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Chinese engagement in the Dominican Republic: An update

Evan Ellis | May 7, 2021



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Introduction

When President Danilo Medina of the Dominican Republic announced in May 2018 that his government would recognize the People's Republic of China (PRC), abandoning the Dominican Republic's longstanding diplomatic commitment to Taiwan, alarm bells sounded in Washington, D.C. Panama had recognized the PRC only one year earlier, while El Salvador's recognition of the PRC later in 2018 set the stage for a ferocious reaction from the United States. In the end, however—thanks to a combination of problems with Chinese projects, a change in government, and the COVID-19 pandemic—the Chinese advances in the Dominican Republic that once inspired concern in Washington have gone largely

Following on the heels of Panamanian President Juan Carlos Varela's 2017 diplomatic flip to the PRC, the Dominican Republic's abandonment of its alliance with Taiwan was arguably a Chinese strategic priority: the Dominican Republic is the largest Taiwan-recognizing state in the Caribbean, and occupies the large island of Hispaniola with its troubled, Taiwan-recognizing neighbor, Haiti. In order to harshly—if somewhat subtly—signal victory and remind Taiwan of its waning number of Latin American allies, the PRC obliged the Medina government to give the Taiwanese ambassador a mere 72 hours to leave the country, and the Taiwanese diplomatic corps only 30 days to vacate its embassy.

Following Panama's shift, in a pattern following other states which had similarly altered diplomatic relations with China, the Medina government signed [18 Memoranda of Understanding \(MOUs\)](#) with China, increasing Dominican engagement with the PRC in areas ranging from the "[Belt and Road](#)" initiative to agricultural cooperation, phytosanitary agreements, [tourism](#), financial "[integration](#)," the "[interchange of peoples](#)," and even the Dominican national passion, baseball. The two countries agreed to establish a "[Mixed Commission](#)" to operate at a high level to facilitate commercial projects and otherwise strengthen the burgeoning relationship between China and the Dominican Republic.

By some accounts, the PRC offered the Dominican Republic an initial

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USD \$10 billion in investments promised to follow. The PRC also pledged to support the Dominican Republic in its bid for a seat on the United Nations Security Council.

The Medina government, in a further display of its enthusiasm for strengthening Dominican-Chinese relations, established a special “China office” in the Dominican presidential palace.

For its part, the PRC sent one of its most talented Latin America-oriented diplomats, Zhang Run—who, despite his young age, had already headed the Latin America organization in China’s Foreign Ministry and held senior diplomatic postings in Venezuela, Argentina, and Chile, among other Latin American countries—to serve as its ambassador to Santo Domingo. Ambassador Run, one of China’s new generation of “Wolf Warrior” diplomats, speaks almost impeccable Spanish, and has displayed a penchant for smoothly integrating into Dominican society (save for moments when he has been questioned about topics such as China’s mistreatment of its Uighur population in Xinjiang, or its violation of international commitments on Hong Kong and maritime limits under the United Nations Convention on the Law of the Sea).

In September 2018, Chinese Foreign Minister Wang Yi made an official visit to the Dominican Republic, inaugurating China’s embassy on the island, and paving the way for President Medina to make a reciprocal state visit to the PRC in November of that same year.

As has occurred in other PRC-recognizing countries, President Medina was accompanied on his visit by a large delegation of businessmen representing some of the most powerful, well-connected families and interests in the country. Unsurprisingly, the majority of the 14 projects agreed upon during that trip—worth an estimated USD \$90 million—were in

the areas of business relevant to those who accompanied President Medina to China.

The delegation included Juan Bautista Vicini Lluberes and Felipe Vicini Lluberes of the Inicia Group (owned by the Vicini family), with interests in sugar and the electricity sectors; Carlos Martí of the Martí Group (owner of Sunix and Tropigas, with strong interests in liquefied petroleum gas and gasoline); and José Miguel González Cuadra, whose family owns the Nacional and Jumbo supermarket chains, and who is now also involved in the energy sector via the firm AES.

With respect to logistics and manufacturing, those traveling to China included Celso Juan Marranzini, president of the Asociación de Industrias of the Dominican Republic (AIRD); Felix García Castellanos of the Santiago Group (involved in various light manufacturing operations, and possessing interests in the Cibao International Airport and the Hospital Metropolitano de Santiago); Frank Rainieri, president of the Fundación Grupo Puntacana and the Punta Cana International Airport; Abraham Hazoury, head of the Abrisa group (involved in the Bavaro International Airport project, as well as in the Universidad Iberoamericana in Santo Domingo, and various tourism initiatives); as well as representatives from Grupo Santiago (holding interests in the Dominican Republic's free trade zones) and stakeholders in the port of Caucedo, among others.

Dominican agricultural interests were also represented in the delegation, including the brothers Hector José and Samil Rizek, involved in the production and export of cacao (as well as electricity generation, through the company Smith Enron in Puerto Plata, and another plant in Azua); Pedro Brache, president of Leche Rica and the Consejo Nacional de la Empresa Privada (CONEP); and members of the Bonetti Guerra family, involved in the production of vegetable oil and grain and the owners of

Perhaps the most important and overlooked non-governmental personnel accompanying President Medina on his trip to China, however, were businessmen representing major Dominican media outlets. These included José Luis ‘Pepin’ Corripio of the Grupo Corripio (which controls *Listín Diario*, *Hoy*, *El Nacional*, *El Día*, and TeleAntillas Canal 2, among other newspapers and television stations); and Manuel Estrella, president of the company that owns *El Caribe*, Coral 39, and various radio stations throughout the country.

Perhaps unsurprisingly, given the composition and interests of President Medina’s accompanying delegation, some of the earliest significant Chinese initiatives that followed the trip included a project in which China would loan USD \$600 million for revitalization of the Dominican Republic’s electricity infrastructure; major infrastructure investments in the [Port of Manzanillo](#); and promises of increased Chinese importation of Dominican rum, tobacco, avocados, and fruit.

Despite China’s initial rapid advances—which also occurred in Panama and El Salvador—Chinese progress in the country was dramatically (if only temporarily) halted by a combination of strong [pushback from the Trump administration](#); the election of a new president (Luis Abinader, elected in July 2020) more sensitive to the U.S.-Dominican relationship than his predecessor; and the devastating effects of the COVID-19 pandemic.

With his [inauguration](#) on August 16, 2020, President Abinader brought a significant shift to the tone—if not immediately to the substance—of the Chinese-Dominican relationship. Almost immediately, Abinader shut down the special Chinese office in the presidential palace. Furthermore, in his rhetoric, he emphasized the importance of the Dominican Republic’s [historically close relationship with the U.S.](#), noting the growing Dominican diaspora (more than [two million Dominicans](#) currently live in the U.S.) and

Over the brief months that President Abinader's tenure overlapped with that of former President Trump, Abinader sought to move the Dominican Republic closer to the U.S., even going so far as to hire the ex-President's personal attorney, Rudy Giuliani. Former President Trump's designated Ambassador to the Dominican Republic, Robin Bernstein, reportedly connected exceptionally well with Dominican society; while former Secretary of State Michael Pompeo, for his part, emphasized the need for caution toward China during his visit to the Dominican Republic in October 2020.

Following Pompeo's visit, President Abinader declared that Chinese companies would no longer be permitted to operate in strategically sensitive sectors of the Dominican economy, such as major port projects or future 5G telecommunications infrastructure.

Given the context of this shift in orientation toward the PRC, the COVID-19 pandemic imposed dramatic and complex effects on the Dominican Republic's relationship with China. On one hand, the pandemic effectively halted the progress of major projects in the country, including those under discussion with the PRC. At the same time, COVID-19 devastated the Dominican economy—particularly the nation's vital tourism sector—in ways that increased the importance of the Chinese export market, loans, and investments, while also creating unexpected opportunities for the PRC to exert leverage through medical and vaccine diplomacy.

Trade

As with most other countries in the region, PRC trade with the Dominican Republic has expanded significantly since China was admitted into the World Trade Organization in 2001 (albeit from a very low initial level, reflecting in part the historical lack of significant diplomatic ties between

amounted to a mere USD \$136 million. By 2020, however, it had reached USD \$4.42 billion, a 33-fold increase.

Even following its diplomatic recognition of the PRC, the Dominican Republic has almost always had a significant trade deficit with China. Dominican imports from the PRC exceeded its exports to the PRC in every year except 2009, the year of the global financial crisis; in some of those years, such imports were as much as 22 times greater than exports. In 2019—the year following Dominican recognition of the PRC—Dominican exports to the PRC rose to USD \$411 million from USD \$153 million the previous year; however, exports fell back to USD \$252 million in 2020. By contrast, Dominican imports of Chinese products grew steadily both prior to and following diplomatic recognition, rising from USD \$3.37 billion in 2018, to USD \$3.81 billion in 2019, to USD \$4.17 billion in 2020.

With respect to the structure of trade, as with other countries in the region, Chinese exports to the Dominican Republic consist of diverse, higher value-added industrial products, while Dominican exports to the PRC have largely included lower value-added commodity products.

Even prior to diplomatic recognition, the Dominican company Brugal had been exporting rum to the PRC; following the formalization of diplomatic ties, however, the firm began to engage in discussions regarding the establishment of a factory in Shanghai. The tobacco company Davidoff has a similar history of exporting Dominican cigars to China. After the establishment of diplomatic relations, Chinese experts met with the Instituto del Tabaco de la República Dominicana, reportedly proving receptive to phytosanitary agreements that would enable expanded importation of Dominican tobacco. (However, it is not clear whether such agreements would actually expedite the import of bulk Dominican tobacco by Chinese companies at the expense of established producers in China).

Beyond tobacco and rum, Chinese companies are also working toward a deal to import modest quantities of Hass avocados, and are reportedly exploring other options for importing Dominican cacao, pineapple, banana, mangoes, and coffee.

Because the Dominican Republic has privileged access to the U.S. market under the terms of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), in addition to possessing efficient logistical access to the American market via its system of ports, the country is a potentially attractive candidate for Chinese final assembly and transformation operations, as it could facilitate the export of goods made from Chinese components into the larger U.S. market. Indeed, reflecting awareness of such opportunities, the number of Chinese companies operating in the Dominican Republic jumped from six to 25 following the establishment of diplomatic relations.

As it has done with other countries that have switched diplomatic recognition from Taiwan to the PRC, China sought to negotiate a free trade agreement (FTA) with the Dominican Republic, in addition to attempting to establish Special Economic Zones (SEZs) that would have granted special treatment to Chinese companies assembling goods in the country. Powerful Dominican business interests—fearing that such an agreement would allow the PRC to penetrate the Dominican market far more than it would open up the Chinese market to Dominican exports—allegedly blocked the initiation of such FTA negotiations. With respect to the SEZs, the Medina government reportedly sent personnel to the PRC to explore the topic, but as with FTA talks, no further progress was made.

Tourism

An anticipated dramatic expansion in Chinese tourism to the Dominican

numerous other factors—including the travel time from China to the Dominican Republic, the lack of a supporting infrastructure for Chinese tourists, and the fact that beach vacations are not necessarily in high demand among Chinese tourists—remain obstacles to the development of a Chinese tourism industry.

2019—the year following the establishment of diplomatic relations between the two countries—saw a modest increase of 33 percent in the number of Chinese tourists traveling to the Dominican Republic from the previous year. (However, over the same period, there was a 41 percent increase in the number of Dominicans traveling to the PRC).

Mining

The mining sector in the Dominican Republic is dominated by the Canadian firm Barrick Gold—the largest taxpayer in the Dominican Republic—and its Pueblo Viejo gold mine. Nonetheless, in 2013, the Shenzhen-based firm Zhonging Lingham established a minority interest in the Cerro de Maimón mine operated by the Corporación Minera Dominicana (CORMIDOM) consortium. The Chinese have reportedly been relatively silent partners in the mine, which, despite the environmental sensitivity of its operation, is generally considered to be a well-run operation.

Infrastructure

When the Dominican Republic first recognized the PRC, the Medina government discussed potential Chinese participation in a wide range of infrastructure projects. Possible Chinese financing for such projects was contemplated in two of the 18 MOUs signed upon the establishment of Dominican-Chinese relations. Auspiciously, the memorandum that the

stated that the projects “financed by CDB shall contain a specified ‘Chinese element.’”

Almost none of these Chinese-financed infrastructure projects have made any concrete progress; such a lack of advancement may have effectively been rendered permanent, with President Abinader’s statement in October 2020 that the Chinese would not be allowed to invest in ports or other sensitive infrastructure projects.

In the months following the Dominican Republic’s recognition of the PRC, the Medina government proactively proposed a number of projects in the hopes of attracting Chinese participation. The proposals included the possible construction of dams in the province of Monseñor Nouel and on the Boba and Baqui rivers; modernization of the port of Arroyo Barril; the construction of sewage and wastewater systems in several northern provinces; an aqueduct in Cotuí; and a project on the Yuna River. The two governments also discussed a railway that would span the border between Haiti and the Dominican Republic. To all of these proposed projects, however, the Chinese responded only with noncommittal promises of feasibility studies and loans at concessional rates.

The most significant, realistic project that the Medina administration discussed with the PRC was the transformation of the port of Manzanillo into a megaport, constructing logistical infrastructure and an industrial zone aimed at producing exports for the U.S. and European markets. While this project, like others, has not advanced, it is not yet clear whether the sale of a million Sinovac COVID-19 vaccines—which caused the Abinader government to reverse its prior commitment to exclude untrusted Chinese vendors from the nation’s 5G network—might also cause his government to rethink its exclusion of Chinese companies from port projects.

Following former President Medina's visit to China in November 2018, the PRC committed to a massive project to improve electricity distribution in the Dominican Republic, backed by a USD \$600 million loan. The PRC alluded further to constructing a USD \$300 million biomass and gas-fueled power plant (separate from the earlier Punto Catalina generation facility, the contract for which Chinese firms ultimately lost to Odebrecht). To date, however, there has not been any progress on any of these energy projects.

Telecommunications

Even before the Medina government's recognition of the PRC, Chinese telecommunications companies played an important role in the Dominican Republic, with Huawei providing significant technical infrastructure to the nation's dominant telecommunication provider, Claro.

In October 2018, the Dominican telecommunications regulator Indotel signed an agreement with Huawei to expand coverage in rural areas, as well as to work on 5G wifi and "safe city" initiatives in the country. In October 2020, however, the newly-elected Abinader government committed the Dominican Republic to participating in the American-led "Clean Network" initiative, which would have seemed to supersede Indotel's prior commitment to working with Huawei.

Despite this commitment, however—and following the previously mentioned Chinese sale of nearly one million doses of COVID-19 vaccines to the Dominican Republic—the Abinader government announced that Huawei would not, after all, be prevented by Indotel from participating in the auction for contracts for the construction of 5G infrastructure in the country, scheduled for May 2021. Indeed, according to a preliminary

schedule released by Indotel, Huawei could be installing 5G networks in the country before the end of the year.

Beyond 5G, Chinese companies are also providing assistance to the Dominican government in upgrading its emergency response system. While the most visible evidence of Chinese contributions to the Dominican emergency response infrastructure was the delivery of 40 firetrucks, Chinese support is also believed to involve an upgrade to the technical capabilities of the system. If such assistance includes links between the country's emergency command center and remote cameras and other sensors, or remote data processing—as it has in other Chinese-built centers, such as the ECU-911 facility in Ecuador—it could represent a further risk to the privacy of citizens and companies doing business in the Dominican Republic.

Banking, finance, and e-commerce

To date, Chinese financial activities in the Dominican Republic have remained relatively limited. In 2014, the Bank of China signed an agreement with the Reserve Bank of the Dominican Republic to facilitate commerce. In addition, both the CDB and the Export-Import Bank of China made commitments to support Chinese engagement in the Dominican economy. However, the previously mentioned USD \$600 million line of credit for electricity sector projects, and other Chinese policy bank loans, has yet to be extended.

With respect to e-commerce, the Chinese rideshare company Didi Chuxing began operations in the Dominican Republic in October 2020, complementing its presence in Brazil and Panama. To recruit drivers and otherwise promote business, Didi reportedly offered to take only a 15 percent commission, a more competitive rate than its principal

competitor, Uber. Still—due in part to the COVID-19 pandemic—Didi has not established more than a marginal foothold in the Dominican Republic.

Intellectual infrastructure

Since the signings of the initial MOUs that accompanied the Dominican Republic's recognition of China, the two governments have focused significant effort on strengthening the ability of Dominican firms to effectively conduct business in China. Such efforts included a December 2018 agreement with Tsinghua University to train personnel from the Dominican Ministry of External Relations, and an arrangement that gave Dominican students who had been studying in Taiwan the opportunity to complete their studies in the PRC. The PRC also agreed to fund scholarships for ten Dominicans per year to study in China, with the PRC covering tuition plus room and board.

The Chinese government also signed an MOU committing to establish a Confucius Institute in the Dominican Republic. According to a source knowledgeable of the process, such institutes are typically established at public universities; however, the Chinese chose to avoid Universidad Autónoma de Santo Domingo (UASD)—the country's flagship university, and therefore the logical choice for a Confucius Institute—out of concern that the UASD was too heavily influenced by Taiwanese interests. China instead chose the Instituto Tecnológico de Santo Domingo (INTEC), one of the nation's most prestigious private schools, where a Confucius Institute would be opened in May 2019.

Beyond efforts associated with official agreements, further ties between China and the Dominican Republic have been cemented by local businesses and through the small community of Dominicans of Chinese ancestry that have lived in the country for over a century. The Chinese

descendants of immigrants from Guangzhou (Canton) and Fujian—is relatively well-integrated into the broader Dominican population. In a superficial sense, the community’s presence can be felt in the 500 to 700 restaurants and other businesses that constitute Santo Domingo’s Chinatown neighborhood. Since establishing its presence in the Dominican Republic, the PRC Embassy has made some outreach efforts to the Chinese-descendant community. Although some wealthy Chinese Dominicans still send their children to China to study, the community reportedly has only a limited number of current business contacts in the PRC.

COVID-19 diplomacy

Although the initial level and impact of China’s COVID-19-related diplomatic entreaties to the Dominican Republic were modest, its previously noted ability to provide over a million doses of the Sinovac vaccine to the country, despite evidence of the vaccine’s low efficacy, in the context of the Abinader administration’s difficulty in procuring vaccines from Western allies, has proven significant.

As it did with other Latin American countries with which it enjoys diplomatic relations, in the early stages of the pandemic, China and its companies supplied the Dominican Republic with a modest quantity of medical supplies. Such supply shipments included at least 450,000 face masks, personal protective equipment for medical personnel, and 10,000 COVID-19 tests.

With respect to vaccines, the Abinader government’s difficulty in obtaining the ten million doses of the AstraZeneca vaccine that they ordered left an opening for the Chinese firm Sinovac to come to the rescue, providing expedited shipments of its own vaccines. By February 2021,

Republic. By mid-March, the Dominican government had received one million doses that it had purchased at a cost of USD \$19 million, plus an additional 50,000 doses donated by China.

In the eyes of many Dominicans, the symbolism of the Chinese vaccine sale was powerful, given President Abinader's declaration that Chinese companies would not be permitted to operate in certain strategic sectors.

Other PRC economic activities

Beyond the projects mentioned in the preceding paragraphs, China also discussed the construction of 10,000 units of low-income housing, to be funded by a USD \$200 million loan from the PRC and built by Chinese companies. The project, apparently of personal interest to the Medina government, has not proceeded under the new administration.

In the petroleum sector, where the country possesses seven offshore basins that may hold some recoverable oil, the Dominican government has sought—thus far, unsuccessfully—to encourage Chinese investment.

In March 2021, the Chinese government proposed a modest 200 million RMB agreement to support urban planning and technical support in the Dominican Republic (although no known action has been taken with respect to that agreement, either).

The Chinese have also made important advances in the Dominican Republic through sub-national level cooperation agreements. These include a “sister city” agreement, signed in January 2021, between China's Hunan province and the Santo Domingo metropolitan government, which was commemorated by the symbolic donation of one Chinese Zoomlion harvester tractor. Such small-scale efforts arguably allow for the

continue, while avoiding higher-profile, national agreements that might hurt the Dominican relationship with Washington, D.C.

Security cooperation

Dominican Republic-PRC security sector cooperation, to date, has been limited. In November 2018, the Chinese hospital ship *Peace Arc* made a port call in the Dominican Republic, providing medical services to 4,000 patients. The engagement was followed shortly thereafter by a longer visit from the U.S. hospital ship *Comfort*, which treated more than 6,100 people.

Additionally, in 2020, the PRC donated 140 motorcycles to Dominican security forces, along with eight all-terrain vehicles and 15,000 spare parts. Reportedly, half of these supplies were distributed among police and half among the military, with President Abinader announcing that the vehicles would feature prominently in his National Security Plan.

Conclusions

The combined effects of a new government, the COVID-19 pandemic, and various other obstacles have thus far largely prevented China from realizing the majority of the commitments that it made in exchange for the Dominican Republic's diplomatic recognition of the PRC in May 2018. Nevertheless—despite the firm commitment of the government of President Abinader to maintain a strong bond with the U.S.—China's vaccine diplomacy, and the government's ambiguity regarding Huawei's role in the Dominican 5G system, highlights the vulnerability of the Dominican government to Chinese pressure. For the U.S., the Dominican Republic represents both a fleeting opportunity and challenge in its struggle against China's expanding presence in the greater Caribbean region. It provides a telling case study about broken Chinese promises and

transformation by swapping an alliance with Taiwan for a relationship with the PRC. It is incumbent upon the U.S., however, to make this case to the region through effective public diplomacy. Reciprocally, the Dominican Republic is a story about a key U.S. partner—driven by bonds of geography, commerce, and migration—that has the opportunity to temporarily forgo benefits proffered by China in order to protect its relationship with the United States. It is imperative for the administration of President Joe Biden to push the Dominican Republic to take advantage of this opportunity while it still lasts, and to demonstrate to the Dominican Republic and the rest of the region how the U.S. treats its allies.

Evan Ellis is a Latin America Research Professor with the U.S. Army War College. The views expressed herein are strictly his own. The author thanks Ambassador Juan Guilian, Ambassador Nestor Ceron and Rosa Ng, among others, for their time and valuable contributions to this work.

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