Required Report: Required - Public Distribution **Date:** October 03, 2024

Report Number: DR2024-0014

Report Name: Retail Foods Annual

Country: Dominican Republic

Post: Santo Domingo

Report Category: Retail Foods

Prepared By: Melchicedec Luperon

Approved By: Eric Baylor

Report Highlights:

The Dominican Republic (DR) is the third-largest export market in the Western Hemisphere for U.S. consumer-oriented products. In 2023, U.S. exports of these products to the DR exceeded $1 billion, largely due to strong demand from foreign tourism and the retail sector. During the first seven months of 2024, U.S. consumer-oriented exports to the DR reached over $670 million, marking a 7-percent increase compared to the same period last year. As this trade category continues to expand, the United States is well-positioned to further strengthen its role as the leading supplier of consumer-oriented agricultural products to the Dominican Republic, holding a market share of over 45 percent.

Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country characterized by low and stable inflation. In 2023, the country experienced year-on-year inflation of 3.57 percent, above the 2.4 percent average for Latin America. DR is ranked as one of the largest economies in the Caribbean, and the third-largest country in terms of population (behind Cuba and Haiti). DR's major export growth has shifted away from its traditional products like raw sugar, green coffee, and cacao. Instead, there has been an increase in exports of gold, tobacco, medical instruments, circuit breakers for voltage, jewelry items, and ferronickel. Notably, the country's major agricultural imports are comprised of consumer-oriented products and livestock feed, with the United States as the primary supplier.

Consumer-Oriented Agricultural Imports

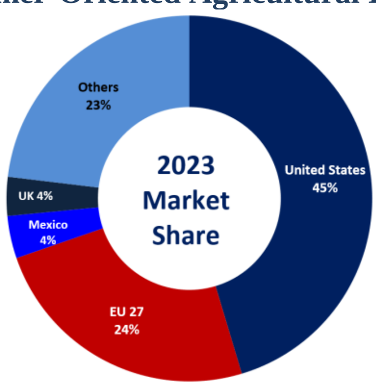


Chart 1: Top Exporting Countries to the Dominican Republic
Source: Trade Data Monitor (TDM).

Food Processing Industry

In 2023, the food processing industry in the Dominican Republic totaled $4.8 billion, accounting for 4 percent of GDP. The U.S. is a key supplier of meats, oils, dairy, wheat, and other ingredients, poised to expand exports as the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) nears full implementation in 2025.

Food Retail Industry

The Dominican modern retail sector features a variety of U.S. products and is rapidly growing, primarily through locally owned companies. Despite the rise in supermarkets, they account for only 20-25 percent of retail sales, with most transactions occurring in traditional channels like colmados and warehouses, which focus on locally produced goods.

Quick Facts Calendar Year 2023

Imports of Consumer-Oriented Products (US$ million)

World Total: $2,656

List of Top 10 Growth Products

1) Fresh Fruit
2) Chewing Gum & Candy
3) Condiments & Sauces
4) Pork & Pork Products
5) Nursery Products & Cut Flowers
6) Meat Products NESOI
7) Fresh and Processed Vegetables
8) Beef & Beef Products
9) Bakery Goods, Cereals & Pasta
10) Soup & Other Food Preparations

Food Industry by Channels (U.S. billion)

Food Service-HRI	$8.0
Food Processing	$4.8
Food and Agriculture Exports	$2.8

Top 10 DR Retailers*

1) Aprezio
2) Sirena
3) Plaza Lama
4) Nacional Supermarkets
5) Hypermercados Olé
6) Bravo
7) Jumbo
8) Carrefour City
9) PriceSmart
10) Sirena Market

GDP/Population

Population:	11.12 million
GDP:	US$115.9 billion
GDP per capita:	US$10,111
Median yearly income per capita:	US$3,600

Sources: Table 1. Source: Global Agricultural Trade System (GATS), TDM; World Bank; IMF. *Ordered by quantity of establishments.

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 100 percent of products.	Higher cost of some U.S. products compared to competitors.
Proximity to the United States and strong demand for U.S. products.	Import sensitivity of several products.
Opportunities	**Threats**
Additional trade liberalization through the full implementation of CAFTA-DR by 2025.	Competition from other CAFTA-DR signatory and the DR's other free trade agreement partners.
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Limited cold chain capacity.

Contact: Foreign Agricultural Service (FAS) Santo Domingo
agsantodomingo@usda.gov | **+1 809-368-7654**

Section 1: Market Summary

The Dominican Republic continues to be a significant and stable economic player in Latin America and the Caribbean. In 2023, U.S. consumer-oriented exports to the Dominican Republic surpassed $1 billion, strengthening its position as the third-largest market for these products and the fourth-largest for U.S. agricultural products in the Western Hemisphere. For understanding the market dynamics and import requirements, the 2024 Exporter Guide[1] and the Food and Agriculture Import Regulations and Standards (FAIRS[2]) narrative report provide comprehensive insights.

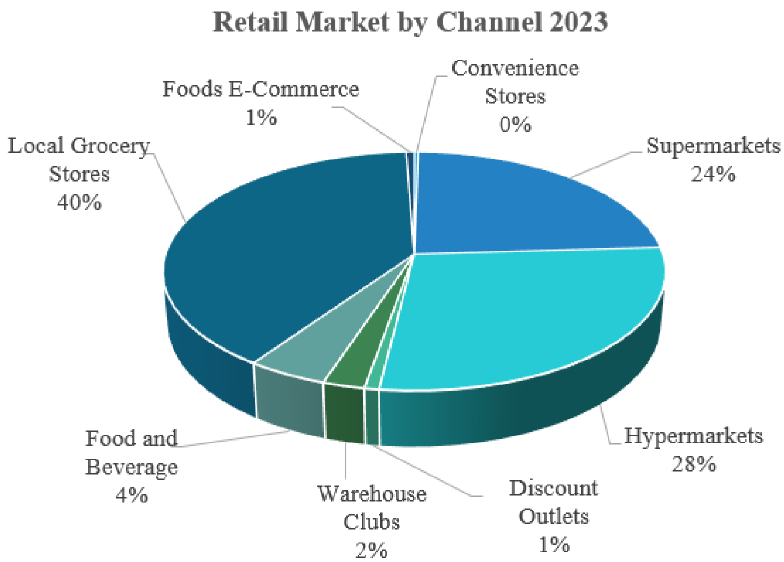
The retail landscape in the Dominican Republic is characterized by a clear division between modern and traditional channels. The modern retail sector, which includes supermarket chains, independent supermarkets, and convenience stores, represents about 20 to 25 percent of total retail sales. Supermarket chains, which have doubled in number over the past two decades, are primarily concentrated in urban areas, like Santo Domingo and other major cities. Independent supermarkets, mostly found in Santo Domingo and Santiago, are part of the National Union of Low-Cost Supermarkets (UNASE). Convenience stores, predominantly located in gas stations, focus on ready-to-eat and pre-packaged foods and beverages. In contrast, the traditional retail sector, encompassing neighborhood stores ("colmados"), walk-in food warehouses ("almacenes"), and public markets ("mercados"), accounts for approximately 70 to 80 percent of retail food sales, highlighting its continued dominance in the market.

Advantages and Challenges

Advantages	Challenges
• The implementation of CAFTA-DR, which has lowered or eliminated duties on 98 percent of products • An increasingly modern retail sector, which seeks new, high-quality products • A growing number of consumers demanding higher quality and healthier products • Proximity between the DR and United States and strong commercial and cultural ties • Efficient food distribution channels	• Competition from other CAFTA-DR signees and the DR's other free trade agreement partners • Delays for import permits and sanitary registration, which can affect the availability of imported ingredients • Cold chain limitations • 18 percent valued added tax (VAT) and high logistical costs

[1]https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Exporter%20Guide%20Annual_Santo%20Domingo_Dominican%20Republic_DR2024-0009
[2]https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=FAIRS%20Country%20Report%20Annual_Santo%20Domingo_Dominican%20Republic_DR2024-0006

Retail Sales by Channels



Hypermarket[3]
Chart 2: Retail Market by Channel 2023. Source: Euromonitor

Section 2: Road Map for Market Entry

Entry Strategy

To enter the Dominican market, the Foreign Agricultural Service (FAS) Santo Domingo recommends starting with a review of the FAIRS report for the latest import regulations and market information. FAS Santo Domingo can facilitate connections with relevant authorities and assist stakeholders in navigating regulatory requirements.

Once market research is completed, FAS can help connect stakeholders with local retailers and importers. Many U.S. agriculture-related trade associations also have representatives in the Dominican Republic who can provide insights into market trends and opportunities. FAS Santo Domingo advises conducting an in-country visit, participating in a trade mission from the United States, or attending trade shows, such as the Americas Food and Beverage Show in Miami, which attracts Dominican buyers. Building personal relationships is crucial for successfully conducting business in the Dominican market.

[3] Hypermarket: is a large retail space that combines a supermarket and a department store.

Market Structure

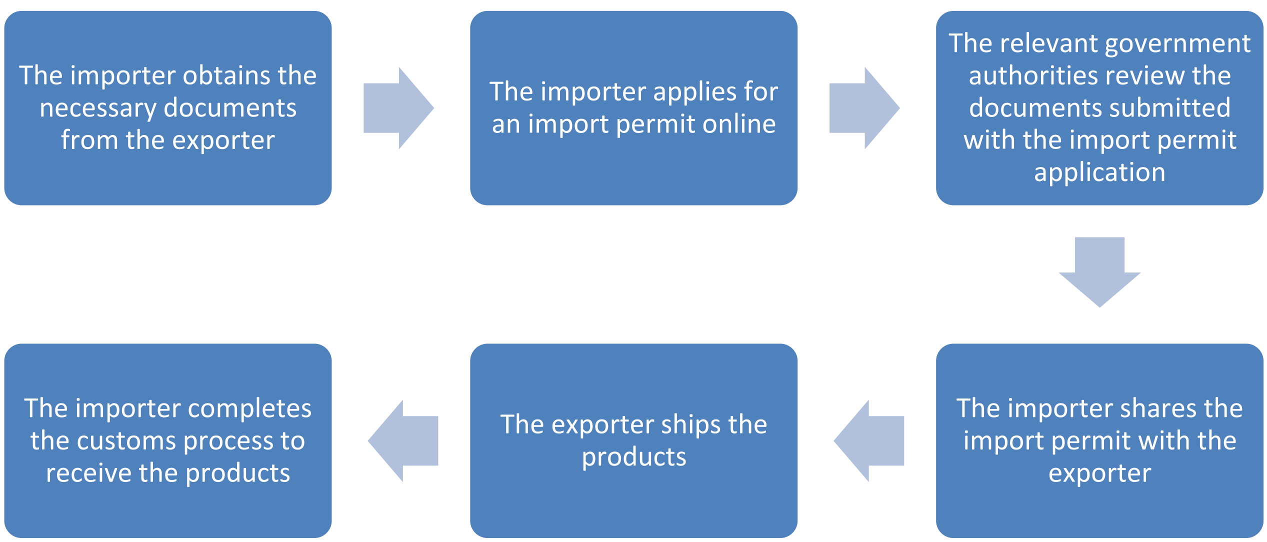
Over the last three decades, the Dominican retail sector has undergone significant changes in response to sustained economic growth. During that time, supermarkets developed from average store sizes of 200-500 square meters (in the early 1990s) up to sizes of 10,000 square meters in the early 2000s. This growth in size was due to a focus on serving the expanding urban middle- and upper-middle classes, which were experiencing rapid increases in income. This expansion in store size and number of outlets also meant a greater selection of products for consumers.

Supermarkets have increased product selections from 30,000 products in the 1990’s up to 85,000 (during the high season) in recent years. There has also been an expansion in the availability of non-grocery goods and services for supermarket clients to facilitate “one stop shopping”. Goods and services, such as banking, household appliances, fast food, telecommunications, and pharmacies, are now commonly co-located with supermarkets.

Company Profiles & Top Host Country Retailers

http://gruporamos.com/
https://plazalama.com.do/
http://www.centrocuestanacional.com/
Error! Hyperlink reference not valid.https://www.instagram.com/hiperole/?hl=en
http://superbravo.com.do/
https://shop.pricesmart.com/dr/sp
http://www.carrefour.com/

Import Procedures

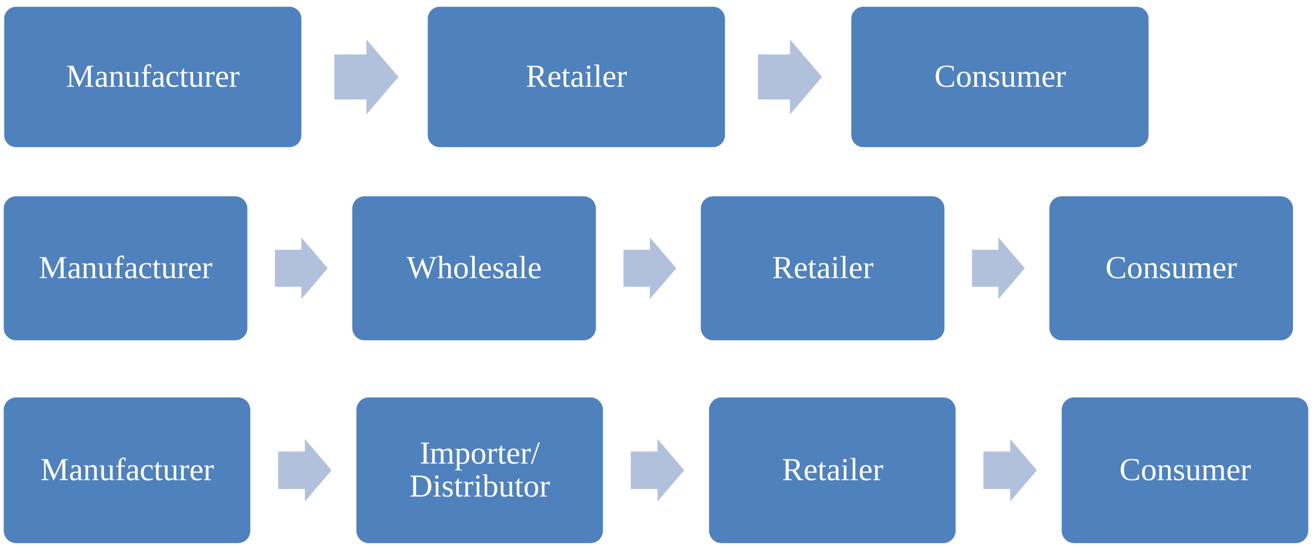


For comprehensive details on the import process, please refer to the Exporter Guide[4] report.

[4]https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Exporter%20Guide%20Annual_Santo%20Domingo_Dominican%20Republic_DR2024-0009

Distribution Channels

Given the dynamic nature of the Dominican retail sector and the diverse range of domestically-produced and imported products, there are numerous pathways for market entry. Large, modern retail chains often source some products directly. However, due to low purchase volumes for some specialty items, the involvement of multiple intermediaries—including importers and freight consolidators—is common. The choice of product entry model will depend on the retailer and product, often involving various intermediaries to ensure effective market placement. A common model is as follows:



Sector Trends

Supermarket chains in the Dominican Republic are increasingly offering products under their own private labels, which has led to special promotions and competitive pricing to attract customers. Many of these supermarkets continue to incorporate U.S. products into their private label ranges, presenting opportunities for private label manufacturers to enter the market. In recent years, these chains have also focused on lower-income demographics by establishing smaller stores, around 3,000 square meters in size, that primarily stock perishable foods and household essentials. Additionally, there has been a notable expansion in smaller retail operations, such as "colmados" and "colmadones" (neighborhood stores), which have increased both in number and in the range of products they offer.

Section 3: Competition

Overall, the United States remains the leading supplier of consumer-oriented products to the Dominican Republic, holding a 45 percent market share in 2023. In the beef and beef products sector, the U.S. commanded an impressive 94 percent market share, valued at $107.4 million, thanks to its geographic proximity, high-quality cuts, and the popularity of Certified Angus Beef in both food service and retail.

U.S. exports of pork and pork products to the Dominican Republic totaled $276.4 million, with U.S. pork capturing 92 percent of the Dominican import market. For dairy products, domestically produced cheese does not currently match imported varieties in terms of selection, quality, or sanitary standards. Consequently, U.S. cheese secured a 38 percent market share, though it still lags behind the European Union, which achieved a 59 percent share.

In 2023, U.S. apples held a dominant 91 percent market share and maintained a strong presence in the local market. U.S. pears achieved a 49 percent market share, while U.S. grapes secured 19 percent. Chilean pears and Peruvian grapes, both prominently featured in local grocery stores, captured 51 percent and 61 percent of the market, respectively. Overall, U.S. fresh fruit accounted for 59 percent of the Dominican market last year.

Section 4: Best Products Prospects

Top Consumer-Oriented Products Imported from the United States

January - December U.S. Exports to the DR (in millions of dollars)			
Product	**2021**	**2022**	**2023**
Consumer Oriented Agricultural Total	898	1,067	1,105
Pork & Pork Products	151	234	276
Dairy Products	116	158	133
Beef & Beef Products	79	98	107
Other Consumer Oriented	102	98	102
Poultry Meat & Prods. (ex. eggs)	96	81	100
Bakery Goods, Cereals, & Pasta	37	42	46
Fresh Fruit	39	44	46
Food Preparations	33	37	39
Distilled Spirits	31	48	38
Condiments & Sauces	27	31	35
Fruit & Vegetable Juices	49	51	29
Wine & Related Products	20	21	25
Processed Vegetables	27	21	20
Chocolate & Cocoa Products	14	17	19
Fresh Vegetables	14	17	15
Non-Alcoholic Bev. (ex. juices)	14	11	14
Tree Nuts	9	13	14
Beer	11	11	11
Processed Fruit	10	9	11
Dog & Cat Food	6	10	9
Meat Products NESOI	6	8	8
Confectionery	5	5	6
Nursery Products & Cut Flowers	2	2	2
Eggs & Products	3	-	-

Data Source: U.S. Census Bureau Trade Data

Products Present in the Market with Good Sales Potential

Industry sources indicate that the best product prospects in the Dominican retail sector include U.S. dairy products (e.g., cheese, yogurt, and powdered milk), although they continue to face onerous and time-consuming import regulations. Other top categories are poultry, beef and beef products, flour and other baking ingredients, spices, candies, fresh fruit, processed vegetables, prepared foods, condiments and sauces, snacks, eggs and egg products, and fruit and vegetable juices. There is also growth potential for existing and new alcoholic beverage products within the distilled spirits, wine, and craft beer categories.

Products Not Present in Market with Good Sales Potential

Retailers continue to report that most consumer-oriented products listed above, which can be offered under private labels, will have good sales promotion potential. Retailers see opportunities to target low-income consumers with lower-priced products.

Section 5: Key Contacts and Further Information

Foreign Agricultural Service (FAS/USDA)
United States Embassy in the Dominican Republic
Ave. República de Colombia # 57, Santo Domingo, Dominican Republic
Telephone: 809-368-7654
E-mail: agsantodomingo@usda.gov
Website: www.fas.usda.gov
Please do not hesitate to contact this office for more detailed information about the Dominican food market, lists of importers, major players in the sector, and any other related questions.

Industry and Commerce Ministry of the Dominican Republic (MICM)
Torre MICM, Av. 27 de Febrero No. 306, Bella Vista. Santo Domingo, Dominican Republic.
Telephone: 809- 685-5171 | E-mail: info@micm.gob.do
Website: https://www.micm.gob.do/

Ministry of Health
General Directorate of Medicines, Food and Health Products – DIGEMAPS- (Sanitary Registration)
Av. Dr. Héctor Homero Hernández esq. Av. Tiradentes, Ensanche La Fe.
Santo Domingo, Dominican Republic.
Tel: 809-541-3121; Email: infoministeriodesalud@gob.do
Websites: https://digemaps.msp.gob.do/menu/;
https://msp.gob.do/web/

Commercial Enterprises National Organization (ONEC)
Torre Biltmore, Suite 401, Ave. Abraham Lincoln No. 1003, D.N.
Santo Domingo, Dominican Republic
Telephone: 809-683-7229 | E-mail: info@onec.org.do
Website: http://www.onec.org.do/

National Union of Economic Supermarkets (UNASE)
Calle Rodrigo Pérez No. 6, El Almirante. Santo Domingo Este, Dominican Republic
Telephone: 809-236-0534 | E-mail: cooperativaunase@gmail.com

National Federation of Retailers and Food Merchants (FENACODEP)
Prolongación Independencia No. 390, KM 81/2, Urbanización Miramar, Apartado Postal 6D. Santo Domingo, Dominican Republic
Telephone: 809-532-2240 and 809-532-0888 | E-mail: fenacodep01@hotmail.com
Website: https://fenacodep.org/

Dominican Institute for Quality Standards (INDOCAL)
C/ Olof Palme esq. Núñez de Cáceres, San Gerónimo, Santo Domingo, Dominican Republic
Telephone: 809-686-2205 Ext.310 | E-mail: servicioalcliente@indocal.gob.do
Website: http://www.indocal.gob.do

National Institute for the Consumer Rights Protection (ProConsumidor)
Av. Charles Summer #33, Los Prados, D.N, Santo Domingo, Dominican Republic
Telephone: 809-472-2731 | E-mail: info@proconsumidor.gob.do
Website: http://proconsumidor.gob.do

Attachments:

No Attachments