

Dominican HIGHLIGHTS

Issue #1,
June 2005

A MONTHLY REPORT FROM THE EMBASSY
OF THE DOMINICAN REPUBLIC IN WASHINGTON, D.C.



Flavio Dario Espinal

Dear Readers:

As the new Ambassador from the Dominican Republic in Washington, D.C., it is a great pleasure to introduce myself, and this newsletter. This, the first edition of Dominican Highlights, along with subsequent monthly editions, is the vehicle through which my Embassy, colleagues and I plan to bring you up-to-date news and information on our work in Washington, D.C., as well as other relevant information on important events happening in the Dominican Republic.

One of my main priorities for 2005 is our ongoing and vigorous efforts to support the passage of the Dominican Republic/ Central American Free Trade Agreement (CAFTA-DR). We are already working diligently, in conjunction with other regional Ambassadors and private sector organizations, to spread the word about the importance of this trade agreement and the positive results the pact can ultimately bring to the Dominican Republic, the Central American region, and, most importantly, to U.S. and Central American consumers alike.

Another major focal area for the Embassy in 2005 will be the ongoing efforts of my government to cooperate with the United States on a broad range of security matters. We will continue to work diligently with the U.S. government in fighting drug trafficking, illegal gun trafficking, human trafficking, international crime and terrorism. We are committed in our

efforts to guarantee that progress continues on these issues, which are important to both our countries.

Also important in 2005, will be my efforts to build a stronger awareness of, and a more dynamic image of, the Dominican Republic and its people across the United States. The fundamental base of my work in this arena will be my efforts to increase the presence of the Embassy in communities across the United States and the degree to which the more than one million Dominicans currently living and working in the United States contribute positively to both community and national-level developmental goals and objectives. Ensuring that the voices of these communities are being heard and that their needs are being met remains a very important priority for 2005. I plan to coordinate my efforts in this arena closely with Dominican community leaders across the United States, and with broader Hispanic organizations across the country, and I plan to support the initiatives and efforts of these groups in the most productive and proactive ways possible.

I look forward to the opportunity to meet and work with each and every one of you during 2005. If my staff and I can be of assistance to you in the days and months ahead, please let us know. Our doors will always be open.

Sincerely,

Flavio Dario Espinal, Ambassador of the Dominican Republic to the United States of America. **DH**

ECONOMIC SNAPSHOT:

- *The Dominican Republic is currently the third largest U.S. export market in Latin America, next to Mexico and Brazil. Total U.S.-D.R. trade amounted to U.S. \$9 billion in 2003.*
- *In 2003, U.S. exports to the Dominican Republic were 73% higher than those to Argentina, 48% higher than those to Venezuela, 55% higher than those to Chile, 900% higher than those to Morocco, and 750% higher than those to Jordan. They were also higher than U.S. exports to Indonesia and the Russian Federation, and approximately the same as those to Saudi Arabia and India.*
- *Currently, the Dominican Republic is Florida's largest trading partner, followed by Puerto Rico, Louisiana and North Carolina.*
- *The Dominican Republic's diversified and dynamic foreign exchange base includes tourism (32.1%), remittances from Dominicans living abroad (20.2%), maquila exports (18.5%), growing foreign direct investment (10.1%) and traditional and non-traditional exports.*
- *The Dominican Republic is currently the major tourist attraction in the Caribbean, with more than 58,000 hotel rooms and ideal and diverse destinations throughout the country. In 2004, tourist arrivals from the United States and Puerto Rico accounted for 27%, from Canada 12.0%, from France 8%, from Spain 6%, and from Germany 6%.*
- *The Dominican community living abroad represents more than 1 million or at least 12% of the Dominican population as a whole. **DH***

Dominican Republic: Central American Free Trade Agreement

The Embassy of the Dominican Republic in Washington, D.C. has been fully engaged, along with its Central American counterparts, in a collective effort to lobby for the approval of the Dominican Republic/Central American Free Trade Agreement (CAFTA-D.R.) by the U.S. Congress. For the past few months, Ambassador Flavio Dario Espinal has been touring the country with the Ambassadors from Central America on an "Ambassador's Tour," to stress the benefits and importance of the agreement for all the countries involved, including the United States.

Ambassadors have already visited North Carolina, Seattle, Colorado, Tennessee, Florida, New York, Georgia, and California. During these visits, some of them organized by the U.S. Chamber of Commerce, the Ambassadors have taken on the most controversial issues related to the agreement, such as the labor standards in the region, sugar, displacement of workers, agricultural issues, among others, and have sought to explain to official representatives and their constituents the positive implications of the pact.

In close coordination with the Office of the United States Trade Representative (USTR), the U.S. private sector, and other Central American Embassies, the Embassy of the Dominican Republic has also played an important role in visiting many Representatives and Senators on Capitol Hill, in particular new Members and Democrats with strong views about the agreement. Parallel visits are also being conducted by the Economic Counselors of each Embassy with Legislative Assistants

In Washington, D.C., Ambassador Espinal has presented his views on the agreement at various events and key institutions and organizations, including the Heritage Foundation, the Department of State, the Chamber of Commerce, the Washington International Trade Association, the Business Council for International Understanding, the Organization of American States, and the Inter-American Dialog.

across Capitol Hill to discuss the finer details of the agreement.

A particularly important effort of Ambassador Espinal has been his efforts to reach out to the Dominican community living in the United States to urge their support of CAFTA-D.R.. To this end, Ambassador Espinal has traveled twice to New York City to meet with leaders and representatives of the Dominican community in New York and New Jersey. One of these events was organized by the Dominican American Round Table.

Given the large Dominican population residing in New York, various meetings have also been held with Representative Charles Rangel (D-15th NY), the ranking Democratic Member of the House Ways and Means Committee and a key player in the eventual vote on CAFTA-D.R.. Ambassador Espinal continues his open dialog with Congressman Rangel and hopes to receive his support for the agreement.

In light of the heavy and ongoing discussion on labor issues in Central America and in the Dominican Republic, the Dominican Embassy has also played an active role in the Vice-Ministerial Working Group on Labor, reviewing the labor dimension of the agreement and, particularly, proposals for strengthening compliance and enhancing labor capacity.

*As the final lobbying effort and eventual vote on CAFTA-D.R. draws near, the Embassy of the Dominican Republic will continue and increase its efforts in support of the agreement. Recently, Ambassador Espinal and Embassy staff coordinated the visits of the Secretary of Commerce, the Secretary of Labor, a number of Senators and Congressman, businessmen, and union workers from the Dominican Republic to Washington, D.C, to provide an opportunity for these key decision makers to stress their support for the pact. Recent meetings have included Deputy Secretary of State Robert Zoellick; Assistant Secretary of State, Roger Noriega; Acting U.S. Trade Representative, Peter Allgeier; Secretary of Commerce, Carlos Gutierrez; and Secretary of Labor Elaine Chao, among others. **DH***



Dominican Republic and Central American Leaders Visit Washington D.C.

TO SUPPORT D.R.-CAFTA PASSAGE

During the week of May 8th, 2005, six Latin American presidents made an unusual joint trip to Washington, D.C. for the purpose of working together to convince U.S. lawmakers, and the American people, that a free trade agreement linking the United States with Central America and the Dominican Republic is a win-win situation for all.

Prior to the visit, U.S. Trade Representative Rob Portman said the Latin American leaders had been asked to come to Washington, D.C. to ensure that U.S. lawmakers could hear first hand how the pending trade deal could bring strong economic benefits to each of the countries represented in the deal and to the United States economy as well.

Even before the presidents arrived in Washington, the Bush administration had arranged for them to travel across the United States, talking to governors in key states, participating in rallies and meeting with newspaper editorial boards to spread positive messages about the pending deal.

During the visit to Washington, D.C., the presidents of the Dominican Republic and the five Central American countries of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, spent a great deal of time walking the halls of Congress and meeting with a variety of leaders on both sides of the aisle to generate support for the agreement. Key meetings during the visit included meetings with: Senator



Christopher Dodd (D-CT), Foreign Relations Chairman Richard Lugar (R-IN), Senator Jon Kyl (R-AZ), Senator Trent Lott (R-MS), Senator Jim DeMint (R-SC), Senator Orrin Hatch (R-UT) and a variety of other key members of both chambers with jurisdiction over trade issues.

During the visit, Dominican Republic President Leonel Fernandez met with several leading Democratic voices on trade, including former President Clinton and two meetings with House Ways and Means ranking member Charles Rangel (D-NY). President Fernandez called his meetings with Democrats "upbeat" and said at the end of his visit that he feels "optimistic that D.R.-CAFTA will pass Capitol Hill."

At the end of the visit, President Bush welcomed the visiting leaders to the White House for a private Oval Office meeting and a public acknowledgement of unity in the Rose Garden. During this event, President Bush once again emphasized the overall importance of the pact when he said, "The best way to achieve peace and prosperity for our hemisphere is by strengthening democracy and continuing the economic transformation of Central America and the Dominican Republic." President Bush continued by saying, "All of us agree that the Central American and Dominican Republic Free Trade Agreement presents us with an historic opportunity to advance our common goals in an important part of our neighborhood." **DH**

Growth in the First Quarter of 2005

D.R. ECONOMY GROWS 4% FROM JANUARY TO MARCH 2005

The Dominican Republic's economy grew 4% during the first quarter of 2005. This growth rate represents an impressive economic recovery for the country, particularly when compared to the decrease by 0.1% experienced by the D.R. during the same period last year. A 24.6% increase in private consumption during this period played an important role in the economy's acceleration.

The local manufacturing, agriculture, commerce, transportation, communications and tourism sectors also registered increases over the same period last year. The country's duty free zones experienced strong growth rates as well.

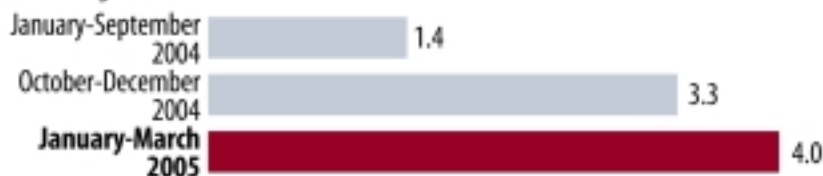
Also impressive, the country's inflation, exchange and interest rates are still stable and going down. In fact, the inflation rate in the D.R. in March 2005 was 4.29%, which is very low when compared to the rate of 62.32% seen during the same month last year. The Governor of the Central Bank of the Dominican Republic, Hector Valdez Albizu, said recently that he believes that the country's current inflation rate represents a very important step on the road toward single digit inflation in 2005.

Another important indicator of the current strength of the Dominican economy is the net international reserves of the Central Bank, which in April 2005 reached a level of 1,047.8 million dollars. Gross international reserves for the same period reached a level of 1,315.9 million dollars. In fact, the country's net international reserve levels went from previously representing two weeks of importations, to almost three months of importations in April 2005. This current level of net international reserves is nearly US\$150 million over the goal set for the year in IMF standby agreements. **DH**

The Gross Domestic Product has registered a recovery, reaching during the last Quarter of 2004 a 3.3% growth and during the first Quarter of 2005 a 4.0% growth.

Recovery of the Gross Domestic Product (real)

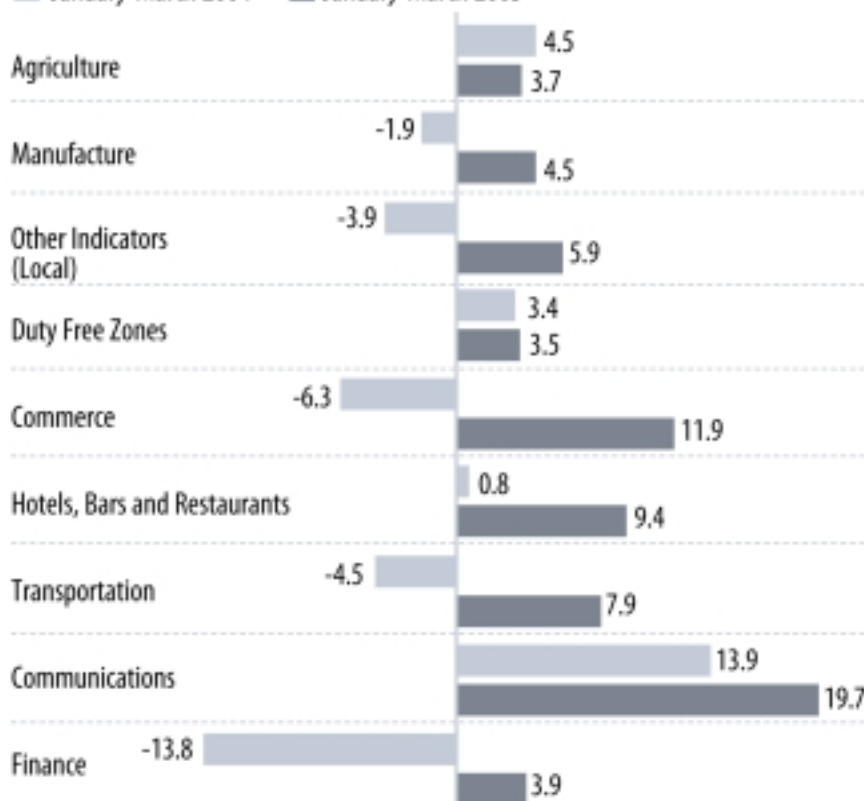
Percentage Data:



Most Dynamic Economic Activities

Together these activities contribute 69% of the Growth Domestic Product.

Legend: ■ January-March 2004 ■ January-March 2005



Source: Banco Central de República Dominicana

EL CARIBE

Flavio Dario ESPINAL

Ambassador of the Dominican Republic to the United States of America

His Excellency **Flavio Dario Espinal** obtained his Law degree (Summa Cum Laude) in the Pontificia Universidad Catolica Madre y Maestra (PUCMM). He also holds a Master degree in Political Science from the University of Essex, England, and a PHD in Government from the University of Virginia, United States. During his studies he received several scholarships from programs such as the Fulbright program, the Bradley Foundation, the Dupont Foundation and the Institute of World Politics.

From 1996-2000, he was Ambassador of the Dominican Republic to the Organization of the American States (O.A.S.). At the O.A.S., he held the positions of Chair of the Permanent Council, Chair of the Committee on Legal and Political Issues and Chair of the Committee on Hemispheric Security. He was also co-coordinator

of the Civil Society Agenda in the process of the "Summits of the Americas."

Ambassador Espinal is the former Dean of the Law School at the Pontificia Universidad Catolica Madre y Maestra (PUCMM), Recinto Santo Tomas de Aquino, in Santo Domingo, Dominican Republic where he was also professor of Constitutional Law, Public International Law and General Principles of Law.

The Ambassador has practiced law in the cities of Santiago and Santo Domingo, Dominican Republic and has served as a consultant for both private sector and international organizations, such as the Interamerican Development Bank (IDB), the United Nations Program on Development (UNPD), and the Organization of American States (OAS). **DH**



EMBASSY OF THE DOMINICAN REPUBLIC

1715 22ND STREET N.W.
WASHINGTON D.C. 20008

PHONE: 202 332 6280
FAX: 202 265 8057