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ACTION ARA-01

INFO	LOG-00	ACDA-10	ACDE-00	AID-00	CIAE-00	OASY-00	DODE-00
	SRPP-00	DS-00	EB-00	FBIE-00	H-01	TEDE-00	INR-00
	IO-00	LAB-01	L-01	ADS-00	M-00	NSAE-00	NSCE-00
	OMB-01	OPIC-01	PA-00	PC-01	PM-00	PRS-00	P-00
	CIO-00	SP-00	TRSE-00	T-00	USIE-00	DTC-01	PMB-00
	DSCC-00	DRL-09	G-00	/027W			

-----8E519B 102048Z /38

R 102023Z JAN 97  
FM AMEMBASSY SANTO DOMINGO  
TO SECSTATE WASHDC 3832  
INFO AMEMBASSY MANAGUA  
AMEMBASSY PORT AU PRINCE  
CINCUSACOM NORFOLK VA

C O N F I D E N T I A L SECTION 01 OF 02 SANTO DOMINGO 000155

DEPT PLEASE PASS TO USINT TAIPEI

E.O. 12958: DECL: 01/10/2007  
TAGS: PGOV, PREL, ELAB, MASS, HA, NU, DR  
SUBJECT: DOMINICAN HIGHLIGHTS (JANUARY 4 - 10)

1. (U) CLASSIFIED BY: CRISTOBAL R. OROZCO, DEPUTY  
CHIEF OF MISSION. REASON: 1.5 (D)

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WITHER THE "PAQUETAZO?"

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2. (U) NEGOTIATIONS WITH THE PRIVATE SECTOR ON THE BUDGET PACKAGE CONTINUE. THE ADMINISTRATION AND KEY PRIVATE SECTOR ORGANIZATIONS AGREED TO RAISE THE VALUE ADDED TAX FROM 8 TO 11 PERCENT (VICE 12 PERCENT); TO ESTABLISH TWO TAX BRACKETS (5 AND 10 PERCENT) FOR PERSONAL INCOME TAXES; AND TO INCREASE BEER AND CIGARETTE TAXES TO 30 PERCENT FROM 20 PERCENT (VICE 50 PERCENT). SECRETARY OF STATE DANILO MEDINO IS QUOTED IN THE PRESS ON JANUARY 10 SAYING THAT 2 BILLION PESOS WILL HAVE TO BE CUT FROM THE 33 BILLION PESO BUDGET AS A CONSEQUENCE. ACCORDING TO MEDINA, THE PRESIDENT HAS NOT YET DECIDED WHERE TO CUT. A NEW BUDGET REFLECTING THE CUTS AND CHANGES WILL BE SUBMITTED TO THE CONGRESS AND THAT WILL UNDOUBTEDLY START A NEW ROUND OF NEGOTIATIONS IN THE CONGRESS FURTHER WEAKENING THE PROPOSALS.

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PRELIMINARY YEAR END 1996 ECONOMIC DATA  
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3. (C) THE GOVERNOR OF THE CENTRAL BANK RELEASED YEAR END 1996 PERFORMANCE DATA FOR THE DOMINICAN ECONOMY ON JANUARY 10. ACCORDING TO THE CENTRAL BANK THE ECONOMY GREW 7.3 PERCENT IN 1996 WITH AN ANNUAL INFLATION RATE OF 3.95 PERCENT. GROSS INTERNATIONAL RESERVES AT THE END OF THE YEAR WERE US\$512 MILLION WHILE NET RESERVES WERE US\$144.6 MILLION. COMMENT: WE ARE SOMEWHAT SKEPTICAL OF SOME OF THE SECTORAL DATA SUPPORTING THE  
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7.3 PERCENT GDP FIGURE (I.E. THE SUGAR SECTOR SHOWING NEGATIVE 15 PERCENT GROWTH IN 1995 VERSUS 26.5 PERCENT GROWTH IN 1996) BUT WILL EXAMINE IT FURTHER WHEN THE FULL REPORT IS ISSUED. MORE INTERESTING STILL, IS THE CENTRAL BANK GOVENOR'S WILLINGNESS TO UNDERCUT THE PRESIDENT'S ARGUMENTS FOR ECONOMIC REFORM BY RUSHING INTO PRESS WITH GOOD NEWS ABOUT THE UNREFORMED ECONOMY.  
END COMMENT.

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4. (U) CHAMBER OF DEPUTIES PRESIDENT HECTOR PEGUERO MENDEZ TOLD REPORTERS JANUARY 7 IT IS UNLIKELY THE CONGRESS WILL APPROVE THE 1997 BUDGET BEFORE THE COMPLETION OF THE PRESENT LEGISLATIVE SESSION JANUARY 13. PEGUERO SUGGESTED THE CONGRESS WAIT UNTIL FEBRUARY 27, WHEN IT RECONVENES, TO WORK AGAIN ON THE BUDGET. DOMINICAN REVOLUTIONARY PARTY (PRD) LEADER JOSE FRANCISCO PENA GOMEZ TOLD REPORTERS JANUARY 8 FROM HIS NEW YORK HOSPITAL ROOM (SEE BELOW) HE HAD AGREED WITH FORMER PRESIDENT JOAQUIN BALAGUER THE CONGRESS SHOULD APPROVE THE BUDGET BEFORE JANUARY 15.

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COMPLAINTS ABOUT HAITIAN WORKERS

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5. (C) ACCORDING TO THE AFTERNOON DAILY "UNLTIMA HORA," IMMIGRATION INSPECTORS AND ARMY PERSONNEL IN  
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MOCA HAVE ARRESTED HAITIAN STREET PEOPLE PENDING REPATRIATION. THE SPANISH NEWS SERVICE EFE REPORTS SIX HUNDRED HAITIANS HAVE BEEN ROUNDED UP OFF THE STREETS OF SANTIAGO AND REPATRIATED THIS WEEK. THE UNITED HIGH COMMISSIONER FOR REFUGEES DIRECTOR IN COUNTRY CONFIRMS THAT HAITIANS ARE BEING ROUNDED UP BUT NOT IN THE HUNDREDS. HE TOLD POLOFF A GROUP OF NGOS IS GOING TO SANTIAGO OVER THE WEEKEND TO MONITOR AND ASSESS THE SITUATION. THERE HAVE BEEN SEVERAL ARTICLES RECENTLY ABOUT THE PROBLEM OF HAITIAN BEGGARS IN SANTIAGO.

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ON THE ROAD AGAIN

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6. (U) PRESIDENT FERNANDEZ AND SECRETARY FOR FOREIGN RELATIONS EDUARDO LATORRE DEPARTED FOR MANAGUA ON JANUARY 9 TO ATTEND THE INAUGURATION OF ARNOLDO ALEMAN. LISTIN DIARIO REPORTS FERNANDEZ WILL MEET WITH

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TAIWANESE VICE PRESIDENT LISEN CHAN, VIOLETA CHAMORRO, DANIEL ORTEGA AND OTHER LATIN AMERICAN LEADERS. AT HIS DEPARTURE, FERNANDEZ SAID WORK IS IN PROGRESS TOWARD A REGIONAL FREE TRADE AGREEMENT BETWEEN THE COUNTRIES OF CENTRAL AMERICA AND THE CARIBBEAN AND TOWARD DOMINICAN

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MEMBERSHIP IN THE CARIBBEAN COMMON MARKET (CARICOM).

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BALLESTER BACK  
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7. (C) DOMINICAN NAVY COMMANDER LEE BALLESTER, A WITNESS IN THE CASE OF DISAPPEARED INTELLECTUAL NARCISO GONZALEZ, HAS RETURNED TO THE DR AND HAS TESTIFIED AT LEAST TWICE BEFORE THE INVESTIGATING JUDGE. COMMANDER BALLESTER WAS IN THE U.S. ON USG-SPONSORED TRAINING WHEN THE GONZALEZ CASE WAS RE-OPENED IN EARLY NOVEMBER. GODR CONSIDERED BRINGING HIM BACK EARLY TO TESTIFY, BUT ULTIMATELY DECIDED TO WAIT UNTIL HE COMPLETED HIS TRAINING.

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OUT OF THE HOSPITAL  
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8. (C) NEWSPAPERS ANNOUNCED ON JANUARY 9 PRD LEADER JOSE FRANCISCO PENA GOMEZ MOVED OUT OF SLOAN KETTERING HOSPITAL IN NEW YORK TO A HOTEL. ACCORDING TO NEWS REPORTS, HE IS DOING WELL, IN SPITE OF BEING FED THROUGH TUBES IN HIS ABDOMEN. PENA WAS VISITED BY FORMER PRESIDENT JUAN BOSCH. PENA GOMEZ SUPPORTERS CONTINUE TO VISIT HIM IN NEW YORK, ALTHOUGH THEY ARE PRIVATELY PESSIMISTIC ABOUT HIS CHANCES OF SURVIVING MORE THAN A FEW MONTHS MORE IN HIS BATTLE AGAINST CANCER.

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POSSIBLE TUITION INCREASE  
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UNIVERSITY OF SANTO DOMINGO (UASD), THE COUNTRY'S  
LARGEST AND MOST PRESTIGIOUS UNIVERSITY, IS CONSIDERING  
RAISING TUITION FOR 17,000 OF ITS APPROX. 35,000  
STUDENTS IN ORDER TO COVER A BUDGET SHORTFALL. ONLY  
THE TUITION OF STUDENTS WHO CAN AFFORD TO PAY MORE  
WOULD BE INCREASED. UASD IS A PUBLIC UNIVERSITY AND IS  
CONSIDERED A VEHICLE FOR UPWARD SOCIAL MOBILITY FOR THE  
WORKING CLASS SINCE TRADITIONALLY ITS TUITION HAS BEEN  
NOMINAL.

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DOMINICANS SCORE BIG  
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10. (U) CONTRACTS ARE BEING ANNOUNCED FOR MAJOR  
LEAGUE BASEBALL PLAYERS IN THE U.S. AND SEVERAL  
DOMINICANS ARE SIGNING FOR BIG SALARIES. MOISES ALOU,  
SON OF MONTREAL GENERAL MANAGER FILIPE ALOU, SIGNED A  
FIVE YEAR CONTRACT WITH THE FLORIDA MARLINS FOR TWENTY-  
FIVE MILLION DOLLARS. PEDRO MARTINEZ OF THE EXPOS  
(1996 SALARY USD 310,000) TURNED DOWN A USD 12 MILLION  
OFFER TO RETURN TO MONTREAL FOR THREE YEARS. MARTINEZ  
IS HOLDING OUT FOR A TWO-YEAR CONTRACT SO HE CAN TURN  
FREE AGENT IN 1999. THE DAILY "HOY" REPORTS FIFTEEN  
DOMINICAN PLAYERS EARNED MORE THAN USD 1 MILLION IN  
SALARY LAST YEAR, ANOTHER TWENTY-NINE EARNED MORE THAN  
USD 100 THOUSAND. JOSE RIJO, PITCHER FOR THE  
CINCINNATI REDS, ANNOUNCED HIS INTENTION TO RETIRE AND  
DEVOTE HIMSELF TO THE REAL ESTATE BUSINESS. THIS IS  
THE SECOND CONSECUTIVE YEAR RIJO'S WILL COLLECT  
APPROXIMATELY USD 6 MILLION IN SALARY WHILE NOT PLAYING

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DUE TO AN ARM INJURY. VETERAN CLEVELAND PITCHER AND  
1996 ALL-STAR, JOSE MESA, HOWEVER, FACES SEXUAL ASSAULT  
CHARGES IN LAKEWOOD, OHIO LATER THIS MONTH.  
OROZCO

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