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ACTION ARA-01

INFO	LOG-00	AID-00	ACQ-01	CIAE-00	SMEC-00	COME-00	OASY-00
	DODE-00	DOEE-00	DOTE-00	SRPP-00	DS-00	EAP-01	EB-00
	E-00	FAAE-00	FRB-00	H-01	TEDE-00	INR-00	IO-00
	L-01	ADS-00	M-00	NEA-01	NSAE-00	NSCE-00	OIC-02
	OMB-01	PA-00	PC-01	PM-00	PRS-00	P-00	CIO-00
	SP-00	SSO-00	STR-00	TRSE-00	USIE-00	PMB-00	DSCC-00
	PRM-10	PRME-01	DRL-09	G-00	/030W		

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R 292042Z NOV 96
FM AMEMBASSY SANTO DOMINGO
TO SECSTATE WASHDC 3465
INFO AMEMBASSY BEIRUT
AMEMBASSY PORT AU PRINCE
CINCUSACOM NORFOLK VA
AMEMBASSY BEIJING
AMEMBASSY CARACAS
AMEMBASSY MANAGUA

C O N F I D E N T I A L SECTION 01 OF 03 SANTO DOMINGO 007876

E.O. 12958: DECL: 11/29/01
TAGS: ETRAD, PREL, PGOV, EFIN, PHUM, EAIR, DR

SUBJECT: DOMINICAN HIGHLIGHTS (NOVEMBER 23 - 29)

1. (U) CLASSIFIED BY: DONNA HRINAK, AMBASSADOR
REASON: 1.5 (D)

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 SELLING ECONOMIC REFORM

2. (C) PRESIDENT FERNANDEZ CONVENED A GROUP OF 60 OR SO LEADING DOMINICAN BUSINESSMEN ON 11/27/96 IN AN ATTEMPT TO ELICIT SUPPORT FOR VARIOUS ECONOMIC INITIATIVES AIMED AT PREPARING FOR A GLOBAL ECONOMY. THE PRESIDENT'S PRESENTATION INCLUDED NO NEW PROPOSALS, BUT REVEALED A NEW EMPHASIS ON SHIFTING THE SOURCE OF GOVERNMENT REVENUE FROM CUSTOMS INCOME TO THE ITBIS (DOMINICAN VAT). CELSO MARRANZZINI, PRESIDENT OF THE ASSOCIATION OF DOMINICAN INDUSTRIES, COMMENTED IN THE PRESS THAT HIS MEMBERS AGREE THAT A GRADUAL REDUCTION IN TARIFFS IS UNAVOIDABLE, BUT THAT RAISING THE ITBIS WOULD BE DEVASTATING TO DOMINICAN BUSINESSES. FEDERICO CUELLO, ADVISOR TO TECHNICAL SECRETARIAT TO THE PRESIDENCY, HAD COMMENTED TO ECONOFFS EARLIER IN THE WEEK THAT THE PRESIDENT INTENDS TO BUILD CONSENSUS FOR TRADE LIBERALIZATION OVER THE NEXT FEW MONTHS AND THEN SUBMIT TO CONGRESS A FAR REACHING FOREIGN TRADE LAW THAT WOULD, IN ONE FELL SWOOP, BRING THE DR INTO WTO COMPLIANCE. (SEE SEPTTEL) IT APPEARS THAT THE SALES EFFORT HAS BEGUN.

 BORDERING ON NEIGHBORLY RELATIONS

3. (SBU) ACCORDING TO THE HAITIAN AMBASSADOR, THE
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 DOMINICAN AND HAITIAN SECRETARIES OF TOURISM AND PUBLIC WORKS THIS WEEK FLEW OVER THE BORDER AREA AS FAR AS CAP HAITIEN. THE MINISTERS WERE REPORTEDLY LOOKING FOR POSSIBLE JOINT DEVELOPMENT PROJECTS IN AREAS SUCH AS ROAD DEVELOPMENT AND TOURISM.

 AIRPORT TAX SCANDAL

4. (C) THE USD 10 TAXES PAID BY INTERNATIONAL VISITORS ON ARRIVAL AND DEPARTURE HAVE BEEN COLLECTED BY INTERNATIONAL AIRLINES AND PAID TO THE PRESIDENTIAL AVIATION ADVISOR SINCE 1990. DURING THE BALAGUER ADMINISTRATION THE ADVISOR WAS REPORTEDLY TURNING OVER SOME OF THE MONEY TO THE GODR. LISTIN DIARIO REPORTS THAT, DESPITE THE FERNANDEZ DECREES ENDING ALL OF THE SPECIAL ADVISORS' ROLES, THE AVIATION ADVISOR CONTINUES TO COLLECT THE TAX. LAST YEAR, MORE THAN TWO MILLION PEOPLE HAD TO PAY THE U.S.\$ 10 TAX AND THE TOTAL TAX COLLECTED AMOUNTED TO MORE THAN U.S.\$ 21 MILLION. THE DIRECTOR OF CIVIL AVIATION TOLD ECONPOL COUNS THAT HE HAS BEEN PLANNING TO CHANGE THE SYSTEM AS OF DEC 1, 1996. COMMENT: WE WERE LEFT WONDERING WHY IT TOOK OVER THREE MONTHS TO CHANGE A SYSTEM SO OBVIOUSLY FRAUGHT WITH POTENTIAL FOR EMBEZZLEMENT. END COMMENT

 CLOSING THE SECRETARIAT OF FOREIGN RELATIONS

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 5. (U) ON NOVEMBER 28, 200 STUDENTS CLASHED WITH POLICE FROM EARLY AFTERNOON UNTIL THE EVENING AT THE AUTONOMOUS UNIVERSITY OF SANTO DOMINGO (UASD). THE STUDENTS WERE DEMANDING A RESOLUTION OF THE 1994 CASE OF DISAPPEARED PROFESSOR NARCISO GONZALEZ. DEMONSTRATIONS THEMSELVES ARE NOT UNUSUAL AT THE UASD, BUT TGHIS TIME POLICE TEAR GAS FORCED THE THE FOREIGN MINISTRY TO CLOSE EARLY.

 COURT OUT OF SESSION

6. (U) THE FERNANDEZ ADMINISTRATION RESPONDED TO THE TWO-DAY JUDGES' STRIKE NOVEMBER 21-22 WITH FULL-PAGE NEWSPAPER ADVERTISEMENTS NOVEMBER 27 STATING THE ADMINISTRATION'S FULL COMPLIANCE WITH THE COURTS' BUDGET FOR 1996. THE PRESIDENT ALSO ISSUED A STATEMENT QUESTIONING THE TIMING OF THE STRIKE AT THE END OF THE

FISCAL YEAR. THE JUDGES SUSPENDED A PLANNED MARCH ON NOVEMBER 28 AFTER THE PRESIDENT MET WITH THEIR REPRESENTATIVES AND AGREED TO MEET WITH ALL THE PRESIDENTS OF COURTS ON DECEMBER 6. DOMINICAN JUDGES REFUSED TO HEAR CASES FOR TWO DAYS CLAIMING THEY HAVE

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SUBJECT: DOMINICAN HIGHLIGHTS (NOVEMBER 23 - 29)

NOT BEEN GIVEN A PROMISED 25 MILLION PESO SALARY
INCREASE (APPROX. USD 1.9 MILLION). ON THE FIRST DAY

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OF THE STRIKE, 116 CASES WERE POSTPONED IN SANTO
DOMINGO ALONE. SOME OF THE JUDGES USED THE TIME TO
CATCH UP ON ADMINISTRATIVE WORK.

THE DECEMBER EFFECT

7. (U) EVERY DECEMBER THE PESO REVALUES FOR REASONS
THAT ARE UNCLEAR. KNOWLEDGEABLE BUSINESS AND FINANCIAL
EXECUTIVES OFFER A PLETHORA OF REASONS, BUT NO GOOD
DATA EXIST TO PROVE OR DISPROVE ANY OF THEM. THIS YEAR
THE PESO HAS MOVED UP IN VALUE EARLIER THAN IN THE
PAST. THE PESO IS NOW TRADING AT ABOUT RD 13.4 = USD
1.00 UP FROM 13.9 = USD 1.00 IN MID NOVEMBER, DESPITE
A CONSENSUS THAT A LOT OF LIQUIDITY EXISTS IN THE
MARKET. ALTHOUGH THE PESO MOVEMENT HAS BEEN EARLY, ONE
LEADING TRADER TOLD US THAT HE EXPECTS THE MOVEMENT
WILL NOT GO AS FAR AS THE OFFICIAL EXCHANGE RATE (RD
12.87 = USD 1.00). HE EXPLAINED THIS YEAR'S
UNSEASONABLY EARLIER MOVEMENT AS BEING THE RESULT OF
FREE TRADE ZONE BUSINESSMEN TRYING TO BEAT THE DECEMBER
EFFECT, AND THEREBY CAUSING IT'S EARLY ARRIVAL.

NICARAGUAN PRESIDENT ELECT VISITS RD

8. (U) NICARAGUAN PRESIDENT ELECT ARNOLDO ALEMAN
VACATIONED IN THE DOMINICAN REPUBLIC THIS WEEK.

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ABOUT THE VISIT PRIOR TO ALEMAN'S ARRIVAL. ALEMAN MET
WITH PRESIDENT FERNANDEZ FOR MORE THAN AN HOUR. ALEMAN
ALSO VISITED EX-PRESIDENTS BALAGUER AND JUAN BOSCH.

CHEAP FLIGHTS TO BEIRUT

9. (C) DOMINICANA INTERNATIONAL AIRLINES (DIA) PLANS
TO RENT PLANES FROM MIDDLE EASTERN AIRLINES TO OPERATE
SANTO DOMINGO-BEIRUT AND SANTO DOMINGO-EUROPE SERVICE.
DIA CLAIMS MIDDLE EASTERN IS READY FOR AN INSPECTION BY
THE DGAC LEADING TO A CERTIFICATE OF OPERATIONS. DIA
HAS REQUESTED THAT DOMINICAN CIVIL AVIATION AUTHORITIES
INSPECT THE OPERATIONS OF MIDDLE EASTERN AIRLINES IN
BEIRUT. COMMENT: DIRECTOR GENERAL OF CIVIL AVIATION,
VITELIO MEJIA, TOLD EMBOFFS THIS WEEK HE DID NOT
BELIEVE DIA WOULD RECEIVE APPROVAL TO BEGIN OPERATIONS.
ACCORDING TO MEJIA, THE OWNERS OF DIA HAVE TIES TO
CRIMINAL ORGANIZATIONS IN SEVERAL COUNTRIES INCLUDING
ARGENTINA. DIA HAS BEEN RUNNING ADS ON DOMINICAN RADIO
FOR SEVERAL WEEKS STATING THEY WILL BEGIN OPERATIONS IN
THE NEAR FUTURE.

TIS THE SEASON TO TRAVEL

10. (U) AMERICAN AIRLINES WILL TRANSPORT 83,000
PASSENGERS TO AND FROM THE DR DURING THE MONTHS OF
DECEMBER AND JANUARY. AMERICAN WILL HAVE 100 PERCENT

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OCCUPANCY ON THE MIAMI, SAN JUAN, AND NEW YORK ROUTES.
59,000 PASSENGERS WILL TRAVEL THROUGH LAS AMERICAS
AIRPORT IN SANTO DOMINGO, 20,000 THROUGH PUERTO PLATA,
AND 4,500 THROUGH LA ROMANA.

ENERGETIC VENEZUELAN

11. (U) THE VENEZUELAN AMBASSADOR ANNOUNCED PRESIDENT
FERNANDEZ WILL VISIT VENEZUELA IN JANUARY AND MEET WITH
VENEZUELAN PRESIDENT RAFAEL CALDERA. A HIGH LEVEL
VENEZUELAN ENERGY DELEGATION ARRIVED IN THE DR TO
ANALYZE THE DR PETROLEUM SUPPLY AND DISCUSS COOPERATION
ON ENERGY ISSUES. THE VENEZUELAN DELEGATION INCLUDED
MEMBERS OF THE FOREIGN MINISTRY, MINISTRY OF ENERGY AND
MINES, THE VENEZUELAN INVESTMENT FUND, AND THE
VENEZUELAN PETROLEUM COMPANY.

DETECTING VIOLENCE AGAINST WOMEN

12. (U) THE SENATE PASSED AMENDMENTS TO THE PENAL

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CODE WHICH WOULD STRENGTHEN PENALTIES FOR VIOLENCE,
ABUSE, NEGLECT OR RAPE OF WOMEN, CHILDREN, THE
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HANDICAPPED AND THE ELDERLY. ONE COULD NOW BE
SENTENCED TO THIRTY YEARS FOR SUCH CRIMES, RATHER THAN
TEN. IN HONOR OF INTERNATIONAL DAY OF NO VIOLENCE
AGAINST WOMEN, WOMEN'S GROUPS MARCHED IN SANTIAGO AND
THE GOVERNMENT SPONSORED A SEMINAR FOR NGOS WHICH
RECEIVED WIDE PRESS COVERAGE. EXPERTS AGREE THAT
VIOLENCE AGAINST WOMEN IS A COMMON BUT UNSPOKEN PROBLEM
IN THE DR.

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PENA GETS TREATMENT IN CHINA

13. (U) JOSE FRANCISCO PENA GOMEZ, LEADER OF THE DOMINICAN REVOLUTIONARY PARTY (PRD), GAVE A NEWSPAPER INTERVIEW FROM CHINA WHERE HE IS UNDERGOING TREATMENT FOR CANCER. PENA HAS BEEN RECEIVING ACUPUNCTURE, MASSAGE AND HERBAL MEDICATIONS FOR TWO WEEKS. HE WAS ALSO MET BY SEVEN MEMBERS OF THE CHINESE GOVERNMENT AND MET WITH FOREIGN MINISTER LEE CHU-CHEN. IN ADDITION TO MEDICAL CARE, PENA ADMIRERD CHINESE AGRICULTURE, EXPORT PROMOTION AND TECHNOLOGY. HE SAID HE HAS BEEN WELL TAKEN CARE OF, CITING A CAR PROVIDED FO EACH MEMBER OF HIS DELEGATION. HRINAK

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