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INFO AMEMBASSY PORT AU PRINCE
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CONFIDENTIAL SECTION 01 OF 02 SANTO DOMINGO 003073

E.O. 12958: DECL: 06/1/2003
TAGS: PGOV, ENRG, CVIS, EAGR, SNAR, PHUM, DR
SUBJECT: DOMINICAN HIGHLIGHTS -- JUNE 20-26, 1998

CLASSIFIED BY LINDA E. WATT, CHARGE. REASON: 1.5(D).

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DOMINICAN REPUBLIC AND CUBA TO HOLD JOINT BUSINESS EXPO
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1. (U) THIS WEEK THE DOMINICAN CENTER OF EXPORT
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PROMOTIONS (CEDOPEX) AND THE CUBAN CENTER OF EXPORT

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: ADOLPH H EISNER
DATE/CASE ID: 23 DEC 2011  201005498  UNCLASSIFIED
PROMOTIONS ARE COLLABORATING IN A BUSINESS EXPOSITION IN CUBA'S SECOND LARGEST CITY, SANTIAGO. 30 DOMINICAN FIRMS ARE PARTICIPATING IN AN EFFORT TO EXPAND TRADE WITH CUBA.

NARCISASO SUSPECT RETURNS

2. (U) LAST WEEK WE REPORTED THAT CLAUDIO DE LOS SANTOS, A SUSPECT IN THE DISAPPEARANCE OF UNIVERSITY PROFESSOR NARCISO GONZALEZ (NARCISASO) IN 1994, HAD LEFT THE COUNTRY DESPITE AN ORDER BARRING HIS DEPARTURE. AUTHORITIES ALLEGED THAT AN IMMIGRATION INSPECTOR HAD IGNORED THE ORDER. DE LOS SANTOS VOLUNTARILY RETURNED THIS WEEK, DECLARED HIS INNOCENCE, AND ACCUSED THE DOMINICAN GOVERNMENT OF TRYING TO MAKE HIM INTO A SCAPEGOAT. STAY TUNED.

DNCD CLOSES DOWN BETTING FACILITIES

3. (C) THE NATIONAL DRUG CONTROL DIRECTORATE (DNCD) ON TUESDAY CLOSED DOWN OVER 90 SPORTS "BANKS" WHOSE CUSTOMERS BET ON SPORTING EVENTS, INCLUDING U.S. MAJOR LEAGUE GAMES. DNCD BELIEVES THE "BANKS," WHICH CONDUCT BUSINESS THROUGHOUT THE COUNTRY, ARE LAUNDERING DRUG TRAFFICKING PROCEEDS. ACCORDING TO DEA, THE "BANKS" ARE LINKED TO KNOWN TRAFFICKERS AND MONEY-LAUNDERERS JUAN AND GILBERTO MOYA, WHO ARE NOW AWAITING TRIAL IN SAN JUAN AND NEW YORK, RESPECTIVELY.

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4. (U) THE DOMINICAN STATE SUGAR COUNCIL (CEA) IS HEADED TOWARDS YET ANOTHER CATASTROPHIC YEAR. THE OVER-STAFFED, INEFFICIENT OPERATOR OF 12 STATE-OWNED SUGAR MILLS FACES ONE OF THE WORST HARVESTS IN RECENT HISTORY AND REPORTEDLY WILL LOSE MORE THAN RD$ 800 MILLION (USD 53 MILLION) THIS YEAR, BRINGING ITS ACCUMULATED DEBT TO RD$ 4.6 BILLION (USD 303 MILLION).
5. (U) LOSSES ARE NOTHING NEW FOR CEA, WHICH HAS BEEN IN
THE RED FOR 15 CONSECUTIVE YEARS. CEA INSIDERS
ACKNOWLEDGE THAT THE ONLY SOLUTION FOR THE PARASTATAL'S
CHRONIC WOES IS SOME FORM OF PRIVATIZATION AND PERHAPS A
LIMITED SALE OF ASSETS. CEA CONTROLS EXTENSIVE
PROPERTIES, MANY SUITABLE FOR TOURISM DEVELOPMENT, WORTH
AN ESTIMATED USD 2 BILLION.

6. (U) IN STARK CONTRAST TO CEA ARE THE TWO PRIVATE
SECTOR EXPORTERS, THE LOCALLY-OWNED VICINI GROUP AND
U.S.-OWNED LA ROMANA, WHICH HAVE BEEN CONSISTENTLY
PROFITABLE FOR AT LEAST THE LAST DECADE.

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PORK REMAINS - AN UPDATE
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7. (U) LAST NOVEMBER WE REPORTED ON THE CASE OF FRANKIE,
THE PET VIETNAMESE PIG, WHO WAS SHOT AND KILLED BY A
NEIGHBOR, FORMER DOMINICAN CONTROLLER, NOTED HISTORIAN,
AND SOCIAL CHRISTIAN REFORM PARTY (PRSC) MEMBER VICTOR
GRIMALDI. (FRANKIE'S PARTY AFFILIATION, IF ANY, IS
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UNKNOWN). FRANKIE'S DISCONSOLATE OWNER INSTITUTED LEGAL
PROCEEDINGS. THIS WEEK A SANTO DOMINGO JUDGE RULED THAT
FRANKIE WAS NOT A "DOMESTIC" ANIMAL UNDER THE LAW AND
THAT GRIMALDI ACTED IN SELF DEFENSE AGAINST AN IMMINENT
THREAT TO HIS PERSON. CASE CLOSED.

FALCONBRIDGE SHUTDOWN ANNOUNCED

8. (U) CANADIAN-OWNED FALCONBRIDGE DOMINICANA HAS
ANNOUNCED THAT IT WILL SHUT DOWN ITS LOCAL NICKEL MINING
AND SMELTING OPERATIONS FROM SEPTEMBER THROUGH DECEMBER
DUE TO LOW WORLD NICKEL PRICES. THIS IS NOT GOOD NEWS
FOR THE GODR SINCE FALCONBRIDGE IS THE COUNTRY'S SINGLE
LARGEST EXPORTER (MORE THAN USD 200 MILLION IN 1997) AND
TAXPAYER.

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POLITICAL GAMESMANSHP
CHRISTIAN REFORM PARTY (PRSC), POLITICAL OBSERVERS, INCLUDING OUR INTREPID DOMINICAN HIGHLIGHTS STAFF, ASSUMED ARNAUD WAS A LOCK TO BE ELECTED PRESIDENT OF THE CAMARA.

10. (U) THIS WEEK SPECULATION BEGAN TO FLY THAT PEGUERO CONFIDENTIAL

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MENDEZ WOULD BECOME A CANDIDATE FOR THE CAMARA PRESIDENCY. THE PRSC BLOCK IN THE LOWER HOUSE SAID IT WOULD SUPPORT SUCH A CANDIDACY. PLD DEPUTIES SAID THEY WOULD CONSIDER SUPPORTING PEGUERO. THE PRD PARTY LEADERSHIP WARNED THE PLD NOT TO TRY TO DIVIDE THE PRD. PRD SENATOR DARÍO GÓMEZ EXPRESSED CONFIDENCE THAT PEGUERO GOMEZ WOULD NOT BECOME A CANDIDATE AND RISK EXPULSION FROM THE PRD. PEGUERO MENDEZ HIMSELF WAS PUBLICLY AMBIGUOUS ABOUT HIS INTENTIONS.

11. (C) PEGUERO MENDEZ TOLD US HE HAS ALL BUT DECIDED TO BECOME A CANDIDATE. HE CLAIMS TO COUNT ON SUPPORT OF AT LEAST 20 DEPUTIES FROM HIS OWN PARTY. WITH SUPPORT FROM THE PLD AND PRSC BLOCKS, PEGUERO MENDEZ WOULD HAVE THE VOTES. HE SAID HE WOULD WAIT UNTIL AUGUST 15, ONE DAY BEFORE THE START OF THE NEW CONGRESS, TO ANNOUNCE HIS DECISION.

CDE GETS TOUGH

12. (U) THE FAMOUSLY TROUBLED STATE ELECTRIC UTILITY, CDE, HAS GIVEN ITS CLIENTS A JUNE 30 DEADLINE TO PAY THEIR OVERTUE BILLS OR FACE PROSECUTION. COMMENT: FOR AT LEAST THE LAST 20 YEARS, CDE HAS DONE NOTHING TO ADDRESS THE THEFT, BY RICH AND POOR ALIKE, OF 40 PERCENT OF ITS OUTPUT. WE WOULD NOT BE AT ALL SURPRISED TO SEE THIS LATEST "GET TOUGH" MEASURE FAIL AS A RESULT OF POLITICAL PRESSURE ON THE GODR AND THE RESISTANCE OF THE INTERNAL
TOWERING AUDACITY—AN UPDATE

13. (U) LAST WEEK WE REPORTED ON PUBLIC WORKS SECRETARY DIANDINO PENA’S PLAN TO BUILD GOVERNMENT SUBSIDIZED HOUSING FOR MIDDLE AND UPPER CLASS GOVERNMENT WORKERS ON THE SITE OF YET TO BE FINISHED HEALTH CENTER BEGUN UNDER EX-PRESIDENT JOAQUIN BALAGUER. AFTER A WEEK OF BEING BATTERED IN THE LOCAL PRESS, THE FERNANDEZ ADMINISTRATION, THROUGH PRESIDENTIAL SECRETARY DANÝO MEDINA, BACKED DOWN AND ANNOUNCED IT HAS NO CONSTRUCTION PLANS. WATT