

The power of partnership

INTERVIEW WITH CAMPOS DE MOYA

PRESIDENT, INDUSTRY ASSOCIATION OF THE DOMINICAN REPUBLIC (AIRD)



CAMPOS DE MOYA is President of the Industry Association of the Dominican Republic (AIRD) and Secretary of the Board of the National Council of Private Enterprise (CONEP). In the past, he has served as President of several other business Associations in the Dominican Republic, including the British Chamber of Commerce. He has been a high-level executive at VICINI, an asset management firm for over 25 years, and has represented business interests in the negotiation of major international trade deals, including DR-CAFTA, CARICOM and the EPA with the European Union.

As Chairman of AIRD, the most important industrial organisation in the Caribbean, what is your assessment of the business climate in the Dominican Republic, and how does it compare to those of its neighbours and regional competitors?

The Dominican Republic currently has the highest economic growth rate of any country in Latin America, with low inflation levels, macroeconomic stability, and benefiting from a strategic geographical location, a diversified economy and a solid financial sector. We have also signed Free Trade Agreements (FTAs) with 48 countries, among them the US and Europe, thus ensuring great opportunities for investors.

As a developing country, we of course face major challenges in government, social and energy aspects, on which AIRD is working non-stop, alongside the government authorities, in order to ensure greater competitiveness and the development of our productive sectors.

You have said that the top three priorities of the Dominican Republic are, "exports, exports and exports". In order to achieve this, you have advocated greater coordination between the private sector and the government on trade and investment policies. How satisfied are you with the steps taken by the government so far in order to promote trade – and what role can the private sector play throughout organisations such as AIRD and CONEP?

Why are exports our number one priority? Simple. The production and exportation of goods has turned out to be the most reliable means of developing a sustainable economy.

It implies multiple factors which go in hand with the increase of exports, such as the need for more qualified labour, formal employment opportunities, the establishment of production policies that favour the consolidation of strategic sectors towards the international markets, the promotion of services that boost production as well as foreign trade (including competitive financing, especially for small and medium-sized industries (SMEs), and energy tariffs which are competitive with those of our regional competitors, as well as globally). That said, exports are pretty much becoming the spearhead of a sustainable financial and social development process.

The fastest growing economies today, such as

India, China, Brazil, Peru and Chile, have been able to reduce their poverty levels exponentially, and what they have in common is that they have all supported the development of their manufacturing sector.

Secondly, it is not only about the steps the government has taken thus far, but about the creation of synergies between government entities and the private sector. President Danilo Medina formally established a Round Table to Follow-up on the Second Conference of Dominican Industry (in Spanish, Segundo Congreso de la Industria Dominicana, which also includes free zones). The main government officials responsible for this area have expressed their willingness to listen to our proposals. Alas, we are not moving at the required pace, which is why our exports continue to face setbacks.

We therefore need to assess and verify the faults, and rectify and correct what we are not doing right as a nation, or we will face a fiasco in the creation of an export culture that will complicate any proposal for social and economic development.

The third aspect has to do with the role of all business sectors. In AIRD, we have long since left behind the role of protesting against measures, which complicated the productive processes, and have instead focused on drafting and developing proposals, and working towards their implementation.

For example, we have promoted the creation and development of productive clusters in several industrial sectors; sectors we believe contribute to strengthening the country's image in all foreign markets, such as the film industry and the cultural sector. Or, to give you another example, we promoted the creation and establishment of an institute that provide the skilled workers required by Dominican businesses, with the support of the banking sector.

The business organisations in the DR play this double role: to promote proposals, assess them alongside government entities and other sectors, and at the same time, implement processes which contribute to achieving these set goals.

What positive outcomes have you seen from these policies promoted by the government to support industrial development?

As a result of the First Conference of Dominican Industry, we achieved the promulgation of Law 392-07 or the Pro-Industry Law, as we all know it, which

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establishes an institutional and legal framework for industrial development. The Pro-Industry Law has allowed us to lessen the impact of DR-CAFTA on our industrial base. It is thanks to this Law that our industries have managed to create over 20,000 jobs over the past 6 years.

Payment of social security contributions has increased from RD\$1,600 million in 2007 to RD\$3,600 million in 2012. Overall, we have paid over RD\$36 billion to Social Security. The Pro-Industry Law is not a liability, or a sacrifice for the government; it is an assured policy for the creation of job opportunities, the modernisation of our industrial parks, exports and industrial competitiveness.

The qualified industries as described by the Law, have increased their payment of value-added taxes from RD\$6,000 million in 2008 to RD\$12,000 million in 2012, and have reported gross sales of more than RD\$70,000 million in just 5 years.

These industries, thanks to the aforementioned Law, invested over RD\$6,000 million in purchasing new machinery and equipment, which is a clear indication of the desire of all our industrialists to modernise their facilities in order to be able to compete on a global scale.

This is an example of a well-aided production policy, though still insufficient, and limited in scope and time.

You played a significant role in the EPA-EU and DR-CAFTA negotiations with the US. Would you say that the Dominican Republic is taking full advantage of these agreements? Where do you believe the greatest potential for Dominican enterprises to expand their market share quota is, particularly with the EU?

Globalisation imposes a change in all paradigms. In some cases, we have been the first to initiate these changes; for no one can question or even doubt that the priorities of our foreign trade today are different to those of six years ago. The Dominican Republic now possesses one of the most open economies in the world.

We need a government that promotes collaboration between the public and private sectors, to generate wealth, within a framework of absolute trust that each party will do their part under a system of liberties, within their field of duty. This is a change in paradigms, because development will no longer be the sole responsibility of governments, but will also be a consequence of the trust earned by public-private alliances in a democratic regime.

Today, more than ever, it is essential to generate production and create jobs that foster and support a market economy, the financial as well as commercial integration processes, macroeconomic stability, fiscal responsibilities and the improvement of the regulatory

framework to ensure sustained as well as sustainable growth, which promotes the generation of innovation, investment, wealth, jobs and social cohesion.

This is why it is important to insist on the need to stimulate means of growth based on product exports and more diversified services, of greater added value.

The EPA provides an opportunity for us to diversify our destinations and also for special niches of our agribusiness production (given the prevailing European mindset of seeking environmentally-friendly products). It is a mistake to not diversify.

Until recently, you chaired the British Chamber of Commerce in the Dominican Republic. What do you believe is the greatest complementarity between the economies and business community of the UK and the DR? What are your expectations and objectives for the upcoming series of events to take place within the framework of Dominican Week in the UK?

It is important for our country that our commercial ties with the United Kingdom continue to grow, providing greater commercial exchange and investments from the UK in the Dominican Republic, thus allowing us to continue growing as a nation.

One of the most promising sectors of the Dominican Republic for the UK is agribusiness. Our cacao is an example worth mentioning.

We have developed a country brand with our cacao, and in this way every person that consumes said cacao or cacao-based products thinks of the Dominican Republic, and this alone creates an added value to the product.

The value we hold in our agribusiness sector needs to be protected, and for that we need to be fair. However, and I won't tire from saying this, we must make structural changes.

The commercial agreements, including the EPA, represent great opportunities, but our country needs to provide its manufacturing sector, its productive sector, until the proper conditions in order to compete on an equal footing with other countries, due to the fact that we all form part of a global market.

The Dominican Republic will shortly assume chairmanship pro tempore of CELAC, the Community of Latin American and Caribbean States. To what extent will the private sector have a voice within the Dominican chairmanship, and what would you like to see accomplished?

In the chairmanship Pro Tempore for 2016, the Dominican Republic will need to follow up on the proposals and goals contained in the work plan of the organisation, as well as organise the Fifth Summit of Heads of State and Government of the Community

of Latin American and Caribbean States (CELAC) in January 2017.

The country's approval to occupy the chairmanship pro tempore of CELAC in 2016 is a recognition of the work being done by the Dominican government in favour of regional integration.

I believe it is necessary to continue seeking unity amid the political, economic, social and cultural diversity of the 600 million inhabitants of Latin America and the Caribbean.

In this sense, the private sector can play a fundamental role. We hope that these integration processes will contribute to increasing market access, sharing synergies between companies from different countries, facilitating investment, etc.

We are convinced that the Dominican government will keep all possible communication channels open towards its productive sectors, and towards the private sector in general.

Specifically, what does the industrial sector expect from the government?

The private sector expects the government to:

- Maintain an environment of macroeconomic stability and provide clearly-established rules.
- Guarantee efficient energy supply and basic utilities,

at competitive rates.

- Ensure a sustainable, equitable and predictable fiscal policy that is transparent and assures accountability mechanisms, control and efficiency of public expenditures, as well as the establishment of production incentives and rationalisation of the tax burden.
- Establish a commercial policy that is consistent with the industrialisation process, assuming that defending is not the same as protecting.
- Facilitate the availability of long-term financing tools with state warranties to promote production and exports.
- Ensure quality education and provide the academic suitability of all technical training centres and universities.
- Develop innovation centres (think tanks) with sustainable financing mechanisms.
- Modernise the institutional and legal framework that governs labour relations in a way that favours the creation of formal jobs.
- Foster necessary infrastructure works for industrialisation.
- Reduce the costs and setbacks incurred during the requests of certain permits.
- Ensure greater coordination and planning among government entities.

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Gerdau Metaldom:
In 2014, Brazil's Gerdau combined its Dominican Subsidiary INCA with the DR's Metaldom to create one of the largest steelmakers in Central America and the Caribbean