

# *Dominican* HIGHLIGHTS

Issue No. 6  
June 2006

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



President Leonel Fernandez

## Mid-term Election Victory for President Leonel Fernandez

The Dominican Republic held congressional and municipal elections on May 16th, 2006. The elections represented a victory for President Fernandez's political party, Partido de la Liberación Dominicana (PLD). The PLD obtained 22 of the 32 seats in the Senate and a majority in the Chamber of Deputies, 96 of the 178 seats, thereby securing a solid majority in the Dominican Congress.

This victory will certainly enhance governability prospects for the administration and the likelihood of making significant institutional and economic reforms. The government already announced that beginning August 16th, when the new Congress starts its four year term, it will put forward a set of structural and institutional reforms, which will be discussed and negotiated with key actors of the Dominican society.

The Economist, in an article titled "Reform

Rewarded, More Power for an Effective President," (May 18th, 2006), highlighted that this victory will put President Fernandez in a stronger position to continue the reform process. In the outgoing Congress, his party had just 1 of the 32 seats in the Senate and only 41 of the 150 seats in the Chamber of Deputies. The Economist praised the effectiveness of President Fernandez's policies, saying that after taking office in 2004, he successfully drove the country from a bank failure, inflation rate above 50% and a depreciated currency, to a growth rate of 9.3% and an inflation rate of 7.4%, all while simultaneously fighting for cooperation from a Congress dominated by the opposition.

Likewise senior analyst at Bearn & Stearn, Mr. Franco Ucceli, commented that this welcome political news is coming at a time when the Dominican economy continues to deliver results that exceed expectations. **DH**

## Dominican Economy Grows 12.6% in First Trimester

The Governor of the Central Bank of the Dominican Republic, Hector Valdez Albizu, recently announced that by the end of the first trimester of 2006, the DR economy had grown 12.6%, at constant 1991 dollars, based on a preliminary report from the bank. Valdez Albizu attributed the trend to sustainable economic growth, thanks to responsible policies implemented by President Leonel Fernandez's administration.



Hector Valdez Albizu

The biggest contributors to the GDP's growth during the first three months were construction (31.8%), communications (30.3%), financial and insurance services (21.3%), transportation (18.1%), commerce (16.1%), agriculture (13%), and manufacturing (10.4%), among others.

Foreign Direct Investment totaled US\$ 245.1 million during this period -- a 6% increase with respect to the previous year. Exports increased by 22% and imports reached 24.6%, while remittances increased by 14.3%, reaching US\$639 million. Inflation was 1.52% for the first trimester, with international reserves reaching roughly US\$2,138 million or three and a half months worth of imports.

Some of the factors contributing to the substantial growth of the Dominican economy include a reduction in average inter-banking interest rates to 22.71%, a decrease of 9.45 percentage points, as well as an 8.8% increase in the number of tourists visiting the country. Additionally, economic growth can be attributed to an overall increase of confidence in the economy derived from the implementation of successful economic policies. **DH**

# The Dominican Republic Successfully Hosts Two Major Summits

The Dominican Republic became the center of the region's attention recently - hosting meetings of the Central America Integration System (SICA) and the Organization of American States (O.A.S.) from June 2nd until June 6th, 2006.

The Extraordinary Meeting of Heads of State and Government of the SICA Countries, as well as the 2nd Summit on the Mesoamerican Energy Initiative, were held in Casa de Campo, La Romana. Presidents and Heads of State from Mexico, Colombia, Costa Rica, Panama, El Salvador, Guatemala, Honduras, Nicaragua, Belize and the Dominican Republic, the host country, were in attendance.

The 37th General Assembly of the Organization of American States (O.A.S.) was held in Santo Domingo. Present at the Assembly were 34 Foreign Ministers representing their respective countries throughout the hemisphere. During the Assembly, Mrs. Rhadys I. Abreu de Polanco, of the Dominican Republic, was elected Judge of the Inter-American Court of Human Rights, based in San José, Costa Rica.

Both President Leonel Fernandez and Foreign Minister, Carlos Morales Troncoso, were praised by their colleagues and delegates for the successful organization of these two major events. **DH**



Carlos Morales Troncoso, Foreign Minister

## President Fernandez Promotes Movie Industry in DR

In a recent trip to Los Angeles, CA, President Leonel Fernandez visited Hollywood to promote the Dominican Republic as a prime location for the movie industry.

While in Hollywood, President Fernandez met with producer Todd McFarlane, who is interested in visiting the country to explore shooting a movie in the DR. The producer of the recent blockbuster movie "X-Men 3", Brett Ratner, also hosted a dinner for President Fernandez with more than 100 people from the movie industry, including actors and producers such as Salma Hayek, Matt Dillon, Vin Diesel and famous boxer Mike Tyson.

The DR has hosted high caliber productions such as Michael Mann's "Miami Vice" and Robert De Niro's "The Good Shepherd." The DR has also played host to stars like Angelina Jolie, Matt Damon, Jamie Foxx, Brad Pitt, Colin Farrell and Robert De Niro, in films shot partially or entirely in the country.

Productions recently shot in the DR include, "Dreaming of Julia," "The Witch Affair," "Pirates of

the Caribbean: The Curse of the Black Pearl," "Yes," "La Fiesta del Chivo," "Medical Banana," "Vers le Sud," "The Lost City," and "Lovewrecked."

The benefits to shooting a film in the DR include the diversity of the locations within the country such as four mountain ranges, countless rivers and lakes, rain forests, jungles, savannas, coastlines, spectacular beaches, deserts, caves, and pine-tree covered mountains.

There are also many business incentives for the movie industry to shoot in the DR. It is a cost effective location with government controlled areas and personnel at no charge and no customs fees for related equipment.

The DR is also home to numerous production companies, equipment rental depots, casting agencies, and other production related services, as well as a pool of talented and experienced film crews.

President Fernandez is also promoting the creation of a Movie Law to create further incentives for the industry. **DH**

## ECLAC: DR WILL GROW ABOVE LATIN AMERICA'S AVERAGE

The Executive Secretary of the United Nations Economic Commission for Latin America (ECLAC), Jose L. Machinea, in a recent study, estimated that the Dominican Republic will grow at an above average rate with respect to the other countries in the region.

According to the study, Latin America will grow at a rate of 4.2% in 2006, while the Dominican Republic will reach 5.5% by the end of the year. The study also highlighted the countries with the highest growth rates in Latin America last year: Panama and Uruguay (6%), Peru (6.7%), Argentina (9.1%), and Venezuela and the Dominican Republic (9.3%). **DH**

## REFORMS IMPROVE DR'S CREDIT RATING

Credit rating companies Standard and Poor (S&P) and Fitch Rating recently upgraded DR's rating from a "B-" to a "B+," while Moody's kept its rating at a solid "B." The country's sovereignty bond also experienced movement, receiving ratings of B-/RR4 and B/RR4 for maturity in 2006, 2009 and 2011.

Improvement in the country's international ratings is the result of economic reforms undertaken by the current administration, as well as the administration's ability to contain the consequences of an inherited crisis through the restructuring of both internal and external debt. The aforementioned adjustments helped spawn the DR's spectacular growth both in 2005 and in the first quarter of 2006.

Standard and Poor recently published an article titled, "New Reforms are the Key to Improve the Dominican Republic's Credit," asserting that the country's biggest challenge is to strengthen government institutions in an effort to gain greater credibility and sustainable growth. **DH**

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