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# Dominican Republic: Background and U.S. Relations

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## Summary

The Dominican Republic, a country of roughly 10.3 million people that shares the Caribbean island of Hispaniola with Haiti, is a close U.S. trade partner and political ally in Latin America. The United States is the Dominican Republic's main trading partner, with two-way trade totaling more than \$12.5 billion in 2014. In addition to trade, U.S. interest in the Dominican Republic has recently focused on anti-drug cooperation and governance/human rights issues, particularly as they relate to Haiti. U.S.-Dominican cooperation on bilateral and regional issues intensified during Leonel Fernández's most recent terms in office (2004-2008 and 2008-2012) and has continued during the Danilo Medina Administration.

Led by former President Fernández and current President Medina, the center-left Dominican Liberation Party (PLD) has solidified its dominance over Dominican politics. In May 2010, the PLD captured two-thirds of the seats in the Dominican Congress; the party will remain in control of the legislature through May 2016. With President Medina constitutionally barred from seeking consecutive reelection, the PLD may again select Leonel Fernández as its standard bearer. Regardless, most observers are expecting the party to remain dominant in the 2016 election cycle. The main opposition party—the populist Dominican Revolutionary Party (PRD)—has remained divided for several years between supporters of its leader, Miguel Vargas Maldonado (who is widely expected to seek its nomination in 2016), and those of former President Hipólito Mejía (2000-2004). Mejía seeks to run in 2016 as the candidate of a new political movement.

Inaugurated on August 16, 2012, President Medina, a former member of the Dominican Congress and minister of the presidency, has built upon his predecessors' legacy while seeking to resolve lingering challenges related to the country's fiscal situation, energy sector, and education system. Medina has implemented ambitious economic and social policies that have helped him maintain extremely high approval ratings (83% in January 2015). The Medina government has struggled, however, to implement a September 2013 Dominican Constitutional Tribunal ruling that many argue may place hundreds of thousands of Dominican-born persons, most of who are of Haitian descent, at risk of statelessness. The ruling has been widely condemned by the international community and strained Dominican-Haitian relations.

In recent years, congressional interest in the Dominican Republic has focused on security, trade, and human rights issues. The United States is one of the largest bilateral donors to the Dominican Republic; in FY2014, assistance totaled some \$25.3 million. FY2015 estimated assistance provided in P.L. 113-235 is not yet available. The Dominican Republic has also received at least \$32.5 million through the Caribbean Basin Security Initiative (CBSI), a regional initiative for which Congress appropriated \$327.0 million from FY2010-FY2014. For FY2016, the Obama Administration requested at least \$24.4 million for the Dominican Republic and \$53.5 million for the CBSI program. Bilateral trade and investment flows have expanded since the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) entered into force for the Dominican Republic on March 1, 2007. Human rights issues, particularly the treatment of Haitians in the Dominican Republic, have also been of significant interest to Congress.

This report provides background information on political and economic conditions in the Dominican Republic, as well as an overview of some of the key issues in U.S.-Dominican relations.

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## Background

The Dominican Republic is situated on the eastern two-thirds of the Caribbean island of Hispaniola, which it shares with Haiti (see **Figure 1**). A population of about 10.3 million occupies an area about the size of New Hampshire and Vermont combined. Between 900,000 and 1.2 million of the people currently living in the Dominican Republic are undocumented; many of them are Haitians or descended from Haitians.<sup>1</sup> With a per capita gross domestic product (GDP) of roughly \$5,770 (2013), the Dominican Republic is classified by the World Bank as an upper middle-income country. This stands in sharp contrast to neighboring Haiti, a low-income country with a per capita GDP of just \$810 (2013) that was struggling economically even before a devastating earthquake hit the country in January 2010.<sup>2</sup> The two countries had similar GDP per capita levels in 1960, but while growth in Haiti has stagnated and its per capita GDP has shrunk by half since that time, the Dominican Republic has posted one of the fastest growth rates in Latin America, and its per capita GDP has quadrupled.<sup>3</sup>

After fighting to achieve its independence from Spain in 1821 and then from Haiti in 1844, the Dominican Republic embarked upon a bumpy road toward its current democratic form of government characterized by frequent coups, dictatorships, and U.S. interventions (including 1916-1924 and 1965-1966).<sup>4</sup> Rafael Trujillo ruled the country as a dictator from 1930 to 1961, often employing violent tactics to quell political opposition. Despite his brutality, Trujillo's strong anticommunist stance earned him tacit support from the United States. His acolyte, Joaquín Balaguer, then served as president from 1960-1962, 1966-1978, and 1986-1996. As a result of the dominance of these *caudillo* (strongman) leaders, the Dominican Republic did not develop into a modern democracy until the 1990s. In 1994, an agreement commonly referred to as the "Pact for Democracy" removed the aging Balaguer from power and paved the way for the country's first truly free and fair elections to be held in 1996.<sup>5</sup>

Since the mid-1990s, the Dominican Republic has, for the most part, continued to post solid economic growth (see **Figure 2** below) and developed democratic institutions, albeit with very high levels of corruption. In 1996, Leonel Fernández of the center-left Dominican Liberation Party (PLD) succeeded Joaquín Balaguer as president and presided over a period of strong economic growth fueled by expansion in tourism and free trade zones. In the 2000 presidential elections, after top PLD officials were charged with misusing public funds, Hipólito Mejía (2000-2004), an agrarian engineer of the populist Dominican Revolutionary Party (PRD), defeated the PLD candidate, Danilo Medina. He lost support, however, by spending excessively and deciding

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<sup>1</sup> U.S. Department of State, *Country Report on Human Rights Practices for 2013: Dominican Republic*, February 2014, available at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2013&dlid=220439>. Hereinafter State Department, *Human Rights Report*, February 2014.

<sup>2</sup> For background on Haiti, see CRS Report R42559, *Haiti Under President Martelly: Current Conditions and Congressional Concerns*, by (name redacted).

<sup>3</sup> World Bank, *Haití, República Dominicana: Más Que la Suma de las Partes*, 2012.

<sup>4</sup> After a period of instability in the country, the U.S. military intervened in 1916 ostensibly to restore order, but did not depart until elections were held in 1924. U.S. troops again occupied the Dominican Republic in 1965-1966 after a civil conflict erupted following the 1963 coup that ousted Juan Bosch, founder of the anti-Trujillo Dominican Revolutionary Party (PRD), from power.

<sup>5</sup> For a history of the Dominican Republic, see Frank Moya Pans, *The Dominican Republic: A National History* (New Rochelle, NY: Hispaniola Books Corporation, 1995); Jonathan Hartlyn, *The Struggle for Democratic Politics in the Dominican Republic* (Chapel Hill, NC: University of North Carolina Press, 1998).

to bail out all deposit holders after three massive bank failures in 2003. Leonel Fernández defeated Mejía easily in 2004 to garner a second four-year term.

**Figure 1. Map of the Dominican Republic and Haiti**



## Political Situation

### Fernández Administrations (2004-2012)

During his last two terms, Leonel Fernández restored confidence in the Dominican economy, enacted significant political reforms, and played a key role in regional politics. As a result of sound economic management, record foreign investment, infrastructure spending, and a

successful diversification of the economy, Fernández helped the Dominican Republic resume its position as one of the fastest-growing economies in Latin America (GDP growth averaged 7% per year from 2005-2011). Rapid growth combined with significant reductions in inflation helped reduce the percent of Dominicans living in poverty from 43% in 2004 to 34% in 2010—a rate that economists maintained was still rather high for the country’s income level.<sup>6</sup>

Former President Fernández also scored a number of political victories that will likely ensure his party’s dominance for years to come. In May 2010, Fernández’s PLD party captured 31 of 32 seats in the Dominican Senate and 105 of 183 seats in the Chamber of Deputies. It will control both chambers through May 2016. In 2009, then-President Fernández secured congressional approval of a new constitution. The new constitution, which took effect in January 2010, allows presidents to complete one term and then serve again after sitting out of office for four years, making President Fernández eligible to run again in 2016.<sup>7</sup>

As president, Leonel Fernández maintained close ties with the United States but also sought to diversify the Dominican Republic’s trade relations and raise the country’s international profile by mediating regional conflicts and supporting reconstruction efforts in Haiti. Fernández helped resolve disputes between Colombia and neighboring Ecuador and Venezuela and supported efforts to negotiate a peaceful settlement to the 2009 political crisis that occurred in Honduras. Despite centuries of tension between the two countries, the Dominican Republic responded to the January 2010 earthquake in Haiti with an outpouring of public and private donations and emerged as a key supporter of international relief and reconstruction efforts.<sup>8</sup>

While some argue that Leonel Fernández passed a strong legacy on to his successor, others maintain that his government left major problems unaddressed. At the end of Fernández’s two terms, the Dominican Republic still experienced persistent electricity shortages, high crime rates (the homicide rate stood at 25 per 100,000 people in 2011),<sup>9</sup> and corruption. In addition, the Dominican Republic’s weak education system, which ranked just above Haiti in a 2012 global competitiveness report, remained a major impediment to an otherwise competitive economy.<sup>10</sup> The Fernández government’s decision to let a stand-by agreement with the International Monetary Fund (IMF) lapse rather than reducing electricity subsidies left the country in a precarious fiscal situation.

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<sup>6</sup> International Labor Organization (ILO), *Growth, Employment, and Social Cohesion in the Dominican Republic*, January 2013, available at [http://www.ilo.org/wcmsp5/groups/public/—dgreports/—integration/documents/meetingdocument/wcms\\_204604.pdf](http://www.ilo.org/wcmsp5/groups/public/—dgreports/—integration/documents/meetingdocument/wcms_204604.pdf).

<sup>7</sup> The constitution also made presidential and legislative elections coincide beginning in 2016 (the current Congress will serve until then), revamped the structure of the judiciary, and defined citizenship such that the children of immigrants residing in the country illegally (of whom there are currently an estimated 1 million Haitians) are ineligible to receive Dominican nationality.

<sup>8</sup> For a history of Dominican-Haitian relations, see Michele Wucker, *Why the Cocks Fight: Dominicans, Haitians, and the Struggle for Hispaniola* (New York: Hill and Wang, 2000). For information on Dominican contributions to reconstruction in Haiti, see “Rebuilding Haiti,” *Foreign Affairs*, vol. 89, no. 5 (September/October 2010).

<sup>9</sup> The homicide rate was 24.5 per 100,000 in 2004. See U.N. Office on Drugs and Crime (UNODC), “Homicide Statistics,” available at <https://www.unodc.org/unodc/en/data-and-analysis/homicide.html>.

<sup>10</sup> World Economic Forum, *Global Competitiveness Report 2012-13*, available at [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf).

## Medina Administration

### Key Priorities

Danilo Medina took office for a four-year presidential term on August 16, 2012, after soundly defeating former President Hipólito Mejía of the PRD by a comfortable margin of 51.2% to 46.2%. During his inaugural address, Medina emphasized the development goals of his administration: reducing poverty and inequality; increasing spending on education to 4% of GDP as mandated by the constitution; ending illiteracy; and creating 400,000 new jobs. Observers expect his policies to be guided by the country's *National Development Plan 2010-2030*, which set specific targets for boosting tax revenue, increasing education and healthcare spending and quality, and increasing electricity production. Thus far, President Medina has accomplished the first of those two development goals; a national dialogue to address the serious challenges in the electricity sector began in January 2015 (see "Energy Challenges and Opportunities" below).

Upon taking office, President Medina endorsed austerity and fiscal reform. He shepherded a fiscal reform through the Dominican Congress that included a variety of tax changes aimed at boosting revenue and reducing the country's fiscal deficit. Though unpopular among Dominicans, the reforms, combined with cuts in public spending, have been praised by the IMF for helping to restore macroeconomic stability in the country.<sup>11</sup> Medina also dedicated more of the budget to social programs by, for example, increasing education funding to 4% of GDP in 2013.

Buoyed by a large congressional majority and high approval ratings (83% in a January 2015 poll),<sup>12</sup> President Medina has implemented a variety of new social programs that have already yielded positive results. In his recent state of the nation address, Medina highlighted progress made in education programs that have helped 200,000 students enroll in full-day education programs, literacy programs that have benefitted nearly 800,000 people, and subsidized health initiatives that have reached 460,000 people.<sup>13</sup> (See also "Social and Economic Development Programs" below.)

Despite those impressive results, the Medina government's efforts to address crime and corruption remain a work in progress. President Medina launched a national security plan in 2013 and has reported on progress in terms of additional police hired, equipment purchased, and prevention programs launched. In his 2014 state of the nation address, Medina credited government efforts for contributing to a 13% reduction in homicides in 2013. The country's homicide rate fell further in 2014, from a rate of 20 per 100,000 to a rate of 18 per 100,000.<sup>14</sup> Nevertheless, violent crime in the Dominican Republic has been fueled by increasing drug flows through the country and exacerbated by the complicity of corrupt police and other officials. In

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<sup>11</sup> IMF, "IMF Concludes Mission on the Article IV Consultation with the Dominican Republic," press release, March 17, 2014.

<sup>12</sup> "Poll Shows Dominicans Want More Action Against Drug Trafficking," *BBC Monitoring Americas*, February 11, 2015.

<sup>13</sup> A transcript of the speech is available in Spanish at <http://www.presidencia.gov.do/discurso/rendicion-de-cuentas-del-presidente-danilo-medina-discurso>. Hereinafter President Danilo Medina 2015 speech, February 27, 2015.

<sup>14</sup> *Ibid.*

January 2015, the former head of the Dominican anti-drug agency was arrested and charged with robbing more than a ton of cocaine that had been confiscated.<sup>15</sup>

Corruption is an issue that President Medina did not mention in his 2015 annual address to the nation even as it remains a top concern among investors and business leaders in the country.<sup>16</sup> The Dominican Republic is ranked 115 out of 175 in Transparency International's Corruption Perceptions Index. In addition to police officials, top allies (including a military official) of former President Fernández are being investigated for their role in a potential bribery scandal involving the purchase of jets from Brazil, yet the Medina government has taken few steps to support efforts to investigate or punish their alleged actions.<sup>17</sup>

## Ruling by the Constitutional Tribunal of the Dominican Republic

The Dominican government has long received criticism for its migration policies and general treatment of Haitians and Dominicans of Haitian descent living within its borders. A ruling in September 2013 by the Constitutional Tribunal of the Dominican Republic could render as stateless<sup>18</sup> an estimated 200,000 Dominican-born persons, mostly of Haitian descent, many of whom have lived there for decades. With the ruling's retroactive effect, it has the potential to impact thousands born in the Dominican Republic.

The case involved Ms. Juliana Dequis Pierre, a 29-year-old Dominican-born woman and mother of four children whose Haitian migrant parents moved to the Dominican Republic decades ago. Although Ms. Dequis Pierre was registered at birth as a Dominican citizen, the Tribunal concluded she did not meet the criteria for the acquisition of Dominican nationality. The ruling essentially applied the criteria for acquiring Dominican nationality outlined in the 2010 constitution (as well as the 2004 General Law on Migration that was upheld by the Dominican Supreme Court in 2005) retroactively. As outlined in the State Department's *Country Report on Human Rights Practices* covering 2013, the 2010 constitution provides that anyone born in the country is considered a Dominican citizen, except children born to diplomats, parents who are "in transit," or parents who are in the country illegally.<sup>19</sup> The Tribunal also requested Dominican authorities to identify similar cases of formally registered Dominicans of Haitian descent who would not meet the Tribunal's criteria for citizenship going back to 1929.

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<sup>15</sup> "Ex-Chief of Dominican Drug Squad Charged in Theft of Cocaine," *EFE*, January 13, 2015.

<sup>16</sup> "President Sums up Progress in National Address," Economist Intelligence Unit (EIU), March 5, 2015; World Economic Forum, *Global Competitiveness Report 2014-15*, available at <http://www3.weforum.org/docs/GCR2011-12/CountryProfiles/DominicanRepublic.pdf>.

<sup>17</sup> "Dominican Ex-President Under Fire over US-Brazilian Probe," *BBC Monitoring Americas*, October 1, 2014.

<sup>18</sup> An individual who is stateless is "a person who is not considered as a national by any State under the operation of its law" (text of the 1954 Convention Relating to the Status of Stateless Persons, Chapter 1, General Provisions, Article 1, definition of the term "stateless person"). Statelessness occurs for many different reasons, including discrimination against minority groups in nationality legislation, lack of birth registration, failure to include all residents as citizens when a state becomes independent, and conflicting nationality laws between states. Statelessness does not allow an individual to participate fully in society and rights are often denied or violated, including the right to vote; the ability to obtain identity documents; access to education, health services, and employment; the right to travel; and the right to freedom in the case of detention.

<sup>19</sup> State Department, *Human Rights Report*, February 2014.



The Tribunal ruling runs contrary to a 2005 judgment by the Inter-American Court of Human Rights on the issue of nationality in the Dominican Republic.<sup>20</sup> It also goes against recommendations made by the U.N. system, Organization of American States (OAS), foreign leaders, and human rights groups that have challenged the Tribunal's legitimacy out of concern that it violates international human rights obligations to which the Dominican Republic is party. The Inter-American Commission on Human Rights concluded that the Tribunal's ruling "implies an arbitrary deprivation of nationality" and "has a discriminatory effect, given that it primarily impacts Dominicans of Haitian descent."<sup>21</sup>

## **Naturalization Law and Regularization Plan**

In May 2014, the Dominican Congress approved legislation designed by the Medina government after wide consultations with civil society to allow (approximately 24,000) individuals born in the country who grew up with Dominican identity documents that were deemed invalid by the Tribunal ruling to keep their citizenship by re-registering with the government at any time. The legislation, commonly referred to as the naturalization law, also provided an expedited path to citizenship for approximately 200,000 individuals born in the Dominican Republic to parents without legal status. This process required them to register for a foreigners' birth certificate by February 2, 2015, obtain migratory permits, and then be residents for an additional two years before being eligible for naturalization. Some 8,700 people had applied for a birth certificate as of February 2, 2015.<sup>22</sup> However, according to human rights groups, the vast majority of those people have not received a birth certificate.<sup>23</sup>

Many human rights groups are concerned that those who did not meet the application deadline could face deportation even though the Dominican government has issued a decree that there will be no deportations until June. Dominican officials also maintain that those who did not get through the naturalization program can still obtain temporary residency followed by a path to citizenship through the regularization plan that runs through June 16, 2015.<sup>24</sup> However, the Inter-American Court of Human Rights (IACHR) ruled in August 2014 that subjecting Dominicans of Haitian descent to submit to the type of regularization process described below would violate their rights to nationality and judicial protection. On that basis, the IACHR ruled that the September 2013 Tribunal decision should be invalidated.<sup>25</sup> The Dominican Tribunal not only rejected that ruling, but also found that the Dominican government had improperly submitted to the IACHR's jurisdiction when it joined the body in 1999.<sup>26</sup>

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<sup>20</sup> Together with the Inter-American Commission on Human Rights, the Inter-American Court of Human Rights makes up the human rights protection system of the Organization of American States (OAS).

<sup>21</sup> Organization of American States, Inter-American Commission on Human Rights, "IACHR Wraps up Visit to the Dominican Republic," press release, December 2013.

<sup>22</sup> President Danilo Medina 2015 speech, February 27, 2015.

<sup>23</sup> CRS phone interview with Wade McMullen, RFK Center for Human Rights, February 11, 2015.

<sup>24</sup> Information provided by the Dominican Embassy in Washington, DC, February 10, 2015.

<sup>25</sup> The IACHR ruling is available in Spanish here: [http://corteidh.or.cr/docs/casos/articulos/seriec\\_282\\_esp.pdf](http://corteidh.or.cr/docs/casos/articulos/seriec_282_esp.pdf). See also Amnesty International, "Dominican Republic: Reaction to Court Ruling Shows Shocking Disregard for International Law," October 24, 2014.

<sup>26</sup> The ruling TC/0256/14 of the Constitutional Tribunal is available in Spanish here: <http://www.tribunalconstitucional.gob.do/sites/default/files/documentos/Sentencia%20TC%200256-14%20C.pdf>.

On June 2, 2014, the Dominican government also began implementing a regularization plan that provides a path to legal residency for undocumented migrants that apply by June 16, 2015. Dominican officials maintain that the process provides a path to citizenship and is open to those who did not make it through the naturalization plan. State Department officials maintain that, as the IACHR ruled, the regularization plan provides temporary residency to Haitians living in the Dominican Republic and does not apply to Dominicans of Haitian descent.<sup>27</sup> In order to implement the plan, the Dominican government has set up 24 regularization centers around the country and allocated some \$25 million. According to President Medina, more than 150,000 individuals had applied to the program, 40,000 of whom met all of its requirements by February 2015.<sup>28</sup> While the process is free, it reportedly requires individuals to present several different documents, some of which have been difficult and costly to obtain (such as a Haitian birth certificate). Haiti has only opened one center to help people obtain documents; that center reportedly has an extremely long wait time.<sup>29</sup>

## **Relations with Haiti**

The Tribunal ruling has strained relations between the Dominican Republic and Haiti (the country's neighbor and second-largest trade partner), arguably setting back progress that had occurred after the Dominican government provided support for post-2010 earthquake relief and reconstruction in Haiti. If the Dominican Republic rendered thousands of Dominicans of Haitian descent stateless and deported some of them to Haiti, the potential impact on Haiti could be significant. The Haitian government initially recalled its ambassador from the Dominican Republic in response to the Tribunal's ruling.

Haitian and Dominican officials began convening regular bilateral talks to address migration and a range of other topics; the first round occurred in January 2014. The Dominican government said that it would not negotiate the Tribunal's decision or how it plans to implement it. Haiti reportedly recognized Dominican sovereignty on migration policy, and the Dominican government assured Haiti that "concrete measures will be taken to safeguard the basic rights of people of Haitian descent" living in the country.<sup>30</sup>

A second round of talks on February 3, 2014, led to agreement on several immigration issues, according to the Dominican government, including a new type of Dominican visa for workers.<sup>31</sup> The Dominican Republic reviewed its rules and practices related to Haitian students. The Haitian government reportedly reaffirmed its commitment to expedite the issuance of passports and national civil registration cards at border posts and in consulates in the Dominican Republic.

Although the talks have continued, Dominicans remain concerned about continued illegal immigration to their territory due to the current political instability in Haiti and the limited support the government of Haiti has given to the naturalization and regularization processes. The

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<sup>27</sup> CRS phone interview with Dominican Embassy officials in Washington, DC, February 4, 2015; CRS phone interview with State Department officials, February 9, 2015.

<sup>28</sup> President Danilo Medina 2015 speech, February 27, 2015.

<sup>29</sup> CRS phone interview with State Department officials, February 9, 2015.

<sup>30</sup> Ezra Fieser, "Can Haiti and Dominican Republic Repair Relations After Citizenship Ruling?" *Christian Science Monitor*, January 8, 2014.

<sup>31</sup> Embajada de la Republica Dominicana, Washington, DC, letter summarizing meeting of February 3, 2014, EDW-0076-14, February 4, 2014.

Dominican military has increased efforts to secure the Dominican-Haitian border and prevent new inflows of Haitian migrants. In February 2015, Haiti's Ambassador to the Dominican Republic resigned after receiving harsh criticism for failing to help Haitians in that country access the regularization program. The Haitian government remains concerned about the fate of its citizens living in the Dominican Republic. This concern, as well as anti-Dominican rallies in Haiti, increased after the violent deaths of two Haitians in February 2015 in two different Dominican cities.<sup>32</sup> Those rallies, some of which have turned violent, prompted the temporary closure of Dominican consulates in Haiti.<sup>33</sup>

## **May 2016 Elections**

As 2015 advances, attention in the Dominican Republic will increasingly turn to the upcoming 2016 presidential and legislative elections. The elections scheduled for May will mark the first simultaneous presidential and legislative elections held in the country since 1994.

In the presidential contest, President Medina is constitutionally barred from seeking consecutive reelection, but some 63% of Dominicans polled in February 2015 would support an amendment that would allow him to run again.<sup>34</sup> Most observers do not expect Medina to support such an amendment. If Medina does not run in 2016, the PLD may again select Leonel Fernández as its standard bearer for a fourth time. Regardless, most observers are expecting the party to retain the presidency in 2016. The main opposition party—the populist Dominican Revolutionary Party (PRD)—has remained divided for several years between supporters of its leader, Miguel Vargas Maldonado (who is widely expected to seek its nomination in 2016), and those of former President Hipólito Mejía (2000-2004). Mejía seeks to run in 2016 as the candidate of a new Convergence party. Other likely candidates include Luis Abinader of the Modern Revolutionary Party and Guillermo Moreno of Alliance for the Country.

With the PLD predicted to dominate the legislative elections as well, some are concerned about the long-term effects of one-party dominance on the quality of democracy in the country.

# **Economic and Social Conditions**

## **Economic Trends**

From 1995 through 2002, rapid expansion in both the tourism industry and the free-trade zone sector, which produces apparel and other nontraditional exports, boosted average annual growth rates in the Dominican Republic to more than 6% despite a decline in agricultural exports. Remittances from Dominicans living abroad contributed \$1.5 billion per year to the country's stock of foreign exchange. Economic expansion was also facilitated by the passage of market-friendly economic reforms in the late 1990s. One critical reform was a 1997 law allowing the partial privatization of unprofitable state enterprises. Economic expansion did not translate into significant reductions in poverty, however, as inequality and unemployment remained high.

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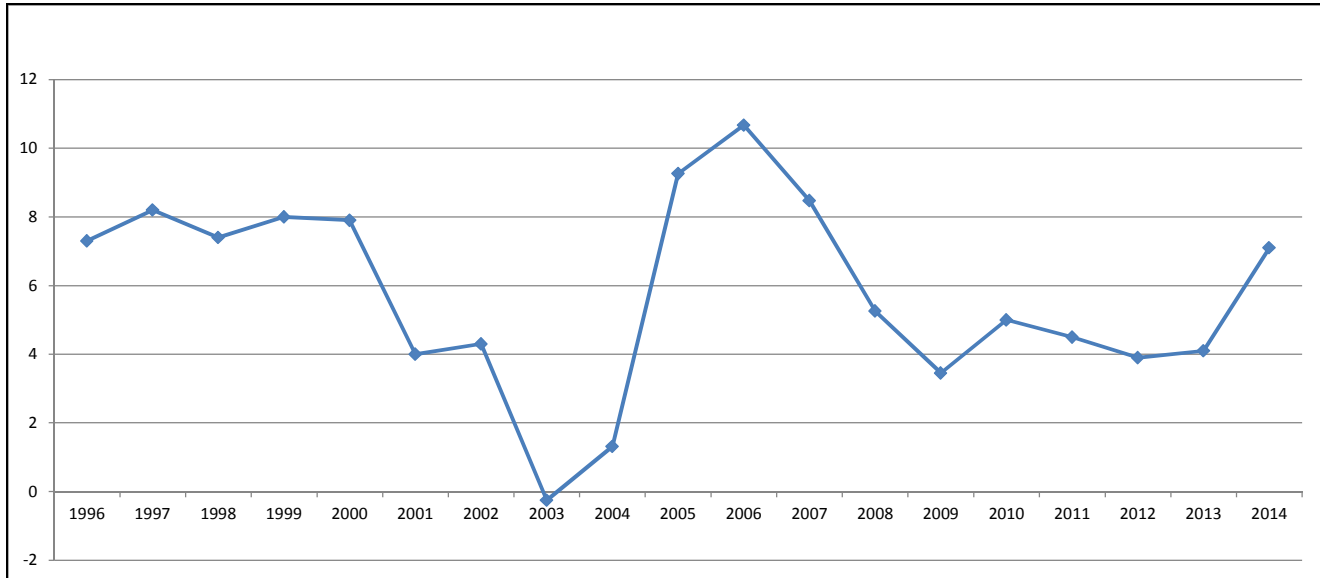
<sup>32</sup> "Haiti-DR Tensions Rise," *Latin News Daily*, February 26, 2015.

<sup>33</sup> "DR Closes Its Consulates in Haiti as Bilateral Tensions Heighten," *Latin News Daily*, March 5, 2015.

<sup>34</sup> "Poll Shows Ruling PLD Likely to Win Next Election," EIU, February 12, 2015.

In 2003, the Dominican economy, wracked by banking scandals, economic mismanagement, and an inability to compete with cheaper Asian apparel producers, contracted by 0.3% (see **Figure 2**). The country's public finances were placed under enormous strain after then-President Hipólito Mejía bailed out the country's third-largest bank, Banco Intercontinental (Baninter), which collapsed in May 2003. The Baninter scandal occurred after bank executives defrauded depositors of \$2.2 billion worth of holdings.

**Figure 2. Annual Gross Domestic Product Growth in the Dominican Republic**  
1995-2014



**Source:** Economist Intelligence Unit.

Economic recovery occurred during Fernández's second term (2004-2008), as inflation decelerated, growth resumed, and the peso more than regained its pre-crisis value. In February 2005, President Fernández signed a \$665 million standby agreement with the IMF, which expired in January 2008. The IMF's review of the three-year package lauded the government's ability to bounce back from the economic crisis and efforts to bring public spending under control. However, the IMF also urged the government to reduce energy subsidies and broaden the tax base in order to have a better fiscal position and revenue available for targeted social programs.<sup>35</sup> During this period, the manufacturing sector declined, but the construction, telecommunications, tourism, and other services sectors expanded.

With a per capita gross domestic product (GDP) of roughly \$5,570 (2012), the Dominican Republic is classified by the World Bank as an upper middle-income country. The Dominican economy fared better than many other economies in Latin America during and after the 2008-2009 global financial crisis; it is now among the fastest growing economies in the region (with 7% GDP growth in 2014). The Dominican Republic has the largest stock of foreign direct investment and the most diversified export structure of any of the countries that are party to the

<sup>35</sup> "IMF Executive Board Completed Final Review Under Stand-by Arrangement with Dominican Republic," *U.S. Federal News*, February 4, 2008.

Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA).<sup>36</sup> According to the Dominican Central Bank, remittances have exceeded \$3.0 billion each year since 2010. High levels of foreign investment, strong performance in the mining and telecommunications sectors, and continued strength in tourism revenues have boosted growth.

Despite its resilience and dynamism, the Dominican economy remains somewhat vulnerable to external shocks, which can cause declines in remittances, exports, or tourism inflows or increases in energy and food prices. However, recent increases in revenue from consumption taxes and tariffs on mining exports have given the government more room to maneuver in the event of external shocks than in the past. The government also reduced its debt significantly by using the proceeds from a recent bond issue to pay off \$2.5 billion in outstanding debt owed to Venezuela's state oil company, *Petróleos de Venezuela (PDVSA)*.

## **Energy Challenges and Opportunities**

The Dominican government is seeking to reduce its reliance on foreign (primarily Venezuelan) oil imports, diversify the country's energy matrix, and address long-standing challenges in the electricity sector. In 2000, the Dominican Republic relied on oil for 93% of electricity generation.<sup>37</sup> In the recent past, the country gained some relief from high global oil prices through *PetroCaribe*, an agreement promoted by Venezuela that provides oil to Central American and Caribbean nations at subsidized costs. Although the Dominican government continues to benefit from *PetroCaribe*, it appears to be planning for an increasingly possible scenario in which subsidized funding may run out if Venezuela's economic troubles continue.

More recently, the Dominican government has increased the percentage of energy it gets from natural gas; renewable sources; and, despite the associated environmental costs involved, coal. According to the Dominican Republic's National Energy Commission, the country had reduced its overall dependency on oil from 71% in 2000 to 36% in 2011. The IDB reports that the Dominican government generates 20% of its electricity from natural gas, 14% from coal, 4.7% from hydro, 0.5% from wind and biomass.<sup>38</sup>

A U.S. company, AES Corporation, has been operating a liquid natural gas (LNG) terminal in the Dominican Republic since 2000. The country currently imports LNG from Trinidad and Tobago, but the Dominican government is also interested in the potential of importing liquid natural gas (LNG) from the United States, some of which could potentially be transported in smaller quantities to neighboring Caribbean countries.<sup>39</sup> Antillean Gas Ltd., a private Dominican corporation, announced the beginning of the construction of a second \$302-million natural gas terminal in February 2014.

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<sup>36</sup> CRS Report R42468, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA DR): Developments in Trade and Investment*, by (name redacted).

<sup>37</sup> AES, "AES & LNG: The Dominican Republic Case and Next Steps," February 2014, available at <https://www.iamericas.org/en/media-room/.../doc.../387-freddy-obando>.

<sup>38</sup> Carlos Sucre, "Dominican Republic's Energy Market," IDB, November 27, 2013.

<sup>39</sup> CRS interview with Dominican Embassy official in Washington, DC, June 13, 2014; for more information on U.S. LNG exports, see CRS Report R42074, *U.S. Natural Gas Exports: New Opportunities, Uncertain Outcomes*, by (name redacted) et al.

In 2007, the Dominican legislature passed legislation establishing a regulatory framework along with tax incentives to promote energy production from renewable sources; the importance of fostering alternative energies is now enshrined in the 2010 constitution. Since then, the country has received significant foreign investment for solar power, biomass, and wind energy projects; the country's first large-scale wind farm opened in 2011.

At the same time, the Medina government is investing \$1.9 billion to build two coal-powered generators to provide additional electricity to the grid.

Problems in the electricity sector have long constrained growth in the Dominican Republic, as electricity companies have struggled to provide adequate service to a populace angered by continued blackouts. Between 2008 and 2012, state electrical distribution companies added a million paying customers to their client base, reduced electricity losses by 15%, and reformed their internal operations to reduce payroll costs, combat corruption, and improve customer service.<sup>40</sup> The government has also made some effort to target electricity subsidies only to the poorest households and to criminalize non-payment of electricity bills. Nevertheless, the grid remains fragile, electricity losses are significant, and blackouts continue. The Dominican government continues to subsidize the state distribution companies at a cost of roughly \$1.2 billion in 2014.<sup>41</sup>

President Medina began a six-month dialogue process between government officials, private companies, and civil society to develop a national agreement to address the aforementioned electricity sector challenges. The government and private industry have each presented comprehensive energy proposals that would involve significant reforms. Analysts are hopeful that the dialogue process ends in a series of recommendations that can improve the Dominican electricity sector, which has recently been ranked as the third most unreliable in Latin America.<sup>42</sup>

## **Social and Economic Development Programs**

In the past, the Dominican Republic has been unable to translate rapid economic growth into significant and sustainable reductions in poverty and inequality and improvements in education and health indicators.<sup>43</sup> Unemployment has remained among the highest of the CAFTA-DR countries, with youth unemployment at particularly high levels. Economic mobility, the ability to improve one's income level/social status over time, has been much lower than the average for Latin America and the Caribbean.<sup>44</sup> Anti-poverty programs have, until recently, not been well targeted, which has limited their effectiveness.<sup>45</sup> Nevertheless, poverty has reportedly fallen from 42% to 35.5%<sup>46</sup> since President Medina took office; it remains to be seen whether that reduction can be maintained.

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<sup>40</sup> Email from the Dominican Embassy in Washington, DC, October 9, 2012.

<sup>41</sup> "Power-Sector Reform Discussions Get Under Way," EIU, February 20, 2015.

<sup>42</sup> World Economic Forum, *Global Competitiveness Report 2014-15*.

<sup>43</sup> World Bank, *Cuando la Prosperidad no es Compartida: Los Vínculos Débiles Entre el Crecimiento y la Equidad en la República Dominicana*, January 2014.

<sup>44</sup> World Bank, op. cit.

<sup>45</sup> Manuel Agosin et al., *La Ruta Hacia el Crecimiento Sostenible en la Republica Dominicana* (Washington, DC: Inter-American Development Bank, 2009), p. 257.

<sup>46</sup> President Danilo Medina 2015 speech, February 27, 2015.

Since 2005, conditional cash transfers (CCTs) provided to impoverished families in exchange for compliance with health interventions and keeping their kids in school have had positive results on nutrition outcomes and school attendance rates. Between 2009 and 2012, the World Bank and the Inter-American Development Bank (IDB) provided \$370 million in loans and technical assistance to support those programs. In 2012, the government combined CCTs and another type of school-based intervention program to form the *Progresando con Solidaridad*, or PROSOLI (Progressing with Solidarity), program. The IDB approved an additional loan worth \$100 million in September 2013 that has helped PROSOLI benefit more than 710,000 families.

In addition to strengthening the social safety net and improving the availability and quality of healthcare and education programs available to those with limited resources, President Medina has also sought to promote employment and boost agricultural productivity. Thus far, the Medina government maintains that it has created almost 300,000 jobs through December 2014, which is on track to meet its goal of creating 400,000 jobs over four years.<sup>47</sup> President Medina has sought to promote employment and agricultural productivity through the provision of credit and subsidized loans to micro, small, and medium-sized businesses or MSMEs (which account for more than 90% of Dominican businesses and employ more than 2 million people).<sup>48</sup> With support from the IDB, the Medina government also seeks to boost the productivity of those companies and improve agricultural producers' access to profitable markets. This has generated some 35,000 jobs in that sector as well.<sup>49</sup>

## U.S. Relations

The Dominican Republic enjoys a strong relationship with the United States, evidenced by extensive economic, political, and cultural ties. There are more than 1.5 million Dominicans residing in the United States, making the Dominican Republic one of the top ten countries of origin for the U.S. foreign-born population. The Dominican Republic is one of the most important countries in the Caribbean for U.S. policy because of its large size, diversified economy, and close proximity to the United States. The United States has been a strong supporter of the democratic and economic development of the country and is currently supporting the Dominican government's efforts to strengthen governance, improve the provision of social services, boost competitiveness, and address citizen security. The ongoing implementation of the Caribbean Basin Security Initiative (CBSI) and of a new bilateral extradition treaty are likely to ensure close security cooperation in the years to come, just as CAFTA-DR is likely to ensure the continuation of close economic relations.

Upon President Medina's election, President Obama said that he looked forward to working with him on bilateral and regional issues of shared concern.<sup>50</sup> Vice President Biden reiterated that message and the importance of U.S.-Dominican relations during a June 2014 visit to the country; his visit marked the first by any vice president since 1980. Nevertheless, Obama Administration officials have expressed "deep concern" about the aforementioned Tribunal ruling's potential

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<sup>47</sup> President Danilo Medina 2015 speech, February 27, 2015.

<sup>48</sup> "IDB Supports Improved Productivity of MSMEs in the Dominican Republic," press release, January 2, 2014.

<sup>49</sup> President Danilo Medina 2015 speech, February 27, 2015.

<sup>50</sup> White House, Office of the Press Secretary, "Readout of the President's Call with President-Elect Danilo Medina of the Dominican Republic," June 4, 2012.

impact on the status of people of Haitian descent born in the Dominican Republic.<sup>51</sup> In June 2014, Vice President Biden praised President Medina for passing a naturalization law to help improve the condition of Haitians and their descendants born in the Dominican Republic but said that “implementation [of that law] will be equally as important.”<sup>52</sup>

## Foreign Aid

The United States is one of the largest bilateral donors to the Dominican Republic, with U.S. assistance totaling an estimated \$25.3 million in FY2014 (see **Table 1** below). The Administration requested another \$25.7 million for the Dominican Republic in its FY2015 budget request; estimated assistance levels for FY2015 are not yet available. The Administration requested \$24.4 million for the Dominican Republic in its FY2016 request.

U.S. foreign assistance is currently focused on helping the Dominican government improve its transparency; strengthen the rule of law; raise the quality of its basic education; protect the country from the effects of climate change; and increase access to healthcare services, particularly for the prevention and treatment of people with HIV/AIDS. From FY2010 to FY2014, funding provided through the Development Assistance (DA) account to the Dominican Republic declined by more than half, while funding for global health programs (GHP) administered by the State Department and the U.S. Agency for International Development (USAID) declined less dramatically. Bilateral law enforcement aid has also been phased out as regional funding for the Caribbean Basin Security Initiative (CBSI), which is discussed below, has increased.

**Table 1. U.S. Bilateral Assistance to the Dominican Republic: FY2010-FY2016**

| Account      | FY2010      | FY2011      | FY2012      | FY2013      | FY2014 (est.) | FY2015 req. | FY2016 req. |
|--------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|
| DA           | 24.6        | 18.1        | 12.3        | 11.9        | 10.3          | 10.8        | 8.7         |
| GHP (State)  | 9.3         | 9.3         | 9.3         | 7.1         | 8.4           | 8.4         | 9.4         |
| GHP (USAID)  | 9.0         | 9.0         | 7.8         | 6.7         | 5.8           | 5.8         | 5.8         |
| ESF          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0           | 0.0         | 0.0         |
| INCLE        | 4.5         | 0.0         | 0.0         | 0.0         | 0.0           | 0.0         | 0.0         |
| IMET         | 0.8         | 0.6         | 0.8         | 0.7         | 0.8           | 0.8         | 0.6         |
| FMF          | 1.0         | 0.0         | 0.0         | 0.0         | 0.0           | 0.0         | 0.0         |
| <b>TOTAL</b> | <b>49.2</b> | <b>37.0</b> | <b>30.1</b> | <b>26.4</b> | <b>25.3</b>   | <b>25.7</b> | <b>24.4</b> |

**Sources:** U.S. Department of State, *Congressional Budget Justification for Foreign Operations FY2011-FY2016*.

**Notes:** DA = Development Assistance; GHP = Global Health Program; ESF = Economic Support Fund; INCLE = International Narcotics Control and Law Enforcement; IMET = International Military Education and Training; FMF = Foreign Military Financing.

<sup>51</sup> U.S. Department of State, “Daily Press Briefing by Marie Harf, Deputy Spokesperson,” press release, December 18, 2013, available at <http://www.state.gov/r/pa/prs/dpb/2013/12/218895.htm>.

<sup>52</sup> White House, Office of the Vice President, “Remarks to the Press by the Vice President and Dominican President Medina,” press release, June 19, 2014.



In addition to bilateral assistance, in FY2009, the Dominican Republic received a total of \$5 million in assistance under the Mérida Initiative, an anticrime and counterdrug assistance package originally designed for Mexico and Central America. Mérida-funded projects in the Dominican Republic supported police professionalization programs, provided logistical support to interdiction units, and trained judicial authorities in implementing the criminal procedure code.

In FY2010, rather than continuing to receive this assistance through the Mérida Initiative, the Dominican Republic began to receive assistance through the Caribbean Basin Security Initiative (CBSI), a regional security initiative first announced at the April 2009 Summit of the Americas. CBSI is aimed at reducing illicit trafficking in the Caribbean, advancing public safety and security, and promoting social justice. From FY2010 to FY2014, Congress appropriated an estimated \$327.0 million for CBSI programs. The Obama Administration asked Congress for \$56.5 million in additional CBSI funding in its FY2015 budget request and \$53.5 million for the program in FY2016.

**Table 2. CBSI Appropriations by Foreign Aid Account: FY2010-FY2016**

In millions of current U.S. dollars

| Account      | FY2010      | FY2011      | FY2012      | FY2013      | FY2014 (est.) | FY2015 req. | FY2016 req. |
|--------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|
| ESF          | 14.0        | 17.0        | 17.0        | 18.8        | 29.2          | 28.0        | 26.0        |
| DA           | 6.0         | —           | —           | —           | —             | —           | —           |
| INCLE        | 27.3        | 37.5        | 30.0        | 30.0        | 25.0          | 22.0        | 20.0        |
| NADR         | —           | 6.4         | 2.0         | 2.0         | 1.8           | 1.5         | —           |
| FMF          | 14.5        | 16.5        | 15.0        | 9.5         | 7.5           | 5.0         | 7.5         |
| <b>Total</b> | <b>61.8</b> | <b>77.4</b> | <b>64.0</b> | <b>60.3</b> | <b>63.5</b>   | <b>56.5</b> | <b>53.5</b> |

**Sources:** U.S. Department of State, *Congressional Budget Justification for Foreign Operations Fiscal Year 2012 to Fiscal Year 2016*.

According to the Government Accountability Office (GAO), CBSI aid to the Dominican Republic totaled roughly \$5.4 million in FY2010, \$15.2 million in FY2011, and \$11.9 million in FY2012.<sup>53</sup> Total CBSI appropriations to the Dominican Republic for FY2010-FY2012 amounted to some \$32.5 million (16% of all CBSI aid appropriated and the second-highest amount allocated to an individual country).<sup>54</sup> CBSI-funded programs in the Dominican Republic have supported training for military, police, and prosecutors (discussed below); at-risk youth programs; local programs to combat human trafficking; and weapons destruction.<sup>55</sup>

<sup>53</sup> U.S. Government Accountability Office, *Status of Funding, Equipment, and Training for the Caribbean Basin Security Initiative*, GAO-13-367R, March 20, 2013, available at <http://www.gao.gov/products/GAO-13-367R>.

<sup>54</sup> Jamaica received some \$34.7 million in CBSI aid for FY2010-FY2012.

<sup>55</sup> U.S. Department of State, “The Caribbean Basin Security Initiative: Dominican Republic,” fact sheet, December 5, 2013.

## Security Cooperation

On September 15, 2014, President Obama again designated the Dominican Republic as one of four major drug transit countries in the Caribbean. The Dominican Republic has also been designated a jurisdiction of primary concern for money laundering. According to U.S. government estimates, the majority of the roughly 6% of U.S.- and Europe-bound cocaine that transits Hispaniola passes through the Dominican Republic,<sup>56</sup> mostly using maritime routes to transship the drugs. High-profile arrests have laid bare ties between international traffickers and corrupt Dominican operatives and officials.<sup>57</sup>

The Dominican Republic cooperates closely with the United States in counterdrug efforts through seizures, joint operations, and extraditions of drug-trafficking suspects (including 31 in 2012). In 2013, the Dominican government improved coordination between police and military units engaged in efforts to combat drug trafficking and money laundering; seizures remained high as a result of those efforts. Port security remains a problem, however, as only one of the country's 16 ports is operating in compliance with U.S. Container Security Initiative (CSI) standards. Bilateral cooperation is particularly strong with the Drug Enforcement Administration through the vetted Sensitive Intelligence Unit (SIU) and with the U.S. Southern Command, which has provided \$1.5 million to build a small Dominican-manned naval base on an island in the southeast of the country for use in interdicting drugs and migrants.<sup>58</sup> Efforts to improve coordination with the Haitian National Police and other Caribbean partners have continued, particularly through the Cooperating Nations Information Exchange System. CBSI funding is helping train Dominican police (1,000 of whom will be trained by Colombians each year) and prosecutors in how to investigate and prosecute cases, create a money-laundering agency, and improve port security.

Still, obstacles exist to greater U.S.-Dominican counterdrug and anticrime cooperation. As in previous reports, the State Department's narcotics control strategy report covering 2013 asserted that corruption and impunity continue to adversely affect counterdrug efforts. Despite initiatives to root out corrupt officials, Dominican police and military personnel continue to be arrested for drug-trafficking-related crimes.<sup>59</sup>

For its part, the Dominican government has said that it, like many receiving countries in Latin America, is ill-prepared to absorb the volume of deportees with criminal records who are arriving from the United States.<sup>60</sup> In January 2014, the State Department and the Department of Homeland Security (DHS) signed an agreement to expand a Criminal History Information Sharing (CHIS) program, which has been used to share information on certain criminal deportees with Mexican law enforcement officials, to the Dominican Republic and five other countries as well. The U.S. government does not assist the Dominican government with deportee reintegration.

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<sup>56</sup> U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, vol. 1, March 2014, available at <http://www.state.gov/documents/organization/222881.pdf>.

<sup>57</sup> "Mexican Drug Lord's Clout Reached Dominican Republic," *Dominican Today*, February 24, 2014.

<sup>58</sup> Rachel Glickhouse, "U.S.-Funded Naval Base Sparks Controversy in the Dominican Republic," *Americas/Society*, February 27, 2012.

<sup>59</sup> "Dominican Military Officials Among 35 Arrested in Drug Bust," CNN, March 21, 2013.

<sup>60</sup> U.S. Congress, Senate Caucus on International Narcotics Control, *U.S.-Dominican Security Cooperation*, Statement of Ambassador Aníbal de Castro, Ambassador of the Dominican Republic to the United States, 112<sup>th</sup> Cong., 1<sup>st</sup> sess., February 1, 2011.

## Trade Issues

Since the 1980s, U.S.-Dominican trade and investment linkages have increased, first as a result of U.S. trade preference programs and then as a result of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).<sup>61</sup> From the mid-1980s until 2000, the Dominican Republic benefitted from the Caribbean Basin Initiative (CBI), a unilateral U.S. trade preference program. From 2000 to 2007, the Dominican Republic received expanded trade preferences through the Caribbean Basin Trade Partnership Act (CBTPA) of 2000. Both the CBI and CBTPA have been replaced by CAFTA-DR. The Dominican government, along with the governments of Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua, signed CAFTA-DR with the United States on August 5, 2004. President Bush signed implementing legislation for the agreement into law on August 2, 2005 (P.L. 109-53, 119 Stat. 462). The Dominican Congress ratified the agreement in September 2005 and implemented it on March 1, 2007. Under CAFTA-DR, 100% of U.S. industrial and consumer goods now enter the Dominican Republic duty free, and nearly all U.S. agricultural exports are to enter duty free by 2020.

As a result of CAFTA-DR, the Dominican Republic has enacted a number of reforms to improve its tax structure, strengthen intellectual property rights, and facilitate trade flows through the country (customs reform). Perhaps partially as a result of these efforts, foreign investment to the Dominican Republic has steadily increased since 2009. The country is now a leader in manufacturing and Foreign Direct Investment, matched in the region only by Costa Rica.

The United States remains the Dominican Republic's main trading partner, with two-way trade totaling nearly \$12.5 billion in 2014. Dominican imports from the United States are up 49% from 2006 (pre-CAFTA) levels. A significant percentage of that increase is due to increasing oil imports, but declining tariffs have also favored U.S. manufacturing and agricultural producers. Dominican exports to the United States are shifting, as apparel exports to the United States decline (from 55% of U.S.-Dominican trade in 2000 to 16.5% in 2014) and more technology-intensive exports and mining exports increase. High-tech exports to the United States include medical instruments and other electrical machinery goods. The Dominican Republic still exports agricultural goods, such as sugar and tobacco, but those exports as a percentage of overall trade are declining. Even though Dominican exports to the United States have diversified, they are valued at less than they were a decade ago, since other sectors have not yet made up for declines in Dominican apparel exports.

More recently, the Dominican Republic and other Central American and Caribbean countries have become increasingly concerned about the potential impact of the 12-country Trans Pacific Partnership agreement (TPP) on their textile and apparel industries.<sup>62</sup> All things considered, tariff preferences provided through CAFTA-DR appear to be important in keeping apparel producers in those countries competitive in the U.S. market. A TPP agreement, if one is reached, has the potential to upset this situation. If apparel produced in Asian TPP countries gains duty-free access to the U.S. market, it could displace apparel manufactured with U.S. fabric in the Dominican

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<sup>61</sup> For historical background, see CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by (name redacted).

<sup>62</sup> The countries participating in the TPP talks are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. CRS Report R42772, *U.S. Textile Manufacturing and the Trans-Pacific Partnership Negotiations*, by (name redacted).

Republic and Central America, adversely affecting the textile and apparel industries in those countries and in the United States.

## **Agriculture and Labor Issues**

In addition to influencing Dominican trade and economic policies, the labor chapter (Chapter 16) of CAFTA-DR seeks to ensure that there is increasing respect for internationally recognized labor standards in the Dominican Republic. It requires that all parties to the free trade agreement enforce their own labor laws relating to the right to organize and bargain collectively; forced labor; child labor; and labor standards concerning minimum wages, hours of work, and safety and health. Pursuant to Section 403(a) of the CAFTA-DR implementing legislation (P.L. 109-53), the Department of Labor (DOL) has produced two reports to Congress on progress in implementing the labor chapter of the agreement and the results of U.S.-funded labor capacity building efforts.<sup>63</sup> Since CAFTA-DR took effect, DOL has funded \$6.7 million in projects in the Dominican Republic and \$25.6 million in regional projects that included work in the country.

As outlined in a May 2012 version of DOL's report to Congress, the Dominican Republic increased its Ministry of Labor's budget for enforcing labor standards by more than 40% between 2005 and 2010, resulting in an 84% increase in the number of workplace visits by labor inspectors. However, a September 2013 DOL report, issued pursuant to a CAFTA-DR complaint submitted in 2011 (discussed in greater detail below), raised significant concerns about the manner in which labor inspections are conducted, particularly in the sugar sector. Sugar, baked goods, coffee, rice, and tomatoes have been included on the DOL's International Labor Affairs Bureau's 2014 List of Goods Produced by Child or Forced Labor.<sup>64</sup>

The labor chapter of CAFTA-DR also includes a process by which individuals or groups can submit complaints ("submissions") presenting evidence that a signatory country is not complying with the labor provisions of the agreement. In December 2011, DOL's Office of Trade and Labor Affairs (OTLA) received a submission alleging that the Dominican Republic had violated the labor chapter of CAFTA-DR by allowing labor abuses—including forced and child labor—to persist in the country's sugarcane plantations.<sup>65</sup> A majority of the workers on the plantations are Haitians or Dominicans of Haitian descent, many of whom lack identity documents. The Dominican sugar industry and the Dominican government rejected those allegations, presented evidence to the contrary, and have since questioned the transparency and fairness by which DOL accepted the 2011 submission.<sup>66</sup>

In September 2013, DOL issued a report responding to the submission after a lengthy review that included two missions to the Dominican Republic, as well as 71 interviews conducted directly with sugar sector workers. The DOL report cites evidence of violations of Dominican labor law in the sugar sector, such as payments below minimum wage, 12-hour work days and 7-day work weeks, lack of potable water for workers, an absence of safety equipment at work sites, child

<sup>63</sup> DOL, *Progress in Implementing Chapter 16 (Labor) and Capacity-Building Under the Dominican Republic –Central America –United States Free Trade Agreement*, May 11, 2012, available at <http://www.dol.gov/ilab/reports/pdf/FINAL%202011-CAFTA-DR-REPORT%20AND%20ANNEXES.pdf>, pp. 19, 22.

<sup>64</sup> The list is available at <http://www.dol.gov/ilab/reports/child-labor/list-of-goods/>.

<sup>65</sup> A copy of the submission is available at <http://www.dol.gov/ilab/reports/pdf/FINAL%202011-CAFTA-DR-REPORT%20AND%20ANNEXES.pdf>.

<sup>66</sup> Information provided by the Dominican Embassy in Washington, DC, February 10, 2015.

labor, and forced labor.<sup>67</sup> It includes concerns about whether the sugar sector is respecting Dominican labor law on freedom of association, the right to organize, and collective bargaining. The report also identifies shortcomings in the inspection process that may undermine the government's capacity to identify labor violations. Those include inspectors interviewing no workers or only a small number of workers during inspections, communicating in Spanish with Creole-speaking workers, and questioning workers in front of their supervisors.

The report included 11 recommendations for the Dominican government. In a follow-up report issued in October 2014, DOL asserted that the Dominican government had “not provided any specific or verifiable information that it has taken the measures discussed in March [2014] or any other measures that would address the concerns raised in the report.”<sup>68</sup> DOL is continuing to seek to engage with the Dominican government and the sugar industry as part of its efforts to encourage and support efforts to address the concerns identified in the report. If the Dominican Republic does not achieve acceptable progress in addressing these concerns, the United States may initiate formal dispute settlement procedures that could ultimately result in limited monetary penalties and, as a last recourse, suspension of FTA benefits.

## Human Rights

According to the State Department, one of the most serious human rights problems prevalent in the Dominican Republic even before the September 2013 Tribunal ruling (addressed earlier) was “discrimination against Haitian migrants and their descendants, including the retroactive application of immigration policy resulting in de jure and de facto statelessness for persons who have lived in the country for generations.”<sup>69</sup> Other human rights abuses cited by the State Department in recent human rights reports have included violence against women (domestic abuse, rape, and femicide); abuses by police and other justice sector authorities; and trafficking in persons (TIP). While progress has been made in some areas (creating model prisons and prosecuting human trafficking cases), setbacks have occurred in others, including the treatment of Haitians and Dominicans of Haitian descent.<sup>70</sup>

In recent statements and in the State Department's *Country Report on Human Rights Practices* covering 2013, the Obama Administration has expressed concern about the potential impact of the Dominican Constitutional Tribunal's ruling on the status of Haitians and Dominicans of Haitian descent living in the Dominican Republic (see “Ruling by the Constitutional Tribunal of the Dominican Republic”). On December 18, 2013, a State Department spokesperson stated that the Obama Administration had “deep concern” about the ruling's impact on the status of people of

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<sup>67</sup> U.S. DOL, “US Labor Department Issues Report on Labor Concerns in Dominican Sugar Sector, Announces \$10 Million Project in Agriculture,” Press Release 13-1979-NAT, September 27, 2013. U.S. DOL, *Public Review of U.S. Submission 2011-3 (Dominican Republic)*, September 2013, available at <http://www.dol.gov/ilab/programs/otla/20130926DR.pdf>.

<sup>68</sup> U.S. DOL, *Twelve Month Review of Implementation of Recommendations in the U.S. Department of Labor's Public Report of Review of Submission 2011-03 (Dominican Republic)*, October 2014.

<sup>69</sup> U.S. Department of State, *Country Report on Human Rights Practices for 2012: Dominican Republic*, April 2013, available at <http://www.state.gov/j/drl/rls/hrrpt/2012/wha/204446.htm>.

<sup>70</sup> For information on trafficking in persons, see U.S. Department of State, *Trafficking in Persons (TIP) Report*, June 2014, available at <http://www.state.gov/j/tip/rls/tiprpt/2014/>. Hereinafter State Department, *TIP Report*, June 2014. For information on other human rights issues, including the treatment of Haitians and Dominicans of Haitian descent, see the U.S. Department of State, *Country Report on Human Rights Practices for 2013: Dominican Republic*, February 2014, which was previously cited as State Department, *Human Rights Report*, February 2014.

Haitian descent born in the Dominican Republic.<sup>71</sup> On March 7, 2014, senior Administration officials stated that “the United States has engaged with the Dominican Republic [on the issue of the ruling and] ... are hopeful that there will be a conclusion to this matter through legislation that will address those most affected.”<sup>72</sup> As previously mentioned, Vice President Biden praised President Medina for passing a naturalization law to help improve the condition of Haitians and their descendants born in the Dominican Republic but said that “implementation [of that law] will be equally as important.”<sup>73</sup>

Without proper identity documents, individuals living in the Dominican Republic can receive basic healthcare and education, but often encounter difficulty traveling; cannot register to vote; and have only limited access to formal sector jobs, property ownership, and secondary education. According to the State Department, police abuses are most often committed against “undocumented Haitian migrants in poor urban areas as well as along the country’s border with Haiti.”<sup>74</sup> As expressed in other U.S. government reports, undocumented Haitians are at a high risk of trafficking in persons and labor abuses as well.<sup>75</sup>

Violence against women is another major human rights problem identified by the State Department human rights report and international human rights organizations as pervasive in the Dominican Republic.<sup>76</sup> Despite laws criminalizing rape and domestic violence, both abuses continue to commonly occur but were rarely reported or punished. From January through November 2013, Dominican authorities received some 60,000 gender-based violence complaints.<sup>77</sup> According to the National Police, more than 1,117 Dominican women died as a result of gender-based violence between January 2008 and October 2013, few of whom had ever filed a complaint against an aggressor with Dominican authorities. In response, the Attorney General’s office has set up satellite offices with special services for victims of domestic violence, the police have created a female-led unit to respond to emergency calls, and the government opened two shelters.

The Dominican Republic is also a source, transit, and destination country for trafficking in persons. According to the U.N. Population Fund, tens of thousands of Dominican women have been trafficked around the world. Domestically, women have been trafficked into prostitution and the broader sex industry. Dominican children are also vulnerable to sex trafficking, particularly in tourist areas; forced begging; domestic servitude; and forced labor in agriculture. Labor trafficking has become evident in the construction, service, and agricultural sectors, with people of Haitian descent at a high risk of being victimized.<sup>78</sup>

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<sup>71</sup> U.S. Department of State, “Daily Press Briefing by Marie Harf, Deputy Spokesperson,” press release, December 18, 2013, available at <http://www.state.gov/r/pa/prs/dpb/2013/12/218895.htm>.

<sup>72</sup> “Senior Administration Officials Hold News Briefing Via Teleconference on Vice President Biden’s Upcoming Trip to Chile and the Dominican Republic,” *CQ*, March 7, 2014.

<sup>73</sup> White House, Office of the Vice President, “Remarks to the Press by the Vice President and Dominican President Medina,” press release, June 19, 2014.

<sup>74</sup> State Department, *Human Rights Report*, February 2014.

<sup>75</sup> State Department, *TIP Report*, June 2014; DOL, *Public Review*.

<sup>76</sup> State Department, *Human Rights Report*, February 2014; Amnesty International, *A Long Way Ahead: Reproductive Rights, Discrimination of Dominicans of Haitian Descent and the Reform of the Police: Amnesty International Submission to the UN Universal Periodic Review, January-February 2014*, October 10, 2013.

<sup>77</sup> The rest of this paragraph draws from State Department, *Human Rights Report*, February 2014.

<sup>78</sup> State Department, *TIP Report*, June 2014.

In June 2014, the State Department issued its 13<sup>th</sup> annual, congressionally mandated report on trafficking in persons (TIP). In addition to outlining major trends and ongoing challenges in combating TIP, the report categorizes countries into four “tiers” according to the government’s efforts to combat trafficking. The report classified the Dominican Republic as a Tier 2 country. According to the report, the Dominican Republic maintained a Tier 2 ranking as a result of progress made in prosecuting sex and labor trafficking cases and in providing temporary immigration permits for foreign victims. A lack of assistance and shelters for victims, a failure to punish public officials complicit in trafficking, and difficulty identifying TIP victims are areas that the State Department identifies as needing further improvement.<sup>79</sup>

In recent years, reforms of police tactics and increased punishments of officers accused of misconduct have led to a general decline in extrajudicial killings carried out by security forces. Police reportedly killed 117 people from January to September 2013 (on track to be down from the 194 people killed in 2012 and 233 killed in 2011).<sup>80</sup> It remains to be seen whether the Medina government’s decision to deploy 4,000 military officers to support police-led public security efforts will lead to increased abuses.

Despite laws against torture and inhumane treatment of detainees, and senior police officials’ commitment to comply with those prohibitions, the National Human Rights Council has reported that some Dominican police officers and prison officials still abuse suspects and prisoners. Prison conditions in general range from “fair to extremely harsh”; the 17 newer correctional and rehabilitation centers (CRCs) that the government has opened in recent years are “slightly better” than the traditional prisons.<sup>81</sup> The government continued to implement its new criminal procedures code, which only allows suspects to be held for 48 hours without being formally charged, but pretrial detentions averaging three to six months are common for suspects who have been charged with a crime. Corruption remains a major obstacle to justice sector reform.

## Outlook

The Dominican Republic continues to experience relative political stability and steady economic growth. With high approval ratings and a large congressional majority, most analysts predict that President Medina will be able to pass reforms rather easily through 2016. Over the next few months, the government’s ability to finish implementing a regularization program that will comply with the Constitutional Tribunal’s ruling on nationality but also assuage concerns about the rights of Haitians and Dominicans of Haitian descent could prove difficult. If the Medina Administration is able to address the nationality issue while also addressing poverty, energy shortages, and corruption, then the PLD should have a good chance of securing another presidential term in May 2016. Medina is barred from seeking consecutive reelection but could decide to run again in 2020. Relations with the United States are likely to remain strong due to the deep cultural, geographical, and economic ties between the two countries. Dominican-U.S. relations could become strained, however, due to U.S. concerns about human rights and labor issues.

<sup>79</sup> State Department, *TIP Report*, June 2014.

<sup>80</sup> State Department, *Human Rights Report*, February 2014; U.S. Department of State, *Country Report on Human Rights Practices for 2012*, May 2014.

<sup>81</sup> State Department, *Human Rights Report*, 2014; “A Journey into Hell: Prisons in Latin America,” *The Economist*, September 22, 2012.

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