

**Voluntary Report** – Voluntary - Public Distribution

**Date:** October 19, 2022

**Report Number:** DR2022-0018

**Report Name:** DR Poultry Voluntary Report-Law to Temporally Eliminate Tariffs Coupled with HPAI Concerns take a Huge Bite from US Poultry Exports to the DR

**Country:** Dominican Republic

**Post:** Santo Domingo

**Report Category:** Agricultural Situation, Poultry and Products, Trade Policy Monitoring

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**Report Highlights:**

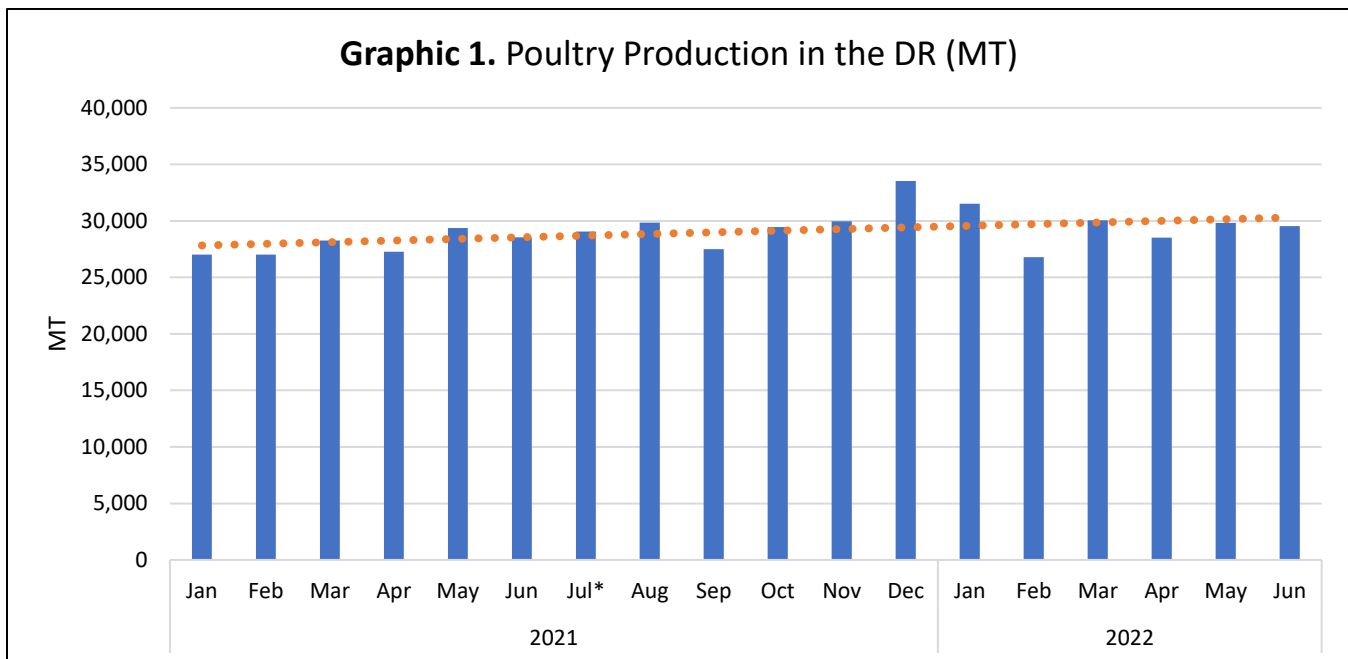
Although exports of poultry to the Dominican Republic are on pace to set historic records in 2022, the United States continues to lose export market share from Brazil. As of June, 2022, the United States has accounted for 56 percent (22,074 MT) of total poultry exports to the DR (64,392 MT); Brazil has accounted for 44 percent (17,429 MT) of those exports after only accounting for 25 percent in 2021 and 0 percent in 2020 and prior. The decline of U.S. share in the local poultry market has come as a result of 1) the implementation of Law 6-22 that temporarily eliminated all tariffs on imported food and agricultural products, such as poultry; and 2) the implementation of more restrictive protocols on U.S. poultry products due to concerns with the ongoing Highly Pathogenic Avian Influenza (HPAI) outbreak in the United States.

# 1. Production

## 1.1. Volume

After declining in 2020 due to the impact of the COVID-19 pandemic, local poultry production has quickly recovered and is currently on pace to set production records in 2022. Post forecasts local production to reach 365,000 MT in 2022, a 4 percent increase from the 346,877 MT produced in 2021.

After average a monthly production of 28,906 MT during 2021, as of June 2022, the DR has increased its average monthly production to 29,369 MT. The Dominican Government (GoDR) has deployed an aggressive strategy to promote poultry production, including facilitating imports of hatching eggs from Belgium and other sources. That strategy is set to increase the monthly output to 31,000-33,000 MT in the coming months.



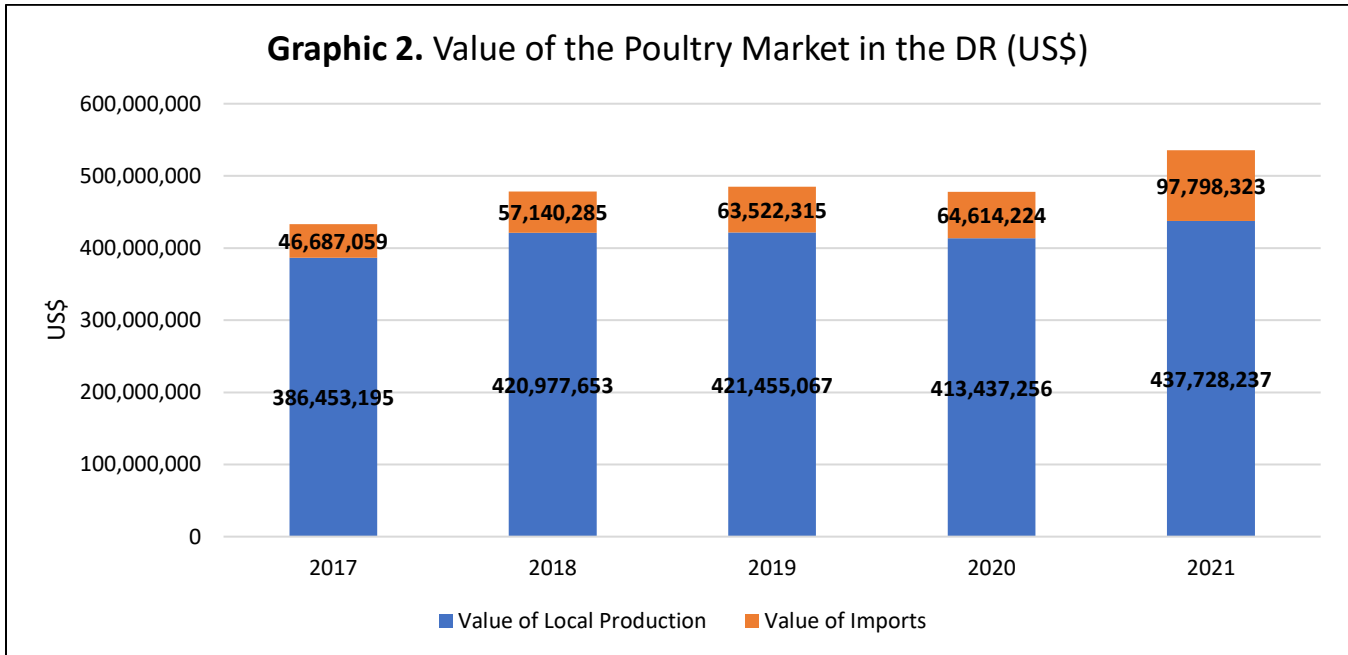
\*ASF detected in the DR

Source: Built by FAS/Santo Domingo with data from the Ministry of Agriculture. Data converted from units to MT

Increased output has also been necessary to supply 1) increased demand of poultry meat from the record number of tourists visiting the country; and 2) increased demand of poultry meat as a result of the African Swine Fever (ASF) outbreak in the DR that has significantly affected swine production in the country.

## 1.2. Value

The poultry market in the DR was valued at US\$535.5 million in 2021, with local production accounting for 80 percent (US\$437.7 million) and imports for 20 percent (US\$97.8 million) of that total.



*Source:* Built by FAS/Santo Domingo with data from the Central Bank of the Dominican Republic, TDM and GATS/USDA.

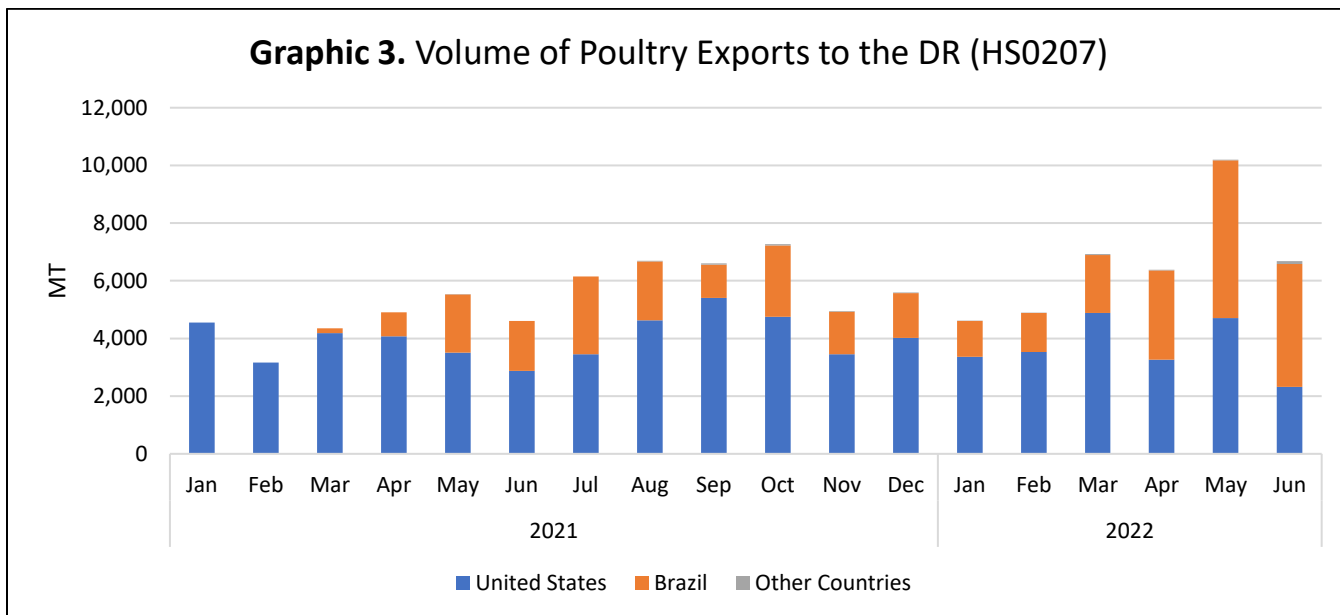
During the last five years, the poultry market in the DR has steadily increased its local value, except in 2020 when the COVID-19 pandemic affected local demand of poultry products hence causing a decline in production. Since 2017, local value of the poultry market has increased by 24 percent.

## 2. Exports to the DR

### 2.1. Volume

Exports of poultry to the DR are also on pace to set a record in 2022. Post forecasts exports of poultry to the DR to reach 85,000 MT; a 32 percent increase from the 64,392 MT exported during 2021.

U.S. poultry is facing stiff competition from Brazil in the local market and is also seeing increased interest from suppliers in other countries such as Chile. After accounting for 25 percent of total poultry exports to the DR during 2021, as of June 2022, Brazil is accounting for 44 percent of total exports (17,429 MT). The United States still leads total poultry exports to the DR with 56 percent (22,074 MT) as of June 2022; a large decline after dominating the poultry export market in 2021 with 75 percent market share (48,096 MT). Additionally, Chile has also entered the Dominican market, totaling 178 MT in exports as of June, 2022.



Source: Built by FAS/Santo Domingo with data from TDM and GATS/USDA.

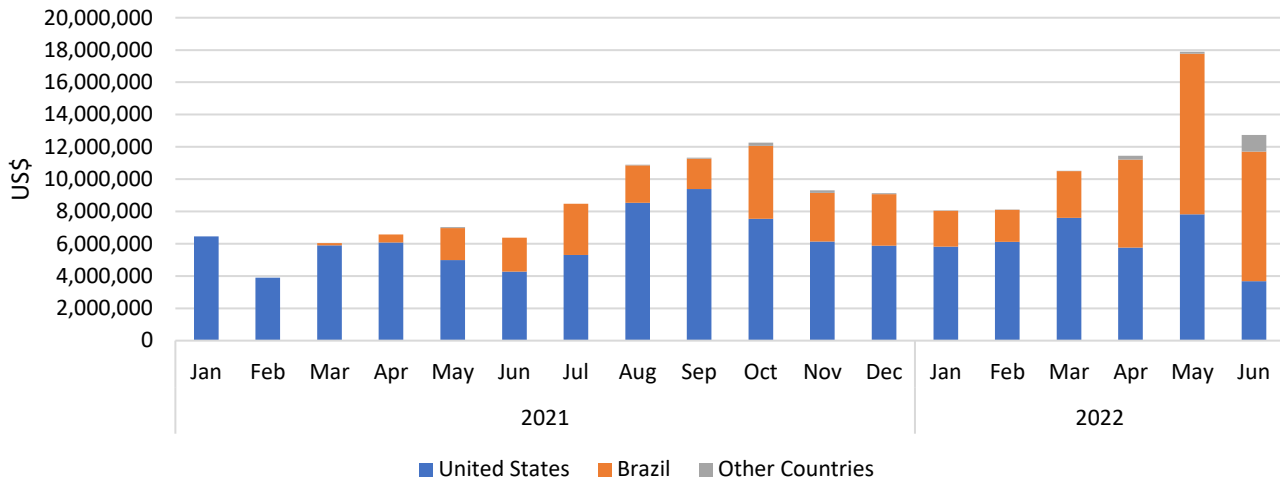
The decline of U.S. share in the local poultry export market mentioned above has come as a result of two main factors:

1. The implementation of [Law 6-22](#), issued by the GoDR to temporarily reduce to zero percent (0%) the tariff rates applied at the border of the most important products in the country's basket of goods. Poultry was included as one of the products in this law. Other products in the basket include beef, pork, beans, powder milk, wheat and wheat products, garlic, canned foods, butter, margarine and refined oils.
2. The implementation by the General Directorate of Livestock of the DR (DIGEGA) of more stringent protocols to import poultry products from the United States due to the current outbreak of HPAI in the United States.

## 2.2. Value

In terms of value, poultry exports to the DR in 2022 are likely to surpass the total for 2021. As of June 2022, poultry exports to the DR totaled US\$68.7 million; an 89 percent increase of total exports during the first six months of 2021 (US\$36.3 million).

**Graphic 4. Value of Poultry Exports to the DR (HS0207)**



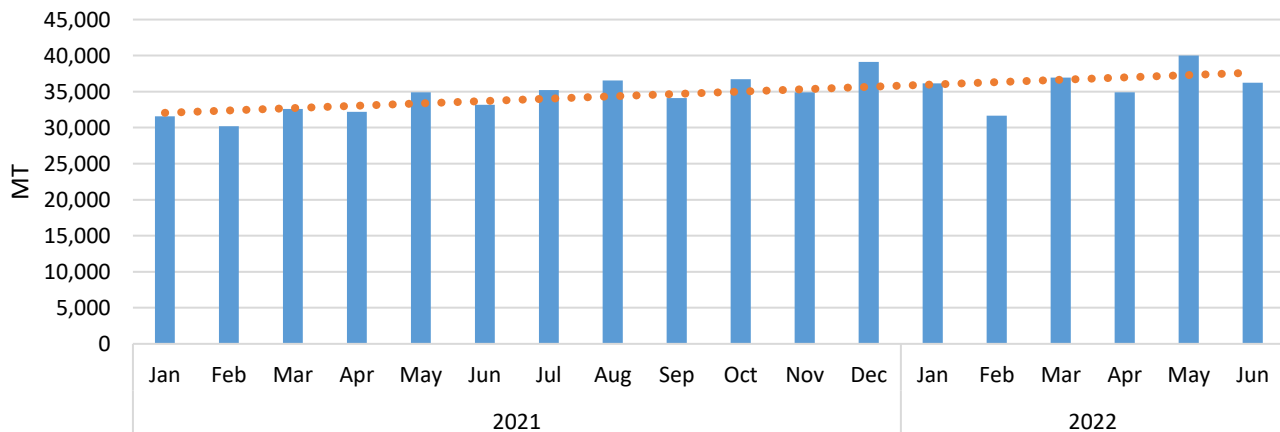
Source: Built by FAS/Santo Domingo with data from TDM and GATS/USDA.

In terms of value, the United States continues to lead poultry exports to the DR with 53 percent (US\$36.8 million) of total exports as of June 2022. However, this is a 102 percent decline from the US\$74.4 million exported during the same period in 2021. As of June 2022, Brazil accounts for 44 percent (US\$30.5 million) of total poultry exports to the DR.

### 3. Consumption

Consumption of poultry in the DR is on the rise, after being severely affected by the COVID-19 pandemic throughout 2020. In 2021, poultry consumption is estimated at 411,270 MT. This represents a per capita annual consumption of 83 pounds. Post forecasts poultry meat consumption at 425,000 MT for 2022.

**Graphic 5. Consumption of Poultry in the DR (MT)**

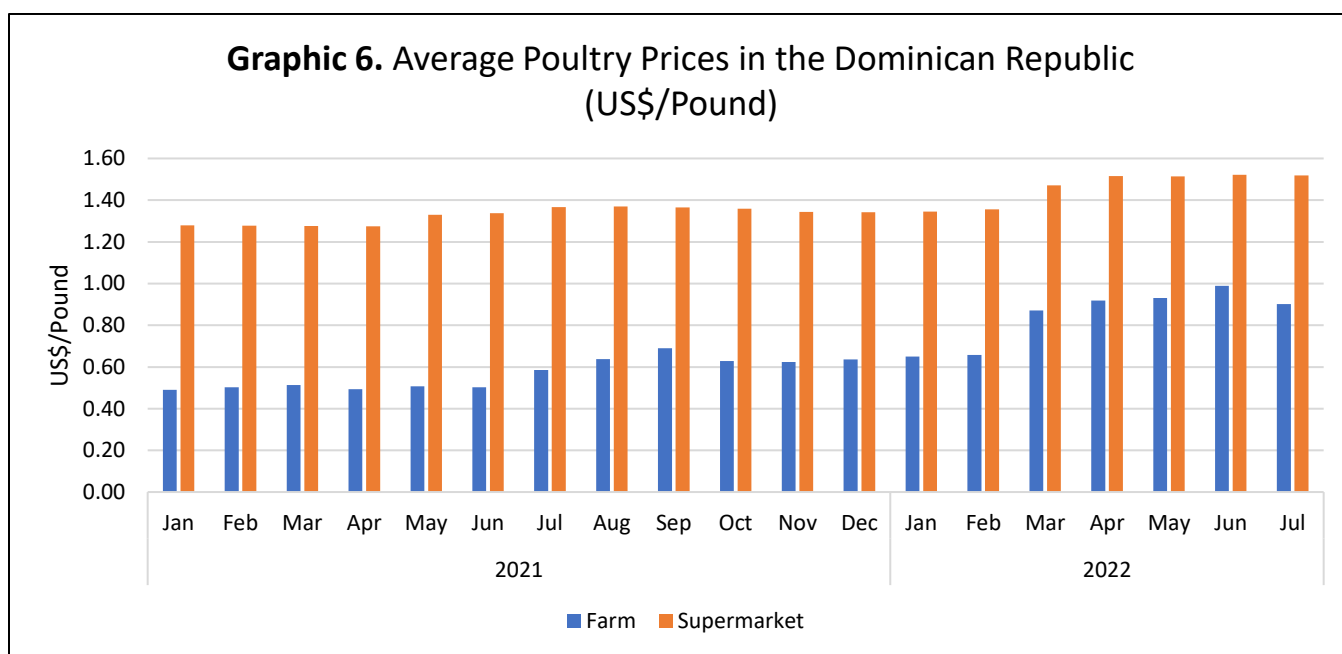


Source: Built by FAS/Santo Domingo with data from the Ministry of Agriculture, TDM and GATS/USDA.

Increased demand for poultry has come as a result of, among other factors, increased demand for poultry meat from the record number of tourists visiting the country. According to the Dominican Central Bank, after receiving 1,897,643 tourists during the period of January-June, 2021, the DR has received 3,547,143 tourists during the same period in 2022. Additionally, a decline in the availability of pork in the local market due to the ASF outbreak has also caused a shift in demand among meat processors away from pork mechanically deboned meat (MDM) to poultry MDM. The impact of ASF on pork prices has also shifted consumer demand for pork meat towards poultry meat.

#### 4. Prices

Poultry prices have increased steadily in 2022, reaching an average price of US\$1.52/pound at the retail level for the month of June. In 2021, retail prices for poultry increased by 4.88 percent. However, so far into 2022, average retail prices of poultry have increased by 12.74 percent.



Source: Built by FAS/Santo Domingo with data from the Ministry of Agriculture of the DR; using Central Bank exchange rate on 08/25/2022 of 1US\$=RD\$53.31.

In the case of poultry farmgate prices, they have also increased steadily reaching an average of US\$0.90/pound in June, 2022. After increasing by 28.43 percent in 2021, prices have increased 40.02 percent so far in 2022. Increased costs of production, for inputs such as corn and soybean meal, have influenced the farmgate price increases.

#### 5. Policy

Under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), the DR negotiated that poultry (specifically chicken leg quarters [CLQ]) be placed in Basket V, which provides a longer-term tariff reduction period -- 20 years -- as well as establishes an initial 99 percent out-of-quota tariff rate. This out-of-quota tariff rate remained unchanged during the first 10 years of the Agreement, until 2015.

From 2016 to 2020, the out-of-quota tariff rate was reduced by 8 percent annually, and from years 2021 to 2025, by 12 percent annually. For 2022, the out-of-quota tariff rate for CLQ is 35.6 percent. Additionally, the DR negotiated a special safeguard with an added tariff rate. For 2022, the safeguard tariff rate, if activated, is 83.2 percent. This special safeguard can be applied until the end of the tariff reduction period on January 1, 2025. In the case of turkey thighs and turkey MDM) special safeguards were also negotiated.

Furthermore, under CAFTA-DR, the DR negotiated the establishment of tariff rate quotas (TRQs) for CLQ and turkey thighs, providing them with an in-quota tariff rate of zero percent. The TRQ started at 550 MT for CLQ and 3,850 MT for turkey thighs in year 1 of the agreement (2006). The TRQ for CLQ has increased to 1,350 MT as of 2022. The market for turkey thighs was liberalized in 2017.

**Table 1**

Dominican Republic commitments with the U.S. within the CAFTA-DR for poultry products										
Year	Chicken thighs*				Turkey thighs (frozen or fresh) and pulp#				Turkey MDM^	
	TRQ (MT)	Out of quota tariff rate (%)	Safeguard triggers (MT)	Safeguard tariff rate (%)	TRQ (MT)**	Out of quota tariff rate (%)	Safeguard triggers (MT)**	Safeguard tariff rate (%)	Tariff rate (%)	Safeguard tariff rate (%)
2006	550	99.0	715	99.0	3,850	36.7	5,005	40.0	18.3	20.0
2007	600	99.0	780	99.0	4,200	33.3	5,460	40.0	16.7	20.0
2008	650	99.0	845	99.0	4,550	30.0	5,915	40.0	15.0	20.0
2009	700	99.0	910	99.0	4,900	26.7	6,370	40.0	13.3	20.0
2010	750	99.0	975	99.0	5,250	23.3	6,825	35.8	11.7	17.9
2011	800	99.0	1,040	99.0	5,600	20.0	7,280	35.0	10.0	17.5
2012	850	99.0	1,105	99.0	5,950	16.7	7,735	34.2	8.3	17.1
2013	900	99.0	1,170	99.0	6,300	13.3	8,190	33.3	6.7	16.7
2014	950	99.0	1,235	99.0	6,650	10.0	8,645	25.0	5.0	12.5
2015	1,000	99.0	1,300	99.0	7,000	6.7	9,100	23.3	3.3	11.7
2016	1,050	91.1	1,365	99.0	7,350	3.3	9,555	21.7	1.7	10.8
2017	1,100	83.2	1,430	99.0	Unlimited	0.0	N/A	N/A	0.0	N/A
2018	1,150	75.2	1,495	99.0						
2019	1,200	67.3	1,560	99.0						
2020	1,300	59.4	1,625	89.1						
2021	1,350	47.5	1,690	86.1						
2022	1,350	35.6	1,755	83.2						
2023	1,400	23.8	1,820	61.4						
2024	1,450	11.9	1,885	55.4						
2025	Unlimited	0.0	N/A	N/A						

\*HS 02071492  
#HS 02072612, 02072792 and 02072793  
^HS 02072710  
\*\* The TRQ and Safeguard trigger quantities includes all turkey products  
Source: Build by FAS/Santo Domingo with CAFTA-DR documents

**Attachments:**

No Attachments.