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Dominican Republic

Sugar

Semi - Annual

2005

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Report Highlights:

Dominican sugar production has been slightly revised downward to 485,000 metric tons raw value (MTRV) for marketing year 2005. Estimates for 2006 anticipate slight growth anticipating no labor issues. Estimated consumption is stable at about 325,000 MTRV and almost evenly distributed between raw and refined sugar. A negligible quantity of refined sugar may be imported in 2006 to cover the shortfall in refined production in 2005.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Santo Domingo [DR1]
[DR]

Estimated total sugar production for marketing year 2005 is not expected to reach 500,000 metric tons raw value (MTRV), slightly below what was reported previously, due to burning of sugar fields and labor protest. The two largest private producers, Central Romana and the Vicini Group, produced almost 400,000 MTRV this year. This quantity exceeded eighty percent of total country output. The other mills: Consuelo, Boca Chica, Barahona and Monte Llano produced the rest (85,000 MTRV). Sugar yields averaged 100 kilograms per metric ton of sugar cane. The local price for cane paid by sugar producers was approximately US\$12.50 per metric ton and fluctuates depending on the exchange rate value. With no additional investments in the sugar industry and the current overall economic situation prevailing in the country, the production level in 2006 is expected to improve slightly if no sugar fields are damaged and good weather prevails.

Domestic consumption has remained flat between 320,000 to 330,000 MTRV for several years and is not anticipated to change in 2006. The domestic wholesale price for raw sugar stands at approximately US\$0.25 per kilogram. Overall consumption of refined versus raw sugar is almost evenly divided (55:45). The general public consumes sugar in raw form, while the soft drink, juice, and confectionary industries primarily use refined sugar. Early in the decade, limited refining capacity required some imports of refined sugar to meet domestic needs, after filling the U.S. import quota. With preliminary refined sugar production numbers at about 130,000 MTRV for 2005, where the country's total refined needs were not met, a small quantity of refined sugar import is anticipated for early 2006. Although it is difficult to anticipate production for 2007 at this time, if production continues to improve, perhaps no imports will be required in 2007. The Dominican government and private producers generally evaluate production, consumption and exports half way through the harvest and authorize sugar imports if needed at the end of the marketing year. Import duties are 15 percent for raw sugar imports and 20 for refined sugar, plus a value added tax of 16 percent known by its Spanish acronym "ITBIS".

The Dominican Republic is the largest holder of the U.S. tariff rate quota (TRQ) for sugar, with an allocation of 204,643 metric tons or 16.4 percent of the total U.S. import quota for 2006. This figure increased 10.4 percent over last year. By the end of the current quota year (September 2005), the Dominican Republic had filled its quota allocation for the period. All Dominican sugar exports under the quota move to the continental United States, except for very small quantities that are shipped to Puerto Rico.

In addition to raw sugar exports, other sugar related goods are produced and exported. These include molasses and furfural (a liquid aldehyde used as a solvent for furan or phenolic resin manufacture). According to the Dominican Sugar Institute (INAZUCAR) of 34 million gallons of molasses produced, 14 million gallons were exported, valued at US\$6.5 million. Molasses yields were almost 40 kilograms per metric ton sugar cane, with a domestic price of US\$0.06 per kilogram. In addition, about 30,000 metric tons of furfural valued at US\$8 million were exported.

In a significant policy development, the Dominican sugar industry has bitterly opposed the recently negotiated free trade agreement between the Dominican Republic and the United States in 2004. The agreement gave the Dominican Republic an additional 10,000 MT increase in U.S. sugar import quota, subject to it being a net exporter of sugar, and would reduce Dominican import duties on high fructose corn syrup (HFCS) to zero over a 15-year period. The potential increase in TRQ is to be implemented in 2006 but possible imports may endanger this increase.

The Dominican peso underwent a severe devaluation two years ago but has strengthened sharply against the dollar over the past year. As the end of the year approaches, it has shown some weakness over the last month. Exchange rate peaked at RD\$54/US\$1 two years ago and has been fluctuating around RD\$28-30/US\$1 over the last year, but by the end of September 2005 it has shown some weakness and it has risen to RD\$33 pesos per US\$1. Although it is too early to forecast with any certainty, many Dominicans are optimistic and expect the economy to continue stable and perhaps show more growth in 2006.

Country	Dominican Republic						
	Commodity	Sugar, Centrifugal (1000 MT)					
Market Year Begin		2005 USDA Official	Revised Estimate[1]A Official	2006 Estimate[1]A Official	Estimate Estimate[1]A Official	2007 Estimate[1]A Official	Forecast Estimate[New]
		11/2004		11/2005		11/2006	MM/YYYY
	Beginning Stocks	60	60	53	28	63	21 (1000 MT)
	Beet Sugar Production	0	0	0	0	0	0 (1000 MT)
	Cane Sugar Production	510	485	530	520	0	525 (1000 MT)
	TOTAL Sugar Productior	510	485	530	520	0	525 (1000 MT)
	Raw Imports	0	0	0	0	0	0 (1000 MT)
	Refined Imp.(Raw Val)	0	0	0	7	0	0 (1000 MT)
	TOTAL Imports	0	0	0	7	0	0 (1000 MT)
	TOTAL SUPPLY	570	545	583	555	63	546 (1000 MT)
	Raw Exports	183	183	183	204	0	183 (1000 MT)
	Refined Exp.(Raw Val)	2	2	2	0	0	2 (1000 MT)
	TOTAL EXPORTS	185	185	185	204	0	185 (1000 MT)
	Human Dom. Consumpti	332	332	335	330	0	332 (1000 MT)
	Other Disappearance	0	0	0	0	0	0 (1000 MT)
	Total Disappearance	332	332	335	330	0	332 (1000 MT)
	Ending Stocks	53	28	63	21	0	29 (1000 MT)
	TOTAL DISTRIBUTION	570	545	583	555	0	546 (1000 MT)

PSD Table

Country	Dominican Republic						
	Commodity	Sugar Cane for Centrifugal (1000 HA)(1000 MT)					
Market Year Begin		2005 USDA Official	Revised Estimate[1]A Official	2006 Estimate[1]A Official	Estimate Estimate[1]A Official	2007 Estimate[1]A Official	Forecast Estimate[New]
		11/2004		11/2005		11/2006	MM/YYYY
	Area Planted	250	250	250	250	0	250 (1000 HA)
	Area Harvested	238	238	240	240	0	240 (1000 HA)
	Production	5100	4900	5150	5050	0	5100 (1000 MT)
	TOTAL SUPPLY	5100	4900	5150	5050	0	5100 (1000 MT)
	Utilization for Sugar	5100	4900	5150	5050	0	5100 (1000 MT)
	Utilizatn for Alcohol	0	0	0	0	0	0 (1000 MT)
	TOTAL UTILIZATION	5100	4900	5150	5050	0	5100 (1000 MT)