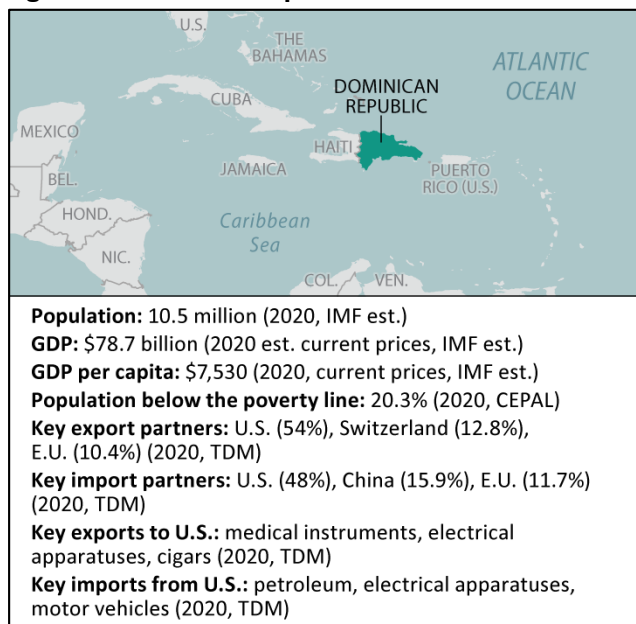


Dominican Republic

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 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 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 (CEPAL), 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 (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. Due to 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 Presidents Leonel Fernández (1996-2000, 2004-2012) and Danilo Medina (2012-2020), the center-left Dominican Liberation Party (PLD) dominated Dominican politics.

Political Situation

Internal divisions within the PLD led to the party's defeat in July 2020 elections. Presidential and congressional elections held on July 5, 2020, were a victory for opposition candidate Luis Abinader and the Modern Revolutionary Party (PRM). Originally scheduled for May 2020, electoral officials postponed the elections due to the Coronavirus Disease 2019 (COVID-19) pandemic. Abinader, a businessman standing for the Modern Revolutionary Party (PRM), won the presidency with 53% of the vote, foregoing the need for a runoff. The PRM also won a majority in the Senate and Chamber of Deputies. The PLD now is the primary opposition party.

After a year in office, President Abinader remains popular (68% approved of his mandate in a July 2021 poll). The Abinader government has managed the health and economic effects of the COVID-19 pandemic, prioritized transparency and anti-corruption, and developed a climate resilience plan focused on boosting renewable energy use.

COVID-19

In August 2020, the Dominican Republic had the highest per capita infection rate in the Caribbean, and its hospitals were at or over capacity for COVID-19 patients. The incoming government increased the number of citizens covered by the public health system and got commitments to secure enough vaccines to immunize all of its citizens, with a focus on vaccinating workers in key sectors, including tourism. As of August 18, 2021, the government had fully vaccinated 41.6% of the population, higher than most other countries in Latin America and the Caribbean. With 3,985 deaths attributed to COVID-19, the mortality rate in the Dominican Republic is also comparatively low.

Corruption

Reflecting the Dominican Republic's persistent challenge with corruption, the country ranked 137 out of 180 countries in Transparency International's 2020 Corruption Perceptions Index. The country's relatively weak judicial system has been ineffective in tackling most corruption. Upon election, Abinader named the local representative of Transparency International as head of government procurement and appointed an independent attorney general. The attorney general is pursuing high-profile corruption cases against her predecessor and former President Medina's chief of security and health minister.

Abinader encouraged his minister of youth to step down after she came under investigation in December 2020.

Drug Trafficking

According to the State Department's 2021 *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, but corruption hampers U.S.-Dominican cooperation efforts. Dominican military data assert that cocaine seizures for the first half of 2021 totaled 7,000 kilos, nearly matching the total for all of 2020. A Dominican drug kingpin César Emilio Peralta, sanctioned in 2019 under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.), has been arrested in Colombia and is to be extradited to the United States.

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. In June 2018, the Dominican Republic published a survey that found that, 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.

Tensions have been high along the Dominican-Haitian border, a porous region where migrant smuggling and other illicit activities are common. In February 2021, the Dominican government announced the construction of a border barrier would commence in late 2021. President Abinader closed the border following the July 2021 assassination of Haitian President Jovenel Moïse, but humanitarian aid has entered into Haiti from the Dominican Republic. The Dominican government has supported search and relief efforts in Haiti following the recent earthquake.

Relations with China

In May 2018, the Dominican Republic switched recognition of Taiwan in favor of establishing diplomatic relations with the People's Republic of China. China reportedly promised major investments, few of which have occurred. President Abinader has stated that China is no longer welcome to invest in strategic sectors, such as ports and infrastructure.

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 pre-pandemic economic growth was fueled by foreign investment, telecommunications and mining sector performance, remittances, and tourism.

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 pandemic-related job losses. U.S. demand, combined with the vaccination

campaign, have helped the construction, mining, and tourism sectors rebound, with growth forecast to reach 6.2% for 2021.

The Dominican Republic continues to face economic challenges. The country ranked 115 out of 190 countries included in the World Bank's 2020 *Doing Business* report, performing relatively poorly on the ease of starting a business, getting electricity, accessing credit, paying taxes, and enforcing contracts. Although the Dominican Republic has made progress in improving social indicators in recent years, poverty increased from 21.0% in 2019 to 23.4% in 2020 due to the pandemic, and income inequality persists.

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. Total U.S. foreign assistance to the Dominican Republic (obligations, latest full-year available) amounted to \$52.4 million in FY2019. That total included bilateral aid, as well as CBSI funds, Department of Defense assistance, and Peace Corps funding. 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.

U.S. bilateral aid to the Dominican Republic totaled \$28.6 million in FY2020 and an estimated \$30.75 million in FY2021, some \$23.3 million of which was for global health. The Biden Administration requested \$28.5 million in bilateral aid for the Dominican Republic for FY2022. From FY2017 to FY2021, U.S. humanitarian aid to support the Dominican government in sheltering Venezuelan migrants (which numbered 114,500 as of July 2021) has totaled some \$2.7 million. U.S. assistance to address COVID-19 in the Dominican Republic has exceeded \$4 million and includes the provision of two field hospitals.

The U.S.-Dominican economic relationship encompasses extensive investment, trade, remittance, and tourism ties. U.S. foreign direct investment on a historical-cost basis stood at roughly \$274.5 million in 2020. Total trade increased from \$9.8 billion (pre-CAFTA-DR) to \$14.7 billion in 2019 before falling to \$12.7 billion in 2020 due to the pandemic. In 2020, Dominicans abroad, primarily in the United States, sent a record \$8.3 billion in remittances (10.6% of GDP). U.S. tourists account for the largest number of foreign visitors to the country.

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. The Dominican Republic earned a Tier 2 ranking in the State Department's 2021 *Trafficking in Persons* report, an improvement from its 2020 rank.

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