

FLAVIO DARIO ESPINAL
Former Ambassador of the Dominican Republic to the United States of America
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“U.S.-Dominican Republic Relations: Bolstering Economic Growth and Energy Independence”

The Dominican Republic has been politically stable for over 50 years, with civilian and democratically elected governments, which is a great achievement after a long history of political upheavals and authoritarian governments. Over this time the three major political parties have alternated power, and both chambers of Congress have changed hands. The PRD, the current main opposition party, held Congress from 1998 until 2010. During four of those years, it was also in control of the Executive. The country has had a strong party political system, but the main opposition party has experienced serious political divisions that have affected its capacity to play a more effective role in the political system. At the last election, in 2012, we saw the participation of 23 political parties, although with very small percentages of the vote. This is a level of political stability and democratic plurality that not every country in the region can lay claim to.

In economic terms, our small country punches above its weight. It has the largest economy in the Caribbean and is undergoing rapid diversification. For the last two decades, the Dominican Republic has been one of the fastest growing economies, with GDP growth averaging around 5.8 percent per year between 1991 and 2012 (World Bank). According to the IMF, in 2013, the GDP of the Dominican Republic grew by 4.1%, exceeding the growth rate of the world economy (2.5%) and the average for Latin America and the Caribbean (2.6%). The IMF has also concluded that “the large increase in the fiscal deficit in 2012 was partially reversed in 2013”, and that the deficit of the consolidated public sector declined by almost 3 percentage points of GDP, to 5 percent.

The country is a key partner of the United States. In trade terms, the DR is a major partner in DR-CAFTA. Trade in goods between the two countries in 2013 was about US\$ 11.45 billion, according to the US Census Bureau. Although in the first quarter of this year exports from the Dominican Republic to the United States increased 4.28% from last year, there is a large trade imbalance in favor of the United States, which exported US\$7.20 billion in 2013.

Here I would like to mention an issue of particular concern to our country, and other DR-CAFTA partners, which I know has also generated attention in some of the members of this committee. The Trans Pacific Partnership (TPP) under discussion contains certain rules that will undermine recent gains in the apparel industry not only in the DR, but also in some Central American countries. The TPP will allow Vietnam to import yarns and fabrics from, say, China, which will reduce its production costs enormously, which, in turn, will give Vietnam an unfair competitive edge against the Dominican Republic and some Central American countries in the US market.

Beyond trade, the links between our two countries are also strong. Of the total number of visitors to the DR in 2013, about 4.6 million, U.S. citizen visitors represented 33.85%. Of the FDI received by the country in 2012, US\$ 3.14 billion, US\$580 million came from the United States (Dominican Central Bank). Bilateral assistance from the United States totaled some \$25.3 million in FY2014 (CRS DR report, March 2014). In 2013, the Dominican Republic received US\$ 3.33 billion in transfers from the Dominican diaspora. It is estimated that about 80% the remittances received by the country come from the United States. Therefore, in 2013 the Dominican Republic received about US\$ 2.65 billion in remittances from the United States.

The DR and the U.S. maintain close cooperation on security issues both bilaterally and through Caribbean Basin Security Initiative (CBSI). The 9-1-1 service which was launched early this year had strong support from the U.S. and our countries cooperate continuously in areas such as combating child trafficking and maritime interdiction.

It is true that our country still faces major social challenges, as well as the economic one mentioned above. Although poverty has decreased by 10% since 2005, it is still unacceptably high at 40%. There is an important discussion being had about how to ensure that the benefits of economic growth reach more and more Dominicans. This is of course not a problem exclusive to the Dominican Republic, but it is one that has become imperative in the face of our growth and international integration. It is positive that education is a key concern for the current administration, which has doubled the budget assigned to this area in the past year to 4% of GDP.

One particular challenge for our development and that of the island is immigration, particularly from Haiti. To address the long-standing issue of irregular immigration, the Dominican Government recently launched a National Regularization Plan. It will allow undocumented individuals in the Dominican Republic to acquire a regular immigration status and potentially permanent residency. With less than two months in place, over 90,000 foreigners have already registered, at no cost, in one of the special offices set up for this purpose, but the majority of those foreigners face the problem of not having proper documentation from their own country, in this case Haiti.

A lot of international attention has been devoted to the matter of the Constitutional Court ruling from last year regarding the documentation of persons of foreign descent born in the Dominican Republic. It is important to first point out that the Dominican Government had to abide by the Court's decision under the principle of the separation of powers. To suggest otherwise is disingenuous and would create, as you know, incalculable political instability. But the Government took swift steps to address the situation of persons who were incorrectly or illegally issued Dominican birth certificates, and who were indeed affected by the ruling. Law 169/14, passed unanimously by the Dominican Congress and with high approval ratings in the opinion polls, validates the Dominican documents of these persons, who conducted their whole lives with a Dominican identity document, believing themselves to be Dominican, despite their parents' irregular status.

But the law also addresses the situation of those persons born to parents who were in the Dominican Republic illegally and who do not have identity documentation. Although these people never possessed any documentary evidence that would lead them to consider themselves Dominican, for them the new law creates a path to the National Regularization Plan, and the option to acquire citizenship after holding a permanent residency status for two years.

This new framework established by the Government, with the Regularization Plan and the new law, addresses the situation of every person lacking documentation in the Dominican Republic. It is a comprehensive legal response to a problem that has existed for many years, but it is now when there has been a consensus in the country about the legal way to move forward.

Although we are here to talk about DR-U.S.-relations, it is important to point out in the current context that the Dominican Republic and Haiti have been engaged in a historic dialogue since November 2013. This conversation, conducted with extreme good will and the desire to promote the development of the island, has generated a number of agreements and joint declaration on issues of fundamental importance. Meetings at the highest level included discussions on security, the environment, agriculture, trade and customs, and tourism, amongst other themes. Just yesterday, the Dominican Republic, Haiti and the European Commission held very productive talks.

The Dominican Republic does face great challenges, socially, economically, and institutionally. There is a great need to continue developing effective public policies to combat poverty, inequality, and social exclusion, to create more economic opportunities and to strengthen the democratic institutions and the rule of law. But it is undeniable that the country has come a long way in addressing many of these issues.

I thank the Chairman and the members of this Subcommittee for your interest in the Dominican Republic and the opportunity to share with you my thoughts on these subjects.