

**Required Report:** Required - Public Distribution

**Date:** March 30, 2022

**Report Number:** DR2022-0002

## **Report Name:** Grain and Feed Annual

**Country:** Dominican Republic

**Post:** Santo Domingo

**Report Category:** Grain and Feed

**Prepared By:** Virgilio Mayol

**Approved By:** Frederick Giles

### **Report Highlights:**

Wheat consumption in the Dominican Republic (DR) during Marketing Year (MY) 2022/2023 (July 2022/ June 2023) is forecast at 451,000 metric tons (MT), virtually flat from MY 2021/22. Dominican imports are forecast at 610,000 MT, a 2 percent increase from the last MY, due to increased exports of Dominican wheat products and the adverse effects of international wheat process on local demand for wheat products. Corn imports are forecast to reach 1.6 million MT during MY 2022/23 (October 2022/ September 2023) due to expected strong demand from the poultry sector. Production of milled rice for MY 2022/23 (July 2022/June 2023) is forecast at 640,000 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) 2022/2023 (July 2022/ June 2023), Post forecasts a slightly increased consumption of wheat and wheat products at 451,000 MT. The consumption forecast is based on the ongoing recovery in tourism after the adverse impact of the COVID-19 pandemic on the HRI sector; that might be offset by the high prices of wheat and wheat products in the local market affecting local consumption.

Post estimates local consumption of wheat and wheat products to remain stable at 450,000 MT during MY 2021/22, due to the lifting of all COVID-19-related lockdown restrictions. The forecast takes into account that consumption is currently being affected by record international prices for wheat. The situation is affecting the local demand for baked goods (bread, crackers, pastries, etc.) and pastas. Also, during 2021, the Dominican Government terminated nearly all its COVID-19 mitigation programs for the most vulnerable, such as the *Stay at Home* program (quedate en casa), hence diminishing the unusually higher demand presented in 2020.

The country continues to have a large milling industry and imports most 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 rate of 65-70 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) 2021 is estimated at approximately US\$287 million, a 10 percent increase from the value estimated during CY 2020. The largest share of baked goods sold in the DR continues to be 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 continued to distribute some food items, including wheat products, through the school feeding programs with a system in which parents went to the schools and picked up the food items. With schools opening in-person classes during CY 2021, the feeding programs have resumed normal operations.

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 2022/23, Post forecasts ending stocks at 173,000 MT, a 5 percent increase compared to the levels estimated for MY 2021/22, 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 2022 local millers have made additional efforts to increase their stocks to mitigate the effects of 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 around 160,000-175,000 MT.

### ***1.4. Trade***

#### **Imports**

For MY 2022/23, Post forecasts imports of wheat and wheat products in the DR at 610,000 MT, a 2 percent increase over the estimated amount to be imported during MY 2021/22. The increased forecast is expected as consumption and exports of wheat and Dominican wheat products continue to increase, however, taking into account the adverse effect of international wheat prices over the local demand of wheat products. For MY 2021/22, Post estimates imports will fall due to slowing local demand for wheat and wheat products due to increased prices.

#### **Imports of wheat grain**

The DR imported 574,446 MT of wheat grain in MY 2020/21, a significant decrease from the 630,340 MT imported in MY 2019/20. The decrease was due to reduced demand for locally-produced baked goods (bread, pastries, etc.) and pastas. The decrease in the market for those products was driven by the following: 1) increased local prices for wheat and wheat products; and 2) the expiration of economic support measures, such as the Stay at Home program (quedate en casa), has diminished lower income consumers' ability to access supermarkets, hence decreasing their access to baked goods.

**DOMINICAN REPUBLIC WHEAT GRAIN IMPORTS BY PARTNER,  
MY 2016-2021 (MT)\***

Country	Years				
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
United States	414,090	322,944	277,201	289,046	317,581
Canada	103,264	192,275	217,345	341,277	256,865
Germany	0	2	0	0	NA
EU	0	0	10	18	NA
<b>Total</b>	<b>517,354</b>	<b>515,221</b>	<b>494,556</b>	<b>630,340</b>	<b>574,446</b>

\*HS heading 1001

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

In MY 2020/21, the DR imported approximately 55 percent of its wheat from the United States (317,581 MT) and 45 percent from Canada (256,865 MT). Quality issues, such as levels of protein and industrial yields continue to steer local customers to source more wheat from Canada. So far, in MY 2021/22, the DR has imported approximately 61 percent of its wheat from Canada (164,862 MT) and 37 percent from the United States (100,966 MT). The rest (3,560 MT) has been provided by Russia.

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 2022/23, Post forecasts total exports of wheat and wheat products from the DR to increase to 150,000 MT, driven by local wheat products manufacturers' expansion plans to reach international markets and the significant increase in informal trade in wheat and wheat products with Haiti.

Although the informal trade of wheat and wheat products had been decreasing dramatically over the last few years, after the assassination of Jovenel Moise, President of Haiti on July 7, 2021 and the subsequent political crisis in the country, informal exports of Dominican wheat flour and other products increased dramatically. Anecdotal reports showed that such exports reached between 45,000-50,000 MT in MY 2021/22. These informal exports are expected to continue at such levels in the short term.

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 terms of formal exports, Haiti continues to be the most important export market for Dominican wheat products. According to Dominican Customs, official exports of Dominican wheat products during CY 2021 totaled 93,352 MT. Exports to Haiti accounted for 99 percent of that total (92,773 MT). Other markets for Dominican exports include the United States, Venezuela and the Caribbean Islands.

## 1.5. Prices

International prices of wheat have directly impacted the prices of locally-produced wheat products in the domestic market. According to price reports from the Dominican Consumer Protection Agency (PROCONSUMIDOR), during CY 2021 wheat flour prices increased by 13 percent, bread prices increased by 5 percent and pasta prices increased by 13 percent.

AVERAGE MONTHLY PRICES OF SELECTED WHEAT PRODUCTS AT THE RETAIL LEVEL IN THE DR (US\$)													
Product	Presentation	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wheat Flour	Bag of 907 g	1.15	1.16	1.17	1.18	1.20	1.20	1.21	1.21	1.22	1.23	1.21	1.30
Bread	Bag of 1,265 g	3.14	3.20	3.21	3.20	3.16	3.16	3.17	3.26	3.29	3.25	3.26	3.31
Pasta	400 g	0.55	0.55	0.56	0.56	0.58	0.61	0.60	0.65	0.61	0.61	0.62	0.62

Source: Tabulation from reports from PROCONSUMIDOR downloaded on 03/16/22. Prices reported in RD\$. Exchange rate used 1US\$=55.07RD\$.

## 1.6. Policy

Within the Dominican Republic – Central America Free Trade Agreement (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, or couscous. These products however are subject to a value-added tax (VAT<sup>1</sup>) of 18 percent.

On March 7, 2022, President Luis Abinader addressed the nation to announce [10 policy measures](#) to mitigate inflation in the DR due to the impact of the COVID-19 pandemic and the recent confrontation between Russia and Ukraine. One of the measures announced was a subsidy of 10% for imported corn, wheat, soybeans, wheat flour and vegetable fat, for a period of 6 months. No implementation date or specific mechanism has been set for the measure. However, at current levels of international prices for wheat, local sources indicate that such measure will not have much impact on local prices for wheat products.

---

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

## 1.7. Statistics

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b> (1000 HA)	0	0	0	0	0	0
<b>Beginning Stocks</b> (1000 MT)	122	122	154	159	0	164
<b>Production</b> (1000 MT)	0	0	0	0	0	0
<b>MY Imports</b> (1000 MT)	627	627	600	600	0	610
<b>TY Imports</b> (1000 MT)	627	627	600	600	0	610
<b>TY Imp. from U.S.</b> (1000 MT)	332	332	0	300	0	350
<b>Total Supply</b> (1000 MT)	749	749	754	759	0	774
<b>MY Exports</b> (1000 MT)	145	140	145	145	0	150
<b>TY Exports</b> (1000 MT)	145	140	145	145	0	150
<b>Feed and Residual</b> (1000 MT)	0	0	0	0	0	0
<b>FSI Consumption</b> (1000 MT)	450	450	450	450	0	451
<b>Total Consumption</b> (1000 MT)	450	450	450	450	0	451
<b>Ending Stocks</b> (1000 MT)	154	159	159	164	0	173
<b>Total Distribution</b> (1000 MT)	749	749	754	759	0	774
<b>Yield</b> (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 2022/2023 = July 2022 - June 2023

## **2. CORN**

### ***2.1. Production***

Corn production in the Dominican Republic continues to be limited. In MY 2020/21, local production declined to 46,414 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 declared during CY 2020 its intentions to increase the planting of corn and sorghum at the national level. However, the intention was not translated to specific policies; therefore, the plans were not implemented. Post does not expect local production to increase significantly due to lack of appropriate extensions of sowing land and low quality seed varieties.

### ***2.2. Consumption***

For MY 2022/23 (October 2022/ September 2023), Post forecasts total consumption of corn at 1.6 million MT, up 3 percent from the projections for 2021/22. After being negatively impacted by the COVID-19 pandemic, local demand for poultry and egg products has recovered quickly, especially with increased demand from the HRI sector. Additionally, increased demand of those products has come with the detection and expansion of African Swine Fever (ASF) in the DR in CY 2021.

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 billion eggs and 200 million chickens annually. On a per capita basis, the DR consumes 70 pounds of chicken meat per year, coupled with approximately 16 pounds of pork.

With the opening of the borders and further elimination of all COVID-19 restrictions, the demand for chickens and eggs by the HRI sector skyrocketed. This caused local production of chickens to increase from 192 million units in CY 2020 to 212 million units in CY 2021.

### ***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 usually estimated at around 65-70 percent.

## 2.4. Trade

For MY 2022/23, Post forecasts imports of 1,550,000 MT, up from the 1,500,000 MT projected for MY 2021/22. As mentioned above, local demand for poultry and egg products has recovered quickly after being negatively affected by the COVID-19 pandemic, especially with increased demand from the HRI sector. With the spread of ASF throughout the country, heightening mortality of swine and Dominican government efforts to control and eradicate the disease by culling animals, demand for poultry and egg products will continue to rise.

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.

In MY 2020/21, U.S. market share declined to 31 percent, down from 36 percent in MY 19/20. Post expects this trend to continue in subsequent MYs, as local customers are already buying significant quantities of mid- and end-of-year corn futures from Brazil and Argentina due to quality and price differentials compared to U.S.-sourced corn.

### DOMINICAN REPUBLIC CORN IMPORTS BY PARTNER, MY 2017-2021 (MT)

Country	MY 16/17	MY 17/18	MY 18/19	MY 19/20	MY 20/21
Reporting Total	1,293,900	1,328,860	1,520,196	1,362,116	1,492,284
Brazil	406,546	566,591	722,151	762,949	716,880
United States	768,713	687,267	623,872	495,737	467,324
Argentina	118,600	74,895	152,046	103,375	307,776
Others	41	107	22,126	55	304

\* HS heading 1005.

\* Source: TDM, GATS, USDA

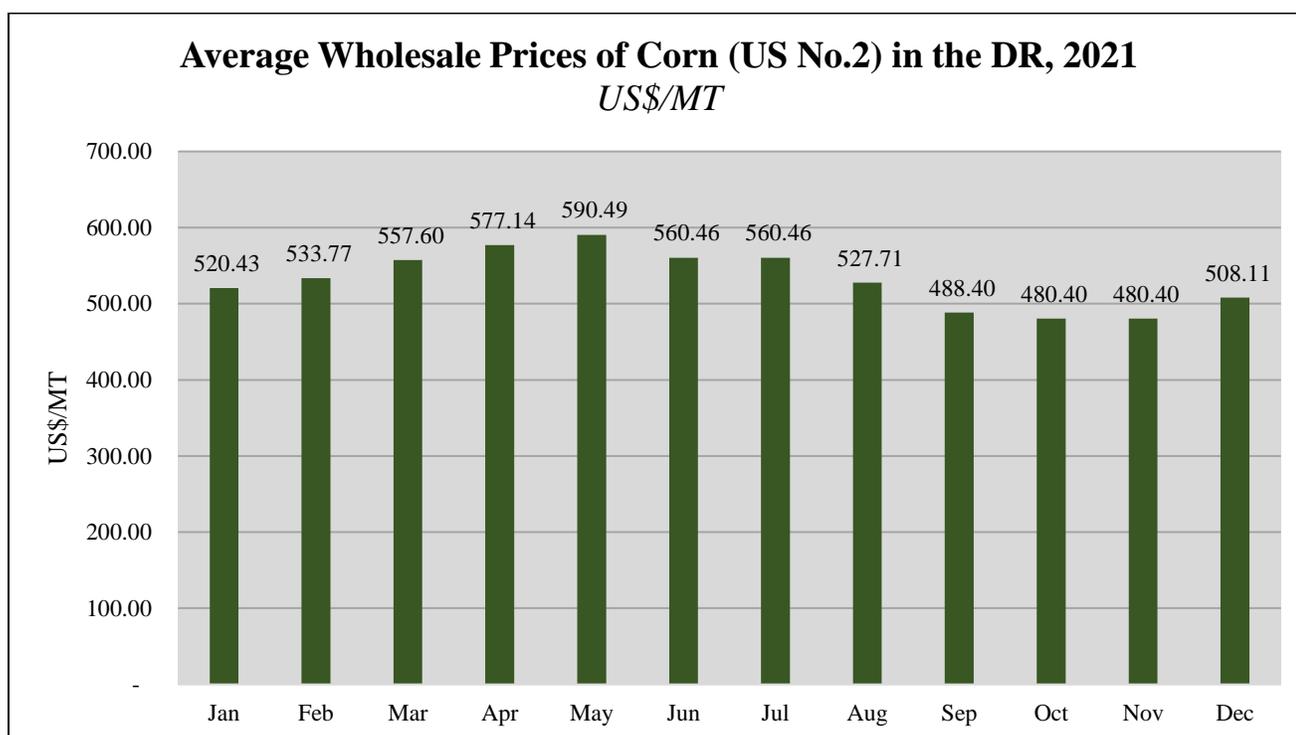
Brazil continues to be the strongest competitor for corn in the DR market. During MY 2020/21, Brazil supplied 48 percent of total Dominican imports. In the case of Argentina, during MY 2020/21, the country had an exponential growth of exports to the DR, supplying 307,776 MT. To date, in MY 2021/22, Brazil continues its dominance in the market, supplying 89 percent of total Dominican imports.

Dominican official exports of corn have not been significant. According to the National Directorate of Customs (DGA), the DR exported approximately 732 MT of corn during MY 2021/22; 90 percent of that total was destined for Haiti. However, anecdotal reports showed that informal exports of corn meal and grits to Haiti have grown in the last year reaching between 3,500-4,000 MT during MY 2021/22. Political instability in Haiti will lean toward continuance of this trend in the short term.

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. Prices

According to wholesale price reports from the Ministry of Agriculture of the DR, prices of corn have remained stable in the local market during CY 2021 at an average of US\$532.12/MT.



*Source: Built with data from monthly wholesale price reports from MOA, consulted on 03/16/22. Prices reported in RD\$. Exchange rate used 1US\$=55.07 RD\$.*

## 2.6. 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 to 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 Technical Rectification (TR). Specifically, as part of its WTO commitments under 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.

Additionally, 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 has a rule in place that requires that the phytosanitary certificate accompanying the shipment state that said product “does not contain GMO material<sup>2</sup>”.

Finally, as mentioned in the wheat section above, on March 7, 2022, President Luis Abinader addressed the nation to announce [10 policy measures](#) to mitigate inflation in the DR due to the impact of the COVID-19 pandemic and the recent confrontation between Russia and Ukraine. Corn was included among the list of commodities eligible for the subsidy. Local importers believe that the measure will alleviate the feed cost of poultry producers, and that will impact local prices of poultry and egg products.

---

<sup>2</sup> For more information on Biotechnology products in the Dominican Republic, please review our latest [Biotechnology Annual Report](#).

## 2.7. Statistics

<b>Corn</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Oct 2020</b>		<b>Oct 2021</b>		<b>Oct 2022</b>	
<b>Dominican Republic</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	30	30	35	30	0	30
<b>Beginning Stocks (1000 MT)</b>	85	85	130	122	0	120
<b>Production (1000 MT)</b>	50	46	55	50	0	50
<b>MY Imports (1000 MT)</b>	1495	1492	1400	1500	0	1550
<b>TY Imports (1000 MT)</b>	1495	1492	1400	1500	0	1550
<b>TY Imp. from U.S. (1000 MT)</b>	468	468	0	600	0	600
<b>Total Supply (1000 MT)</b>	1630	1623	1585	1672	0	1720
<b>MY Exports (1000 MT)</b>	0	1	0	5	0	5
<b>TY Exports (1000 MT)</b>	0	1	0	5	0	5
<b>Feed and Residual (1000 MT)</b>	1400	1400	1400	1450	0	1500
<b>FSI Consumption (1000 MT)</b>	100	100	100	100	0	100
<b>Total Consumption (1000 MT)</b>	1500	1500	1500	1550	0	1600
<b>Ending Stocks (1000 MT)</b>	130	122	85	120	0	115
<b>Total Distribution (1000 MT)</b>	1630	1623	1585	1675	0	1720
<b>Yield (MT/HA)</b>	1.6667	1.5333	1.5714	1.6667	0	1.6667

(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 2022/2023 = October 2022 - September 2023

### **3. RICE**

#### ***3.1. Production***

The COVID-19 pandemic did not have a significant impact on the 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 190,000 ha in MY 2022/23 (July 2022/ June 2023), similar to the area projected for MY 2021/22. 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).

In MY 2022/23, Post forecasts “rough” rice production to increase to 955,000 MT and milled production to 640,000 MT. Production is forecast to slightly increase due to expected normal climate and rainfall conditions in the major production areas. For MY 2021/22, Post projects “rough” rice production increasing to 948,000 MT and milled production to 635,000 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 2022/23, Post forecasts local rice consumption at 620,000 MT, up from the 615,000 MT projected for MY 2021/22, in line with expected population growth. The COVID-19 pandemic did not have a negative impact on local consumption of rice, and with COVID-19 related restrictions already lifted, such impact is not expected.

#### ***3.3. Stocks***

Post forecasts stock levels to rise to 378,000 MT during MY 2022/23. 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

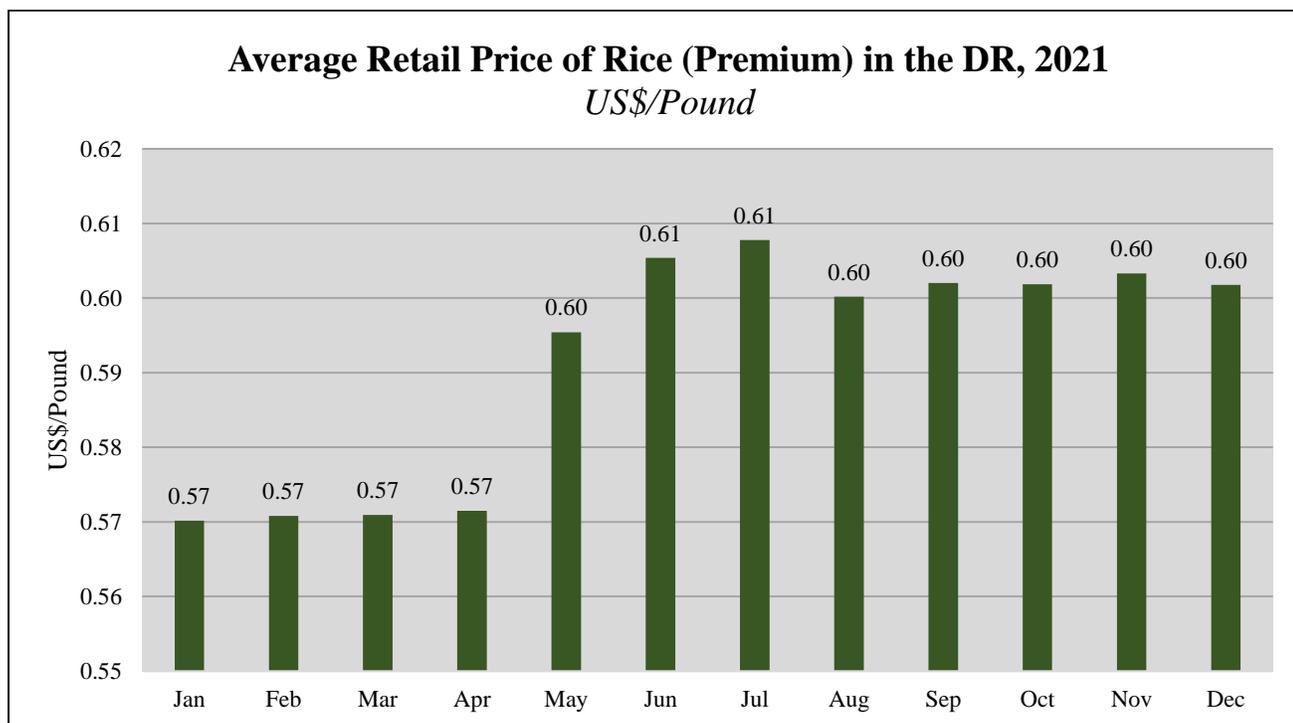
Both imports and exports by the DR are limited. The country has been self-sufficient in rice over the last several years, and most rice imports come from the United States (99 percent of the MY 2021/22 total) thanks to a tariff rate quota (TRQ) established under the CAFTA-DR agreement. Since rice is included in Basket V of the agreement (explained in section 3.5 below), out-of-quota rice imports currently pay a duty of 35.6 percent, effectively pricing imports out of the market.

For MY 2022/23, Post forecasts imports of 45,000 MT, higher compared to the projection for MY 2021/22, due to expected increases in TRQ levels and considering increased competitiveness of U.S. rice with lower tariff rates.

Dominican rice is exported on rare occasions, mainly to Haiti in the form of broken rice. For MY 2022/23, Post forecasts exports to remain stable at 10,000 MT.

### 3.5. Prices

According to retail price reports from PROCONSUMIDOR, prices of rice (premium) have remained stable in the local market during CY 2021 at an average of US\$0.59/pound.



Source: Built with data from monthly retail price reports from PROCONSUMIDOR, consulted on 03/16/22. Prices reported in RD\$. Exchange rate used 1US\$=55.07 RD\$.

### 3.6. 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 35.6 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 Program<sup>3</sup>, 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.

---

<sup>3</sup> For more information on the Pignoracion Program, please review our 2014 Report: ["Dominican Republic Governmental Support for the Rice Sector"](#).

### 3.6. Statistics

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	190	190	190	190	0	190
Beginning Stocks (1000 MT)	245	245	265	283	0	323
Milled Production (1000 MT)	641	634	630	635	0	640
Rough Production (1000 MT)	957	946	940	948	0	955
Milling Rate (.9999) (1000 MT)	6700	6700	6700	6700	0	6700
MY Imports (1000 MT)	24	24	30	30	0	45
TY Imports (1000 MT)	27	27	30	30	0	45
TY Imp. from U.S. (1000 MT)	27	27	0	30	0	45
Total Supply (1000 MT)	910	903	925	948	0	1008
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)	635	610	635	615	0	620
Ending Stocks (1000 MT)	265	283	280	323	0	378
Total Distribution (1000 MT)	910	903	925	948	0	1008
Yield (Rough) (MT/HA)	5.0368	4.9789	4.9474	4.9895	0	5.0263

(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 2022/2023 = January 2023 - December 2023

#### Attachments:

No Attachments