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Report Highlights:

Wheat consumption in the Dominican Republic (DR) during Marketing Year (MY) 2021/2022 (July 2021/ June 2022) is forecast at 455,000 metric tons (MT), with imports at 590,000 MT. The increased forecast is due to an expected recovery of Dominican exports of flour and baked goods, as well as an expected recovery in tourism after the adverse impact of the COVID-19 pandemic on the food service sector. Post forecasts Corn imports to reach 1,550,000 MT during MY 2021/22 (October 2021/ September 2022) due to expected strong demand from the poultry sector, as demand for poultry and egg products continues to recover from the pandemic. The COVID-19 pandemic did not have a significant impact on production and consumption of Rice in the Dominican Republic. Production of milled rice for MY 2021/22 (July 2021/ June 2022) is forecast at 605,000 MT with expectations of normal rainfall patterns in the major production areas and increased availability of irrigation water.

1. WHEAT

1.1. Production

The Dominican Republic (DR) does not produce wheat; the country continues to be completely dependent on imports to supply the domestic market.

1.2. Consumption

The DR continues to have one of the highest per capita wheat and wheat products consumption rates in the Latin American and Caribbean Region. For Marketing Year (MY) 2021/2022 (July 2021/ June 2022), Post forecasts a slightly increased consumption of wheat and wheat products at 455,000 MT. The increased forecast is due to an expected recovery of Dominican exports of flour and baked goods, as well as an expected recovery in the number of tourists visiting the country after the adverse impact of the COVID-19 pandemic on the HRI sector. Additionally, the forecast takes into consideration the expected normal growth in the population. Post estimates local consumption decreasing to 450,000 MT during MY 2020/21, due to the lifting of COVID-19 related lockdown restrictions, and earlier COVID-19 related mitigation measures such as the *Stay in Home* program (quedate en casa), that prompted Dominican consumers to demand unusually high quantities of baked goods (bread, crackers, pastries, etc.) and local pastas. Prior to the COVID-19 pandemic, lower socio-economic groups were supported with a financial program providing them a card to make purchases in colmados (small mom and pop stores). The *Stay in Home* program increased the amount given to these beneficiaries and allowed them to additionally purchase food in supermarkets.

The country continues to have a large milling industry and imports almost all of its wheat from the United States and Canada. Currently, the DR boasts a daily milling capacity of around 3,320 MT, with a current average utilization of 60-65 percent, divided among six different processors:

MILLS CURRENTLY OPERATING IN THE DOMINICAN REPUBLIC

Molinos Modernos*	Grupo Bocel
Grupo J. Rafael Núñez	COOPROHARINA
Molinos del Higuamo	César Iglesias

* Also owns Molinos del Caribe.

Molinos Modernos and Molinos Valle del Cibao process nearly 80 percent of all wheat imports. The main product is wheat flour, although several of the companies, such as Grupo Bocel, also produce crackers, cookies and pasta. Subsequently, wheat flour imports feed into a large domestic baked goods industry.

The retail value of baked goods sold in the DR in calendar year (CY) 2020 is estimated at approximately US\$261 million, a 10 percent increase from the value estimated during CY 2019. The largest share of baked goods sold in the DR is unpackaged, leavened bread, which includes the local staple breads called “*pan de agua*” and “*pan sobao*”. These items are consumed regularly by a broad spectrum of the population but are more heavily consumed in urban areas. The products are typically produced by industrial bakers, along with small and medium-sized bakeries, and subsequently distributed to a variety of supermarkets, “mom-and-pop” stores, markets and/or other bakeries.

In addition, many of these baked goods are distributed in the Dominican Government's feeding programs, especially school feeding. Bread, cookies, and muffins are included in the meals that reach more than 1.5 million school children in public schools throughout the country. Although schools were closed during the COVID-19 pandemic, the government has continued to distribute some food items, including wheat products, through the school feeding programs with a system in which parents go to the schools and pick up the food items.

While the majority of flour production is destined for the domestic market, the DR also exports considerable quantities of wheat flour and other finished products (e.g., crackers, pasta) to neighboring Haiti. To a lesser extent, the DR has increased its exports of wheat products to Puerto Rico, the United States, and other markets throughout the region.

1.3. Stocks

For MY 2021/22, Post forecasts ending stocks at 142,000 MT, lower than the 147,000 MT levels estimated for MY 2020/21, but higher than the usual levels of stocks expected from the local industry. Although the wheat milling industry in the Dominican Republic is mostly a "just in time" operation, with short and reliable shipment times from the United States and Canada, during CY 2021 local millers were prompted to increase their stocks to mitigate the effects of expected increases in international wheat prices.

Overall, millers' storage capacity is limited and varies considerably by processor. Among the six mills operating in the country, collective storage capacity is estimated to be 155,400 MT.

1.4. Trade

Imports

For MY 2021/22, Post forecasts imports of wheat and wheat products in the DR at 590,000 MT, above the 580,000 MT estimated to be imported during MY 2020/21. The increased forecast is expected as consumption and exports of wheat and Dominican wheat products continue to increase. For MY 2020/21, Post estimates imports will decline due to slowing local demand of wheat and wheat products, as COVID-19 related lockdown restrictions are lifted and people return to normal routines outside of the home.

Imports of wheat grain

The DR imported 630,340 MT of wheat grain during MY 2019/20, a significant increase from the 494,556 MT imported during MY 2018/19. The increase was prompted by an unusually high demand for locally-produced baked goods (bread, pastries, etc.) and pastas. The increased demand for those products was driven by: 1) increased consumption in the households impacted by lockdowns and curfews issued by the government to combat the effects of the COVID-19; 2) economic support measures, such as the Stay in Home program (quedate en casa), that allowed lower income consumers to access supermarkets, hence increasing their access to baked goods; and 3) logistical challenges and increased shipping costs that reduced the demand for imported pastas and products that are usually

shipped from Turkey and the EU. Additionally, during CY 2021 local millers were prompted to increase their stocks to mitigate the effects of expected increases in international wheat prices.

**DOMINICAN REPUBLIC WHEAT GRAIN IMPORTS BY PARTNER,
MY 2015-2019 (MT)***

Country	Years				
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
United States	309,718	414,090	322,944	277,201	289,046
Canada	191,785	103,264	192,275	217,345	341,277
Russia	25,000	0	0	0	0
Germany	0	0	2	0	0
EU	0	0	0	10	18
Total	526,503	517,354	515,221	494,556	630,340

*HS heading 1001

Source: Tabulation from GATS/USDA and Trade Data Monitor (TDM)

During MY 2019/20, the DR imported approximately 46 percent of its wheat from the United States (289,046 MT) and 54 percent from Canada (341,277 MT). Quality issues, such as levels of protein and industrial yields continue to steer local customers to source more wheat from Canada. So far, for MY 2020/21, the DR has imported approximately 77 percent of its wheat from Canada (195,004 MT) and 23 percent from the United States (58,756 MT).

Currently, the majority of Dominican wheat imports are comprised of Hard Red Winter (HRW), Soft Red Winter (SRW) and Hard Red Spring (HRS).

Exports

For MY 2021/22, Post forecasts total exports of wheat and wheat products from the DR to increase to 140,000 MT, after subpar years in MY 2020/21 and MY 2019/20 driven by increased local demand of wheat products and slower demand from international markets.

Informal trade of wheat and wheat products has decreased dramatically in the last few years, since the Haitian Government has focused its efforts on collecting taxes from those imports. Anecdotal reports from exporters indicate that those informal exports have been reduced to a minimum.

Haiti continues to be the most important export market for Dominican wheat products, accounting for 99 percent of total official exports during CY 2020. Other markets for Dominican exports include the United States and Caribbean Islands. Venezuela, which resumed its demand for Dominican pasta products during CY 2018 and CY 2019, did not import pasta products from the DR during CY 2020.

For MY 2021/22, Post forecasts exports of wheat and wheat products from the DR to Haiti through formal trade channels to remain strong at around 120,000 MT. Although Haiti has three milling companies currently operating, Dominican contacts claim that none of the Haitian mills are working at full capacity. Further, the ongoing political and social crisis in Haiti has created operational challenges for those companies, such as: 1) inability of workers to consistently comply with their work schedules or

even arrive to their posts; and 2) challenges sourcing wheat grain and products from other suppliers. During the last two years, at least two of the main milling companies in the DR have agreed to medium term agreements to supply specific amounts of wheat flour monthly to Haiti.

In May 2015, Haiti imposed import restrictions on Dominican wheat flour due to: 1) alleged content of potassium bromate in flour composition; and, 2) the need to establish a more formal transportation channel for the flour, requiring Dominican shipments to be delivered by sea and/or containers. In the near term, Haiti is not expected to lift these restrictions, but those are not expected to further affect trade.

1.5. Policy

Within the CAFTA-DR, the DR applies no tariffs on the importation of wheat. Additionally, as of January 1, 2020, the DR applies no duties on wheat flour, pasta products, and/or couscous. These products however are subject to a value-added tax (VAT¹) of 18 percent.

1.6. Statistics

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	57	57	122	132	0	147
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	655	655	580	580	0	590
TY Imports (1000 MT)	655	655	580	580	0	590
TY Imp. from U.S. (1000 MT)	294	294	0	300	0	300
Total Supply (1000 MT)	712	712	702	712	0	737
MY Exports (1000 MT)	140	110	145	115	0	140
TY Exports (1000 MT)	140	110	145	115	0	140
Feed and Residual (1000 MT)	0	0	0	0	0	0
FSI Consumption (1000 MT)	450	470	440	450	0	455
Total Consumption (1000 MT)	450	470	440	450	0	455
Ending Stocks (1000 MT)	122	132	117	147	0	142
Total Distribution (1000 MT)	712	712	702	712	0	737
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

¹ The DR's value-added tax, or VAT, is referred to locally as the ITBIS.

2. CORN

2.1. Production

Corn production in the Dominican Republic continues to be limited. During MY 2019/20, local production reached 50,704 MT. On average, annual production totals 45,000-50,000 MT, mostly produced in the southwest region of the country. Generally, domestic production represents between 1-3 percent of total consumption.

Due to the high international prices for corn, the Ministry of Agriculture of the DR has recently declared its intentions to increase the planting of corn and sorghum at the national level. However, Post does not expect local production to increase significantly due to lack of appropriate extensions of sowing land, low quality seed varieties and many other production factors.

2.2. Consumption

For MY 2021/22 (October 2021/ September 2022), Post forecasts total consumption of corn at 1,600,000 MT, up from the 1,550,000 MT projected for 2020/21. After being negatively impacted by the COVID-19 pandemic, local demand for poultry and egg products is expected to quickly recover, especially with increased demand from the HRI sector.

Corn is an important ingredient for animal feed used in the Dominican poultry, egg and pork industries. Livestock producers import significant volumes of yellow corn for animal feed. According to trade sources, close to 70 percent of corn supply is consumed in broiler and layer production, while swine consume about 15 percent, and the food processing industry utilizes around 11 percent. The remaining five percent is consumed by cattle, mostly from the dairy sector.

Every year, the government and local producers set informal production quotas for chicken and egg production, setting minimum prices throughout the distribution chain. The country produces more than 2.0 billion eggs and 200 million chickens annually. On a per capita basis, the DR consumes a staggering 70 pounds of chicken meat per year, coupled with approximately 16 pounds of pork.

As a result of the closure of the borders due to the COVID-19 pandemic, the demand for chickens and eggs by the tourism sector plummeted. This caused local production of chickens to drop from 208 million units in CY 2019 to 179 million units in CY 2020.

2.3. Stocks

Storage facilities are limited and vary considerably among feed producers. The collective storage capacity is estimated to be around 120,000 MT, while utilization of storage capacity is estimated at around 65-70 percent.

2.4. Trade

For MY 2021/22, Post forecasts imports of 1,550,000 MT, up from the 1,500,000 MT projected for MY 2020/21. As mentioned above, the demand for poultry products in the HRI sector, especially tourism, is expected to quickly recover after being negatively affected by the COVID-19 pandemic.

Corn is purchased by a small number of companies and buying groups composed of producer associations. The most important are: JUPROPE, Consejo, ASODEP, APROAMOLI, and Pollo Cibao. Nearly 80 percent of all corn is imported by these groups.

The United States lost its dominance in the local corn market back in MY 2008/09, due to persistent complaints from local consumers concerning dust levels, grain cracking, mycotoxins, lack of yellow color and milling yields. At the same time, South American suppliers, mainly Brazil and Argentina, offered a more visibly attractive product, increased availability and made important improvements in logistics.

During MY 2019/20, U.S. market share declined to 36 percent, down from 41 percent in MY 18/19. Post expects U.S. market share to increase slightly during MY 2020/21 and MY 2021/22, as local customers are already buying significant quantities of mid- and end-of-year U.S. corn futures due to price differentials of up to \$20/MT compared to South American-sourced corn.

DOMINICAN REPUBLIC CORN IMPORTS BY PARTNER, MY 2016-2020 (MT)

Country	MY 15/16	MY 16/17	MY 17/18	MY 18/19	MY 19/20
Reporting Total	1,349,793	1,293,900	1,328,860	1,520,196	1,362,116
Brazil	662,073	406,546	566,591	722,151	762,949
United States	291,187	768,713	687,267	623,872	495,737
Argentina	310,687	118,600	74,895	152,046	103,375
Others	85,846	41	107	22,126	55

* HS heading 1005.

* Source: TDM, GATS, USDA

Brazil continues to be the strongest competitor for corn in the DR market. During MY 2019/20, Brazil supplied 56 percent of total Dominican imports. In the case of Argentina, during MY 2019/20, the country continued its strong exports to the DR, supplying 103,375 MT. To date, in MY 2020/21, Brazil continues its dominance in the market, supplying 86 percent of total Dominican imports.

Dominican exports of corn have not been significant. According to the National Directorate of Customs (DGA), the DR exported approximately 1,327 MT of corn during MY 2019/20; 99 percent of that total was destined for Haiti.

Imported yellow corn that is not used in the production of animal feed is milled to produce corn meal and corn grits for both domestic consumption and export. Some Dominican companies export these products to Haiti (through both formal and informal channels) and other markets throughout the region. Similarly, there are small amounts of corn-based animal feed products being exported to Cuba and other islands in the Caribbean.

2.5. Policy

As corn (along with soybean meal) constitutes one of the primary inputs in feed formulations, it is exempt from import duties in order to reduce costs for producers. Additionally, corn imports are not subject to the 18 percent VAT.

As part of the DR's commitments at the World Trade Organization (WTO), the country included corn among the agricultural products comprising the Technical Rectification (TR). Specifically, as part of its WTO commitments under the TR following the Uruguay Round, the Government of the DR established an initial tariff-rate quota (TRQ) of 703,000 MT for corn that increased gradually to 1,091,000 MT by 2004. Although the DR has a bound out-of-quota tariff rate of 40 percent, this tariff is not applied. According to Decree 569-12, the government will not apply the out-of-quota rate on corn imports.

Decree 569-12 also included corn in the Automatic License System for the adjudication of the quota, which means that the import process is expedited for importers.

At the present time, Dominican law requires every corn importer to purchase locally-produced sorghum. Specifically, the National Corn and Sorghum Commission (CNMS is the Spanish acronym) requires the purchase of five percent of national sorghum production in exchange for the importation of corn. According to officials at the Ministry of Agriculture, the five percent figure applies regardless of the amount of corn imported.

Finally, it is worth noting that the DR does not currently restrict imports of genetically engineered commodities. For imports of corn used as propagation material, the DR does have a rule in place that requires that the phytosanitary certificate accompanying the shipment state that said product "does not contain GMO material²".

² For more information on Biotechnology products in the Dominican Republic, please review our latest Biotechnology Annual Report at: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Agricultural%20Biotechnology%20Annual_Sant%20Domingo_Dominican%20Republic_10-20-2020.

2.6. Statistics

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested ^(1000 HA)	30	0	30	35	0	35
Beginning Stocks ^(1000 MT)	181	181	85	84	0	88
Production ^(1000 MT)	50	50	50	55	0	55
MY Imports ^(1000 MT)	1354	1354	1500	1500	0	1550
TY Imports ^(1000 MT)	1354	1354	1500	1500	0	1550
TY Imp. from U.S. ^(1000 MT)	483	483	0	800	0	600
Total Supply ^(1000 MT)	1585	1585	1635	1639	0	1693
MY Exports ^(1000 MT)	0	1	0	1	0	1
TY Exports ^(1000 MT)	0	1	0	1	0	1
Feed and Residual ^(1000 MT)	1400	1400	1450	1450	0	1500
FSI Consumption ^(1000 MT)	100	100	100	100	0	100
Total Consumption ^(1000 MT)	1500	1500	1550	1550	0	1600
Ending Stocks ^(1000 MT)	85	84	85	88	0	92
Total Distribution ^(1000 MT)	1585	1585	1635	1639	0	1693
Yield ^(MT/HA)	1.6667	0	1.6667	1.5714	0	1.5714

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

3. RICE

3.1. Production

The COVID-19 pandemic did not have an important impact over production and consumption of rice in the Dominican Republic. Rice continues to be one of the most important agricultural products in the DR due to its political, economic and social impact on Dominican society. It is also a key part of the typical Dominican meal and consumed nearly every day. According to national estimates, the country has approximately 30,500 rice producers, while approximately 250,000 people are involved in the production, processing and marketing of rice. The sector contributes approximately five percent annually to the Agricultural Gross Domestic Product.

Post forecasts a harvested area for rice of approximately 185,000 ha in MY 2021/22 (July 2021/ June 2022), similar to the area projected for MY 2020/21. The Dominican Government currently has no plans to promote the expansion of rice production areas.

Rice is normally produced in two cycles during the year: 1) spring (April-May); and 2) winter (October-November).

During MY 2021/22, Post forecasts “rough” rice production to increase to 903,000 MT and milled production to 605,000 MT. Production is forecast to increase due to expected normal climate and rainfall conditions in the major production areas. For MY 2020/21, Post projects “rough” rice production increasing to 896,000 MT and milled production to 600,000 MT. Most rice in the country is produced under irrigation. According to Post sources, irrigated rice accounts for 99 percent of total area.

The average yield has varied between 4-5 MT/HA over the last ten years. Post sources expect yields to remain in this range in the coming years, due to lack of access to new varieties and production technologies.

3.2. Consumption

For MY 2021/22, Post forecasts local rice consumption at 610,000 MT, up from the 605,000 MT projected for MY 2020/21, in line with expected population growth. The COVID-19 pandemic did not have a negative impact over local consumption of rice. On the contrary, with the imposed lockdown measures to control the virus spread, rice consumption increased slightly during MY 2019/20.

3.3. Stocks

Post forecasts stock levels to remain stable at 294,000 MT during MY 2021/22. This forecast is similar to the annual market year average of approximately 50-60 percent of annual consumption. Storage facilities are owned by both private processors (mills) and the Dominican government.

Stock levels tend to be high as a result of the GoDR Pignoracion Program. According to Post sources, 80 percent of stocks are maintained under that program, which is further explained in section 3.5 (below).

3.4. Trade

Both imports and exports by the DR are limited. The country has been self-sufficient in rice in the last several years, and most rice imports come from the United States (99 percent of the MY 2019/20 total) thanks to a tariff rate quota (TRQ) established under the CAFTA-DR agreement. Since rice is included in Basket V of the agreement (explained in section 3.5 below), out-of-quota rice imports currently pay a duty of 47.5 percent, effectively pricing imports out of the market.

For MY 2021/22, Post forecasts imports of 35,000 MT, similar to the projection for MY 2019/20, due to expected increases in production levels and TRQ levels.

Dominican rice is exported on rare occasions, mainly to Haiti in the form of broken rice. For MY 2021/22, Post forecasts exports to remain stable at 10,000 MT.

3.5. Policy

Under CAFTA-DR, the DR negotiated that rice be placed in Basket V, which provides a longer-term tariff reduction period -- 20 years -- as well as establishing 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. Currently, the out-of-quota tariff rate for rice is 47.5 percent. Additionally, the DR negotiated a special safeguard with an additional tariff rate. This special safeguard can be applied until the end of the tariff reduction period on January 1, 2025.

Price controls are established via the Pignoracion Program³, which operates eight months out of the year. The National Rice Commission (CONA) establishes a yearly price band (for paddy rice, FOB mill). The CONA is composed of the Ministry of Agriculture, producers, processors, retailers and other public institutions. Price bands are established both annually and for each of the two harvest periods (May and September), based on historic prices, varieties and production estimates. For millers, purchasing according to CONA price bands is not obligatory, but it is a requirement for participation in the Pignoracion Program.

In general terms, the Pignoracion Program is a financial services program benefiting rice producers and processors. Under the program, processors (factories, cooperatives, etc.) or producers buy or produce rice, then mill and either market the rice or hold it in storage. If held in storage, this rice can be pledged as collateral for loans from commercial or public lending institutions. For participants in the Pignoracion Program, the cost of storage, interest and insurance costs are covered by the Ministry of Agriculture.

As rice constitutes one of the primary food sources for the population, it is exempt from the VAT.

³ For more information on the Pignoracion Program, please review our 2014 Report: "Dominican Republic Governmental Support for the Rice Sector" available at http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dominican%20Republic%20Governmental%20Support%20for%20the%20Rice%20Sector%20_Santo%20Domingo_Dominican%20Republic_4-2-2015.pdf

3.6. Statistics

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	196	174	190	185	0	185
Beginning Stocks (1000 MT)	242	242	286	254	0	274
Milled Production (1000 MT)	643	581	620	600	0	605
Rough Production (1000 MT)	960	867	925	896	0	903
Milling Rate (.9999) (1000 MT)	6700	6700	6700	6700	0	6700
MY Imports (1000 MT)	36	36	30	35	0	35
TY Imports (1000 MT)	38	38	30	35	0	35
TY Imp. from U.S. (1000 MT)	37	37	0	35	0	35
Total Supply (1000 MT)	921	859	936	889	0	914
MY Exports (1000 MT)	10	10	10	10	0	10
TY Exports (1000 MT)	10	10	10	10	0	10
Consumption and Residual (1000 MT)	625	600	630	605	0	610
Ending Stocks (1000 MT)	286	254	296	274	0	294
Total Distribution (1000 MT)	921	864	936	889	0	914
Yield (Rough) (MT/HA)	4.898	4.9828	4.8684	4.8432	0	4.8811

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments