

PRESIDENT LEONEL FERNANDEZ' ENDORSEMENT SPEECH

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The President of the Dominican Republic, Dr. Leonel Fernandez, endorsed Miami to become the Permanent Secretariat of the FTAA at the Biltmore Hotel on October 11.

**The Dominican Republic Endorses Miami: President Leonel Fernández' Speech
October 11, 2004
Biltmore Hotel
Miami, Florida**

I'd like to start by thanking all of you for being here today. I am particularly grateful to Gov. Jeb Bush for extending the invitation to speak in front of Florida's most accomplished businesspeople, academics and professionals, to Ambassador Charles Cobb, Chairman and Jorge Arrizurieta, President of Florida-FTAA, and to Enterprise Florida, our event sponsors. I would also like to give a special welcome to one of the Dominican Republic's greatest baseball players: Sammy Sosa.

I want to talk with you today about opportunities in the Dominican Republic: A Country in Transition. Over the last few decades, we have moved from being an exporter of traditional commodities to an economy based on exports of manufactured goods, tourism and technology services.

Today, I'd like to share my **vision of Florida-DR** relations with you. I welcome—and expect—your feedback on this. It is only through open exchange that we can carve out the best possible future.

As you know, the Dominican Republic is one of this state's most important trade partners—first in the Caribbean and Central American region.

Economic linkages between Florida and the DR have grown strong. They've spread, in scope and in depth, throughout the years. Today, the **DR is ranked as Florida's number two trading partner and its second-best export market.**

Last year, **total merchandise trade** between us amounted to almost **US\$5 billion**. **In comparison, this figure represents** more than Florida merchandise trade with countries like Japan Germany, Canada, Colombia, Mexico, and the United Kingdom.

The State of Florida is a natural gateway to the Caribbean. Over half of U.S exports to the Dominican Republic flow through this state. Since 40% of all imports to the

Dominican Republic come from the United States, we do business with Floridians on a constant basis.

As a developing nation, we recognize the importance of trade as an engine of sustainable economic growth. Cultivating a welcoming investment environment, promoting exports, and engaging in dialogue with key trading partners like Florida are top priorities.

The track record of Florida-Dominican Republic relations is strong. As **Governor Bush** has emphasized before, I, too, believe that there is ample opportunity to continue to expand both our trade and investment relationships. Certainly, we can do much more, no question about it! We can both benefit further from collaboration and trade if we choose to be proactive.

Allow me to say a few words about the future of the FTAA, as its fate is intrinsically linked to the future of Florida-Dominican relations. During my campaign for the presidency of the Dominican Republic, I expressed my commitment to free and fair trade in the Americas. Now as president, I have the will and the tools to work toward the signing of a Free Trade Area of Americas agreement that reflects the efforts of the 34 nations that have been working toward this goal. I also remain firm in my belief that Miami is the most logical site for the eventual Secretariat of the FTAA.

Please allow me to share with you a few remarks about our recent past and current situation in the Dominican Republic:

You may already know that in the past couple of years, the Dominican Republic suffered—as a writer for *The Economist* has put it—a “**fall from grace.**”

Our thriving tourism and manufacturing industries suffered the blows of post-9/11 economic decline. A banking scandal undermined confidence and shrank our record-breaking investment inflows. **GDP growth rates**—as high as eight percent a year at the end of the millennium—dropped into the negative numbers in 2003.

Inflation reached an average of about thirty-five percent, causing **prices for basic goods to soar** in 2003 and 2004. Public sector debt climbed to nearly half of our National Product totaling almost 7 billion dollars.

In summary, we went from serving as a global model of economic development—**surpassing five times the average growth rate for Latin America**—to struggling to keep our heads above water.

But I'm pleased to announce, in front of you today, that the tide is beginning to turn. I'm thrilled to say, with confidence that we're swimming towards shore on the way to reclaiming all the progress we had made. Most importantly, I want to emphasize the fact that we're laying the groundwork to leap ahead economically and restore confidence in all economic agents.

Last **May 16th**, the Dominican people elected a new president by an unprecedented margin of almost 60%, which is the widest margin in the history of our country's democracy.

Since then, I've been working to put together a **strong team and sound policies** that will provide the basis and the tools for economic recovery and growth for the rest of the decade. Our Administration officially took office in mid-August—and we hit the ground running. I can stand here today and tell you all that the DR is, officially, without a doubt . . .

“... Back in Business.”

Our **national objective** is, first and foremost, to restore our backbone of macroeconomic stability.

In 2003, about twenty percent of our Gross National Product was lost due to our poor economic performance and banking failures. Lack of necessary regulatory supervision, management skills and corruption caused our people to suffer from one of the worst economic crises and a severe loss of international credibility.

We're proving our commitment to this stance through action—by establishing **credible monetary and fiscal policies**.

By taking precautions to **protect against inevitable economic shocks** and to **bring back investor confidence**,

We're “tightening the belt” of government—increasing **transparency** and **cutting spending to shrink the deficit**. We're implementing **tax reforms** to help bring a **return to growth and job creation** in the years to come.

Of course, the support of the **International Monetary Fund** is aiding in this process. We have been working actively with IMF representatives to ensure the continuation of our **\$600 million dollar standby agreement**. Citing excessive public spending by the previous administration, the Fund had halted negotiations of the arrangement last year. We've re-initiated the process, with a clear understanding of what actions must be taken in order to move forward:

Three pillars of **austerity** lie at the heart of our contract with the IMF:

- § First are regulatory measures to renew confidence in the banking sector.
- § Second, a commitment to public finance reform and ensuring debt sustainability.
- § And third, a tightening-up of the money supply to stabilize our national currency and create a functional, flexible exchange regime.

Mr. José Faiaenbaum. Acting Director of the Fund's Western Hemisphere Department.

has publicly expressed his confidence in the fact that the country's new economic team is *"determined to move ahead with institutional reforms and economic policies that will bring confidence, stability, and sustained economic growth back to the Dominican Republic."*

I am pleased to tell you that the new Tax Reform our Administration had sent to Congress in the very early days of our new Government **has now been approved.**

As I said before, we're on our way to regaining the **stability and credibility** that put the DR on the map in the first place.

Looking a little farther ahead, past the immediate priorities, our plans focus on strengthening the **quality of our workforce and our capacity to compete globally.** Our human resources are undoubtedly our most valuable. Our people, with their capacity to learn quickly and to continuously innovate, are the real source of wealth in today's knowledge-intensive industries.

Dominican workers are consistently recognized for their **work ethic**—the positive, can-do attitude of our labor force. The way each employee rolls up his sleeves with enthusiasm to get the job done right, as well as for their **willingness to learn and ability to adapt to fast-changing situations.** Our next task is to mobilize these valuable natural propensities to serve us well in the global economy. To equip Dominicans with the skills—through **cutting-edge technical training** and **English language capability**, for example—that will make them competitive as a workforce at the international level.

Our commitment to the educational investment required to meet this goal is clear: the Dominican Republic was one of the first Latin American country to implement online distance learning programs in universities, bringing international standards directly into our classrooms.

Currently, we're working with **Daytona Beach Community College**—using their expertise to bring the proven Community College model to the DR. With **Florida International University (FIU)** and the **Latin American and Caribbean Center (LACC)** we're offering classes in International Negotiations, and an international joint MBA with UNIBE, for example. With Miami-Dade College we have been engaged in state-of-the-art computer science and entertainment technologies courses, as well.

At **ITLA**, the Technology Institute of Las Americas, a project spearheaded during our previous term, we're working to build a first-rate High-Tech education hub—one that can host students from all over Latin America and the United States.

Complementing our progress in education are cluster development strategies that allow for synergies between applied learning and industry. Santo Domingo's **CyberPark**, a technology park that's directly connected with **ITLA**, is one such project.

In sum, we're not only strengthening our existing economy. We're not only trying to improve on the areas in which we've learned to excel. We're innovating and working to

create an economic powerhouse that cuts across a diverse group of industries. One that's grounded in cutting-edge education & international collaboration. An economy that serves as a **source of national pride as well as a draw for foreign investors.**

Our **long-term vision** is that of the DR as a leading regional **center of production and distribution of goods and services.** With the right mobilization of resources, our shores will eventually host not only beach resorts and golf courses, but a thriving "**Tropical Silicon Coast**" as well.

In other words, we're turning the *vicious cycle* of mismanagement and short-sightedness that plagued us during these last few years into a *virtuous cycle* of **human capital formation, value-added economic activity, and sustainable growth.**

Our vision is an ambitious one, I'll be the first to admit. But I firmly believe that it's attainable . . .

We have a lot going for us already in the Dominican Republic.

We're fortunate enough to be **located strategically** in the Caribbean—in the middle of the trade routes that connect the U.S., Caribbean & Central America, and South America.

Since the mid-1990s, when our current **Foreign Investment Law** came into effect, we've been cultivating a strong international business climate. We have the greatest number of air and maritime **transport connections** in the entire Caribbean.

§ 7 major seaports, including with the new **CSX World Terminal Caucedo** megaport project underway.

§ 8 international airports—averaging 20 flights to the U.S. and Europe daily.

§ We run **55 industrial free zones**, with over 500 companies operating tax-free with special customs provisions in those zones. These companies range from garment and textile manufacturing to electronics and call centers. The sector is governed by particular laws and regulated directly by the **National Free Zones Council**—provisions that let us meet the unique needs of free zone enterprise efficiently and effectively.

§ We have the strongest **telecommunications** infrastructure in Latin America, led by major international carriers: **Verizon, Tricom, Orange/France Telecom, and Centennial.** Cable and wireless lines total close to **3.5 million**—and the **cost of a T1 connection** is the lowest in all of Latin America. Our per capita consumption of telecom in the DR is actually higher than that of the United States.

The result of the investments we've made in infrastructure are evident: the **costs of doing business in the DR** are highly competitive in the Caribbean Basin.

Perhaps, I've failed to mention thus far that there is more to life in the Dominican Republic than just work. With **1,000 miles of coastline.** the highest mountain in the

region, a diverse array of cultures represented, and a fast-growing entertainment industry, there's always plenty to do between business transactions. Our resort industry is the largest in the Caribbean—there's a getaway that caters to each and every taste.

Also, residential development in the country has boomed—clearly, more and more people are drawn to the rare opportunity to pursue their economic goals in a Caribbean paradise.

We're proud of what we have to offer in the Dominican Republic. And we're anticipating excellent progress for the future. Now that you know more about us, I'd like to talk about some opportunities that might be interesting to you as members of Florida's business community.

In the DR, as in Florida, we seek to maximize progress through the **ultimate growth engine—international trade**.

As a member of the **World Trade Organization (WTO)** since its founding, the Dominican Republic is committed to the free trade dialogue and seeks to lower barriers wherever possible.

Our agreements with North America, Central America, the Caribbean Community, and European Union, through the **Caribbean Basin Trade Preference Act, CAFTA, CARICOM**, and **Cotonou**, respectively, give the DR preferential access to a total of **790 million consumers** worldwide.

As a government, we aim to stimulate commerce and investment by providing a clear, consistent legal framework and powerful incentives to the private sector.

Our Foreign Investment Law grants equal status to national and foreign investors, and allows for full repatriation of capital and profits. Free currency convertibility and updated labor codes help to further facilitate business transactions for foreign firms operating within our borders.

The Multilateral Investment Guarantee Agency (MIGA) and the Overseas Private Investment Corporation (OPIC) back foreign investments in the DR, ensuring an additional layer of security.

Our Export and Investment Center, **CEI-RD** is an institution devoted entirely to these tasks. The team at CEI works closely with our government Ministries, the banking sector, and key private industry representatives to ensure a coherent approach to commerce and investment.

Our teams work one-on-one with prospective investors, maybe one of you, in opportunity identification, matchmaking, and streamlining administrative processes for investors every step of the way. We even have a special fast-track immigration program to help investors expedite their resident status applications.

We firmly believe that this package of incentives, combined with custom-tailored guidance through the process, enhances opportunities for all parties.

You may ask: What are the **top trade and investment opportunities** with the

Dominican Republic? Where are the most promising areas of investment?

I'll briefly highlight some of the projects underway in our **fastest-growing sectors** . . .

Hi-Tech

A growing need for better information management worldwide is constantly fueling demand for hi-tech products and services. The development of these industries is imperative for the DR. As I mentioned earlier, the Cyberpark project and other industrial free zones are ideal location spots for High Tech manufacturing and nearshore outsourcing services.

I am pleased to say that we are proactively seeking to formalize an alliance with the Florida High-Tech Corridor that goes from Tampa to Orlando and to Daytona, as well as with other High-Tech associations and companies so as to promote business linkages, Joint-Ventures and greenfield investments in areas such as medical devices, information technologies and micro-electronics, just to mention a few.

Tourism & Infrastructure Development

We're a leading Caribbean destination supplying over 60,000 hotel rooms and attracting over **3 million tourists** a year. Now, we're working on **diversification** strategy—expanding our product of white sand and sun to include ecotourism, theme parks, golf vacations, adventure travel & other market niches.

New projects in this area will complement our already strong transportation systems. The mega-port developments, oil refinery, several new marinas, and major highway construction are a few of our key plans in the area of infrastructure. Another area of interest lies in the housing industry, both for low-income earners and for the more affluent.

Energy

I am sure you all know that this sector represents perhaps our biggest challenge. The Government is actively seeking private sector and public-private partnership agreements to resolve this issue, particularly looking into alternative ways to efficiently generate, transmit and distribute electricity to the whole country.

This is only a brief overview of what types of opportunities the Dominican Republic has to offer. There are many others out there as well.

We already know that Florida and the Dominican Republic are natural economic partners. The question is: how do we take full advantage of our linkages? How do we expand them and make sure they evolve to our mutual benefit? Proactive planning and constant communication will answer these questions.

To this end, nearly three years ago we began the process of creating a strategic alliance between DR and this state. The product of this work is this book which summarizes our efforts. A little over a year ago, Governor Bush and I signed the Agreement launching the cross-national **Task Force** dedicated to economic and educational exchange.

With the help of **Enterprise Florida**, the **U.S. Embassy in the DR**, and the **U.S. Commercial Service**, we were able to organize a successful trade mission. We signed collaborative agreements with Florida higher learning institutions.

We want to keep up the momentum we started by taking advantage of the coming into effect of the DR-CAFTA Agreement. Indeed, we have opportunities to strengthen our trade relationship more than ever before. This agreement has the potential of realizing our mutual efforts towards integration.

There are challenges ahead, no doubt. Today's economy is indisputably global and moves at an ever-increasing speed. We in the Dominican Republic must mobilize all available resources to build trust and pride in what we have to offer—both within and outside our borders.

I invite you all to come and visit the DR. I invite you to see firsthand what we're working on, to speak with us face-to-face about projects and investments, and to put new ideas on the table.

Once more, I'd like to tell you that "We're back in business". We're moving forward . . . as we say in the DR: "**E' pa' lante que vamos!**"...so let's go at it together!!

Thank you!!!