

Impact of **Commercial Aviation** in the Dominican Republic

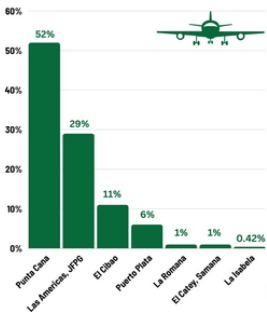
The Dominican Republic, land of paradisiacal beaches and rich cultural history, has seen how aviation has woven a network of connectivity that drives its economic and social development. Since its inception, this industry driven by its resilience has taken off towards horizons of sustained growth, reflecting its potential in sectors as dynamic as tourism and international trade.

Eight international airports serve as gateways for millions of travelers each year. In 2023 alone, an approximate of 8,058,670 tourists arrived by air. From the mountains to the coasts, these infrastructures facilitate the flow of visitors, including executives, investors, and vacationers in general.

The Punta Cana International Airport, a crucial epicenter for improving international connectivity, is the busiest private commercial international aerodrome in the Dominican Republic, handling, according to figures published by the Statistical Report of Commercial Air Transport of the Civil Aviation Board (JAC), a record total of 932,113 passengers on arrival and departure flights in January 2024 alone. With the recent expansion of Terminal B, the authorities of this airport project to surpass the goal of 11 million passengers annually.

Other fundamental airports in the country's aviation sector, such as Las Américas International Airport in Santo Domingo, with a flow, according to the cited source, of 508,902 passengers in January 2024, the Cibao International Airport with 186,830 passengers, and the Gregorio Luperón International Airport in Puerto Plata with 112,992, in the same period, also play a key role in attracting foreign investment, creating direct and indirect jobs, and fostering tourism growth in the country.

PASSENGERS TRANSPORTED BY DOMINICAN AIRPORTS - JANUARY 2024



SOURCE: STATISTICAL REPORT ON AIR TRANSPORT
IN THE DOMINICAN REPUBLIC - JANUARY 2024

Commercial airlines such as Aeroméxico, Air Europa, American Airlines, Iberia, Copa Airlines, Delta Airlines, and JetBlue Airways, among others, serve as heralds of this global connectivity; with flights linking the Dominican Republic to destinations in North America, Latin America, Europe, and the Caribbean, strengthening the country's position as a strategic hub and reference point for tourist and cargo transportation.

The establishment of national airlines in the country also deserves special attention. In the case of Arajet, its recent and dynamic operations aim to consolidate itself as a travel reference with affordable fares, connecting the Dominican Republic with other cities in the Caribbean, South America, and Central America. According to the mentioned JAC report, Arajet transported 66,526 passengers in January 2024, becoming the national airline with the highest activity in the country, followed by Sky High, Air Century, Red Air, among others.

LEGAL FRAMEWORK

The Civil Aviation Law 491-06 and Law 188-11 on Airport Security and Civil Aviation of July 16, 2011, along with other related agreements and legal instruments, establish the guidelines aimed at guaranteeing the safety and efficiency of air operations in the Dominican Republic.

Under this corollary, it is worth mentioning that the draft law amending the aforementioned Law number 491-06 of Civil Aviation introduces improvements to the current legal framework, adjusting operational safety to international standards, in line with the criteria of the International Civil Aviation Organization (ICAO), establishing mechanisms for the implementation of norms regarding operational safety risk management, the use of drones in national airspace, and the updating of the regime of consequences for offenses that undermine the proper functioning of the country's aviation system. This initiative is pending review and enactment by the Executive Branch.

We cannot overlook that likewise, the recent Law 57-23 is a key pillar in the development of national and international commercial civil aviation, through the creation of fiscal incentives for national and foreign airlines with permanent establishment in the Dominican Republic, such as exemption from taxes on leasing and maintenance of aircraft, a single 5% tax on payments for aircraft training and insurance, and exemption from ITBIS on the sale of full flights by Dominican operators to foreign companies, which will consolidate the country as a connection point for international transport and investment, establishing new domestic and international routes from and to strategic markets of the Dominican Republic.

The JAC is vigorously working on the Regulation of Application of the law together with other institutions such as the Ministry of Finance and the General Directorate of Internal Taxes.

FINAL THOUGHTS

The economic impact of aviation in the Dominican Republic is undeniable; in terms of facilitating trade, tourism, and investment.

According to an article published by the newspaper El Caribe, citing a report from the Civil Aviation Board, from January to March 2024, 59 new international routes have been registered, with 1,708 non-regular air operations and an estimated income of US\$4.780 billion for the country.

This directly influences tourism, which plays a crucial role in the Dominican Republic's economy, contributing approximately 6.8% to the Gross Domestic Product (GDP), according to the report from the Banking Superintendent 'Banking and Tourism' of January this year. Additionally, it is a significant source of employment, providing jobs to around 8.1% of the active population, and generating foreign exchange earnings, which strengthens the country's economic stability and promotes its sustainable development. The aviation sector is currently experiencing a significant stage of growth and consolidation, which, despite adverse conditions associated with the long-term effects of the health pandemic and the geopolitical conflict between Russia and Ukraine, positions the Dominican Republic, anchored in its strategic location, as a world-class aviation power.

This strengthens aviation competitiveness, and as mentioned, job creation and significant tourism growth. We anticipate that in the coming years, this industry will continue to elevate the Dominican Republic to new heights.

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