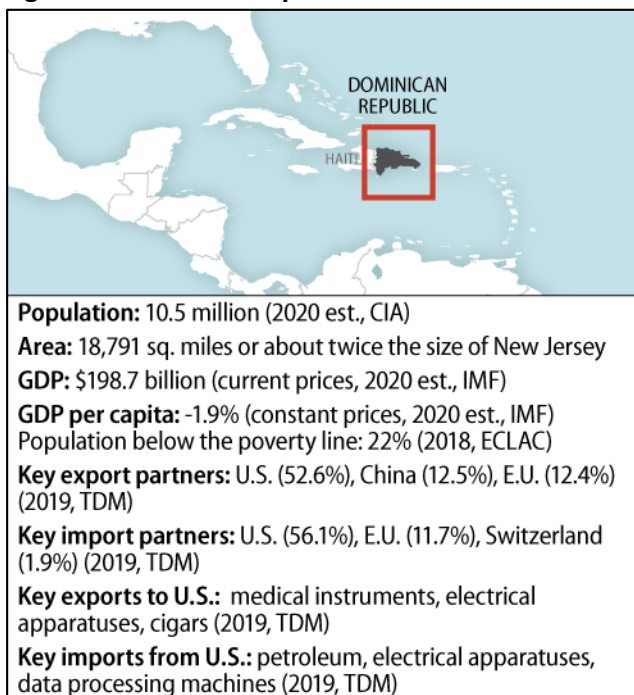


Updated August 11, 2020

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 a key U.S. partner in the Caribbean because of its comparatively large size, strong economy, and stability. Over the past decade, the United States and the Dominican Republic have maintained close commercial ties under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) and cooperated on regional security concerns under the Caribbean Basin Security Initiative (CBSI).

Figure 1. Dominican Republic Facts



Sources: CRS graphic. Map data from the Central Intelligence Agency (CIA), International Monetary Fund (IMF), U.N. Economic Commission on Latin America and the Caribbean (ECLAC), and Trade Data Monitor (TDM).

Background

After fighting to achieve its independence from Haiti in 1844 and later from Spain in 1865, the Dominican Republic embarked on 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 a dictator from 1930 until his assassination in 1961, employing violent tactics to quell opposition. Trujillo's anti-communist stance earned him tacit U.S. support. Trujillo's successor, Joaquín Balaguer, served as president from 1960-1962, 1966-1978, and 1986-1996. As a result of the dominance of these 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 steady 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) had, until recently, dominated Dominican politics. The PLD has controlled the presidency and the legislature since 2004, but a split between Fernández supporters and Medina supporters weakened the party's prospects for the July 2020 elections.

Political Situation

Presidential and congressional elections held on July 5, 2020, were a victory for opposition candidate Luis Abinader and the Modern Revolutionary Party (PRM). Abinader, a businessman with no prior experience holding office, ran on a platform of promoting economic equality, fighting corruption, and addressing the root causes of crime and violence. The elections, originally scheduled for May, were postponed until July due to the outbreak of the Coronavirus Disease 2019 (COVID-19). Abinader and his wife contracted the virus and had to stop campaigning temporarily.

Despite the pandemic, voter turnout was relatively high at 55.3%. Abinader won with 52.5% of the vote, foregoing the need for a second round. The PRM also performed well in congressional elections, resulting in a majority in the Senate and a plurality in the Chamber of Deputies). The long-dominant PLD now has the second-highest number of seats in both chambers. Abinader will need to draw on support from smaller parties to pass fiscal legislation needed to address COVID-19 and the resulting economic crisis.

Upon assuming office on August 16, 2020, for a four-year term, Abinader will face a number of challenges. These include addressing the public health and economic impacts of COVID-19, combatting corruption and drug trafficking, and managing ongoing tensions with Haiti.

COVID-19

The Dominican Republic has struggled to control the COVID-19 pandemic. As of August 11, 2020, the country reported 1,328 COVID-19 deaths and almost 80,500 cases, according to data gathered by the Johns Hopkins Coronavirus Resource Center. The Medina government responded to the pandemic with a state of emergency, suspending business activities and closing the country's borders in mid-March. Despite rising cases, Medina reopened the economy, allowing businesses to operate normally by July 1. Observers maintain that this early

reopening, combined with the elections, contributed to a spike in new cases. In response, Medina issued a 45-day state of emergency on July 20, 2020. As of early August 2020, the Dominican Republic has the highest per capita infection rate in the Caribbean. Its health ministry reported in early August that all of its hospitals were at or over capacity for COVID-19 patients.

Corruption

Reflecting the Dominican Republic's persistent challenge with corruption, the country ranked 137 out of 198 countries in Transparency International's 2019 Corruption Perceptions Index. The country's weak judicial system has been ineffective in tackling most corruption. Nevertheless, six individuals, including a former minister of public works, are facing trial over accusations of receiving millions in bribes from the Brazilian firm Odebrecht in exchange for construction contracts. In 2018, the U.S. Treasury Department imposed sanctions on Felix Bautista, a businessperson close to former President Fernández, pursuant to Executive Order 13818, which targets perpetrators of corruption.

Drug Trafficking

According to U.S. government estimates, the majority of the roughly 90% of U.S.- and Europe-bound cocaine that transits the Caribbean from South America passes through the Dominican Republic. The government of the Dominican Republic cooperates closely with the United States in antidrug efforts through seizures, joint operations, and extraditions. Corrupt officials have hindered cooperation, however. In August 2019, the U.S. Treasury Department placed sanctions on César Emilio Peralta and his drug trafficking organization pursuant to the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.). Arrested in Colombia in December 2019, Peralta is expected to be extradited to the United States to face drug trafficking charges.

Relations with Haiti

The Dominican Republic experiences periodic disputes with Haiti, its neighbor and second-largest export market. The citizenship status and treatment of people of Haitian descent living in the Dominican Republic has been a source of tension between the two countries; annual State Department human rights reports have documented discrimination against that population. In June 2018, the Dominican Republic published a survey that found that, despite efforts to register and provide documents to people of Haitian descent since 2014, only 31% of that population possessed documents required for accessing formal employment, health care, and insurance. Tensions have been high along the Dominican-Haitian border, which the Pan American Health Organization has identified as an area of concern for COVID-19 transmission, particularly for Haitian migrant workers.

Economic Conditions

The Dominican Republic has been among the fastest-growing economies in Latin America and the Caribbean, with estimated 5.1% GDP growth in 2019. The country has the largest stock of foreign direct investment and the most diversified export structure of any U.S. partner country in

CAFTA-DR. High levels of foreign investment, solid mining and telecommunications sector performance, and strong tourism revenues have boosted growth.

Given the impact of the COVID-19 pandemic on the economy, in April 2020, the Economist Intelligence Unit forecast a 6% economic contraction for 2020. Although the Dominican Republic has made progress in reducing poverty and inequality in recent years, many of these gains are at risk because of the deep recession.

The Dominican Republic continues to face some barriers to investment. According to the World Bank's 2020 *Doing Business* report, it ranks 115 out of 190 countries, performing particularly low on the ease of starting a business, getting electricity, accessing credit, paying taxes, and enforcing contracts.

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.

U.S. assistance to the Dominican Republic totaled \$56.7 million in FY2018 (the most recent year available). That total included bilateral aid, as well as CBSI funds, Department of Defense (DOD) assistance, and Peace Corps funding.

For FY2019, Congress appropriated \$36.8 million for the Dominican Republic (including \$26.5 million through the Global Health Program [GHP] account). For FY2020, Congress provided \$28.7 million (including \$21.2 million through the GHP account). DOD is providing \$5 million in antidrug training and equipment to the country in FY2020. From FY2017 to FY2020, U.S. aid to support the Dominican government in sheltering Venezuelan migrants (which numbered 104,000 people in May 2020) has totaled \$1.3 million. U.S. assistance to address COVID-19 has totaled \$3.7 million as of July 29, 2020.

In its FY2021 budget request, the Trump Administration asked for \$15.5 million in bilateral assistance for the Dominican Republic (a 46% cut from the FY2020 estimated level). The House-passed measure that includes FY2021 State and Foreign Operations appropriations (H.R. 7608, H.Rept. 116-444) does not specify an aid amount for the Dominican Republic.

U.S.-Dominican trade increased from \$9.8 billion (pre-CAFTA-DR) to \$14.7 billion in 2019. The United States enjoyed a \$3.6 billion trade surplus with the Dominican Republic in 2019. Bilateral trade and labor disputes have periodically arisen. The U.S. Department of Labor continues to monitor how the Dominican government is working to reduce the use of forced and child labor.

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