



Agricultural Sectors

A Top Export Prospect for Dominican Republic

September 2014

Sections

- Wheat
- Soybean Meal
- Corn
- Consumer Oriented Products
- Dairy Products
- Rice
- Pulse, Dried Beans

Wheat

Overview

Wheat Market Value (in millions of U.S. dollars)

Wheat				
	2011	2012	2013	2014 (est.)
Total Market Size	194.0	183.6	160.9	155
Total Local Production	0	0	0	0
Total Exports	2.0	2.0	0.81	0.1
Total Imports	192.0	181.6	160.9	155
Imports from the U.S.	192.0	174.1	155.4	151

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census Data

Global Trade Atlas

General Customs Direction (DGA)

In spite of relatively high wheat prices throughout the last few years, the amount of imported wheat into the Dominican Republic remains above 551,000 metric tons (MT) annually since 2010, primarily as a result of the destruction of the wheat mill in Haiti in the January 2010 earthquake. The DR has supplied Haiti with a total of 125-250,000 MT of wheat annually during the 2010-2012 period. Although the Haitian mill (Les Moulins d’Haiti) was reopened in December 2011, another mill opened in 2012 and a third one is close to initialize operations, Dominican exports to the neighboring country remain strong. Domestic wheat consumption in the DR has been increasing gradually as demand for pasta and confectionary products continues to expand. Some Dominican-made flour and related products continue to flow into the Haitian market. Barring increased subsidies for European exports or more competitive

prices from Canada, the United States should remain the predominant wheat supplier to the Dominican Republic. Total wheat imports in 2014 are expected to decrease, particularly as the Haitian milling industry gradually returns to full capacity.

Opportunities

Product quality, proximity, and price, in addition to market support and technical assistance efforts, will assure continued presence in the Dominican market. As a basic food item for bread and pasta production, wheat is exempted from import taxes. Given the increase in international wheat prices, wheat imports from the United States may begin to decrease slightly.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov

Soybean Meal

Overview

Soybean Market Value (in millions of U.S. dollars)

Soybean Meal				
	2011	2012	2013	2014 (est.)
Total Market Size	155.4	199.1	190.8	210
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	155.4	199.1	190.8	210
Imports from the U.S.	145.4	193.7	174.2	180

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census Data
Global Trade Atlas

The United States is the Dominican Republic's principal supplier of soybean meal (SBM) and reached a record level during 2012. SBM is used mainly in feed formulation for poultry and swine. The market is dependent on the poultry sector, which consumes about 70 percent of all feed ingredient imports. The swine and cattle sector consume 20 percent and 10 percent, respectively. Currently, SBM imports are expected to increase due to a higher local production of poultry.

Opportunities

Product quality, geographic proximity, and price, in addition to market support and technical assistance from U.S. Soybean Export Council (USSEC), will assure continued presence of U.S. SBM in the Dominican market. As a basic feed item for the poultry, swine, and dairy sectors, soybean meal is exempted from import taxes. In spite of relatively high prices for SBM, imports from the United States are expected to remain strong.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the soybean meal sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

Corn

Overview

Corn Market Value (in millions of U.S. dollars)

Corn				
	2011	2012	2013	2014 (est.)
Total Market Size	229.3	277.8	252.9	248
Total Local Production	0.01	0.01	0.01	0.01
Total Exports	2.0	2.0	1.15	1.0
Total Imports	227.3	275.8	245.6	240
Imports from the U.S.	212.3	38.9	27.07	206

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

Historically, the United States has dominated the corn market in the Dominican Republic, enjoying close to 100% market share until 2009. Since that year, persistent complaints concerning dust levels, grain cracking, availability and shipping challenges and relatively higher prices have led many importers to source South American supplies, specifically from Brazil and Argentina. As a result, the United States is now exporting considerably less corn to the DR. However, due to logistic and financing concerns from South America suppliers and also better quality reports from the U.S. 2014-2015 harvest, since the third quarter of 2013, that trend has started to reverse. In 2014, the U.S. is expected to account for a 80-86% of the market share. As with soybean meal, corn is used mainly in formulation for poultry and swine feed. Consumption is expected to increase slightly due to a local higher production of poultry.

Opportunities

Product quality, proximity and price, in addition to cooperator support and technical assistance will assure presence in the Dominican market. Coarse grain quality is expected to improve and, as corn is a basic feed item for the poultry, swine, and dairy sectors, it remains exempt from import taxes.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the grain sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov

Consumer-Oriented Products

Overview

Consumer-Oriented Product Market Value (in millions of U.S. dollars)

Consumer Oriented Products				
	2011	2012	2013	2014 (est.)
Total Market Size	820.0	1,164.0	1,222.0	1,225.0
Total Local Production	470.0	480.0	485.0	490.0
Total Exports	212.0	215.0	220.0	225.0
Total Imports	405.0	949.0	1,002.0	1,000.0
Imports from the U.S.	285.6	391.0	489.0	500.0

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

Imported consumer-oriented products, mainly those from the United States, are seen as high quality products. The demand for these products is high and the U.S. market share for these items is approximately 60-65 percent. Currently, the major competitor is the European Union, particularly Spain, as the ownership of most of the supermarket chains and resorts is of Spanish decent and they try to source products from that country.

Supermarkets are becoming more important in the distribution process of consumer-oriented products at the expense of the traditional system of warehouses and mom and pop convenience stores (colmados). Small and medium-sized supermarkets are now able to take advantage of economies of scale by buying together and distributing the products to each supermarket member. As the tourist industry expands, the number of hotels sourcing products from the United States, directly or through a local distributor, will also grow.

As we enter the eighth year of the CAFTA-DR, we estimate that consumer-oriented product imports from the United States have increased by at least U.S. \$40 million, placing the Dominican Republic in the top 20 most important trading partners. Within the Western Hemisphere, recent data indicate that the DR is the third largest import market for consumer-oriented items.

Opportunities

Continued demand for consumer-oriented products is expected due to the liberalization of the Dominican market as a result of the CAFTA-DR implementation, the continued growth in the tourism and hotel and restaurant industry (HRI) sectors, coupled with economic growth.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo specialists covering the consumer-oriented products sector is Mayra Carvajal, mayra.carvajal@fas.usda.gov

Dairy Products

Overview

Dairy Product Market Value (in millions of U.S. dollars)

Dairy Products				
	2011	2012	2013	2014 (est.)
Total Market Size	98.0+	113.0	190.0	187.0
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	2.0	2.0	2.0	2.0
Total Imports	98.0	111.0	188.0	185.0
Imports from the U.S.	64.0	72.1	87.3	118.0

Exchange Rate: RD\$ 41.2 – U.S.\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

There is a US\$180 million dollar market for imported dairy products in the Dominican Republic with non-fat dried milk occupying a prominent position. Although there are some import restrictions to protect local producers, CAFTA-DR is gradually opening the market. In 2012, dairy exports from the United States reached an all-time high of more than US\$72 million. When the market completely opens for U.S. products, imports are anticipated to increase. Currently, the U.S. market share is approximately 64 percent. The European Union and New Zealand are the major competitors.

Opportunities

Many U.S. franchises and restaurants in Honduras currently import pre-made french fries from Canada and the U.S. Honduras ranks 32th among the leading country export markets for U.S. processed vegetables and 25th with processed foods.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo specialist covering the dairy sector is Luis Gonzalez, luis.gonzalez@fas.usda.gov

Rice

Overview

Rice Market Value (in millions of U.S. dollars)

Rice				
	2011	2012	2013	2014 (est.)
Total Market Size	387.3	396.1	400.6	54.1
Total Local Production	370.0	375.0	380.0	45.5
Total Exports	0	15.8	0.1	0.1
Total Imports	17.3	5.5	8.4	8.5
Imports from the U.S.	17.3	5.3	8.3	8.4

Exchange Rate: RD\$ 41.2 – US\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data
Global Trade Atlas

The Dominican Republic has consistently had to supplement local production with imports to meet local demand. The majority of rice imports are from the United States due to quality, proximity, and the fact that U.S. rice is free of *Trogoderma spp.* As local production has increased and CAFTA-DR is now in its eighth year, rice imports will continue to enter the market. Based on figures from the first quarter of 2013, import volumes are expected to increase, especially due to lower inventories and widespread drought conditions that will affect this year's production.

Opportunities

Rice is a basic food item in the Dominican diet. As CAFTA-DR is in full effect, the TRQs for rice will assure a small U.S. presence in the Dominican market with an increasing amount every year until the phase out period ends in 2026. In addition, traditional production shortfalls will continue to demand larger quantities of high quality U.S. rice to be exported to the Dominican Republic.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov

Pulses and Dried Beans

Overview

Pulses and Dried Bean Market Value (in millions of U.S. dollars)

Pulses, Dried Beans			
	2011	2012	2013 (est.)
Total Market Size	68.0	66.4	70.0
Total Local Production	33.8	35.0	37.0
Total Exports	0	0	0
Total Imports	34.2	31.9	33.0
Imports from the U.S.	34.2	30.4	32.1

Exchange Rate: RD\$ 41.2 – US\$1

Sources: Unofficial estimate by FAS based on industry and USDOC/U.S. Census data

Pinto beans are a basic staple in the Dominican diet and the Dominican Republic was self-sufficient in red pinto bean production for many years. Nonetheless, the production can no longer meet demand. Over the last five years, worldwide dried bean imports to the DR have averaged more than 22,000 metric tons per year, reaching an estimated value of US\$31.9 million in 2012, due to production shortfalls. Most dried bean imports into the DR come from U.S. ports located in the Gulf of Mexico. Occasionally, when export volumes have been limited in North America, Chilean pinto beans have been supplied to the Dominican market.

The Dominican market prefers North American pinto beans to the South American variety due to quality, phyto-sanitary standards, proximity, and price. Figures for 2012 indicate exports of U.S. pinto beans totaled more than US\$30 million. Continued U.S. presence in this market is assured with CAFTA-DR entering its eighth year and a 2013 TRQ for U.S. beans of 12,480 metric tons.

Web Resources

The U.S. Foreign Agricultural Service Santo Domingo agricultural specialist covering the bulk product sector is Virgilio Mayol, virgilio.mayol@fas.usda.gov.

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