

Dominican Republic

The Dominican Republic occupies the eastern two-thirds of the Caribbean island of Hispaniola, which it shares with Haiti. The Dominican Republic is one of the most important countries in the Caribbean for U.S. policy because of its large size, strong economy, and stability. The United States is the Dominican Republic's main trading partner; two-way trade totaled more than \$12.5 billion in 2017. The U.S. government has supported efforts to prevent crime, improve resilience to climate change, and address HIV/AIDS. The Trump Administration has proposed narrowing U.S. aid programs to focus on security and health programs.

Background

After fighting to achieve its independence from Haiti in 1844 and later from Spain in 1865, the Dominican Republic embarked upon a bumpy road toward democracy that included coups, dictatorships, and U.S. interventions (including 1916-1924 and 1965-1966). Rafael Trujillo ruled the country as dictator from 1930 to 1961, employing violent tactics to quell opposition. Despite his brutality, Trujillo's anticommunist stance earned him tacit U.S. support. His acolyte, Joaquín Balaguer, served as president from 1960 to 1962, 1966 to 1978, and 1986 to 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 Balaguer from power and paved the way for the country's first free and fair elections in 1996.

Since that time, the Dominican Republic, for the most part, has seen solid economic growth and developed democratic institutions. Led by former President Leonel Fernández (1996-2000, 2004-2012) and current President Danilo Medina (in office since 2012), the center-left Dominican Liberation Party (PLD) has solidified its dominance over Dominican politics. Upon taking office, Medina has boosted tax revenues and devoted significant resources to education, health care, and support to small businesses, with positive outcomes in those areas. Many observers have praised the PLD's economic stewardship, but have expressed concerns that one-party rule may have eroded pluralism in the country. The historic opposition party, the Dominican Revolutionary Party (PRD), ran in an alliance with the PLD in the 2016 elections. The PLD has controlled the presidency and the legislature since 2004.

Political Situation

In May 2016, President Medina defeated Luis Abinader of the Modern Revolutionary Party (PRM; formed by PRD dissidents) by a margin of 62% to 35% to win a second four-year term. The PLD-PRD alliance also maintained majorities in the Dominican senate and chamber of deputies. Medina may seek to lift the current ban on

consecutive presidential terms to run again in 2020, but former PLD President Fernández may also seek to run.

Figure 1. Dominican Republic Facts



Source: CRS graphic. Map data from Department of State; figures from IMF, CIA World Factbook, and World Bank.

President Medina took office in August 2016 for a second term in a favorable position, but slowing economic growth may give him less room to maneuver when addressing lingering social and economic challenges. Some of those challenges include the following:

Corruption. The Dominican Republic ranked 135th out of 180 countries in Transparency International's 2017 Corruption Perceptions Index. The country's weak judicial system has not effectively investigated or punished cases of corruption. In May 2017, the attorney general issued indictments for 14 people, including a cabinet minister (who then resigned) and two PLD senators, on charges of receiving \$92 million in bribes from the Brazilian firm Odebrecht in exchange for construction contracts. The government maintains that the investigation is ongoing, but none of those accused is in prison.

Migration and Citizenship Issues. According to criteria for acquiring Dominican nationality outlined in the 2010 constitution, children born in the Dominican Republic to parents in the country illegally are ineligible for citizenship. A September 2013 tribunal ruling applied that criterion retroactively to descendants of all undocumented migrants born in the country since 1929; it had the largest impact on people of Haitian descent.

The Medina government developed a process to help resolve the citizenship status of the roughly 55,000 individuals whose Dominican identity documents were invalidated by the ruling. Four years later, fewer than half of those people have acquired new documents. The Medina government also provided a naturalization plan for individuals born in the country without documents who registered by February 2015. According to Amnesty International, 16% of the estimated 50,000 or so people in that situation met that deadline; the others lack documents and could be deported.

In November 2013, the government began a regularization plan that gave migrants born outside the country 18 months to register for legal nonimmigrant status. More than 240,000 people qualified, but many lack documents proving their place of birth, partially due to the Haitian government's inability to provide them with birth certificates. The Dominican government has extended the deadline for submitting documents through the summer of 2018, but may not do so again. President Medina faces domestic pressure to deport those who lack documents, limit education and health care spending on unauthorized immigrants, and stop immigration from Haiti.

Drug Trafficking. According to U.S. government estimates, the majority of the roughly 6% of U.S.- and Europe-bound cocaine that transits Hispaniola from South America passes through the Dominican Republic using maritime routes. The Dominican Republic cooperates closely with the United States in counterdrug efforts through seizures, joint operations, and extraditions of drug-trafficking suspects. Cooperation has been hindered, however, by the complicity of corrupt officials.

Regional Foreign Policy Role. Under President Medina, the Dominican Republic has hosted the 2016 Organization of American States (OAS) General Assembly and the 2017 summit of the Community of Latin American and Caribbean States (CELAC). From November 2017 through February 2018, the Dominican government hosted talks between the Venezuelan government and an opposition coalition. Although those talks have broken down, the Dominican government still supports a negotiated solution to the crisis in Venezuela.

Economic Conditions

The Dominican Republic is among the fastest-growing economies in Latin America and the Caribbean (with 4.8% GDP growth in 2017). It has the largest stock of foreign direct investment and the most diversified export structure of any U.S. partner country in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). Remittances reached an estimated \$5.9 billion in 2017. High levels of foreign investment, solid mining and telecommunications sector performance, and strong tourism revenues have boosted growth.

Despite its impressive economic performance, low oil prices have masked the Dominican Republic's continued problems with its electricity sector and other barriers to

investment in the country. The government has made some efforts to target subsidies to the poorest households and to criminalize nonpayment of bills. Nevertheless, the electricity grid remains fragile, and losses are significant. The Dominican Republic ranked 99th of 190 countries in the World Bank's 2018 *Doing Business* report. It ranks relatively low on the ease of starting a business, accessing credit, paying taxes, and resolving commercial disputes.

Poverty and inequality in the Dominican Republic have been higher than regional averages, but are gradually decreasing. According to the World Bank, poverty has been reduced from 42% of the population in 2013 to 32.4% in 2015. Inequality has also declined. In 2006, the Dominican Republic had a Gini coefficient of 51.9 out of 100 (with zero indicating total equality). In 2015, it stood at 44.9.

U.S. Relations

The Dominican Republic enjoys a strong relationship with the United States, with extensive cultural, economic, and political ties. Currently, more than 1.1 million Dominicans reside in the United States. In recent decades, the United States has supported democracy, citizen security, and economic development in the Dominican Republic.

Congress oversees U.S. bilateral aid to the Dominican Republic, which totaled \$13.8 million in FY2017. It also provides funding and oversight of the Caribbean Basin Security Initiative (CBSI), a regional program through which the Dominican Republic has received law-enforcement training and equipment. The country also received some \$2.5 million in counternarcotics training and equipment from the Department of Defense in FY2017. The Trump Administration requested \$10.5 million for the country for FY2018 and \$4.5 million for FY2019, with the bulk of funds requested for global health programs and a small amount dedicated to military training.

U.S.-Dominican trade has increased from \$9.8 billion (pre-CAFTA-DR) to \$12.5 billion in 2017. Since the United States enjoys a trade surplus with most CAFTA-DR countries (including a \$3 billion surplus with the Dominican Republic in 2017), most analysts had not predicted that the Trump Administration would seek to renegotiate the agreement. Nevertheless, on October 2, 2017, U.S. Trade Representative (USTR) Robert Lighthizer said that CAFTA-DR and a number of other U.S. free trade agreements with Latin American countries may need to be modernized. According to USTR's 2017 *Special 301 Report*, the Dominican Republic does not adequately enforce restitution against pirated and counterfeit goods, which are widely available. The U.S. Department of Labor continues to monitor how the Dominican government is working to reduce the use of forced and child labor.

Clare Ribando Seelke, Specialist in Latin American Affairs

IF10407

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.