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Report Highlights:

Wheat imports by the Dominican Republic during MY 2013 totaled 519,000 MT; a decrease of almost 10% from MY 2012. Post expects wheat imports to decrease further due to increased milling in Haiti. Haiti is the largest export market for wheat products from the DR. ***Corn*** imports by the DR during MY 2013 totaled 1,045,451 MT. The US share of those imports continued a precipitous decline, accounting for only 8% of total imports (84,918 MT), down from 100% market share in MY 2009. Post expects corn imports to increase slightly, and US market share to rebound due to improved crop quality and more competitive pricing. ***Rice*** continues to be one of the most important agricultural products grown in the DR. Production of milled rice for CY 2013 was 536,022 MT and is expected to remain stable in CY 2014.

Commodities: Wheat, Corn and Rice (milled)

Wheat

Production:
The Dominican Republic does not produce wheat; neither does Haiti which occupies one-third of the island of Hispaniola. Therefore, both countries are completely dependent on imports to supply their domestic markets.

Consumption:
The Dominican Republic has one of the highest per capita wheat consumption rates in the Latin America and Caribbean Region: approximately 74 pounds per year. The apparent consumption (Total Supply, less formal exports and ending stocks) rate has averaged approximately 386,000 MT over the last five years, with an average annual growth of 1.61%. Nonetheless, the substantial fluctuation in the amount of wheat processed for the domestic market is a strong indicator that large volumes of unofficial exports are likely flowing across the border into Haiti, in addition to officially-registered exports.

Wheat and wheat products consumption in the Dominican Republic, CY 2008-2013 (MT)

Year	Imports	Production	Exports	Apparent consumption
2008	380,924	0	48,528	332,396
2009	399,369	0	57,512	341,857
2010	584,935	0	152,894	432,041
2011	582,183	0	188,718	393,465
2012	560,001	0	129,760	430,241
2013	480,243	0	142,951	337,292

**HS classification codes included: 1001, 1101, 190219, 190230, 190240, using a conversion factor of 1.368 for wheat flour (1101), pasta and couscous (190219, 190230 and 190240).*

Sources: GTA, National Statistics Office of the Dominican Republic (ONE), GATS/USDA.

The country is home to a large milling industry and imports almost all of its wheat grain from the United States; 98% for Market Year 2012/2013 (MY 2013). Much smaller amounts are imported from Canada (2% for MY 2013) and occasionally from the European Union (EU).

At the present time, the DR boasts a daily milling capacity of around 3,320 MT with an average utilization of 52%, divided among six different processors:

Mills currently operating in the Dominican Republic

Molinos Modernos*	Molinos Valle del Cibao (Grupo Bocel)
Grupo J. Rafael Núñez	COOPROHARINA
Molinos del Higuamo	César Iglesias

** Also owns Molinos del Caribe.*

Generally, the wheat flour produced is used for bread-making, crackers, cookies, cakes, pastries, and pasta. According to trade estimates, more than half of the wheat flour available in the DR is used to make a popular type of bread known as *pan de agua*. This item is consumed regularly by a broad spectrum of the population, but is more heavily consumed in urban areas. The product is 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, wheat flour is also used for many of the products distributed in the Dominican Government's feeding program. Bread, cookies and muffins are included in the meals that reach approximately 1.5 million school children in public schools throughout the country.

It is also worth noting that the demand for wheat flour has increased in recent years due to the growth in the HRI sector and tourism. Hotels consume large amounts of flour to make breads, cakes, pastries and other wheat-based products for four million visitors to the DR annually.

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 Venezuela, the United States and other markets throughout the region. A more-than 30% increase in apparent local consumption of wheat and wheat products following the Haitian earthquake of 2010 has since been reversed, coinciding with the re-opening of Haitian mills.

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

Trade:

During MY 2013, the Dominican Republic imported 519,000 MT of wheat, down almost 10% from the 573,000 MT of MY 2012. The decrease is likely due to the increased milling capacity in Haiti, which has reduced the demand for both official and unrecorded wheat imports from the DR. Post expects imports volumes to remain at similar levels in MY 2014 and MY 2015.

The devastating earthquake that struck Haiti in January 2010 had a direct impact on the export growth for wheat and wheat products from Dominican Republic. The only mill in Haiti at that time, *Les Moulins d'Haiti* (LMH), was destroyed and Dominican mills immediately increased output to supply the neighboring market. Haiti's annual wheat imports prior to the earthquake totaled approximately 200,000 MT, with the U.S. enjoying around 80% market share. The Dominican milling industry augmented its output between 40-50% (approximately 200,000 MT) in 2010 as a direct consequence of unmet demand in Haiti.

In December 2011, the LMH reopened, but is still not operating at the same capacity as prior to the earthquake. Additionally, another mill opened in Haiti in 2012 and yet a third is close to initiating operations. Nonetheless, the DR continues to supply the Haitian market with substantial amounts of wheat flour. For CY 2013, the DR exported 115,000 MT of wheat flour to Haiti through formal trade channels. Dominican millers recognize that over time, they will have difficulty competing once the Haitian mills are operating at full capacity.

On average from 2009 to 2013, the DR imported approximately 96% of its wheat grain (HS 1001) from the United States. Smaller amounts were supplied by Canada (an average of 3% during the same time period), along with Germany and France. Post expects the US imports to maintain their market share in MY 2014 and MY 2015 at approximately 98%.

Dominican Republic Wheat Grain Imports by Partner, MY 2009-2013 (MT)

Country	Year				
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
United States	418,954	433,700#	533,326	548,341	491,488
Germany	11,000	0	0	0	0
Guatemala	0	0	0	0	81
Canada	18,000	10,435	16,600	9,001	12,400
France	0	8,000	0	0	0
Total	447,954	452,135	549,926	557,342	503,969

**HS heading 1001*

#Includes 25,000 MT of monetized wheat.

Source: GTA, GATS/USDA

Currently, the majority of Dominican wheat imports are comprised of Hard Red Winter (HRW), Hard Red Spring (HRS) and Soft Red Winter (SRW). During CY 2013, the Dominican Republic imported 40% HRW, mainly for bread production; 36% HRS; and 24% SRW, primarily used for cakes and pastry.

During MY 2013, according the National Statistics Office (ONE) the Dominican Republic exported 143,000 MT of wheat. Haiti continues to be the most important export market for Dominican wheat products, accounting for 89% of total exports. Other markets for Dominican exports include the U.S., Venezuela and some Caribbean Islands.

Stocks:

The wheat milling industry in the Dominican Republic is mostly a “just in time” operation. Wheat shipments from the US generally arrive on a reliable schedule with short shipping times, reducing the need to assume storage costs. Stocks are held by the private millers. For MY 2013 ending stocks level were estimated at 60,000 MT, and will likely remain similar for MY 2014 and MY 2015.

Policy:

The DR applies no tariffs on the importation of wheat, but there are duties in place on wheat flour (5.6%) and pasta products classified under 1902.19 and 1902.30 (8%), along with a value-added tax or VAT of 18% on the latter. In the case of couscous (1902.40), the DR currently applies no tariff, but the product is subject to a VAT of 18%.

Production, Supply and Demand Data Statistics:

Wheat Dominican Republic	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	83	83	82	80		80
Production	0	0	0	0		0
MY Imports	519	519	475	480		470
TY Imports	519	519	475	480		470
TY Imp. from U.S.	496	496	0	470		460
Total Supply	602	602	557	560		550
MY Exports	150	143	75	90		80
TY Exports	150	143	75	90		75
Feed and Residual	0	0	0	0		0
FSI Consumption	370	379	375	390		390
Total Consumption	370	379	375	390		390
Ending Stocks	82	80	107	80		80
Total Distribution	602	602	557	560		550
1000 HA, 1000 MT, MT/HA						

Corn

Production:
Corn production in the Dominican Republic is limited. On average, annual production totals 40-45,000 MT and is not expected to change in the near future. Generally, domestic production represents about 3% of total import volume and consumption.

The DR also has very little sorghum production (around 2,000 MT annually, according to the National Statistics Office) and imports very little of it as well. The DR's imports of coarse grains are essentially comprised of yellow corn #2 or its equivalent.

Consumption:
Corn is an important ingredient for the animal feed used in the DR poultry, egg and pork industries. Livestock producers import significant volumes of yellow corn for animal feed, typically around 1.0 million MT on an annual basis. According to trade sources, close to 75% of the corn supply is consumed in broiler and layer production, while swine consume about 20%. The remaining 5% is consumed by cattle, mostly from the dairy sector.

Each year, the country produces nearly 1.2 billion eggs[1] and 190 million chickens. On a per capita basis, the DR consumes a staggering 70 pounds per year of chicken meat, coupled with approximately 16 pounds per year of pork (83,000 MT in total).

Trade:
Historically, the United States has dominated the corn market in the Dominican Republic, enjoying close to 100% market share until MY 2009. Since that year, persistent complaints concerning dust levels, grain cracking, availability and shipping challenges and relatively higher prices have led many importers to source South American supplies, specifically from Brazil and Argentina. As a result, the United States is now exporting considerably less corn to the DR.

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[1] *It should be noted that while official statistics are not available, it is estimated that approximately one-quarter (25%) of egg production is exported to Haiti informally.*

DOMINICAN REPUBLIC CORN IMPORTS BY PARTNER, MY 2009-2013 (MT)

Country	MY 08/09	MY 09/10	MY 10/11	MY 11/12	MY 12/13
Reporting Total	972,514	1,097,607	999,251	1,053,980	1,045,451
Brazil	18	75,608	163,921	528,895	503,275
United States	970,096	952,369	718,151	328,466	84,918
Argentina	2,373	25,798	117,166	173,596	319,555
Australia	4	0	0	0	0
Uruguay	0	16,632	0	0	0
Canada	0	0	13	2	0
Chile	1	0	0	0	0
China	0	0	0	0	0
Colombia	1	0	0	0	0
Germany	1	0	0	0	0
Guatemala	20	0	0	0	0
Mexico	0	0	0	0	2
Paraguay	0	27,200	0	23,019	137,700
Spain	0	0	0	2	1

** HS heading 1005.*

** Source: GTA, GATS, USDA*

As shown previously, the U.S. share has dropped from 100% in MY 2009 to only 8% in MY 2013, before rebounding this year. Brazil exported 48% of the total Dominican import volumes in MY 2013, followed by Argentina at 31%.

Dominican exports of corn are not significant. According to the ONE, the Dominican Republic exported approximately 2,000 MT of corn during MY 2013; 98% 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. The export total for both products (HS 1102 and 1103) during MY 2013 was approximately 5,000 MT. 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.

Stocks:
While storage facilities are limited, they vary considerably among feed producers. Their collective storage capacity is estimated to be around 120,000 MT, while utilization of storage capacity is normally estimated at around 65-70%.

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 value-added tax (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 Dominican Republic established an initial tariff-rate quota (TRQ) of 703,000 MT for corn that increased gradually to 1,091,000 MT as of 2004. Although the DR has a bound out-of-quota tariff rate of 40%, this tariff is not applied. According to the Decree 569-12 the Government will not apply the out-of-quota rate in corn imports.

The 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, the DR has legislation in place which 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 5% of national sorghum production in exchange for the importation of corn. According to officials at the Ministry of Agriculture, the 5% figure applies regardless of the amount of corn imported.

Finally, it is worth noting that the DR does not currently restrict imports of GE commodities. Although the country has signed and ratified the Cartagena Protocol, the country's regulatory framework still awaits congressional approval and has not yet been implemented. Similarly, for imports the DR does have a rule in place that requires that the phytosanitary certificate accompanying a corn shipment state that said product "does not contain GMO material". However, this requirement has not been enforced and the country continues to import large volumes of corn of U.S. and South American origin.

Production, Supply and Demand Data Statistics:

Corn Dominican Republic	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30	29	30	29		29
Beginning Stocks	104	104	85	85		90
Production	40	45	40	45		45
MY Imports	1,046	1,046	1,200	1,100		1,150
TY Imports	1,046	1,046	1,200	1,100		1,150
TY Imp. from U.S.	85	85	0	550		600
Total Supply	1,190	1,195	1,325	1,230		1,285
MY Exports	5	2	5	2		2
TY Exports	5	2	5	2		2
Feed and Residual	1,000	1,008	1,050	1,038		1,093
FSI Consumption	100	100	100	100		100
Total Consumption	1,100	1,108	1,150	1,138		1,193
Ending Stocks	85	85	170	90		90
Total Distribution	1,190	1,195	1,325	1,230		1,285
1000 HA, 1000 MT, MT/HA						

Rice, Milled

Production:
Rice is one of the most important agricultural products in the Dominican Republic due to its political, economic and social impact on Dominican society. According to national estimates, the country has approximately 30,500 rice producers, nearly 500,000 people are involved in the production, processing and marketing of rice, and the sector contributes approximately 6% to Agricultural Gross Domestic Product.

According to the Ministry of Agriculture of the Dominican Republic (MoA) the harvested area in Dominican Republic during Calendar Year (CY) 2013 was 160,000 HA; essentially unchanged from CY 2012 (161,000 HA). The harvested area is very stable, and is not expected to vary during CY 2014 or CY 2015. Rice is produced in two cycles during the year and recently, due to the use of short cycle varieties, a growing share of production is harvested in the May secondary crop (now almost 25% of total harvest).

Most Dominican rice is produced under irrigation. According to Post sources, rice under irrigation accounts for 99.16% of the total area.

During CY 2013, rough production totaled an estimated 800,000 MT and milled production 536,000 MT, with a milling rate of 67%. For CY 2012, rough production was 734,000 MT and milled production 491,000 MT

DOMINICAN REPUBLIC RICE AREA HARVESTED, PRODUCTION AND YIELD, CY 2009-2013

Year	Area Harvested (HA)	Production (MT)		Yield (MT/ HA)
		Rough	Milled	
2009	182,000	822,925	551,360	4.52
2010	178,419	846,752	567,324	4.75
2011	174,727	822,602	551,143	4.71
2012	160,893	734,079	491,833	4.56
2013	160,360	800,032	536,022	4.99
Average	***171,280***	***805,278***	***539,536***	***4.71***

Source: Ministry of Agriculture of the Dominican Republic, ONE, Central Bank.

The average yield has varied between 4.5-5 MT/HA over the last ten years. Post sources expect yields to remain similar in coming years, due to lack of development of new varieties and/or production technologies.

Consumption:
Rice is one of the most important products in the basic consumer basket. CY 2013 consumption is estimated at 542,000 MT, with an annual average of 529,000 MT during the period CY2009-2013. Consumption is relatively stable, although in CY2013 demand fell by 3.2% versus the prior year due to relatively higher prices.

In per capita terms, Dominicans consumed 116 pounds each in CY 2013, equal to the average consumption of 116 pounds per capita during CY 2009-2013. No significant changes in the rice consumption trends are expected in the near future.

DOMINICAN REPUBLIC RICE CONSUMPTION, CY 2009-2013

Year	Population (millions)	Production (1000 MT)	Initial Stocks (1000 MT)	Imports (1000 MT)	Exports (1000 MT)	Ending Stocks (1000 MT)	Consumption (1000 MT)	Per capita (Pound/ habitant)
2009	9,755.9	551	212	12	17	251	507	115
2010	9,980.0	567	251	23	44	313	484	107
2011	10,129.7	551	313	17	13	318	550	120
2012	10,190.5	491	318	8	40	218	560	121
2013	10,322.9	536	218	12	10	214	542	116
Average	***10,075.8***	***539***	***262***	***15***	***25***	***263***	***529***	***116***

Source: Ministry of Agriculture of the Dominican Republic, ONE, Central Bank.

Trade:

Both imports and exports by the Dominican Republic are limited. The country has been self-sufficient in rice in the last several years, and most rice imports come from the US (91% of the CY 2013 total) thanks to a TRQ established in the CAFTA-DR agreement. Since rice is included in Basket V of the DR-CAFTA agreement (explained in section 3.5 below), out-of-quota rice imports would not be price-competitive. For CY 2013, imports totaled approximately 12,000 MT, with an annual average of 15,000 MT for CY 2009-2013. Post expects similar behavior for CY's 2014 and 2015.

Dominican rice is exported on rare occasions; mainly to Haiti. For CY 2013 the total exports were approximately 10,000 MT. Occasional spikes in exports occur due to saturation of the local market and price decreases.

Stocks:

The ending stock levels of rice during CY 2013 were 214,000 MT, significantly lower than the 5-year annual average of 263,000, but still equal to 40% of consumption. Storage facilities are owned by both private processors (factories) and the Government.

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

Policy:

Under the CAFTA-DR, the Dominican Republic negotiated that rice be placed in Basket V, which concedes a longer-term tariff reduction period-- 20 years—as well as establishing a 99% out-of-quota tariff rate. This non- quota tariff rate will remain unchanged during the first 10 years of the Agreement, until 2015. From 2016 to 2020 the non- quota tariff rate will be reduced by 8% annually, and from years 2021 to 2025 by 12% annually. 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.

Price controls are established via the *Pignoracion* Program, which operates during 8 months of the year. The National Rice Commission (CONA) establishes a yearly price band (for paddy rice, FOB mill). The CONA is composed of the MoA, 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, varietals 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 purpose of the program is to guarantee price stability and producer profitability, through the management of supply and prices. The processor (factory, cooperative, etc.) buys rice from the producer, then mills and either markets the rice or holds it in storage. There are no price controls applied to onward sales (wholesale or retail distribution). For participants in the *Pignoracion* Program the cost of storage can be covered by loans from commercial banks, but are underwritten by the Government (MoA). MoA also covers the costs of interest and insurance.

As rice constitutes one of the primary feed sources for the population, it is exempt from value-added tax (VAT).

Production, Supply and Demand Data Statistics:

Rice, Milled Dominican Republic	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	170	160	180	160		162
Beginning Stocks	87	175	43	171		171
Milled Production	510	536	560	540		542
Rough Production	810	800	889	806		809
Milling Rate (.9999)	6,300	6,700	6,300	6,700		6,700
MY Imports	6	10	15	12		13
TY Imports	15	11	15	12		13
TY Imp. from U.S.	0	11	0	11		12
Total Supply	603	721	618	723		726
MY Exports	0	8	0	8		8
TY Exports	0	8	0	8		8
Consumption and Residual	560	542	570	544		553
Ending Stocks	43	171	48	171		165
Total Distribution	603	721	618	723		726
1000 HA, 1000 MT, MT/HA						