

MEDICAL AND PHARMACEUTICAL DEVICES **DOSSIER**





The Medical and Pharmaceutical Devices sector is one of the pillars within the free trade zone industry and has great potential for manufacturing and exporting from the Dominican Republic.

The country offers companies in the Medical and Pharmaceuticals sector with great advantages for their development and manufacturing activities, a proof of this is, is the excellent record with the Food and Drug Association (FDA) of the United States, as well as with other global health agencies, highly qualified workforce at competitive costs, modern infrastructure, strategic location and preferential access to the U.S., European, Central America and Caribbean market.

The manufacture of Medical and Pharmaceutical Products in Free Trade Zones began more than 50 years ago, with a company called Surges, a pioneer, with them began a positive story of good reputation in the manufacture of disposable medical equipment and products that has been maintained for more than two decades in the free zones sector of the country.

The Dominican Republic is one of the leading suppliers of transfusion instruments, blood pressure monitors, needles and catheters for medical use and other similar products to the United States. It is the third supplier worldwide of ostomy appliances.



SECTOR GROWTH AND TRENDS

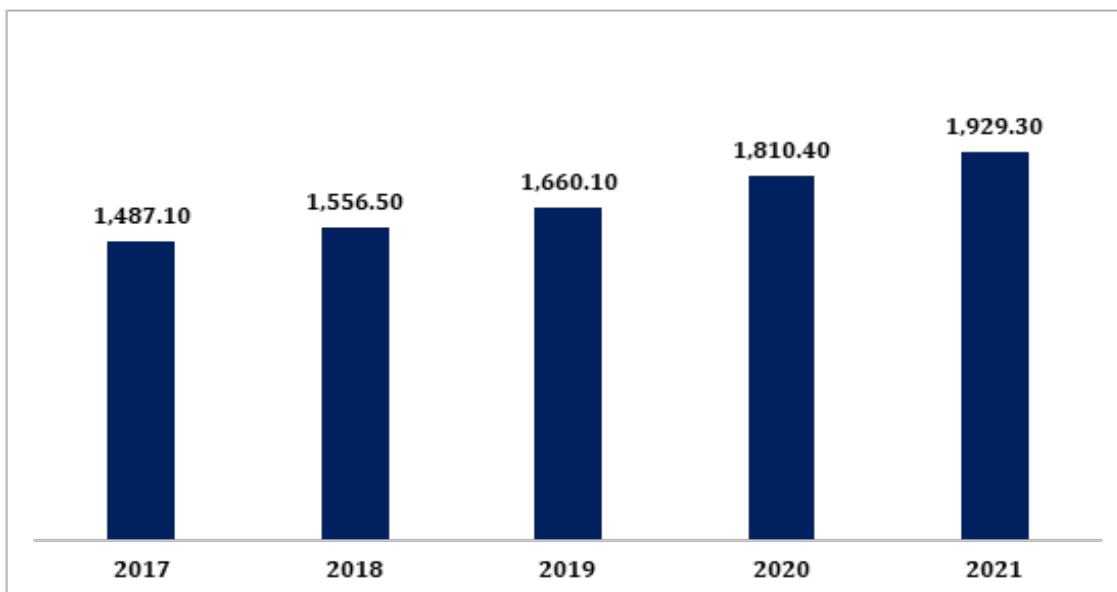
Within the Free Trade Zones industry, this sector is the first one in terms of accumulated investment, with US\$1,580.9 million in 2021, representing 26.8% of the total invested in that year.

Over the last years, the Medical and Pharmaceutical Devices sector in the Dominican Republic has presented a dynamic and sustained growth, based on the development of manufacturing capacities by the main companies in the sector, which have found in the country a key partner for their investment strategies and businesses.

In 2021, exports of medical and pharmaceutical products rose to US\$1,929.3 million, representing 26.9% of total exports in the Free Zones sector for that period and growth of 6.5% compared to the previous year.



Medical Devices and Pharmaceutical Export in the Dominican Republic
Period 2017 - 2021; Values in US\$Million.



Source: National Council of Export Free Zones (CNZFE)

The Dominican Republic has favorable conditions for foreign medical device companies to reduce costs and approach the world's largest consumer, the United States, while maintaining the quality of its products. It should be noted that the average weekly wage within the operator sector is US\$67.7 and technicians US\$134.8.

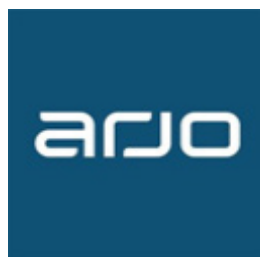
Subsequent to the United States, the main countries that received medical and pharmaceutical products from the Dominican Republic were: Puerto Rico, The Netherlands, Germany, Japan, China and Italy, amongst others.



TOP FOREIGN COMPANIES ESTABLISHED IN THE COUNTRY

As of 2021, the Dominican Republic has a total of 79 free zone parks in operation, home to 734 companies, of which 37 are engaged in the manufacture of medical and pharmaceutical products and devices, generating 28,688 direct jobs distributed nationally, for 15.7% of the total direct jobs generated by Dominican free zones. Companies such as Baxter, Johnson & Johnson, Fenwal International, B. Braun, among others have recognized the profitability offered by Dominican Republic.

Some of the enterprises installed in this sector are:





INSTITUTIONS RELATED TO THE SECTOR

- **National Council of Export Free Zones:** It is the government entity authorized to know, evaluate and recommend to the Executive Branch the installation of Free Trade Zone. Its functions include delineating a comprehensive policy of promoting and developing the free zone sector and participating in negotiations, agreements, treaties, etc., both domestic and foreign related to the operations and activities of export free zones. <http://www.cnzfe.gob.do/>
- **Dominican Association of Free Zones (ADOZONA):** is the business association that represents industrial parks and free zone companies in the Dominican Republic. It is a non-profit non-governmental entity, made up of Special Free Zones Companies, Associations of Free Zones Companies and Operators of Private Industrial Parks, located throughout the national territory. <https://adozona.org/>
- **Ministry of Industry and Commerce:** is the government's entity responsible for establishing the country's industrial and mining policy, the internal and external commercial policy and the hydrocarbon policy. <https://micm.gob.do/>
- **PROINDUSTRIA:** It is the body responsible for overseeing the new institutional framework that allows the competitive development of manufacturing industry, proposing for this purpose policies and support programs that stimulate industrial renewal and innovation through the promotion of districts and industrial parks, and the linkage to international markets. <http://www.proindustria.gov.do/>

INCENTIVE LAWS

Law No. 8-90 of January 10, 1990, on Free Zones in the Dominican Republic and its Implementing Regulations.

Law No. 392-07 on Competitiveness and Industrial Innovation, dated 4 December 2007.

Law 8-90 encourages the establishment of new free zones and the growth of existing ones, regulating their operation and development. Among its benefits are:

- Special customs control regime.
- Tax incentives of up to 100% exemption in:
 - Payment of building tax, loan contracts and on the registration and transfer of real estate from the establishment of the relevant Free Zone operator.
 - Payment of the tax on the establishment of commercial companies or the increase in their capital.
 - Payment of municipal taxes created that may affect these activities.
 - All import taxes, tariffs, customs duties and other related levies, affecting raw materials, equipment, building materials, building parts, office equipment, etc., all intended to build, enable and operate in free zones. As well as, all import taxes relating to necessary equipment and utensils for the installation and operation of budget canteens, health services, medical care, childcare, entertainment or, amenities.
 - All existing export or re-export taxes except those for industrial or export service processing, such as raw materials, packaging, labels, services, etc., which they demand from the productive sectors
 - Taxes on patents, assets or assets, as well as the "ITBIS".
 - Consular duties for all imports for Operators or Free Zone Enterprises.
 - Payment of import taxes on transport equipment.



WHY RD?

- **Excellent business climate.**
- **Competitive costs.**
- **Political and economic stability.**
- **Strong legal framework.**
- **Specialized staff.**
- **Strategic geographical location.**
- **Solid export platform.**
- **Preferential Market Access: Central America and the Caribbean, United States, European Union and United Kingdom.**
- **Free Trade Agreements: DR-CAFTA, EPA, DR-CARICOM, DR-Central America, DR-PANAMA SPG.**



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