

Ulises Cabrera
EST. 1966

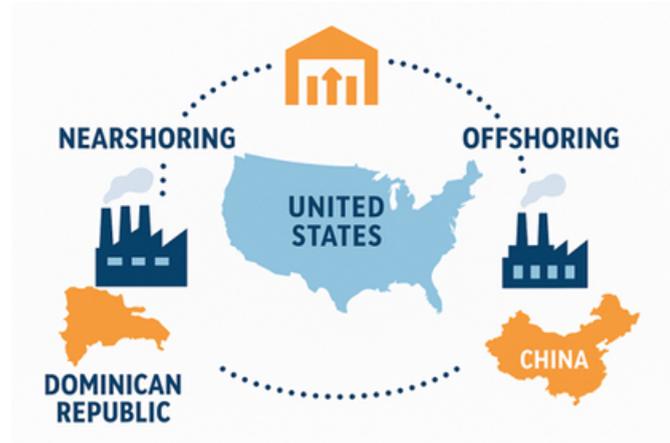
**NEARSHORING
&
THE DOMINICAN REPUBLIC**
THE SMART MOVE FOR U.S. MANUFACTURING



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WHAT IS NEARSHORING?

Nearshoring is the relocation of manufacturing or services to nearby countries. This reduces shipping times, cuts costs, and strengthens supply chains. In recent years, rising U.S.-China tensions, increased tariffs, and pandemic-related disruptions have pushed U.S. companies to rethink their global strategies. Nearshoring offers a smarter, faster, and more resilient alternative.



Why the Dominican Republic?

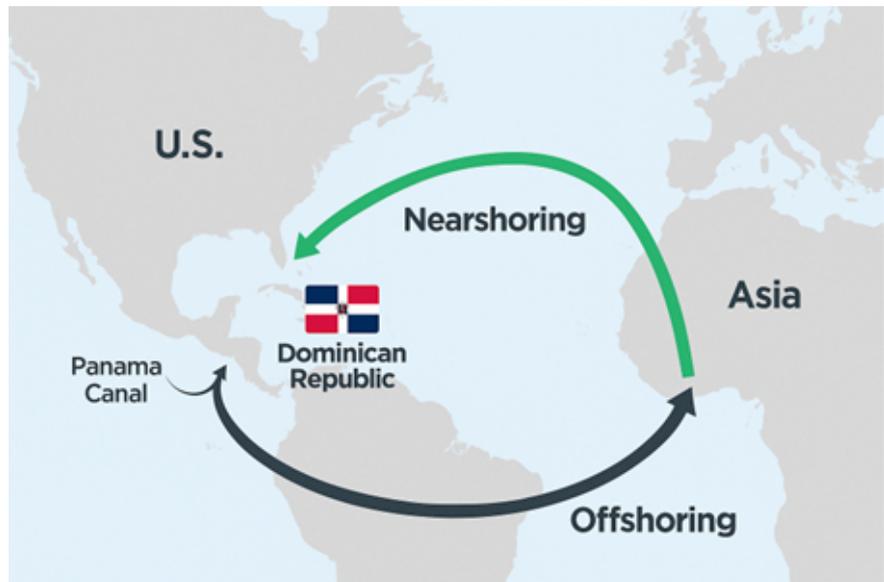
First, **geography**. We're just 2 to 4 hours by air from the U.S. East Coast. Goods reach the U.S. in 3 to 5 days-no Panama Canal detour required.

Second, **trade benefits**. Under DR-CAFTA, Dominican goods enter the U.S. duty-free or with very low tariffs, unlike exports from Asia.

Third, **infrastructure**. The DR offers a robust logistics network, including DP World Caucedo—a world-class port and logistics hub. Companies like IKEA already rely on it for their regional operations.

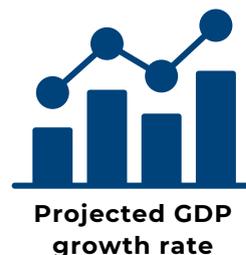
Fourth, **strong political and economic stability**. The Dominican Republic offers a stable political and economic environment that supports long-term investment. With a democratic government committed to open markets and pro-business reforms, the country has maintained steady economic growth and institutional continuity. As a signatory to multiple free trade agreements, the DR provides a secure and predictable framework for international business, making it a reliable partner for nearshoring and global supply chain operations.

Fifth, **low labor and operating costs**. The Dominican Republic stands out for its low labor and operating costs, offering a highly competitive advantage for nearshoring. Factory workers earn an average of US\$70 per week, while technicians average around US\$100, significantly lower than in many competing markets. Companies operating in free zones also benefit from generous tax incentives, including a 15-year renewable exemption, making the DR an efficient and cost-effective base for manufacturing and service operations.



Sixth, **built-in disaster resilience**. The Dominican Republic offers built-in disaster resilience that supports uninterrupted operations. Industrial parks are designed to withstand hurricanes, and most facilities include on-site power generation to ensure business continuity during weather-related disruptions. This level of preparedness makes the DR a reliable and secure hub for nearshoring investment.

It's a compelling package.



5.1%
in 2024

Logistics & Infrastructure

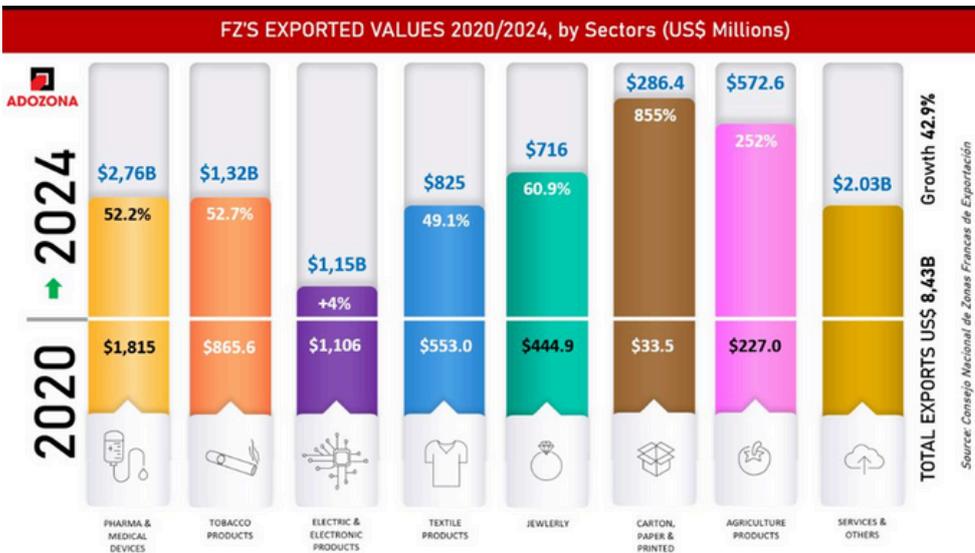
The Dominican Republic boasts world-class logistics and infrastructure, with a network of modern highways, major seaports like DP World Caucedo (one of the most efficient ports in the region, combining maritime access with tax-exempt warehousing) and Haina, and international airports in key regions. The road, air, and port network allows for streamlined operations and quick delivery to U.S. markets. This seamless connectivity ensures fast, cost-effective access to the U.S. and global markets, making the country an ideal location for agile and efficient nearshoring operations.



Tax Advantages

The Dominican Republic offers highly competitive tax advantages through its Free Zone regime (100% exemption from income tax, import duties, value-added tax (VAT), municipal taxes, and export taxes for companies operating within designated free zones), which provides up to 15 years of renewable tax exemptions on income, imports, and exports. These incentives significantly reduce the cost of doing business and are backed by a proven legal framework that supports export-driven growth. Combined with simplified customs procedures and government support, the tax environment is designed to attract and retain international manufacturing and service operations.

Performance: 2024 Snapshot

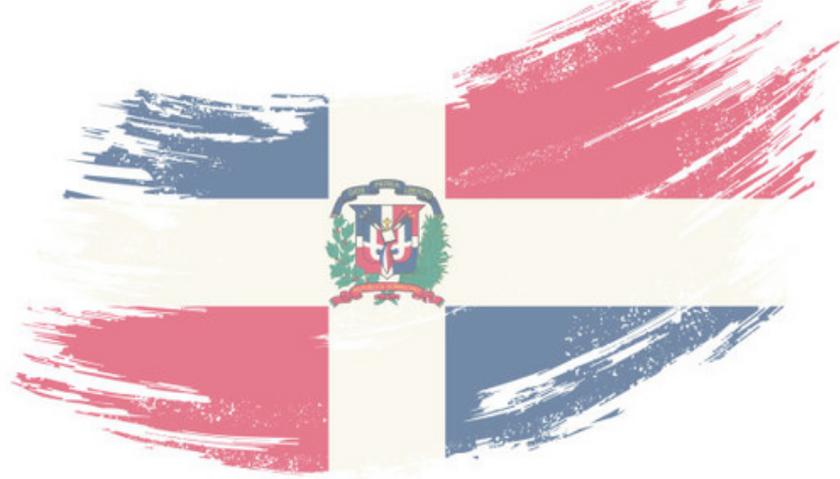


Sector Growth Highlights

The growth is broad-based and impressive:

- Medical Devices: \$2.76B (+52%)
- Tobacco: \$1.32B (+53%)
- Jewelry: +61%
- Agriculture: +252%
- Cartons/Paper: +855%

The Dominican Republic's Free Zone sector is a powerhouse of export-driven growth, generating US\$8.6 billion in exports in 2024, a remarkable 43% increase since 2020. Today, free zones account for 67% of all Dominican exports, underscoring their central role in the country's economy. This dynamic ecosystem is home to over 850 companies operating across more than 90 industrial parks, supporting approximately 195,000 direct jobs. With 72% of these exports destined for the U.S., the Dominican Republic has firmly positioned itself as a strategic nearshoring hub for American manufacturers and global supply chains.



The Takeaway: The Time is Now!

- Nearshoring is not optional: **it's a strategic imperative.**
- The Dominican Republic offers unparalleled advantages: cost, location, infrastructure, and alignment.
- But capacity is filling fast.** Early movers will seize the best opportunities.
- If you're looking beyond Asia, look closer. **Look to the Dominican Republic.**

Contact

For tailored legal advice on investments in the Dominican Republic, contact Ulises Cabrera, a leading law firm specializing in business, corporate, and foreign investment advisory services.

Further Reading from Ulises Cabrera:

- [Tax Incentives in the Dominican Republic](#)
- [Free Trade Service Zones: A Boost for the Dominican Economy.](#)
- [Law No. 30-24 on Logistics Centers](#)
- [Dominican Labor Code Reform Proposal](#)

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