RESPONSE OF CENTRAL ROMANA CORPORATION

To Articles by

The Washington Post

Foreign Money Secretly Floods U.S. Tax Havens. Some of it is Tainted.

of October 4, 2021

and

Bitter Sugar

of October 13, 2021

- The *Washington Post* ran stories on October 4 and 13, 2021 as part of a series of articles based on what is referred to as the *Pandora Papers* looking at offshore holdings of senior government officials from a number of countries. [1] These two articles referenced the Central Romana Corporation.
- The articles focus on a trust established in South Dakota in 2019 by children of Carlos Morales Troncoso, a former top executive hired in 1974 by the then Gulf & Western owned sugar operations at La Romana. Carlos Morales left the now Central Romana Corporation sugar operations in the 1980s, and subsequently served the Dominican Government as Vice President, head of the State Sugar Council, Ambassador to the United States, and Foreign Minister until his death in 2014.
- The articles link the trust assets of the children of Carlos Morales, a person who worked for the prior U.S. corporate owner of the Central Romana Corporation sugar operations more than 35 years ago, to a critical narrative about Central Romana Corporation in 2021.
- The allegations in The *Washington Post* story against Central Romana Corporation are mostly recycled and inaccurate general criticisms of "substandard wages" and "unsafe working conditions." The articles all but ignore that Central Romana Corporation and the other companies of the Dominican Sugar Industry have been engaged in a process of continuous and transparent improvements for more than a

[1] The background to these articles is explained, as follows by the Washington Post:

"*The Pandora Papers is an investigation based on more than 11.9 million documents revealing the flows of money, property and other assets concealed in the offshore financial system. The Washington Post and other news organizations exposed the involvement of political leaders, examined the growth of the industry within the United States and demonstrated how secrecy shields assets from governments, creditors and those abused or exploited by the wealthy and powerful. The trove of confidential information, the largest of its kind, was obtained by the International Consortium of Investigative Journalists, which organized the investigation.*"
https://www.washingtonpost.com/business/2021/10/03/about-pandora-papers-investigation/

decade. Exhaustive information with regard to wages, benefits and working conditions are posted on the Dominican Sugar Industry's own website.[2]

- The companies of the industry as far back as 2013 published a detailed document addressing concerns about working conditions in the sugar sector, and the on-going improvement process in those conditions. Regular updates on developments have been published since that time.

- The *Washington Post* story contains no specific allegations as to labor conditions at Central Romana Corporation violating Dominican law or international norms.

- The only specific claim is made as to wages, and is in the second article, which states that company cane cutters earn about $125 a month and compares that to "the country's average monthly salary of $777" – the implication being that the cane cutters are paid far below the average. The story shows a picture of a Central Romana Corporation wage receipt again implying it validates the allegation of a low wage.

- As it turns out the *Washington Post* is incorrect on both counts.

- The pictured wage receipt is for a three-day period. Workers are paid on the basis of piece rates, with a legal minimum for an eight-hour day. Essentially all cutters make far above the minimum wage, and generally because cutting cane is strenuous work and by late morning the heat is too great, most workers do not work eight hours in a day, but more often five to six.

- The particular wage receipt pictured by the *Washington Post* is for a three-day period and shows a gross pay of 2127.78 Dominican pesos for three days which comes to US $37.69. That is a little more than US $12.50 per day. If that same worker cut for 20 days in a month, at that rate it would come to $250, or twice what is reported, for this single wage earner.

- As to the $777 referenced by the *Washington Post* that is the average Dominican monthly income for a household with 3.2 members, with 77.4% (or just over $600) of that coming from wages, and the rest coming from other sources, such as remittances and government programs. So, the *Washington Post* is not making an apples-to-apples comparison, but rather a misleading one either intentionally or by error.

- The only other specific allegation against Central Romana Corporation is contained in both articles and involves the claim that in 2016 the Central Romana Corporation "ordered" an eviction of families from "makeshift houses built on the dusty edge of a sugar plantation in El Seibo," a town in the Dominican Republic.

[2] http://www.dominicansugar.org/about-the-industry

- What the stories do not report is that these dwellings were established on the private land of the company by persons with no affiliation to the company. Nor do the stories report that the company followed Dominican law in bringing a trespass complaint to the competent judicial authorities who authorized the police to carry out the eviction in accordance with the established legal procedures. The story implies it is the obligation of Central Romana Corporation to allow anyone that chooses to squat on its lands regardless of any legal right to do so, or the liability and safety issues that would impose on the company. The story also reports that "representatives of the United Nations have criticized the operation." Central Romana Corporation knows of no evidence of any such criticism, nor does the story offer any.