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Dominican Republic
Oilseeds and Products
Annual
2000

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Report Highlights:

Soybean meal imports increased in MY 1998 almost forty percent, mostly being the results of the hurricane recovery efforts. Soybean oil import increased slightly over last year, although price continue to limit U.S. market share.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Santo Domingo [DR1], DR

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Executive Summary

There is very little soybean production in the Dominican Republic due to climatic limitations. Other oilseeds such as coconut and peanut are used for higher value products, leaving very small quantities for oil extraction. Palm, the major source of oil production suffered considerable damage as a consequence of hurricane Georges in September 1998. Its production was down in MY 1998 over ninety percent to 1,200 MT. Production is not expected to increase much in the near future.

Practically all soybean meal is imported from the United States (nearly 99 percent) with minimal quantities from South America (Argentina). It is mostly used in animal feed preparations by the poultry and swine industry. MY 1998 showed over thirty percent increase of imports as the poultry population recuperated from the devastating effects of a hurricane in September 1998. Preliminary estimates for MY 1998 are expected to reach 309,000 MT. U.S. Soybean meal has most of the Dominican market because of proximity, quality and price. No change in the market is expected in the near future.

Oil production is limited to almost 4,000 MT of crude palm oil and coconut oil representing less than four percent of the country's total demand. Soybean oil imports have reached 103,000 MT in MY 1998. About 14,000 MT are of U. S. origin. Sunflower oil imports were approximately 7,500 MT with no oil coming from the United States. Corn oil, although in smaller quantities (3,000 MT) is imported exclusively from the United States. Estimates for MY 1999 reflect little growth. The major competitor is South American oils (Argentina).

The Dominican Republic bound its maximum tariff on most agricultural items, including oilseeds, oils and meals at 40% under the World Trade Organization agreement. Most observers, however, believe that oilseed tariffs would not increase beyond the applied rates of 3% for soybeans and 5% for other oilseeds (plus an 8% VAT), 10% for crude degummed oils (30% for refined). Meals are tax exempt.

The Dominican Republic does not subsidize or restrict the trade of oilseeds, oils or meals. However, the government prefers that all trade be conducted through a registered Dominican agent. Import certificates are required but readily available through the Secretariat of Agriculture (SEA). This requirement is expected to be phased out by the year 2004.

Oilseeds Production

Soybean are not produced domestically because of unfavorable climatic conditions. As a result, soybean products are imported to satisfy the local market requirements.

Other oilseed production in the Dominican Republic, such as copra, have gradually decreased as a consequence of the relatively low prices of other vegetable oils in the international market and due to competition for other higher value products derived from coconut. As a direct consequence, there are only small quantities of copra available for oil extraction. Peanuts, which were once the major raw material for oil extraction, have had strong competition from less expensive oils. In addition, the better prices offered by the snack food industry have left practically no peanuts available for oil. Palm oil production has declined as a result of the devastating effects of hurricane Georges (September 1998) on the palm plantations. In MY 1998, production levels dropped to less than 1,500 MT. Industry experts indicate that the recuperation of the plantations will be a very slow process.

Expectations for increased oilseed production in MY 1999 and the out year are marginal as no new investment projects are in sight for peanut, palm or coconut. Copra production continues to decrease and is currently at about 4,000 MT, as a result of several years of dry weather and the 1998 hurricane.

Consumption and Trade

There is only one company processing Dominican oilseeds. Until recently there were two that processed local oilseeds: "Sociedad Industrial Dominicana" (SID) and Mercalia. They recently merged becoming MERCASID which refines imported crude degummed oils and further processes crude palm oil, small amounts of palm kernel and copra.

Palm is crushed to produce crude palm oil. Crude palm oil is normally refined or further processed as a component for other locally consumed industrial products. Two companies were devoted to palm oil production: INDUSPALMA, a sister company of MERCASID, a Unilever associate, and INASCA, an independent producer that recently closed down.

Over 4,500 MT of copra were processed in MY 1998, yielding less than three thousand metric tons of crude oil. Estimates for MY 1999 are not optimistic. As of March 2000, it appears that this year's production will remain at the same levels as the year before. Coconut oil yields in the Dominican Republic are slightly lower than the 62 percent average reported in other countries. In MY 1998, one thousand metric tons of coconut oil was imported from the United States to cover some of the production deficit.

Stocks

Insignificant.

Policy

The Dominican Republic bound its maximum tariff on most agricultural items, including oilseeds, at forty percent under the World Trade Organization agreement. Most observers, however, believe that oilseed tariffs would not increase beyond current levels of three percent for soybeans and five percent for other oilseeds (plus an eight percent VAT). This will not affect the processors as there is no large crushing facility in the country.

The Dominican Republic does not subsidize or restrict the trade of oilseeds. However, the government prefers that all trade be conducted through a registered Dominican agent. Import certificates are required but available through the Secretariat of Agriculture (SEA). This requirement is expected to be phased out by the year 2004.

Total Meals Production

With the exception of about 1,700 tons of coconut meal, there is practically no other oilmeal produced in the Dominican Republic (except minimal quantities of palm kernel meal produced when small amounts of palm kernel are available to crush). Coconut meal production has continued to decrease and currently represents less than one percent of total meal demand. Estimates for MY 1999 are expected to remain at current levels. The major consumers, feed processors for the local poultry and swine industries, rely entirely on imported U.S. soybean meal (48% protein) to satisfy these sectors' requirements. The United States has remained the Dominican Republic's major supplier of soybean meal because of quality, price and proximity although there are times when South American imports occur (1-2% or less).

Consumption and Trade

During MY 1998, soybean meal consumption increased almost forty percent over compared to the previous year. The destruction of a considerable number of poultry farms by hurricane Georges dropped consumption in MY 1997 to 229,000 MT. Preliminary estimates for MY 1998 are expected to reach 309,000 MT as the poultry industry recuperates. In addition, the out year forecast is expected to remain slightly below this level as poultry production stabilizes. Consumption has increased steadily over the last decade, reflecting an increase in consumption of formulated feed, and minor exports to the region.

Industry sources have indicated that feed exports (20-25% meal) have decreased in recent years with the collapse of the Haitian poultry industry. During MY 1998, less than 1,000 MT of feed moved informally to feed the current bird (layers) population in Haiti and minimal quantities of feed were exported to the near-by islands.

U.S. Poultry exports to Haiti increased from an average of 55 MT between CY 1991-1993 to a record high of over 25,000 MT in CY 1999 (MY 1998). Sources in the industry indicate that Haitian producers began to import layers and some broilers during late MY 1998 and early MY 1999.

Protein meal imported into the Dominican Republic is mixed with other imported ingredients to manufacture formulated feed, mostly for the poultry and swine sectors (75:20). The balance is used for cattle and other specialty feeds. There were two major producers in the formulated feed industry who merged and process into feed over twenty percent of the soybean meal imports. The old rivals Protein Nacional and PRONALBA formed PROTEINAL with a management contract with Purina.

In addition, the larger poultry producers, poultry and swine associations, and some major cooperatives raising poultry and swine prepare their own feed formulations to minimize costs. These groups use most of the soybean meal and supply the Dominican population with most of its protein requirements (poultry, pork and eggs). Secretary of Agriculture data indicate that per capita consumption of eggs has increased dramatically over the last decade, although the industry indicates that 20-30 percent of the egg production continues to move informally across the border to the Haitian market.

The Dominican Republic relies almost exclusively on the United States for its soybean meal imports as price, quality and proximity are the major determinants. Soybean meal has no import tax. Average prices are presented below:

**Wholesale Soybean Meal Prices
(RD\$/CWT)**

	March 96	March 97	March 98	March 99	March 00
	190.00	200.00	207.00	213.30	218.00
Exch. Rate					
RD\$/US\$1.00	13.70	14.00	14.50	16.20	16.20

Source: Industry

Stocks

Stocks are estimated between twenty and thirty thousand metric tons.

Policy

Soybean meal is freely imported with little or no restrictions.

Marketing

Soybean meal is imported by a consolidated meal producer who prepares formulated feed for the medium size to small producers in the country. Another portion of the imports is done directly by the major poultry and swine producers and associations who prepare their own feed formulations. Some of the formulated feed also services the Haitian market through informal trade.

Total Oils Production

Domestic vegetable oil production in MY 1998 is limited to palm (1,200 MT of crude oil) and copra (less than 2,700 MT of oil). Local production of oil represented less than four percent of the total supply last marketing year and is expected to fluctuate little over the next two to three years. There are no major investments programmed for the near future in light of stiff competition from imported soybean (103,000 MT), sunflower (7,725 MT), corn (3,002 MT), coconut (998 MT) and palm (418 MT) oils in MY 1998.

Palm oil production decreased considerably as a result of dry weather in the producing region and the effects of the hurricane in September 1998. As weather improves, production is expected to gradually improve as the plantations recuperate. In MY 1998, palm oil accounted for (30 percent) of total domestic oil output but was down over ninety percent from the year before as a result of the hurricane. Most of the palm oil is processed further (fractionated) into the edible fraction (used for margarine and oil) and the inedible fraction (for soap). There are two companies with palm plantations and extract crude palm oil: INDUSPALMA a sister company to the MERCASID (a merger between Sociedad Industrial Dominicana -SID- and MERCALIA). They are now part of the multinational Unilever family. The other company, INASCA, stopped operations in 1998.

There were five edible oil processors in the Dominican Republic, as of last year, only two are in operation. MERCASID controlling approximately 90-95% of the market and "Cesar Iglesias" the rest. Current estimated capacity is over 80,000 MT.

Coconut oil production is limited to the copra remaining from coconuts which do not meet quality needed for either direct export or processing (i.e. syrup for pina coladas, etc.). Occasionally, some coconut oil is exported to nearby islands, although this was not the case during the last marketing year. There are numerous coconut producers in the country and many of them sell their copra to the oil processors directly. A sister company to MERCASID is among the major coconut producers.

Consumption and Trade

Total domestic consumption of edible oils (soybean, sunflower, coconut, corn and palm) in MY 1998 has remained slightly above the MY 1997 numbers. This total is not expected to grow much more in MY 1999. Expectations for MY 2000 may show some increases with, perhaps minor fluctuations. In the specific case of soybean oil, it has shown a four percent growth over the last three years. The major change in MY 1998

appears to be, on the basis of the available data from industry, that a shift of in consumption pattern sunflower oil to a less expensive soybean oil.

Current prices for oils have remained at similar levels during the last twelve months and is expected to remain at those levels if there is no local nor international changes in prices.

Local wholesale prices in Dominican Pesos are presented below for reference:

Wholesale Prices for oils (RD\$)

	March 96	March 97	March 98	March 99	March 00
Soybean Oil-----					
30 lb. can	305.15	289.96	287.16	309.55	279.36
15 lb. can	162.00	150.82	150.00	175.77	N/A
7.5 lb.gal 4/cs	83.04	70.06	72.67	85.55	75.71
1 lb. bot.24/cs	12.83	11.94	11.88	13.32	12.81
Coconut Oil-----					
30 lb. can	236.90	264.00	270.00	270.20	340.00
15 lb. can	125.71	140.00	146.00	141.62	N/A
7.5 lb.gal 4/cs	63.93	71.23	72.23	73.96	96.78
1 lb. bot.24/cs	9.95	11.08	11.33	11.35	N/A
Peanut Oil (Sunflower)-----					
30 lb. can	334.00	305.58	302.50	362.40	N/A
15 lb. can	177.20	162.10	160.45	192.26	N/A
7.5 lb.gal 4/cs	90.18	82.53	87.67	97.95	90.10
1 lb. bot.24/cs	13.96	12.83	12.70	15.15	15.29
Ave. Exchange-----					
rate(RD\$/US\$1)	13.70	14.00	14.50	16.20	16.20

Source: Industry

Corn oil is marketed in considerable smaller quantities and local prices have decreased from RD\$102.53 gal/ to RD\$90.86 during the last twelve months (March 1999 vs March 2000). Price has been the most important

consideration dictating the source of imports. Because of the lower Argentinean prices, the industry generally imports South American oil. U.S. oils have had limited success in the Dominican market since the phase out of the PL-480 program in 1989, except for emergency purchases or discount loads.

A summary of the Dominican vegetable oil imports for MY 1996, MY 1997 and MY 1998 is presented below:

Dominican Imports of Vegetable Oils MY 1996, MY 1997 and MY 1998

MY 1996	Type	Quantity(MT)	Origin
	Soybean	94,267	15% U.S.
	Sunflower	10,648	0 % U.S.
	Corn	3,093	All U.S.
GRAND TOTAL		108,008	
=====			
MY 1997	Type	Quantity(MT)	Origin
	Soybean	95,984	21% U.S.
	Sunflower	14,988	33 % U.S.
	Corn	2,820	All U.S.
GRAND TOTAL		113,792	24 % U.S.
=====			
MY 1998	Type	Quantity(MT)	Origin
	Soybean	102,921	14 % U.S.
	Sunflower	7,725	0 % U.S.
	Corn	3,002	All U.S.
	Coconut	1,000	All U.S.
GRAND TOTAL		114,648	16 % U.S.

Source: Industry.

Exports of Dominican oils to nearby islands are almost non existent. With less copra available for crushing and relatively low prices for coconut oil, exports practically stopped in MY 1997 and in MY 1998 a total of 998 MT of coconut oil was imported to compensate for the local production shortfall. Minimal quantities of soybean oil exports have been registered by the GODR (less than 75 MT), but this does not include soybean oil which crosses unregistered into Haiti. The Dominican Republic remains an observer to CARICOM although there are indications that a free trade agreement will be signed soon. If the DR joins that organization, the industry

believes it would be competitive and there could be an increase in vegetable oil exports. Barring this, the trend is not expected to change in the near future.

Marketing

The Dominican oil market is very competitive with an average supermarket carrying at least six brands. Currently and in addition to the local brands, the most popular brands appears to be Crisco (with canola and soybean oils) and Mazola (with corn) imported from the United States. The major selling point of this oil is its presentation and its price. The principal brand CRISOL, a crude degummed soybean oil imported mostly from Argentina and refined locally has been the leader in the market because of its price. The second in importance is the DIAMANTE brand, carried over from Mercalia, before the merger with SID. The new operation has been renamed to MERCASID. There are no private labels of importance manufactured locally.

Policy

For information on oil tariffs and policy, see Oilmeal Policy section. The eight percent value added tax is not applied to oil imports to maintain relatively low and stable prices for the consumer. The Dominican Republic does not subsidize or restrict the trade of vegetable oils. However, the government prefers that all trade be conducted through a registered Dominican agent.

PS&D Tables

PSD Table						
Country	Dominican Republic					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	30	30	30	30	30	30
Production	0	0	0	0	0	0
MY Imports	309	309	320	315	0	318
MY Imp. from U.S.	309	309	320	315	0	318
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	339	339	350	345	30	348
MY Exports	3	3	5	4	0	4
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	306	306	315	311	0	314
TOTAL Dom. Consumption	306	306	315	311	0	314
Ending Stocks	30	30	30	30	0	30
TOTAL DISTRIBUTION	339	339	350	345	0	348
Calendar Year Imports	0	309	0	315	0	318
Calendar Yr Imp. U.S.	0	309	0	315	0	318
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Dominican Republic					
Commodity	Oil, Soybean				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	12	12	12	12	12	12
Production	0	0	0	0	0	0
MY Imports	98	103	99	105	0	107
MY Imp. from U.S.	15	15	20	20	0	20
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	110	115	111	117	12	119
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	98	103	99	105	0	107
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	98	103	99	105	0	107
Ending Stocks	12	12	12	12	0	12
TOTAL DISTRIBUTION	110	115	111	117	0	119
Calendar Year Imports	0	103	0	105	0	0
Calendar Yr Imp. U.S.	0	15	0	20	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0