www.bancentral.gov.do/a/d/2532>; and Consejo Nacional de Zonas Francas de Exportación, Informe Estadístico 2018, available at: <http://adozona.org/wp-content/uploads/2019/08/Informe-final-CNZFE-2018.pdf>

By any measure, the Dominican Republics economic growth and diversification is an indisputable success story. A sustained commitment to democracy, an open market economy, and integration into North American value and supply chains have combined to generate explosive growth and rising prosperity.