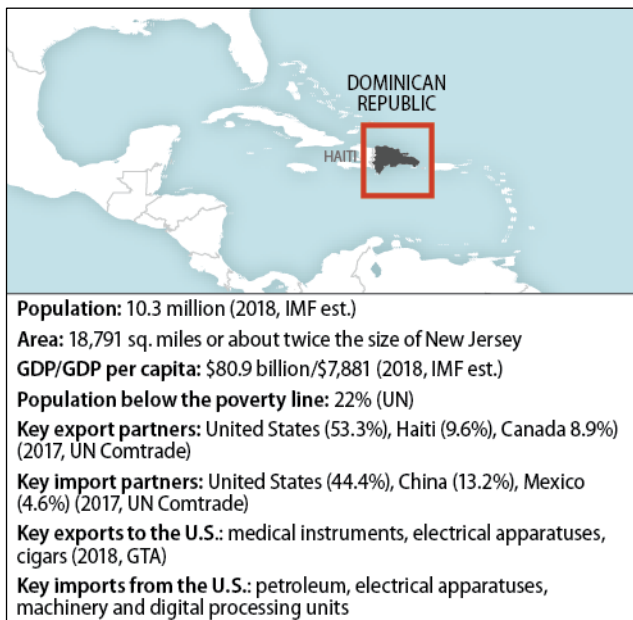




Dominican Republic

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. In recent years, 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 International Monetary Fund (IMF), U.N. Economic Commission on Latin America and the Caribbean, UN Comtrade, and U.S. Department of Commerce.

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 to 1961, employing violent tactics to quell opposition. Despite his brutality, Trujillo's anti-communist 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) had, until recently, dominated Dominican politics. The PLD has controlled the presidency and the legislature since 2004, but a split between supporters of Fernández and Medina threatens the party's dominance in the May 2020 elections.

Political Situation

Inaugurated for a second term in May 2016, President Danilo Medina (PLD) remains popular, despite a slowing economy. In alliance with its historic rival, the Dominican Revolutionary Party (PRD), his PLD held majorities in the senate and chamber of deputies until late 2019. Popular concerns about crime, corruption, and one-party dominance have nevertheless increased. In May 2019, some 70% of those polled by Gallup opposed amending the constitution to allow Medina to seek a third consecutive term.

The May 2020 presidential and legislative elections are expected to be extremely competitive. Luis Abinader, an economist and the 2016 candidate of the opposition Modern Revolutionary Party (PRM), easily won his party's primary. In the October 2019 PLD party primary, Medina's chosen successor, Gonzalo Castillo, an executive and former minister of public works, narrowly defeated former president Fernández. Fernández rejected those results as fraudulent, left the PLD, and formed the People's Force Party (LFP). Fernández is running for president on a multiparty coalition led by the LFP. This split within the PLD has prompted some analysts to predict an Abinader victory. Few believe that any candidate will garner the 50% of votes needed to win in the first round.

Former president Fernández's decision to leave the PLD has prompted defections that have cost the party its majority in the current chamber of deputies. Partially due to the emergence of Fernández's LFP, it may be difficult for the PLD to retake a majority in the chamber in the 2020 elections. In November 2019, Fernández formed an electoral pact with the PRM and others parties to field one unified opposition senate candidate against the PLD in each of the country's 32 provinces. This could challenge the PLD's dominance in that chamber.

The next Dominican president and legislature will face a number of pending political challenges:

Corruption

The Dominican Republic ranked 129 out of 180 countries in Transparency International's 2018 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 Leonel Fernández, for corruption pursuant to Executive Order (E.O.) 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 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 designated César Emilio Peralta and his drug trafficking organization as subject to sanctions pursuant to the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.). Peralta was arrested in Colombia in December; U.S. prosecutors are seeking his extradition.

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. 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.

Venezuelan Refugees

According to U.N. agencies, some 30,000 Venezuelans are sheltering in the Dominican Republic, of whom roughly 8,000 had residence permits as of June 2019. In mid-December 2019, the Dominican Republic began requiring visas from Venezuelans. This could hinder the ability of those fleeing Venezuela to enter Dominican territory.

Economic Conditions

The Dominican Republic is among the fastest-growing economies in Latin America and the Caribbean, with estimated 7% GDP growth in 2019. It 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. Tourism remained vibrant even after U.S. hotel bookings declined in the wake of several U.S. tourist deaths in the country in 2019.

Nevertheless, the Dominican Republic continues to face significant barriers to investment. According to the World

Bank's 2019 *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. According to the State Department's 2019 *Investment Climate Statement*, corruption, weak intellectual property rights protections, and biased judicial procedures hinder U.S. investment. Since establishing diplomatic relations with China in 2018, the Dominican government has also sought to attract increased Chinese investment in the country.

Poverty and inequality in the Dominican Republic have gradually decreased since the 2003-2004 economic crisis. According to the U.N. Economic Commission on Latin America and the Caribbean, poverty has fallen from 45.3% of the population in 2004 to 22% in 2018. Income inequality has also declined; the Gini coefficient fell from 0.504 in 2004 to 0.444 in 2018 (with zero indicating total equality and one indicating total inequality).

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 \$36.8 million in FY2019, \$26.5 million of which was for Global Health programs. 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. In its FY2020 budget request, the Trump Administration proposed a significant cut to aid to the Dominican Republic; it is yet unclear how much funding the country will receive in FY2020 appropriations (P.L. 116-94). The country has received \$5 million in antidrug training and equipment from the Department of Defense in FY2020.

U.S.-Dominican trade increased from \$9.8 billion (pre-CAFTA-DR) to \$14.3 billion in 2018. The United States enjoyed a \$3.6 billion trade surplus with the Dominican Republic in 2018. 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. According to the Office of the U.S. Trade Representative's 2019 *Special 301 Report*, the Dominican Republic has reduced the backlog of pending patents and prosecuted cases related to counterfeit goods. Nevertheless, the government's intellectual property protection and enforcement efforts remain weak.

See also CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan.

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