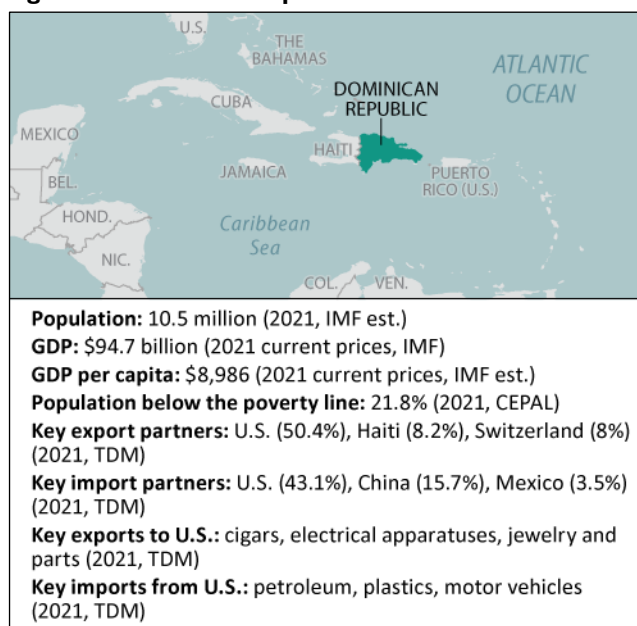


Updated September 21, 2022

## 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 due to its comparatively large size, strong economy, and relative stability. 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 have cooperated on regional security concerns under the Caribbean Basin Security Initiative (CBSI).

**Figure 1. Dominican Republic at a Glance**



**Sources:** CRS graphic. Data from the International Monetary Fund (IMF), U.N. Economic Commission on Latin America and the Caribbean (CEPAL), and Trade Data Monitor (TDM).

### Background

After fighting to achieve its independence from Haiti in 1844 and from Spain in 1865, the Dominican Republic embarked on a bumpy road toward democracy that included coups, dictatorships, and U.S. interventions (1916-1924 and 1965-1966). Rafael Trujillo ruled the country as a dictator from 1930 until his 1961 assassination, employing violent tactics to quell opposition. Trujillo's anti-communist stance earned him tacit U.S. support. His successor, Joaquín Balaguer, served as president from 1960 to 1962, 1966 to 1978, and 1986 to 1996. Due to these leaders' dominance, 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 then, the Dominican Republic, for the most part, has seen steady economic growth and has developed democratic institutions. Led by former Presidents Leonel Fernández (1996-2000, 2004-2012) and Danilo Medina (2012-2020), the center-left Dominican Liberation Party (PLD) dominated Dominican politics during this period.

### Political Situation

Internal divisions within the PLD led to the party's defeat in July 2020 elections. Opposition candidate Luis Abinader, a businessperson standing for the Modern Revolutionary Party (PRM) won the presidency with 53% of the vote, precluding the need for a runoff. The PRM also won a majority in the Senate and the Chamber of Deputies, as the PLD became the primary opposition party. President Abinader took office for a five-year term in August 2020.

Two years into his term, Abinader remains popular (61% approval rate, according to a July 2022 CID Gallup poll). His government has successfully managed the health effects of the Coronavirus 2019 (COVID-19) pandemic and has overseen a strong post-pandemic recovery. As of September 15, 2022, 55.7% of Dominicans were fully vaccinated, according to Johns Hopkins University, with China supplying the majority of vaccine doses. In addition, the Abinader government has prioritized anti-corruption efforts, drug seizures, and climate resilience. President Abinader started the Alliance for Development and Democracy (ADD) in 2021 with Costa Rica and Panama and has pressed for increased international efforts to address the ongoing crisis in Haiti.

### Corruption

The Dominican Republic's challenges with corruption persist; however, the country improved from a rank of 137 in 2020 to a rank of 128 in 2021 among the 180 countries in Transparency International's Corruption Perceptions Index. Upon taking office, Abinader appointed an independent attorney general and pledged not to interfere in corruption cases. The attorney general has pursued high-profile cases against networks implicating her predecessor, former President Medina's siblings, and former army and air force generals. Prosecutors have charged the former lottery director under Abinader with corruption and PRM legislators with colluding with drug traffickers.

### Drug Trafficking

According to the State Department's 2022 *International Narcotics Control Strategy Report* (INCSR), most cocaine transiting the Caribbean passes through the Dominican Republic, primarily through maritime routes. According to the INCSR, drug seizures by Dominican forces demonstrate their capacity to stop drug flows. Dominican military data assert that cocaine seizures for the first half of 2022 totaled 17,000 kilos, up from 7,000 kilos during that period in

2021. Most seizures have occurred at ports, including Caucedo, a port certified to screen for security threats by U.S. Customs and Border Protection's Container Security Initiative. According to *Insight Crime*, Dominican drug kingpin César Emilio Peralta, now standing trial on drug trafficking charges in Puerto Rico, allegedly funded several PLD presidential campaigns.

### **Climate Resilience**

The Dominican Republic is highly vulnerable to the effects of climate change and natural disasters. In December 2020, the government launched an \$8 billion national climate action plan. The plan focuses on reducing emissions in transportation, expanding renewable electricity generation, and bolstering reforestation and other mitigation efforts. Hurricane Fiona, which hit in mid-September 2022, resulted in at least two deaths and displaced 13,000.

### **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 is a long-standing source of tension. Despite efforts to register people of Haitian descent since 2014, only 31% of that population possessed documents required for public benefits and formal sector jobs in 2018.

Tensions have been high along the Dominican-Haitian border, a porous region where migrant smuggling and other illicit activities occur. President Abinader closed the border following the July 2021 assassination of Haitian President Jovenel Moïse. In February 2022, the Dominican government began constructing a border barrier with Haiti. Human rights groups criticized both that move and the Dominican government for deporting some 57,700 Haitians during the first seven months of 2022 to a country in crisis. Abinader has asked the international community to intervene in Haiti. (See also CRS In Focus IF12182, *Haiti: Political Conflict and U.S. Policy Overview*.)

### **Economic Conditions**

The Dominican Republic has been among the fastest-growing economies in Latin America and the Caribbean. It has the largest stock of foreign direct investment and the most diversified export structure of any U.S. partner country in CAFTA-DR. Foreign investment, strong telecommunications and mining sector performance, remittances, and tourism fueled pre-pandemic growth.

Due to the pandemic, the economy contracted by 6.7% in 2020, according to International Monetary Fund (IMF) estimates. The Abinader government used fiscal stimulus to cushion the economic impact of job losses. U.S. demand and a vaccination campaign targeting workers in key sectors helped construction, mining, and tourism rebound. The economy grew 12.3% in 2021, and the IMF predicts it will expand by 5.5% in 2022, despite high inflation.

The Dominican Republic is a top tourism destination and receives investment from a range of countries. Although the People's Republic of China reportedly promised major investments after the countries established diplomatic relations in 2018, few reportedly have occurred. Abinader

has stated that China is not welcome to invest in strategic sectors, such as ports. The Dominican government is seeking to strengthen commercial ties with ADD countries, including Ecuador, which joined in 2022, and with the United States and other strategic partners.

The Dominican Republic continues to face economic and social challenges. The IMF has urged the government to address its fiscal debt and use targeted social benefits to address persistent income inequality. Poverty increased from 21.0% in 2019 to 23.4% in 2020 due to the pandemic and to 23.9% in 2022, as pandemic aid decreased.

### **U.S. Relations**

The Dominican Republic enjoys a strong relationship with the United States, with extensive cultural, economic, and political ties. Currently, more than 2 million Dominicans reside in the United States. Under the CBSI, the United States has provided the Dominican Republic with support since FY2010 to reduce illicit drug trafficking, train police and prosecutors, and provide educational and job training programs for at-risk youth. The Dominican Republic is participating in a U.S.-Caribbean partnership launched in June 2022 to address energy security and renewable energy, access to finance, and food security.

The United States allocated \$39.8 million in bilateral aid to the Dominican Republic in FY2022, including \$21.3 million in global health funding (GHP) and \$18 million in Development Assistance (DA). The Biden Administration requested \$37.5 million for the Dominican Republic for FY2023, including \$17 million in GHP and \$20 million in DA. Since FY2017, U.S. humanitarian aid to support the Dominican government in sheltering Venezuelan migrants has totaled some \$3.7 million. U.S. COVID-19 assistance for the Dominican Republic has exceeded \$4 million.

U.S.-Dominican investment, trade, remittance, and tourism ties are extensive. U.S. foreign direct investment on a historical-cost basis stood at roughly \$2.7 billion in 2021. Total trade increased from \$9.8 billion (pre-CAFTA-DR) to \$24.9 billion in 2021. In 2021, Dominicans abroad, most residing in the United States, sent a record \$10.4 billion in remittances. U.S. tourists account for the largest number of foreign visitors to the country. In July 2022, the United States, the Dominican Republic, Panama, and Costa Rica agreed to establish a Joint Consultative Dialogue on Economic Growth and Supply Chain Partnerships.

Some bilateral trade and labor concerns have arisen. In June 2022, the U.S. and Dominican governments announced the formation of a technical working group to better enforce laws against forced and child labor in the Dominican sugar industry. The Dominican government is seeking an extension of the measures it uses to protect its rice producers beyond December 2024 (when they are due to be eliminated under CAFTA-DR). See also CRS In Focus IF10789, *Caribbean Basin Security Initiative*, and CRS Report RS22164, *DR-CAFTA: Regional Issues*.

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