



Tourism investment in Dominican Republic

April 2021



Ministerio de Turismo
REPÚBLICA DOMINICANA

Ministry of Tourism of the Dominican Republic



Implement **effective policies** to ensure a diversified, inclusive and world-class tourist offering, which intelligently leverages its resources to position us as the best tourist destination.



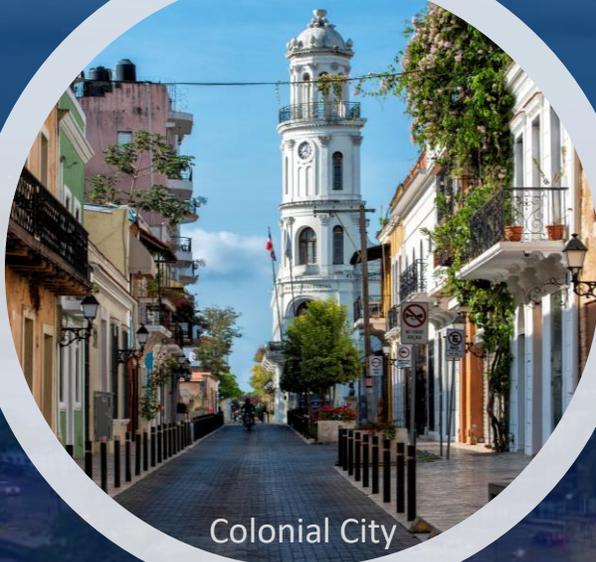
Make the Dominican Republic an **orderly, safe and sustainable destination**; with quality inclusive tourism in different destinations and services that promotes increased income and employment and contributes to improving the quality of life of recipient communities.



Intelligence Unit.



Malecón



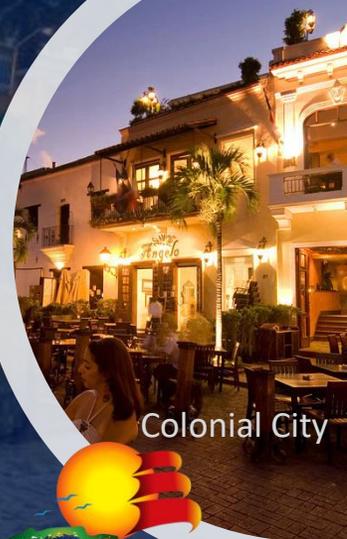
Colonial City



Jardín Botánico



Ave. George Washington



Colonial City

Main destinations Santo Domingo



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Playa Bávaro



Cap Cana



Parasailing Punta Cana

Main destinations La Altagracia (Punta Cana- Bávaro)



Basilica Nuestra Señora de la Altagracia



Marina Cap Cana



Teleférico



Amber Cove



Bahía Luperón



Playa Cabarete



Damajagua Fall



Cayo Arena

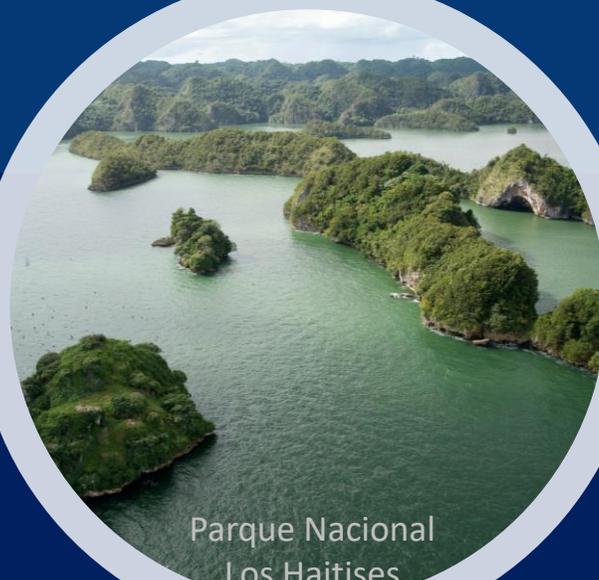
Main destinations Puerto Plata



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Cayo Levantado



Parque Nacional
Los Haitises



La Churcha

Main destinations

Samaná



Salto el Limón



Marina Casa de Campo



Bayahíbe



Bayahíbe

Main destinations

La Romana-Bayahíbe



Río Chavón



Playa Andrés Baca Chica



Cueva de las Maravillas

Main destinations
Juan Dolio- Boca Chica



Bahía de Andrés Boca Chica



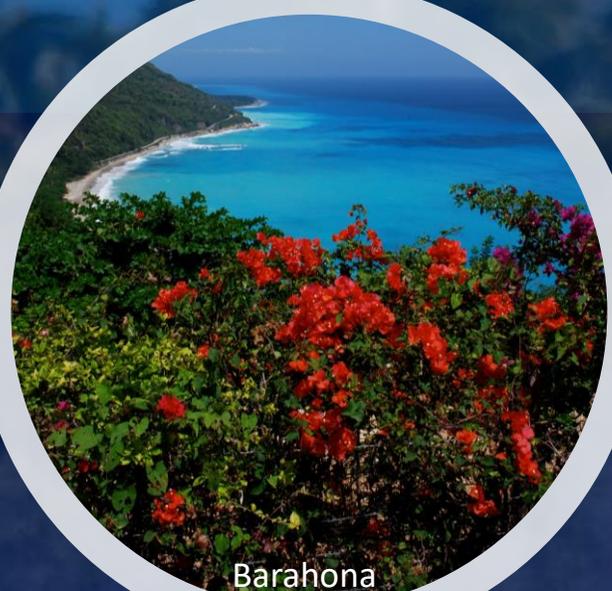
Juan Dolio



Ministerio de Turismo



Parque Eólico los Cocos



Barahona



Bahía de las Águilas



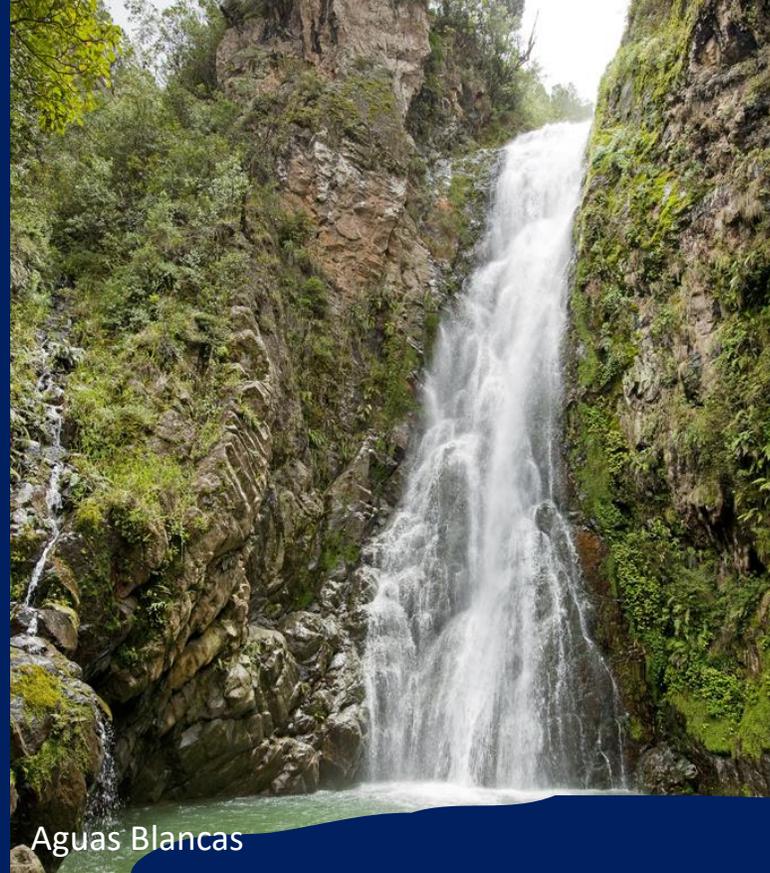
Los Patos, Barahona

Main destinations Barahona & Pedernales





Valle del Tetero



Aguas Blancas



Pico Duarte



Constanza

Main destinations Constanza & Jarabacoa



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DR EXPERIENCES

1 Adventure

- Golf, Surfing + Kitesurfing, Scuba Diving + Snorkeling, Ziplines, Fishing, Hiking, Inland Safaris, Caving, Canyoning + Rappelling, Mountain Biking, Horseback Riding, Paragliding, Rafting.



Caribe Golf Club, Bávaro



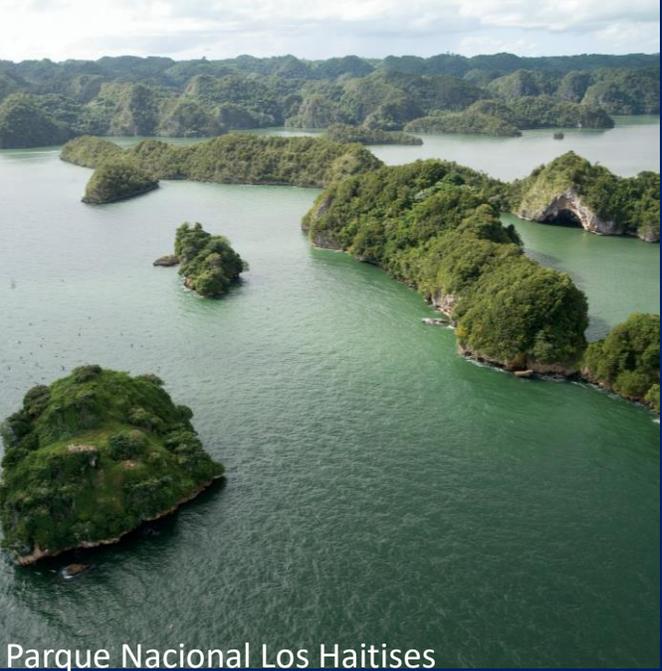
Playa Encuentro, Cabarete



Corales, Montecristi



Zipline



Parque Nacional Los Haitises



Salto de Bayaguana



Playa Bahía de las Águilas



Laguna de Oviedo

DR EXPERIENCES

2

Nature

Beaches, National Parks + Protected Areas, Islands + Cayes, Rivers + Lakes, Cenotes + Springs, Waterfalls, Gem Hunting, Wildlife Spotting, Plantation Trails.

DR EXPERIENCES

3 Culture

Iconic Sights, Churches, Museums, Theaters, Rum + Cigars, Baseball.

4 Leisure

Shopping, Recreation Parks, Urban Parks, Music + Nightlife, Casinos, Marinas.

Marina Casa de Campo



Convento los Dominicos



Castillo Mundo King, Puerto Plata



Grupo Bonyé, Zona Colonial

DR EXPERIENCES

5 Events

Arts + Culture, Music + Festivals, Industry + Trade, Gastronomy, Sports, Adventure + Ecotourism, Submit an Event.



Estadio Baseball

Carnaval



Festival de Jazz



Why Dominican Republic?



High Standard of living



Attractive tax incentives



Good support Services



Economic and political
stability



Proximity to main markets



Young and educated workforce



Transparent legal Framework



Modern telecommunication
systems



Competitive Costs



Judicial Security



Modern infrastructure

Connectivity

- ❑ Access to the global marketplace, leveraging an **ideal geographic location**.
- ❑ **World-class infrastructure network:**
 - 8 international airports.
 - 13 seaports.
 - More than 20,000 kilometers of highways and roads.
 - More than 270 daily flights, with great connectivity to North America, Central America, South America, and Europe.

Economic and political stability



- Economic climate is **stable** and **growth oriented**.
- Ideal location for investors who want to **reduce their operating costs** while mitigating risk.
- Strong performance in key economic rankings.
- According to the **World Economic Forum's Global Competitiveness Report**, the Dominican Republic ranks extremely well in the Caribbean Region for economic health indicators.
- The Dominican Republic has been under a **democratic rule for the past 50 years** and continues evolving into more open and transparent institutions.

Foreign Investment Act 16-95



Recognizes that foreign investment and technology transfer contribute to the **country's economic growth** and social development by favoring **employment creation** and foreign currency inflows, promoting the capitalization process, and contributing efficient methods of production, marketing, and administration.

Grants equal rights and duties to foreigners and Dominicans and opens up all possible types of businesses and trade.

Permits the **free repatriation** of invested capital and profits.

58-01 Incentive Law

- **Promote new development** in areas which, despite their major basic attractions, have had limited growth to balance distribution.
- Serves to **create new complementary offerings** in tourist regions that have already been developed and to support the renovation of hotel properties that have been in operation for five or more years.
- Today, nearly the **entirety of the country is considered a tourist area**, allowing investors just about anywhere to benefit from the law.
- **Grants an exemption from all national and municipal taxes for fifteen years.** It is managed by a public-private agency that meets periodically to review the requests for new developments permits.



58-01 Incentive Law

Final approval grants

- Income tax for **ten years**.
- National and **municipal taxes**.
- Taxes on **construction**, plans, etc.
- Taxes on the **payment of loan** interest.
- **Reinvestment tax** of 20 percent (tax savings on another existing company, for five years).
- Equipment import (exempt from **customs taxes, taxes on transfer of industrial goods and services**)
- The tax on luxury housing.



Incentives for provisional approval

- Exemption from the requirement to legally establish the company.
- Increase in the **share capital**.
- **Property transfer tax** (3 percent of the value of the property).

Tourism Development Council (CONFOTUR)

On October 9, 2001, the National Congress approved Law No. 158-01 on the promotion of tourism development for the poles of scarce development and new poles in provinces and localities of great potential, with the purpose of accelerating a rationalized process of development of the tourism industry in all the regions with potential and natural conditions for their tourism exploitation throughout the Dominican territory.

In the referred law, the Tourism Development Council (CONFOTUR) was created, with the purpose of implementing the guidelines of Law No. 158-01, as well as creating the necessary conditions and facilities so that innovative tourism projects may benefit from the incentives granted by the law.

Decree No. 372-14 created the Technical Directorate of CONFOTUR, in charge of handling all technical matters derived from the application of Law No. 158-01 and its amendments. The files requesting Classification, in order to benefit from the terms of Law 158-01 and its amendments, must be sent through the CONFOTUR web page by completing the Application Form. The Technical Direction will carry out the technical and legal evaluation of the projects and will be in charge of recommending to the Council the exemptions for each application it evaluates.

To learn about the benefits of up to 15 years of exemption go to:
<https://confotur.mitur.gob.do/index.php/beneficios/>
Where you can submit your investment project



Incentives Offered To Investors: Tax Free Country In Tourism

Since 2001, Tourism Incentive Act 158-01 has been in place in Dominican Republic, **revolutionizing the investment climate** and allowing large volumes of capital to be attracted to the tourism sector. The purpose of this act is to promote new development in areas of the country which, despite their major basic attractions, have had limited growth to balance distribution. It also serves to create new complementary offerings in tourist regions that have already been developed and to support the renovation of hotel properties that have been in operation for five or more years. Today, nearly the entirety of the country is considered a tourist area, allowing investors just about anywhere to benefit from the law. This law **grants an exemption from all national and municipal taxes for fifteen years**. It is managed by a public-private agency that meets periodically to review the requests for new developments permits.

CONFOTUR grants **two levels** of approvals for new tourism projects: the first is provisional for starting the development and the other is final once the project is advanced enough to be consolidated and launched.



Incentives Offered To Investors: Tax Free Country In Tourism

A) The Incentives For Provisional Approval Are:

1. Exemption from the requirement to legally establish the company
2. Increase in the share capital
3. Property transfer tax (3 percent of the value of the property)

B) Likewise, Final Approval Grants These Exemptions:

1. Income tax for ten years
2. National and municipal taxes
3. Taxes on construction, plans, etc.
4. Taxes on the payment of loan interest
5. Reinvestment tax of 20 percent (tax savings on another existing company, for five years)
6. Equipment import (exempt from customs taxes, taxes on transfer of industrial goods and services)
7. The tax on luxury housing.

Tax Exemption For 15 Years For Tourism Investment

What do you not have to pay?

Essentially, provisional approval exists so that companies can add to their capital, purchase land, build (if they seek out the corresponding construction permits, etc. at the same time), so that when they get the final approval, they are already able to start work.



One-stop Shop For Permits

The one-stop shop of the Dominican Republic (VUI-RD) seeks to foment and streamline the foreign and national investment process in any of the country's goods and services sectors.

The VUI-RD gathers the main public institutions that are responsible for issuing permits, licenses, and necessary certifications to carry out an investment project in the country through one central access point. The main goal of this office is to improve investment flows, by eliminating obstacles and cutting through the red tape of government institutions, offering an efficient and transparent service.

Tax Exemption For 15 Years For Tourism Investment

Objective Of The VUI-RD:

- Reduce investors' time and transit costs while respecting the policies and objectives of the participating institutions
- Simplify investment projects approval process
- Maintain a zero-tolerance policy towards corruption
- Offer transparency by means of an efficient case monitoring system
- Offer investors, timely information, and assistance
- Maintain a close working relation with institutions that participate in the investment process in favor of VUI-RD users

What Do We Offer?

Coordination and paperwork through a single point, with the goal of processing it before the institutions that will issue the corresponding permits, licenses, and certificates. To this end, the VUI-RD periodically validates the requirements of each institution and monitors the progress of submitted project.

As an added value, the VUI-RD walks the investors through the complete administrative and regulatory process with the help of qualified personnel, providing support and orientation at any point of the investment establishing process.

Tourism Projects under Construction



Investments in process
equivalent to

**US\$3,700
MM**



+20,000
New rooms



In march 2021 we
received

5

New Projects
CONFOTUR

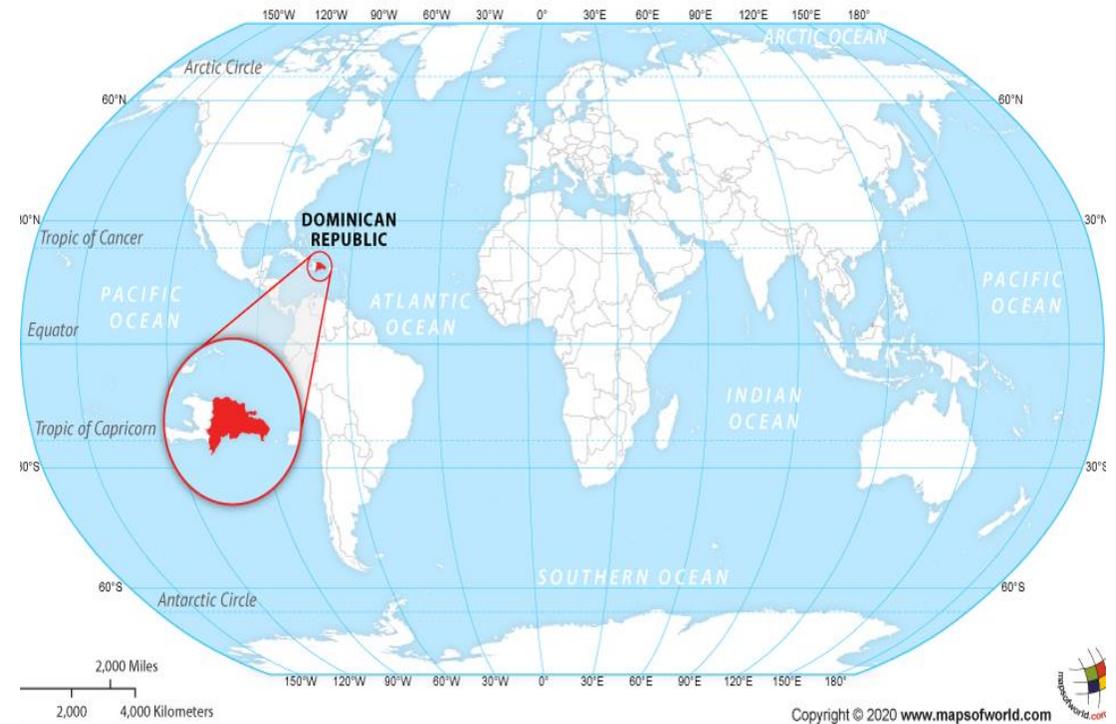


68

Total projects in process

Proximity to Main Markets

- ❑ Easy access to both North and South America, most notably the United States.
- ❑ Near the world's major tourism-generating countries.
- ❑ Visitors can come for a weekend or extended stay and **return home quickly and conveniently** from major Dominican airports.



Workforce



One of the **largest talent pools** in the Caribbean region.

Highly specialized and adaptable human capital, capable of meeting the needs of a constantly changing tourism sector.

Alliances with local institutions to develop **training programs** that are tailored to our key industry sectors.

GOAL: ensure that the ones hired have been adequately trained and qualified, capable of performing the tasks required by the sector.

International Tourism Promotion

The Ministry of Tourism invests approximately **100 million dollars annually in promoting Dominican Republic's major tourism destinations** in the main international tourism-originating markets.

International promotion campaigns are often created by means of a strategic alliance with airlines and/or tour operators from key countries.

The active promotional campaigns are **decisive factors** in maintaining the growing number of tourists coming into the country and maintaining high hotel occupancy rates year-round.

In order to assist both tourists and investors, the Ministry of Tourism has **24 tourism promotion offices worldwide** located in the principal cities of major markets, all in permanent contact with the country's Department of Investment Promotion and Development.





Responsible Recovery Plan for the Tourism Sector

Advantages of dominican tourism against Covid-19



All-inclusive tourism what helps in keeping people without much circulation outside the hotel.



Low-density tourism, most of our hotels have 4 levels and 60 meters from the beach with plenty of space what allow distance between people, very different from the situation in other destinations where are found 20 and 30 floors facing the sea.



In addition, "sun and beach" tourism means natural ventilation, but also our main airport, which is Punta Cana, can operate with **natural ventilation**, what helps to avoid contagion.

Attack health crisis

New protocols

- ❑ We have **new protocols** adapted to advances in all fronts at national and international level (science, technology, tests, international recommendations), that take care of life, and at the same time ensure jobs and international alliances.
- ❑ These protocols also **simplify processes** with considering the global shortage of testing, business adaptability, and effective inspection capacity.
- ❑ The key elements of the new protocol **have been shared with international organizations** and we have incorporated in it their recommendations.

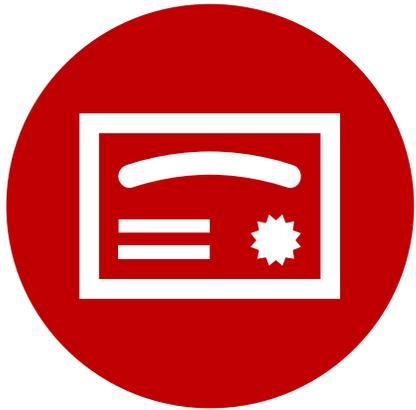


Certifications

International certifications of both **Safe Travels** from the World Travel and Tourism Council (WTTC) and **Bureau Veritas**.

- ❑ The National Protocol for Health Risk Management Against COVID-19 for the Tourism Sector has been **homologated with international certifications** since the industry is global and only international coordination will achieve a truly safe chain.
- ❑ Our protocols include all the procedures and materials for inspection and training, as well as the building of the internal capacities of the Ministry of Tourism to accompany the private sector in an effective implementation of the protocols.
- ❑ **All hotels, airports and businesses** in the industry chain must have a certification endorsed by MITUR.

The protocols cover multiple industries: hospitality, restaurants, travel agencies and tour operators, diving schools, water sports, attractions, gift shops, airports, cruise ships, convention center, and so on.



Protocols' key elements

- ❑ It is **not requested a negative PCR test before arriving in the country**. These tests are shortage, and many households wait days or weeks for them. It is not advisable to apply these tests in a massive way or ask them to the traveler either.



- ❑ **Reinforce entry forms:** previous forms did not contain information on pre-existing conditions that increase COVID risk. Thereby, for modernizing and speeding customs and migration processes and formalities, since November 25, 2020, the **digitization** (electronic ticket) of the international passenger boarding pass, customs declaration and health affidavit is being implemented, this measure also minimizes physical contact and the use of paper.

- ❑ **Random tests are carried out in airports (3% -10%)** using the breath preferably and under a criterion of positivity from the outbound country. This is so because on average each PCR test takes 15 -25 minutes.

International Traveler Assistance Plan

Tourists are favored with this **insurance upon checking in at the hotel**. The entire process will be managed through the Ministry of Tourism so that each hotel has access to a platform that allows them to register the beneficiaries in the assistance plan.

This plan offers, among other things: emergency medical coverage, including any medical services and medicines. This goes from what is necessary to handle COVID-19 emergencies, as well as other medical situations. It also embraces telemedicine services, and the costs for longer stay due to urgency. The plan will be capped at **US\$ 10,000 per case**. The stay includes a room. To increase the probability that the stay will be in the same hotel where the patient is staying, steps are being taken to expand the hotel network.

What happens if the patient has international insurance: The assistance plan will cover the deductible bill.

How the plan operates in practice: In the face of a contagion, the hotel supports the tourist on informing the case to the insurance company. Additional costs for extended stay will be reimbursed. The hotel will provide to the tourist all details about this plan upon arrival at the hotel.



Economic measures

International Traveler Assistance Plan



- ❑ **Investment program** to ensure the availability of strategic air routes.
- ❑ **Reduction of the Advance Pricing Agreement (APA) rate** by 35% between September-November 2020.
- ❑ **Elimination of the advance payment of income tax (ISR)** for six months for the tourism sector.
- ❑ **Elimination of the payment** of the tax of 1% of the assets for the tourism sector until June 2021.



- ❑ **Exemption from the payment of the Asset Tax (ISA)** installments convinced August - December 2020 for the hotel sector, bars and restaurants.
- ❑ **CONFOTUR-** An extension of two (2) years is granted to the period of three (3) years for the construction, completion and equipping of definitive classified projects throughout 2020, as well as for those who were in the month of January 2020 within that period.



International Traveler Assistance Plan



As **fiscal stimulus** to counteract the effects of the COVID-19 pandemic, the Dominican Government has implemented a set of measures, highlighting:

Extension for the declaration and payment of income taxes, both to individuals and to companies, as well as the exemption from the advance payment of income tax.

The “Stay at home” program, the **Employee Solidarity Assistance Fund (FASE)**, and the Independent Worker Assistance Program (Pa’Ti) were launched. In June 2020, a supplementary budget was approved, with the fundamental objective of continuing to mitigate the effects of the pandemic through the continuation of these assistance programs.

Monetary policy

The Dominican Republic Central Bank employed a broad set of expansive measures:

- ❑ The **monetary policy interest rate was reduced** by 100 basis points, going from 4.50% to 3.50% annually (February 2020), subsequently from 3.5% to 3.0% in September.
- ❑ **Liquidity provision measures** have been implemented in national and foreign currency aimed at maintaining the flow of resources to the productive sectors, including tourism.
- ❑ **Injections** were made in the foreign exchange market, while foreign exchange hedging instruments were used.
- ❑ **Temporary regulatory measures** were established in order to ease the impact of the pandemic on the loan portfolio and access to financing.

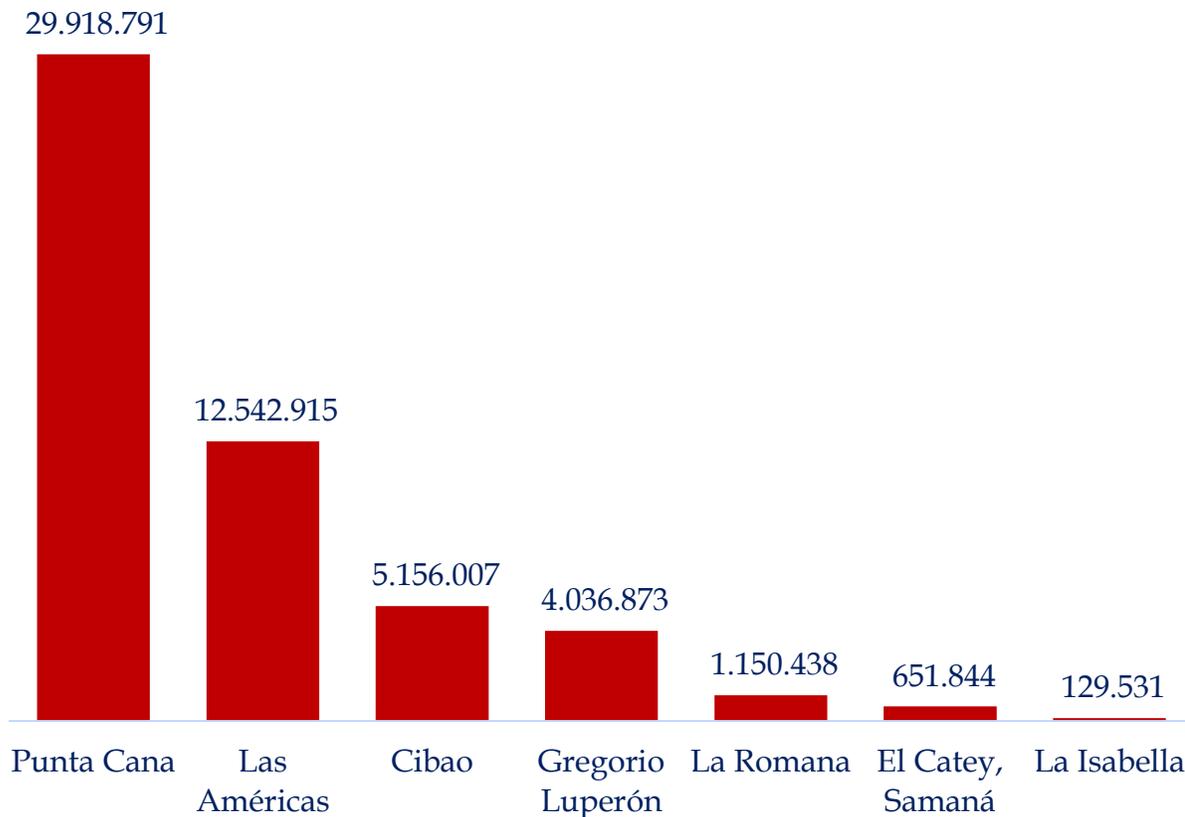
“As of September 22, 2020, the total loans disbursed to the tourism sector, as a result of these measures, amounted to RD\$ 2,374.3 million pesos, aimed at/intended 142 beneficiaries”.



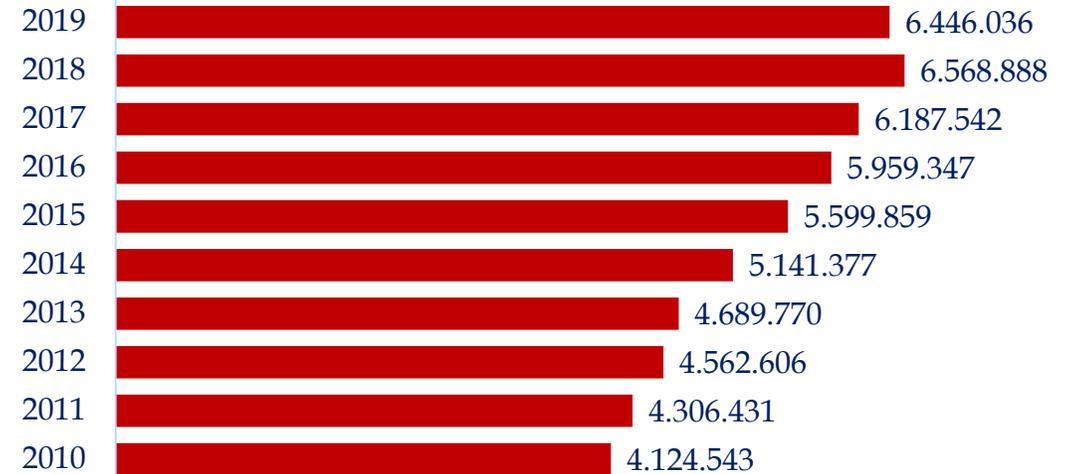
Tourism by numbers

Monetary policy

2009-2019 non-resident arrivals by airport



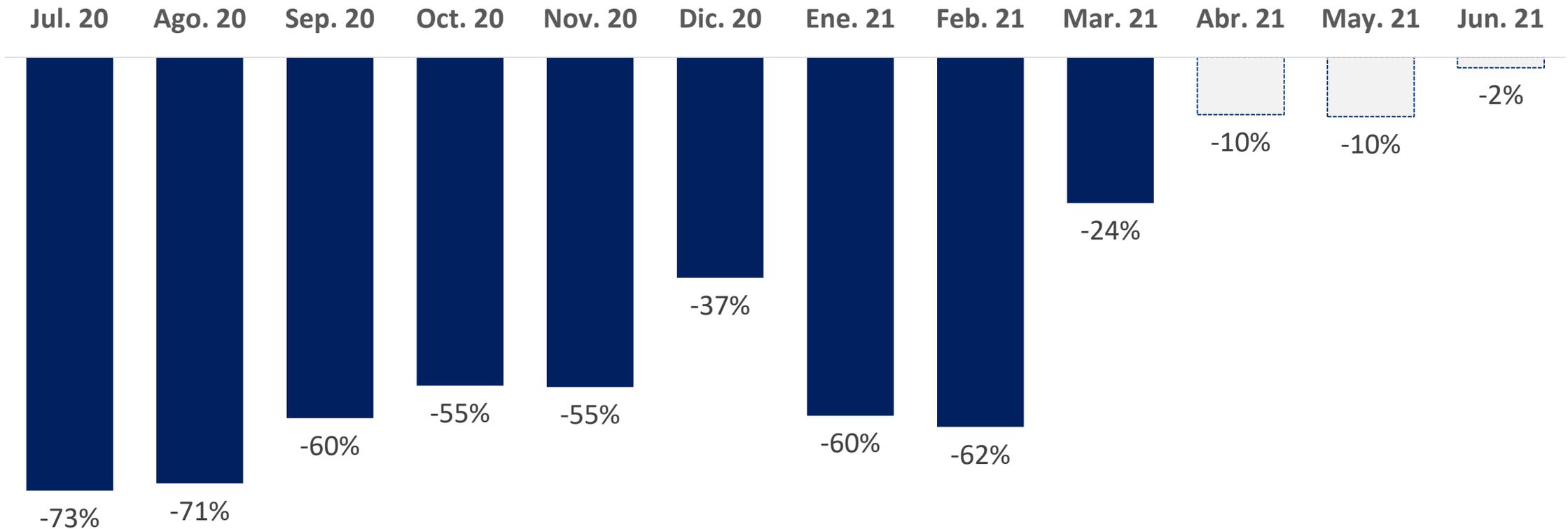
Non-resident arrivals



Year	Average staying time (days)	Average spending US\$ dollars
2009	9.19	107.02
2010	9.22	107.24
2011	8.91	113.89
2012	8.48	118.36
2013	8.46	124.89
2014	8.27	128.49
2015	8.32	129.56
2016	8.54	130.66
2017	8.61	133.54
2018	8.37	136.48
2019	8.52	136.24

Air tickets reservations

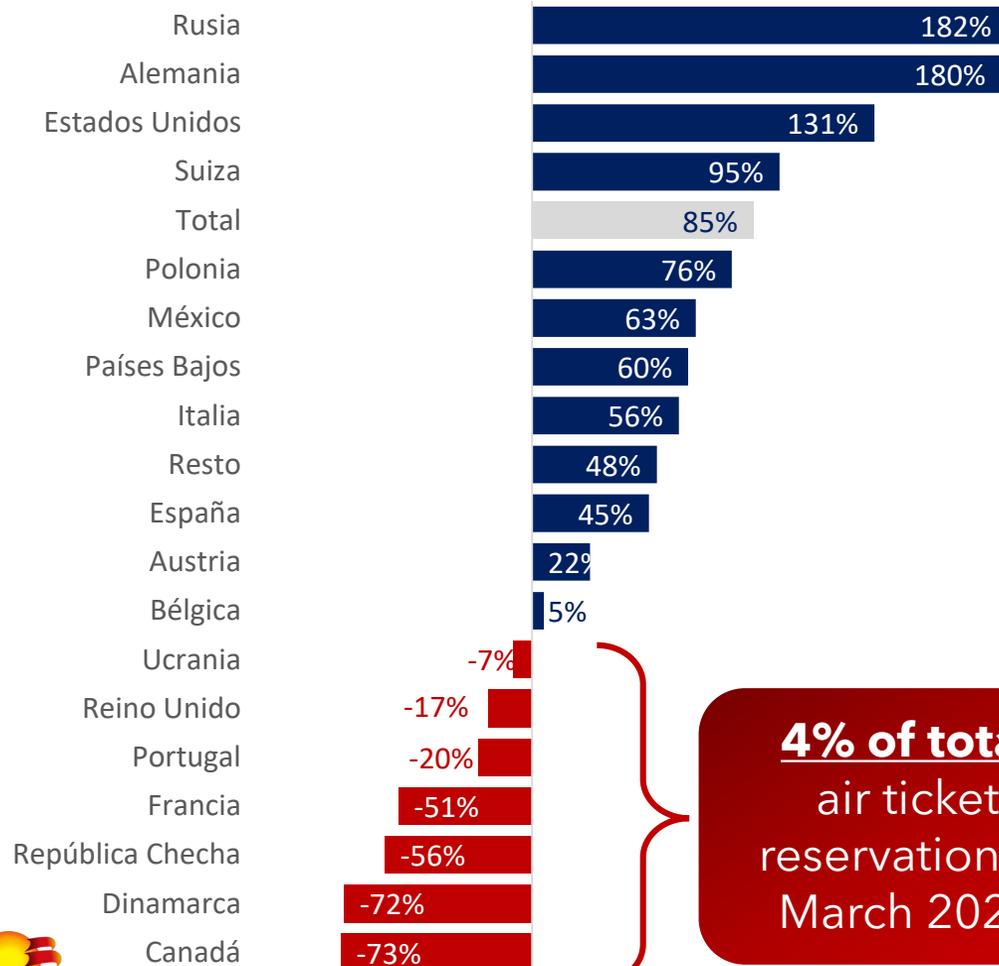
Ticket reservations to arrive in the second quarter of the year show a contraction of only 10% compared to reservations made on the same date of the previous year.



Reservation of air tickets for Q2-21 vs Q1-21

With flight reservation information made up to March 28

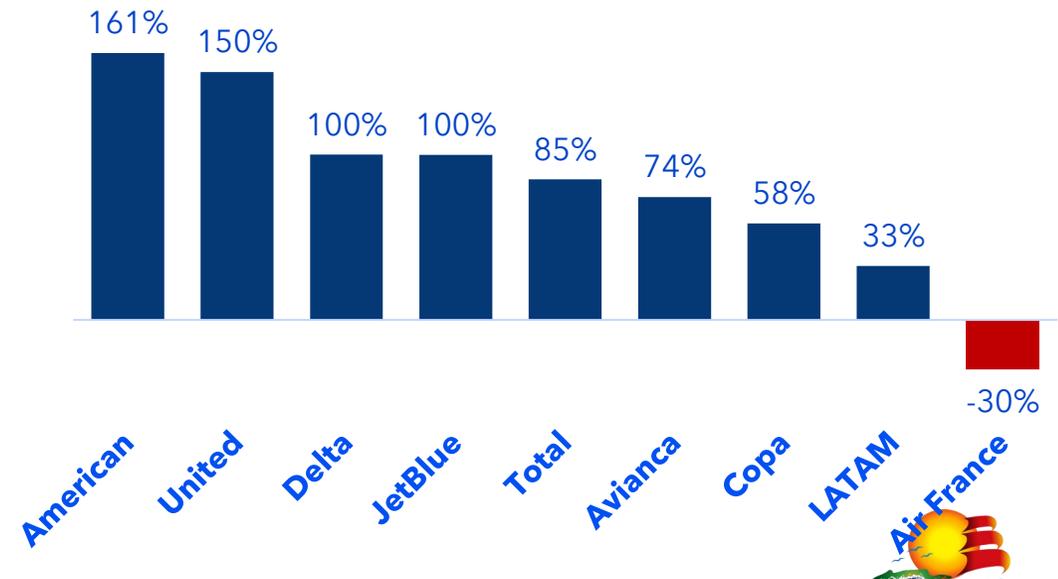
By country issuer



4% of total
air ticket
reservation of
March 2021

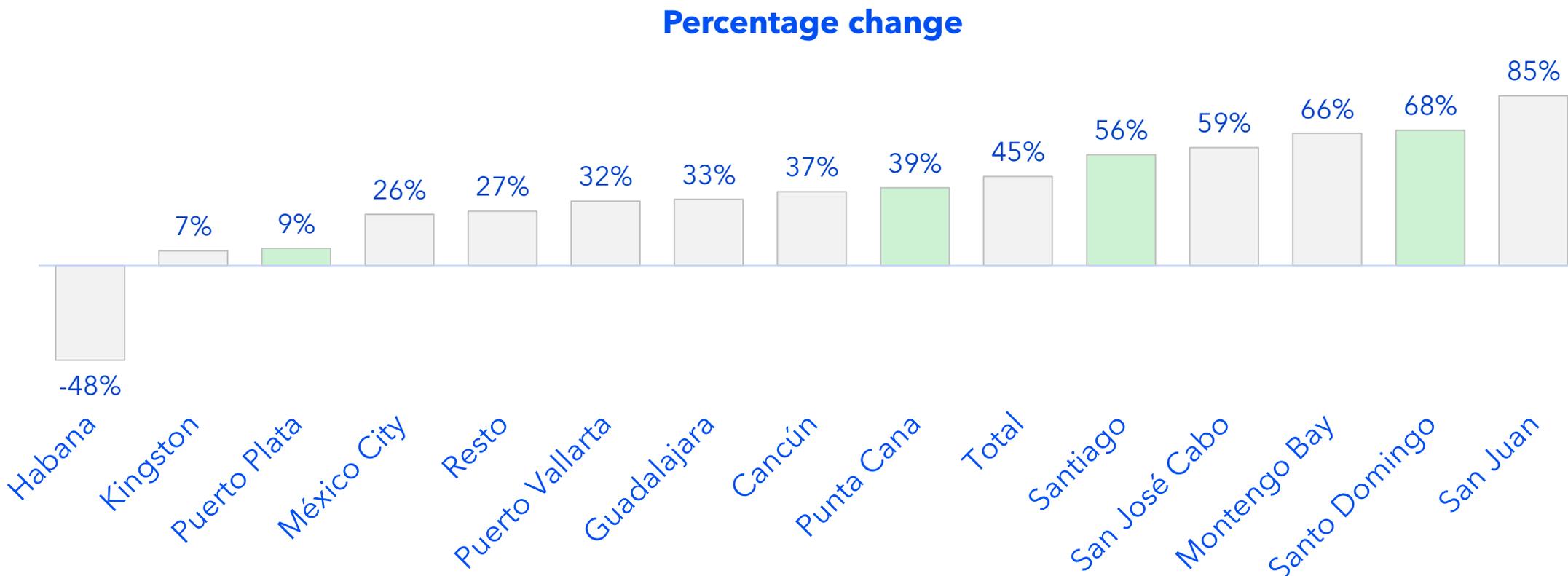
96% of current reservations have originated in countries that show substantial improvements in the second quarter of 2020 compared to the first quarter of 2020. Likewise, the 7 main airlines present an increase in ticket reservations in Q2 compared to Q1.

By airline



Reservation of air tickets for Q2-21 vs Q1-21 by airport

(With flight reservation information made up to March 28)



Air ticket reservations for April and March 2021 in the region are 45% higher than those in January and February 2021. 3 of the airports in the DR show a rebound higher than that of the giant Cancun.

Reservation of air tickets in the region for April 21

With reservations made by March 28

DR (+1.5%)

Mexico (-10.7%)

Jamaica (-24.1%)

TOTAL	VAR% YO vs Y-1
Total	+1.5%
Total Trips	+1.5%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	+79.5%
Switzerland/CH	+64.4%
Canada/CA	-91.9%
France/FR	-55.7%
Spain/ES	-12.7%
Germany/DE	-24.9%
United Kingdom/GB	-64.2%
Italy/IT	-26.3%
Mexico/MX	-47.5%
Austria/AT	+45.4%
Poland/PL	+566.7%
Netherlands/NL	-19.5%
Ukraine/UA	+77.4%
Belgium/BE	-10.4%
Czech Republic/CZ	+46.9%
Others	-48.3%

TOTAL	VAR% YO vs Y-1
Total	-10.7%
Total Trips	-10.7%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	+32.0%
Switzerland/CH	+57.3%
Spain/ES	-57.5%
Canada/CA	-95.4%
Germany/DE	-55.5%
France/FR	-70.2%
United Kingdom/GB	-68.0%
Netherlands/NL	-65.9%
Poland/PL	+606.1%
Russia/RU	+133.6%
Italy/IT	-40.8%
Ukraine/UA	+325.9%
Austria/AT	-12.4%
Portugal/PT	+40.8%
Czech Republic/CZ	+41.7%
Others	-40.2%

TOTAL	VAR% YO vs Y-1
Total	-24.1%
Total Trips	-24.1%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	-1.5%
United Kingdom/GB	-50.6%
Canada/CA	-96.4%
Switzerland/CH	-51.1%
Mexico/MX	-69.5%
Germany/DE	-92.9%
France/FR	-92.3%
Netherlands/NL	-91.7%
Belgium/BE	-83.9%
Spain/ES	-90.5%
Denmark/DK	-93.5%
Poland/PL	-81.8%
Italy/IT	-97.5%
Austria/AT	-98.4%
Portugal/PT	-94.1%
Others	-80.3%

Reservation of air tickets in the region for April 21

With reservations made by March 28

DR (+1.5%)

Bahamas (-37.9%)

Cuba (-88.2%)

TOTAL	VAR% YO vs Y-1
Total	+1.5%
Total Trips	+1.5%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	+79.5%
Switzerland/CH	+64.4%
Canada/CA	-91.9%
France/FR	-55.7%
Spain/ES	-12.7%
Germany/DE	-24.9%
United Kingdom/GB	-64.2%
Italy/IT	-26.3%
Mexico/MX	-47.5%
Austria/AT	+45.4%
Poland/PL	+566.7%
Netherlands/NL	-19.5%
Ukraine/UA	+77.4%
Belgium/BE	-10.4%
Czech Republic/CZ	+46.9%
Others	-48.3%

TOTAL	VAR% YO vs Y-1
Total	-37.9%
Total Trips	-37.9%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	-26.6%
United Kingdom/GB	-77.5%
Canada/CA	-97.2%
Switzerland/CH	-70.0%
Mexico/MX	-42.3%
Italy/IT	-87.6%
France/FR	-91.9%
Belgium/BE	-68.3%
Germany/DE	-97.0%
Spain/ES	-85.6%
Netherlands/NL	-96.5%
Austria/AT	-96.9%
Czech Republic/CZ	-85.7%
Poland/PL	-75.0%
Denmark/DK	-94.4%
Others	-78.0%

TOTAL	VAR% YO vs Y-1
Total	-88.2%
Total Trips	-88.2%
TRIP ORIGINS	VAR% YO vs Y-1
U.S.A./US	-56.5%
Canada/CA	-96.7%
Spain/ES	-88.1%
France/FR	-93.8%
Italy/IT	-84.9%
United Kingdom/GB	-92.5%
Switzerland/CH	-90.5%
Germany/DE	-93.7%
Mexico/MX	-96.0%
Russia/RU	-92.1%
Netherlands/NL	-96.2%
Poland/PL	-87.6%
Belgium/BE	-94.3%
Czech Republic/CZ	-87.4%
Portugal/PT	-95.9%
Others	-90.5%

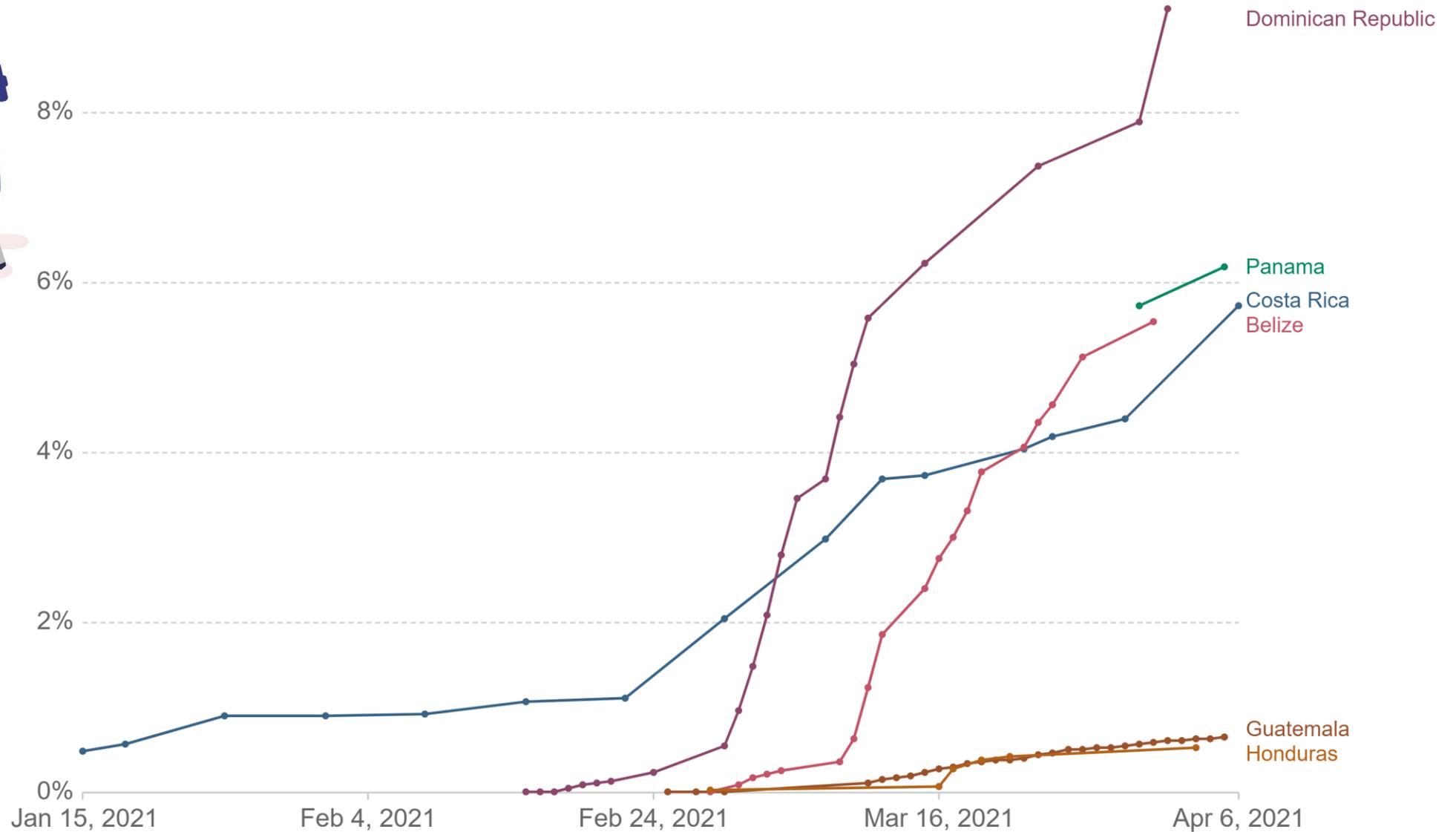
Share of people who received at least one dose of COVID-19 vaccine

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.



1,000,000
Vaccinated

101,528
Second dose



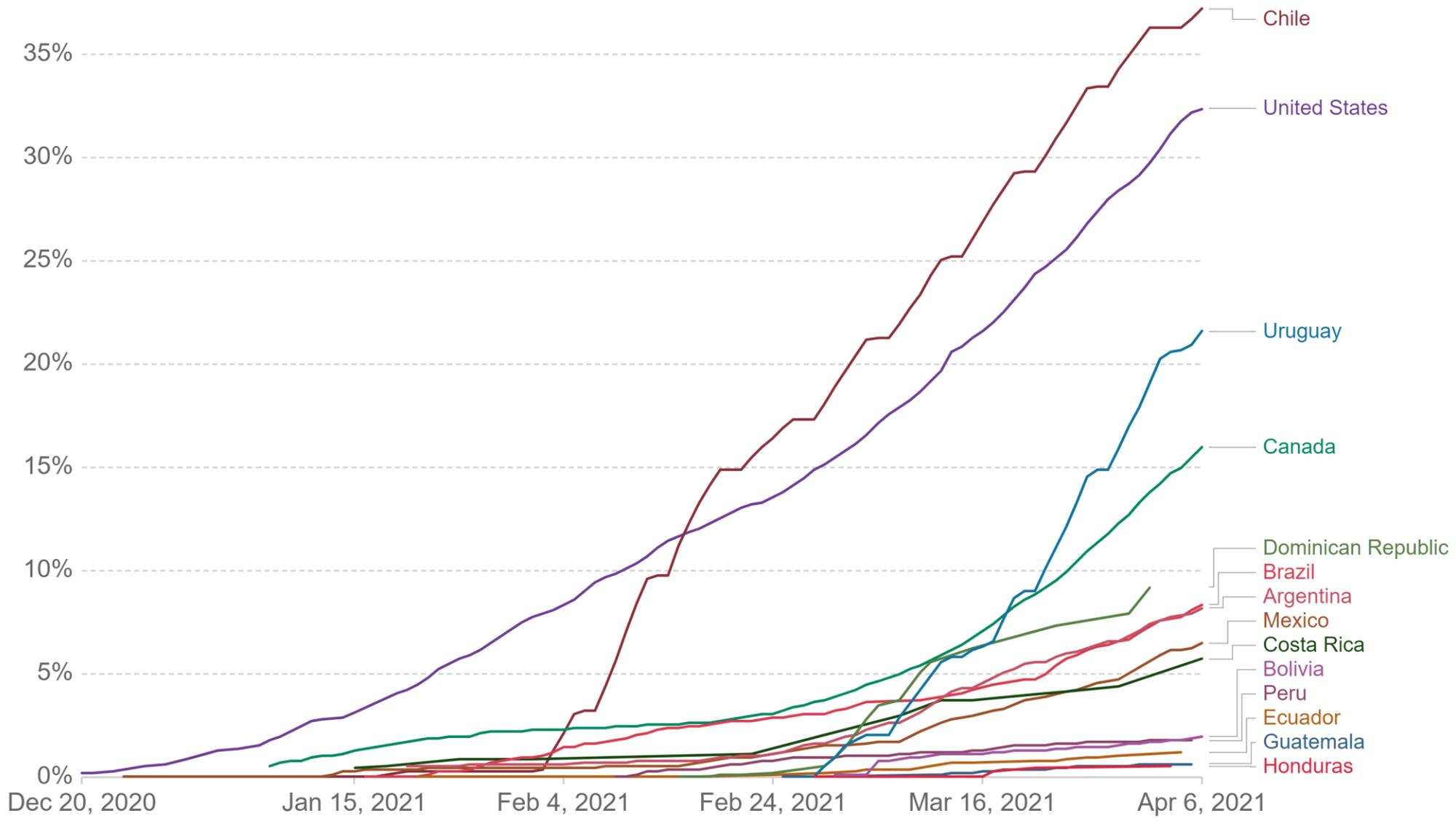
Source: Official data collated by Our World in Data

Share of people who received at least one dose of COVID-19 vaccine

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses.



DR ranking in America



Source: Official data collated by Our World in Data

Interesting Web Pages

- ❑ <https://protocolos.mitur.gob.do/protocolos/>
- ❑ <https://one.mitur.gob.do/>
- ❑ <https://www.godominicanrepublic.com/>
- ❑ <https://www.godominicanrepublic.com/newsroom/coronavirus/>
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