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Dominican Republic

Agricultural Situation

Post Hurricane Damage to Dominican Agriculture

1998

Prepared by:

Kevin N. Smith

U.S. Embassy Santo Domingo

Drafted by:

Carlos Suarez

Report Highlights:

Official sources report over US\$430 million in damages to agricultural and livestock sectors as a result of the hurricane.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1], DR

Hurricane George devastated the Dominican Republic's agricultural sector as high winds lodged basic grain crops and sugarcane, uprooted fruit trees, destroyed livestock and storage facilities, and downed electrical lines resulting in spoilage of perishable foods and animal vaccines. In addition, hurricane induced flooding has eroded top soil, destroyed key bridges (limiting access to markets), and deposited several feet of mud over some crops. It is estimated that over 190,000 hectares were affected and official government figures place losses in excess of US\$430 million. Of great concern is damage to some of the traditional food crops (plantains, cassava, sweet potatoes and pumpkins) which is estimated at US\$278 million and creates a potential food supply deficit of about 220,000 metric tons.

Though the Dominican Republic reportedly has a two month food reserve, prices have risen as supplies diminish, specially for poultry. Unfortunately, market driven agricultural trade is not viewed as a means of food security by many in the Dominican Republic and even during this time of crisis, domestic producers are resisting trade liberalization for some of the staple foods - primarily rice and poultry. The government is allowing imports of these products but only through its state trading enterprise, the Price Stabilization Institute (INESPRE). Recently, INESPRE has come under considerable fire from local poultry producers for importing leg quarters from the United States. These leg quarters are coming in at US\$0.41 per pound whereas locally produced poultry has been selling for almost US\$1.20 per pound. As rice stocks are drawn down, we expect INESPRE to import an additional 50-70,000 metric tons before April 1999.

Domestic and international forces quickly mobilized to assist in combating the adverse aftermath of the hurricane and donations from around the world have been pouring in. It is estimated that international aid (loans and donations) will exceed US\$400 million. Contributors include: the United States, the European Union, Spain, France, Italy, Japan, Honduras, Canada, Mexico, Costa Rica, Israel, El Salvador, Guatemala, Panama, Nicaragua, Puerto Rico, Aruba, China, Venezuela, Martinique, Guadalupe, Germany, Argentina, Chile, Order of Malta, World Food Program, Red Cross, Sammy Sosa Foundation, New York City, Houston, Plan Internacional, UNICEF and World Bank and the Interamerica Development Bank.

Despite the assistance, the Dominican Republic will need to resuscitate its agricultural sector, as soon as possible. Following is an assessment of damage to some specific agricultural and livestock sectors in the Dominican Republic:

a) Sugar:

There is extensive damage to all agriculture in the eastern part of the country, where 70% of the sugar is produced. The eye of the hurricane went through La Romana and there are reports of major damage in that area and San Pedro de Macoris. Considerable damage to the sugar cane in the Eastern part of the country has been reported and minor damage to the sugar mills, but many warehouses in need of extensive repairs. Fortunately, the mills are normally idle during this period.

The two mayor private producers suffered light to moderate damage to their sugar mills. Some of the stored raw sugar was exposed to water but was reclassified and moved to other locations. Though cane losses may exceed 30 percent and yields will be reduced, private producers feel that production will be sufficient to fill the first three quarters of the quota but anticipate a need to import sugar (mostly refined) for local consumption. The next harvest will begin in November-December.

b) Cocoa:

Cocoa plantations in the eastern and central part of the country suffered as much as 20 percent destruction from the high winds. Production for 1998-1999 was already expected to be much lower than the record high 1997-1998 crop. In addition to the wind damage, flooding affected the shading trees in the plantations in about 30-35% of the planted areas. As a result, production is expected to be down by 20-30% next year from the estimated 53,000 MT. Some official and industry sources indicate that losses are estimated at US\$5-7 million.

c) Coffee:

Estimates of damage to the plantations initially suggest that almost 40% was heavily affected. Some producers have indicated that the major problem confronting the coming harvest is road access to the production fields in the mountains and transporting the coffee beans to the processing sites. Preliminary numbers indicate that production for 1997-98 was approximately 600,000 60 Kg bags. Industry sources indicate that the 1998-1999 crop is going to be considerably lower as the fruits for the coming main harvest (Oct.-Dec.) were already in the trees. The hurricane affected about 35% of the plantations and production for 1998-1999 is expected to be down by 25% or about 450,000, 60 Kg bags, leaving less than 200,000 60 Kg bags for the export market - less than half of what was exported in MY 1998. Some producers report that losses are estimated at US\$8-10 million. An official report from the Secretary of Agriculture places losses 50 percent higher.

d) Livestock:

Cattle production was marginally affected by the hurricane. Except for flooding, wind stress and damage to infrastructure, losses have been minimal (US\$0.6 million). The dairy cattle sector suffered indirectly as a result of road damage which would not allow raw milk to reach the processing plants. Industry and official sources agree that raw milk losses during the first week after the event may have reached US\$3 million.

Swine producers - Swine production is concentrated in the north central part of the country and no major damage has been reported, except for major damage due to high winds in the Cotui-Bonao area. Of primary concern is the lack of quarantine of hogs suffering from classical swine fever. Also some vaccines being used may have been rendered ineffective due to the lack of refrigeration.

Poultry producers - Considerable damage to poultry farms were found in the Eastern and South Central parts of the country. Some reports indicate that over 700 farms, slaughter houses and warehouses were affected. More than forty percent (5 million birds) of the live birds were lost during the storm. About 70 percent of these farms with layers were affected. Shortage of poultry and eggs are anticipated for the next 4-6 months. Preliminary indications show losses in the order of US\$38-40 million, although official reports show losses below these levels (US\$30).

e) Citrus:

The three largest commercial citrus farms located in the eastern and central part of the country were devastated. The high winds knocked down over 90 percent of the remaining fruits and affected about forty percent of the plantations including minor damage to infrastructure. Local production as a whole for 1999 is anticipated to dip more than forty to fifty percent. Although there were large amounts of juice concentrate in stock, considerable amount of concentrate imports will be required. Private sector sources report losses to the infrastructure and plantations in the order of US\$18 million. An official report indicates losses to be considerable lower (US\$7 million).

f) Rice:

About a third of the rice factories (almost 70), warehouses and irrigation systems suffered considerable damage in the central and southwestern part of the country because of high winds and flooding. The upcoming harvest represents 35-40 percent of the year's production is expected to have suffered 20-25 percent losses due to the winds, particularly in the central and north central part of the country in the growing crop. Infrastructure and production losses have been estimated over US\$15 million.

As rice production has declined, imports in CY 1997 and CY 1998 have been about 70,000 MT of U.S. rice, representing about 23% of the total demand. Official data indicate that there are over a million quintals (45,000 MT) of rice stored. With the shortfall in the winter production an additional 10-15,000 MT will be required before the end of CY 1998. Nonetheless, since the coming harvest will not be ready before April 1999, another 50-70,000 MT would be needed in January- April 1999.

g) Plantains and Bananas:

These are two crops of great importance in the Dominican diet. The first as a staple food along with cassava and dasheen, and the second one as a snack food for the general population. A major characteristic of these two crops is its fragility to winds and flooding and as a consequence, crops in the eastern, central, south western regions were devastated. Preliminary estimates indicate that production should be down at least 50% (some private reports indicate as high as 85%). It will take 12-18 months before production begins to approach production levels prior to event. Consumption will shift to other staple foods and the demand for bread and pasta will increase.

h) Tubers:

The other major source of carbohydrates in Dominican the diet are: cassava, dasheen, sweet potato and potatoes. Heavy rain and flooding caused severe damage to this sector also. The Secretary of Agriculture has reported losses in excess of US\$25 millions.

i) Avocado:

Avocado orchards were heavily affected by high winds and flooding. There are indications that more than half of the avocados plantations were affected. Production is expected to be down accordingly. Probably no avocados will be available for export for the rest of 1998 and for 1999, optimistically perhaps a third or about 2,000 MT, down more than two thirds from 6,900 and 6,400 MT exported to the United States in 1996 and 1997. Losses are estimated at US\$5 million.

j) Vegetable oil:

There is little production of vegetable oil in the country when compared to the total demand. Local production meets 20 percent of the needs and is limited to palm and coconut (25,000 MT). It is estimated that twenty percent of the oil palm trees were lost and it would take three to four years and considerable investment to return to prior production levels of 18-20,000 MT of oil per year. An anticipated deficit of 10-15,000 MT of palm oil and/or soybean is expected for 1999. Agricultural and industrial losses are about US\$13 million.

Commercial coconut plantations are located in the north eastern part of the country and plantations were also heavily affected. It is estimated that 30-40 percent of the trees were heavily affected. Losses to the plantations are expected to be over US\$5 million.

k) Tobacco:

There is no damage of importance to the tobacco producers except for some floods in isolated areas. Last year's oversupply should be enough to cover their year's needs for cigar production and tobacco exports. Official reports show losses of US\$2 million.

l) Corn and Soybean Meal Imports:

Most of the corn and all the soybean meal consumed locally is imported from the United States. As a result of the effect of the hurricane on the poultry infrastructure and bird population, U.S. exports of soybean meal and corn are expected to decline temporarily during the last quarter of CY 1998. Poultry, consumption which accounts for 70 of the total consumption is expected to decrease by 10% before infrastructure is restored and the new production cycle stabilizes. An official indicates damage the small quantities of corn produced in excess of US\$2 million.

m) Other fruits and vegetables:

Other fruits and vegetables which were affected include pineapple, potatoes, onions, garlic, carrots, cauliflower, broccoli and cantaloupes. Losses could reach US\$13 million.

n) Ornamental Plants and Cut Flowers:

Wind damage devastated some plantations in the Eastern and North Central parts of the country. Preliminary estimates and official data show losses in the order of US\$5 million.