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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 \$4.3 billion during calendar year (CY) 2022 in activities categorized as "food industry" with an additional \$1.1 billion for processed beverages and other products over 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 Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) continues towards full implementation by January 1, 2025.

Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country with traditionally low and stable inflation. However, in calendar year (CY) 2022, the country experienced year-on-year inflation of 7.83 percent, according to the Central Bank of DR (CBDR). 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 respectively). In CY 2022, the DR's gross domestic product (GDP) increased by 4.9 percent compared to 2021. In 2021, it increased by 12.3 percent over the previous year. 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 top 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 2022.

Source: TDM LLC

Food Processing Industry

The Central Bank of DR valued the food processing industry at \$4.3 billion during calendar year (CY) 2022 in activities categorized as “food industry” with an additional \$1.1 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, particularly as CAFTA-DR becomes fully implemented 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, which are still in the traditional channel, include neighborhood stores (i.e. colmados) and warehouses, which offer largely local products.

Quick Facts CY 2022

List of Top 10 Growth Products

- | | |
|-----------------------------------|-------------------------------|
| 1) Pork & Pork Products | 2) Dairy Products |
| 3) Other Consumer Oriented | 4) Beef and Beef Products |
| 5) Poultry Meat & Prods. | 6) Fruit and Vegetable Juices |
| 7) Distilled Spirits | 8) Fresh Fruits |
| 9) Bakery Goods, Cereals, & Pasta | 10) Food Preparations |

Consumer-Oriented Trade (U.S. Billion)

DR Imports (all sources)	1.36
DR Imports (from U.S.)	1.07
DR Exports (all destinations)	2.08
DR Exports (to U.S.)	1.14

Top DR Retailers*

- | | |
|----------------------|---------------------------|
| 1) Aprezio | 2) Sirena |
| 3) Plaza Lama | 4) Supermercados Nacional |
| 5) Hipermercados Olé | 6) Bravo |
| 7) Jumbo | 8) La Cadena |
| 9) Pricemart | 10) Sirena Market |

GDP/Population**

Population: 10.7 million
 GDP: US\$86 billion
 GDP per capita: US\$10,700

Source: Global Agricultural Trade System (GATS), Trade Data Monitor (TDM); World Bank. *Ordered by quantity of establishments. **Estimate.

Strengths/Weaknesses/Opportunities/Threats

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.	Competition from other CAFTA-DR signees and other free trade agreement partners.
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Increased supply chain disruptions

Figure 2. CAFTA-DR SWOT for U.S. exports

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SECTION I. MARKET SUMMARY

1.1. Market Size

The Dominican Republic’s food processing industry was valued at \$4.3 billion during calendar year (CY) 2022 in activities categorized as “food industry”, with an additional \$1.1 billion for processed beverages and other products during the same period, according to the Central Bank of the Dominican Republic. In 2022, the added value of the food industry registered an increase of 2 percent over the same period last year, supported mainly by the performance in animal and vegetable oil preparations (8.1 percent), dairy processing (3 percent), sugar preparation (1.8 percent) and meat processing (1.7 percent). Nevertheless, the production of oils and fats from plant and animal origin decreased by 6.6 percent. Since the implementation of the 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 2022 [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 Procedures

Import procedures for the DR are described in FAS/Santo Domingo’s 2022 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. Euromonitor International reports that 2022 retail sales grew by 7 percent to \$247 million compared to 2021. Processed meats was the best-performing category in 2022 with retail sales rising by 8 percent year-over-year to \$201 million. More than 67 percent of processed meats are sold through the retail distribution channel, which includes distributors and supermarkets; the remainder is sold in mom-and-pop stores and butcher shops.

Dominican brands dominate the local market thanks to the variety of available products and competitive pricing strategies. Eighty five percent of Dominican households consume salami, which continues to lead total sales of processed meat products. Food processing company Induveca S.A./MERCASID continues to hold a sizable share of the local market for processed meats in 2022 with a retail value share of 43 percent. Other important companies include Sigma Alimentos and Productos Chef. While some international brands participate in the processed meat sector, their products are priced higher, which are often beyond the budgets of many Dominican households. In addition, private label, although small in the retail market (1.3 percent), grew due to inflation, making local consumers more price sensitive.

In 2022, the United States led the imported meat products category in the DR, valued at \$430 million. This category grew by 50 percent in comparison to CY 2021. In 2022, following the spread of African swine fever (ASF), the meat processing industry saw large declines as the widespread animal disease outbreak continued to stymie local production, but boost pork imports to the DR. U.S. competitors include Brazil, Spain, and Canada. Main ingredient exports include pork and beef trimmings, ham, turkey, and soy protein. Meat processors are key users of the pork CAFTA-DR tariff rate quota.

Wheat milling is another significant sector in the local food processing industry, despite that DR does not produce wheat but imports nearly all wheat from the United States and Canada. In 2022, the country imported \$276 million in wheat, up 42 percent from the previous year. The United States dominated the market supplying 52 percent (\$145 million) of the total market, while Canada supplied 37 percent (\$102 million). Such growth in the wheat sector is partially attributable to the reopening of the hotel, restaurant, and institutional (HRI) sector as well as the record level of tourists. According to the CBRD, the hotel, bar, and restaurant sector grew 24 percent year-over-year in CY 2022, a figure that undoubtedly contributed to the country's economic recovery post COVID-19.

Two companies are the major players in the local milling industry: Molinos Modernos S.A. and Grupo Bocol. Both companies together process nearly 80 percent of all wheat imported into the DR. The main product produced by the millers is wheat flour, which is the foundation of a large and growing baked goods industry. Retail sales of baked goods rose by 9 percent to \$373 million in 2022; flatbread was the best-performing category, with sales rising by 11 percent.

Health and wellness trends continue to drive innovation and are becoming increasingly important in the baked goods industry. Alternative flours, such as coconut or almond, may be attractive niches to capture increasing consumer demand for gluten-free products, higher protein, and other alternatives. According to Euromonitor International, artisanal baked goods increased 55 percent during 2022 reporting period.

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 comparable to U.S. cheeses.

Local cheese production rebounded as COVID-19-related restrictions eased in 2021. The retail value of cheese sold in the DR in 2022 is estimated at \$122 million. The retail value of drinking milk products grew nearly 10 percent compared to CY 2021 sales, 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 2022 totaled approximately \$336 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 confectionery products, such as nuts, are of U.S. origin. The retail value of sugar confectionery sold in the DR in 2022 totaled approximately \$60.7 million. Nonetheless, this category grew at an historically slower rate of only 3 percent in CY 2022, due to the increasing demand for healthier options. Low-sugar alternatives are still attractive to consumers as health awareness increases.

2.4. Company Profiles & Company Products

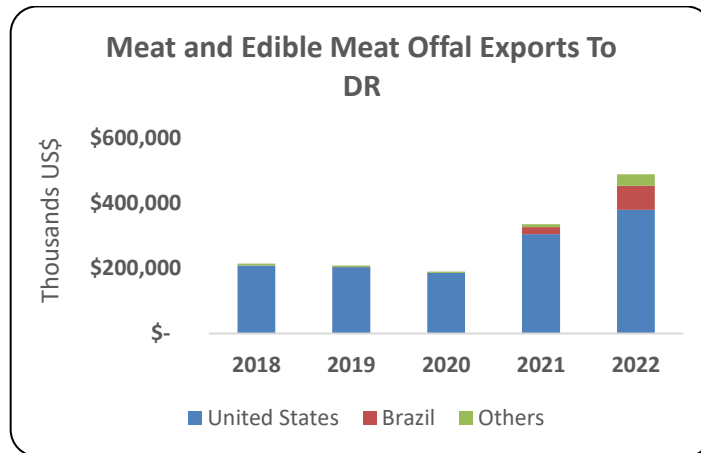
There are more than 1,000 companies classified as agro-industrials and processors in the Dominican Republic. Based on the market structure described in Section 2.3, below is a list of key processing companies:

Company	Key Products
Meat Processing	
Induveca S.A./ MERCASID www.induveca.com.do	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.molinosmodernosenlinea.com/rd	Wheat flour, pasta, and crackers
Grupo Bocel www.grupobocel.com	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
Dairy Products	
Sigma Alimentos https://www.sigma-alimentos.com/en/	Processed meat, cheese, butter, and yogurt
Mejia Arcalá https://mejiaarcala.com/	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. https://www.quala.com.do/	Seasonings, powdered juice, oat products
Unilever Caribe S.A. www.unilever.com.mx	Seasoning products and corn flour

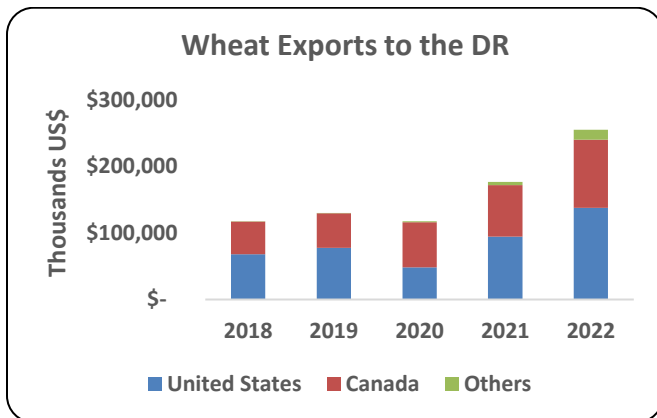
SECTION III. COMPETITION AND MARKET SHARE

Meat Products:

In the last five years, U.S. meat averaged 92 percent of total Dominican meat imports, with an annual average value of \$256 million. Due to the Highly Pathogenic Avian Influenza (HPAI) outbreak in the United States, DR buyers increased imports of poultry from Brazil, which led to a decrease in U.S. market share to 77 percent in 2022.



Source: Built by Post with data from TDM



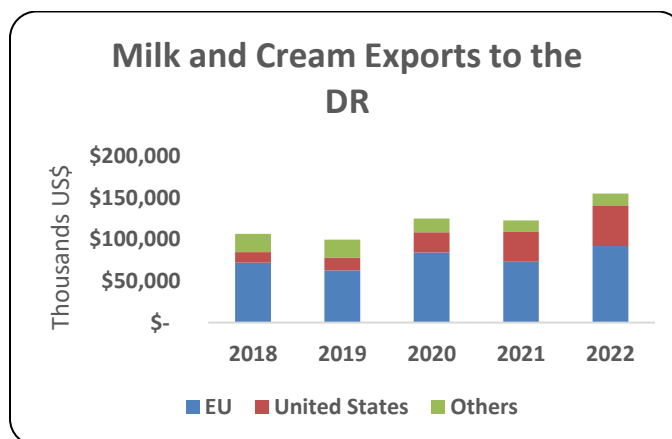
Source: Built by Post with data from TDM

Wheat Milling Products:

From 2018 to 2022, U.S. wheat (HS 1001) comprised an average of 54 percent of total Dominican wheat imports, with an annual average value of \$85 million. Canada is the United States' strongest competitor in this market with 40 percent of total wheat exports to the Dominican market in 2022.

Dairy Products:

Over the last five years, the Dominican Republic imported an annual average of 22 percent of milk and cream (powdered milk, HS0402) from the United States, with an annual average value of \$27 million. The European Union makes up the largest market share for this product, accounting for an annual average of 59 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 to materialize within products already present in the market. However, onerous and time-consuming import requirements for U.S. dairy ingredients may constrain growth opportunities for other U.S. ingredients.

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

Attachments:

No Attachments