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Report Name: Food Processing Ingredients

Country: Dominican Republic

Post: Santo Domingo

Report Category: Food Processing Ingredients

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Report Highlights:

The Dominican Republic’s food processing industry was valued at \$10.6 billion during calendar year (CY) 2021 in activities categorized as “food industry” with an additional \$3.2 billion for processed beverages and other products in the same period. Meat processing, wheat milling, bakery products, and dairy processing continue to lead the food processing industry. The United States continues to be a strong supplier of meats, edible oils, fats, dairy products, wheat, and other key ingredients. There is potential for increased exports of these and other U.S. ingredients, especially since the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) continues towards full implementation by January 1, 2025. This report was recalled to correct the table of the top 10 list of growth products and the 2021 market share graph in Figure 1.

Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country with low and stable inflation. But from January 2021 to January 2022, the country experienced year-on-year inflation of 8.73 percent. It is the second-largest economy in the Caribbean, just behind Cuba, and the third-largest country in terms of population (behind Cuba and Haiti). In 2020, the DR's Gross Domestic Product (GDP) contracted by 6.7 percent and in 2021 experienced a 4.7 percent increase from 2019, with a projected increase of 5.5 percent for 2022. The DR's major export growth has shifted away from its traditional products (i.e., raw sugar, green coffee, and cacao) to gold, Ferronickel, sugar derivatives, free-trade zone products, vegetables, and other agricultural products. The major imports include consumer-oriented products and livestock feed, with the United States as a primary partner.

Imports of Consumer-Oriented Products

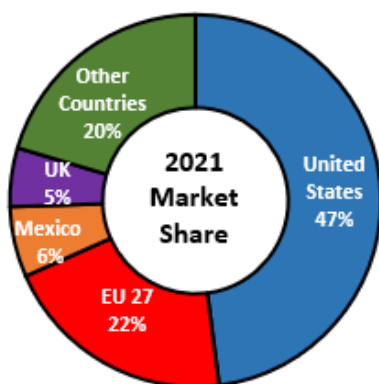


Figure 1. Among CAFTA-DR signatories, the United States is the primary supplier of consumer-oriented agricultural products to the DR, capturing 47 percent market share in 2021.

Source: TDM

Food Processing Industry

The Dominican Republic's food processing industry was valued at \$10.6 billion during calendar year (CY) 2021 in activities categorized as "food industry", with an additional \$3.2 billion for processed beverages and other products during the same period. Meat processing, wheat milling, bakery products, and dairy processing continue to lead the food processing industry. The United States is historically a strong supplier of meats, edible oils, fats, dairy products, wheat, and other key ingredients. There is potential for increased exports of these and other U.S. ingredients, especially with full implementation of CAFTA-DR by January 1, 2025.

Food Retail Industry

The Dominican modern retail sector offers a wide variety of U.S. products. The sector is dominated by locally-owned companies and is growing rapidly. However, despite their growth, supermarkets only account for 20-25 percent of retail sales. Most sales are still in the traditional channel, which includes neighborhood stores (colmados) and warehouses, which offer largely local products.

Quick Facts CY 2021

List of Top 10 Growth Products

- | | |
|-----------------|---------------------------|
| 1) Soybean Meal | 6) Distilled Spirits |
| 2) Pork | 7) Fruit Juices |
| 3) Wheat | 8) Non-fat Dry Milk |
| 4) Beef | 9) Poultry - Broiler Meat |
| 5) Corn | 10) Wine |

Consumer-Oriented Trade (U.S. billion)

DR Imports (all sources)	1.92
DR Imports (from U.S.)	0.91
DR Exports (all destinations)	2.07
DR Exports (to U.S.)	1.38

Top DR Retailers

- | | |
|--------------------------|----------------|
| 1) La Sirena | 6) Mercatodo |
| 2) Sirena Market | 7) Plaza Lama |
| 3) Jumbo | 8) PriceSmart |
| 4) Nacional Supermarkets | 9) Carrefour |
| 5) Bravo | 10) Superfresh |

*GDP/Population

Population: 10.7 million
GDP: US\$86 billion
GDP per capita: US\$8,037

Source: Global Agricultural Trade System (GATS), Trade Data Monitor (TDM); World Bank. *Estimate.

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products.	Higher cost of some U.S. products compared to competitors.
Proximity to the United States and strong demand for U.S. products.	Import sensitivity of several products.
Opportunities	Threats
Additional trade liberalization through the full implementation of CAFTA-DR by 2025.	The ongoing and incoming negative impact of the COVID-19 pandemic over the Hotel Restaurant Institutional (HRI) sector.
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Competition from other CAFTA-DR signees and other free trade agreement partners.

Figure 2. CAFTA-DR free trade agreement SWOC for U.S. exports.

Contact: Foreign Agricultural Service Santo Domingo

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SECTION I. MARKET SUMMARY

1.1. Market Size

The Dominican Republic’s food processing industry was valued at \$10.6 billion during calendar year (CY) 2021 in activities categorized as “food industry”, with an additional \$3.2 billion for processed beverages and other products during the same period, according to the Central Bank of the Dominican Republic. In 2021, the added value of the food industry registered an increase of 0.1 percent in comparison to the same period from 2020, supported mainly by the performance in sugar production (5 percent), meat processing (2.9 percent) and other food products (2.2 percent). Nevertheless, the production of oils and fats from plant and animal origin and dairy products decreased by 6.5 percent and 5.7 percent, respectively. Since implementation of the U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), U.S. ingredients have played an increasing role in the DR’s food processing sector. For general information, please refer to FAS/Santo Domingo’s 2021 [Exporter Guide](#).

Advantages and Challenges in the Market

Advantages	Challenges
<ul style="list-style-type: none">• The implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products• A growing food manufacturing industry, which demands new, innovative, and high-performance ingredients• Proximity between the countries and strong commercial and cultural ties• Efficient food distribution channels• Improved quality standards and enforcement	<ul style="list-style-type: none">• Competition from other CAFTA-DR signees and the DR’s other free trade agreement partners• Delays for import permits and sanitary registration, which can affect the availability of imported ingredients• Insufficient number of qualified technicians, which can limit production• High costs and inefficient electricity service, which increase production costs

SECTION II. ROAD MAP FOR MARKET ENTRY

2.1. Entry Strategy and Distribution Channel

While some raw materials are available locally, many processed products contain imported ingredients, with numerous ingredients from the United States. Imported products enter the DR by one of two channels: direct purchase by food processing companies or via large importers and distributors. Final processed products are then distributed to retail, food service, and institutional channels.

2.2. Import Procedure

Import procedures into the DR are described in FAS/Santo Domingo's 2021 Food and Agriculture Import Regulations and Standards ([FAIRS](#)) [narrative report](#).

2.3. Market Structure, Share of Major Segments in the Food Processing Industry

An important part of the DR's food processing sector is meat processing. Euro Monitor International reports that in comparison to CY 2020: retail value sales grew by 3 percent year-over-year in 2021 to \$184 million. Frozen processed poultry was the best-performing category in 2021, with retail value sales rising by 4 percent year-over-year to \$7.2 million. More than 67 percent of processed meats are sold through the retail distribution channel, including distributors and supermarkets; the remainder is sold in mom-and-pop shops and butchers.

Dominican brands dominate the local market thanks to the variety of available products and competitive pricing strategies. Salami continues to lead total sales of processed meat products and is consumed by more than 85 percent of households in the country. The company Induveca S.A./MERCASID dominated the local market for processed meats in 2021, with a retail value share of 54percent. Other important companies include Sigma Alimentos and Productos Chef. While some international brands are present in the processed meat sector, their products have much higher prices, which are often beyond the budgets of most Dominican households.

In 2020, the United States led the imported meat products category in the DR, valued at \$263 million. Other sources include the European Union (EU), Canada, and Australia. Key U.S. ingredient exports include pork and beef trimmings, chicken mechanically deboned meat, turkey, and soy protein. Meat processors are key users of the pork CAFTA-DR tariff rate quota.

Wheat milling is another key sector in the local food processing industry. As DR does not produce wheat, it imports nearly all its wheat from the United States and Canada. In 2020, the country imported \$148 million in wheat. The United States supplied 32 percent (\$48 million) of that total, and Canada supplied 53 percent (\$78 million). In 2021, the United States dominated Dominican wheat imports to the Dominican Republic, supplying more than 54 percent (\$99 million) of the total.

Two companies are the major players in the local milling industry: Molinos Modernos S.A. and Grupo Bocol. Both companies process nearly 80 percent of all wheat imported into the DR. The main product produced by the millers is wheat flour. This wheat flour is the foundation of a large and growing baked goods industry. Retail sales of baked goods rose by 4 percent to \$310 million in 2021; flatbread was the best-performing category, with sales rising by 7 percent.

The Dominican dairy processing industry has expanded its capacity over the past several years, focusing on cheese, shelf-stable milk, and yogurt. Over 50 percent of domestic fluid milk is processed into cheese and less than 5 percent into yogurt. Most of these cheeses are produced by more than 400 small and

medium-sized rural processing facilities. These manufactured products are not comparable to U.S. products due to differences in variety, quality, and sanitary factors. However, larger local companies, such as Sigma Alimentos and Mejia Arcalá, offer products that are comparable to U.S. cheeses.

Local cheese production recovered as COVID-19-related restrictions eased in 2021. The retail value of cheese sold in the DR in 2021 is estimated at \$115 million. Growth in drinking milk products was driven by demand for shelf stable milk and milk alternatives. Depending on local conditions, milk processors import powdered milk from the European Union and the United States for reconstitution. The leading local company in this category is Pasteurizadora Rica. For imported powdered milk, Mejia Arcalá is the largest player. The retail value of drinking milk products sold in the DR in 2021 was approximately \$305 million.

There is also a large sugar confectionery sector in the DR. While most sugar, cacao, and dairy products are sourced locally or from non-U.S. sources, other confectionary products, such as nuts, are of U.S. origin. The retail value of sugar confectionary sold in the DR in 2021 was approximately \$40.2 million.

2.4. Company Profiles & Company Products

There are more than 1,000 companies classified as agro-industrials and processors in the Dominican Republic. Based on the market structure described in Section 2.3, below is a list of key processing companies:

Company	Key Products
Meat Processing	
Induveca S.A./ MERCASID www.mercasid.com.do/es/empresas/induveca	Processed meat, cheese, and yogurt
Sigma Alimentos www.sigma-alimentos.com	Processed meat, cheese, butter, and yogurt
Productos Chef www.productoschef.com	Processed meat
Agrocarne (Central Romana Corporation) www.centralromana.com.do/estructura-corporativa/manufactura	Processed meat
Wheat Milling	
Molinos Modernos S.A. www.molinosmodernos.com	Wheat flour, pasta, and crackers
Grupo Bocel www.grupobocel.com/page/index.php	Wheat flour, pasta, cookies, and crackers
Baked Goods	
Horneados Pepin S.A. www.panpepin.com/	Bread and pastry
Lumijor SRL www.lumijor.com.do/	Bread

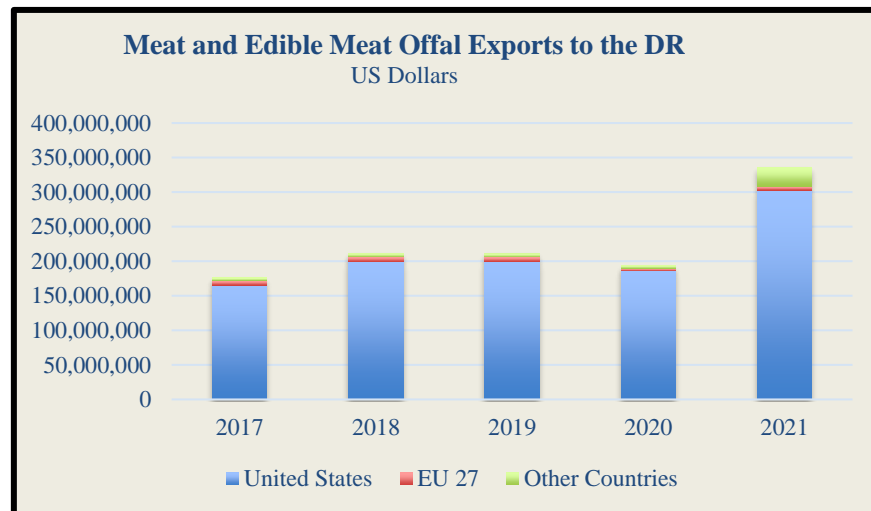
Company	Key Products
Dairy Products	
Sigma Alimentos www.sigma-alimentos.com	Processed meat, cheese, butter, and yogurt
Mejia Arcalá www.grupomejiaarcala.com/en/	Cheese and powdered milk
Grupo Rica www.gruporica.com/en	Shelf-stable milk, fruit juices
Nestlé Dominicana S.A. www.nestle.do	Milk products, cereals, dehydrated soups, seasoning and pet food
OTHERS	
Frito-Lay Dominicana S.A. www.fritolay.com	Snacks from plantains, cassava, potatoes, and spices
Quala Dominicana S.A. www.quala.com.do/rep-dominicana/inicio	Seasonings, powdered juice, oat products
Unilever Caribe S.A. www.unilever.com.mx	Seasoning products and corn flour

SECTION III. COMPETITION AND MARKET SHARE

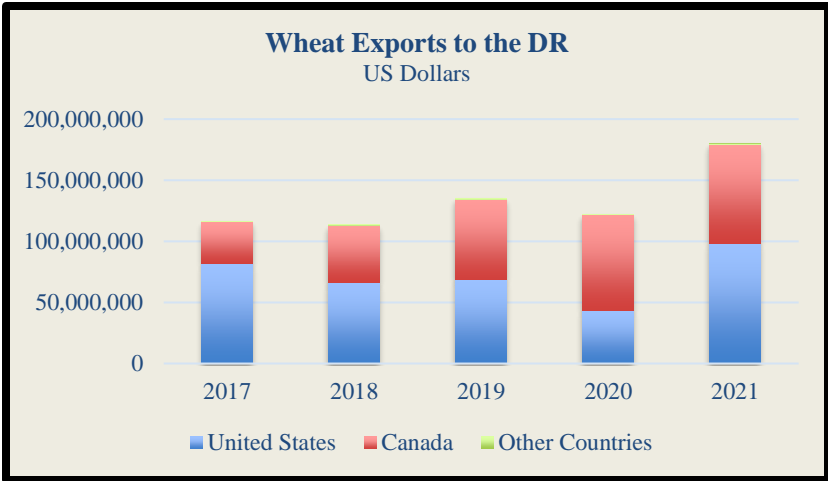
Meat Products:

In the last five years, U.S. meat comprised an average of 94 percent of total Dominican meat imports, with an annual average value of \$225 million.

These numbers continue to grow each year. DR minor suppliers include the EU, UK, Brazil, and Australia.



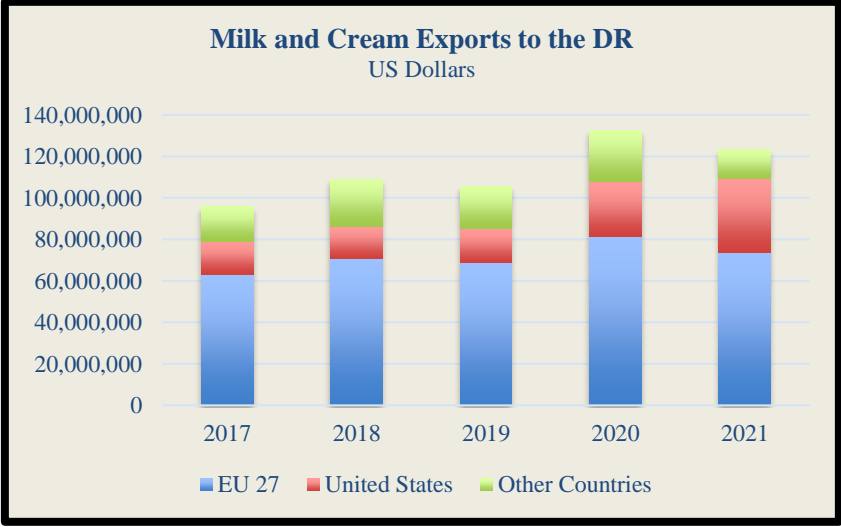
Source: Built by Post with data from TDM



Source: Built by Post with data from TDM

Wheat Milling Products: From 2017 to 2021, U.S. wheat (HS 1001) comprised an average of 54 percent of total Dominican wheat imports, with an annual average value of \$72 million. Canada is the strongest (and growing) competitor for the United States in this market, with 45 percent of total wheat exports to the Dominican market in 2021.

Dairy Products: In the last five years, the Dominican Republic imported an annual average of 19 percent of milk and cream (powdered milk, HS0402) from the United States, with an annual average value of \$22 million. The EU makes up the largest market share for this product, representing an annual average of 63 percent of total Dominican imports.



Source: Built by Post with data from TDM

SECTION IV. BEST PRODUCTS PROSPECTS CATEGORIES

The United States has a strong history of supplying meat, edible meat offal, and animal and vegetable fats for the Dominican meat processing industry; this is expected to continue. There is potential for increased exports of U.S. ingredients for the milling, dairy, and confectionary industries, especially with full implementation of CAFTA-DR on the horizon by 2025. Post anticipates this growth will be seen within products already present in the market. However, growth opportunities for U.S. dairy ingredients may continue to be limited by onerous and time-consuming import requirements.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/ USDA)

República de Colombia Av. #57, Arroyo Hondo, Santo Domingo, Dominican Republic.

U.S. Embassy in Santo Domingo, DR.

Telephone: 809-368-7654

E-mail: agsantodomingo@fas.usda.gov

Web page: www.fas.usda.gov

Comment: Please contact this office for more detailed information about the Dominican food market, lists of importers, major players in the sector, questions, etc.

Dominican Institute for Quality Standards (INDOCAL)

(Ministry of Industry and Commerce)

Av. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales

Juan Pablo Duarte, Piso 11 (Edif. El Huacal), Santo Domingo, Dominican Republic

Contact: Ing. Lorenzo Ramírez, Director General

Telephone: 809-686-2205

Fax: 809-686-2235

E-mail: servicioalcliente@claro.net.do

Web page: <https://indocal.gob.do/>

Comment: This bureau is part of the Ministry of Industry and Commerce and issues and enforces the application of NORDOM 53, which requires Spanish labeling and the sanitary registration number on all pre-packed retail food products. In addition, Indocal is where the Standard Committees (composed of both the private and the public sector) update the industry on a regular basis.

General Directorate of Customs (Dirección General de Aduanas - DGA)

Av. Abraham Lincoln No. 1101, Ens. Serrallés

Santo Domingo, Dominican Republic

Contact: Mr. Eduardo Sanz Lovatón, Director

Telephone: 809-547-7070

Fax: 809-540-5853

E-mail: info@dga.gov.do

Webpage: <https://www.aduanas.gob.do/>

Comment: DGA is the official entity in charge of customs and the local regulations related to it.

Attachments:

No Attachments