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GAIN Global Agricultural Information Network

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# **Report Name:** Sugar Semi-annual

**Country:** Dominican Republic

**Post:** Santo Domingo

**Report Category:** Sugar

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**Report Highlights:**

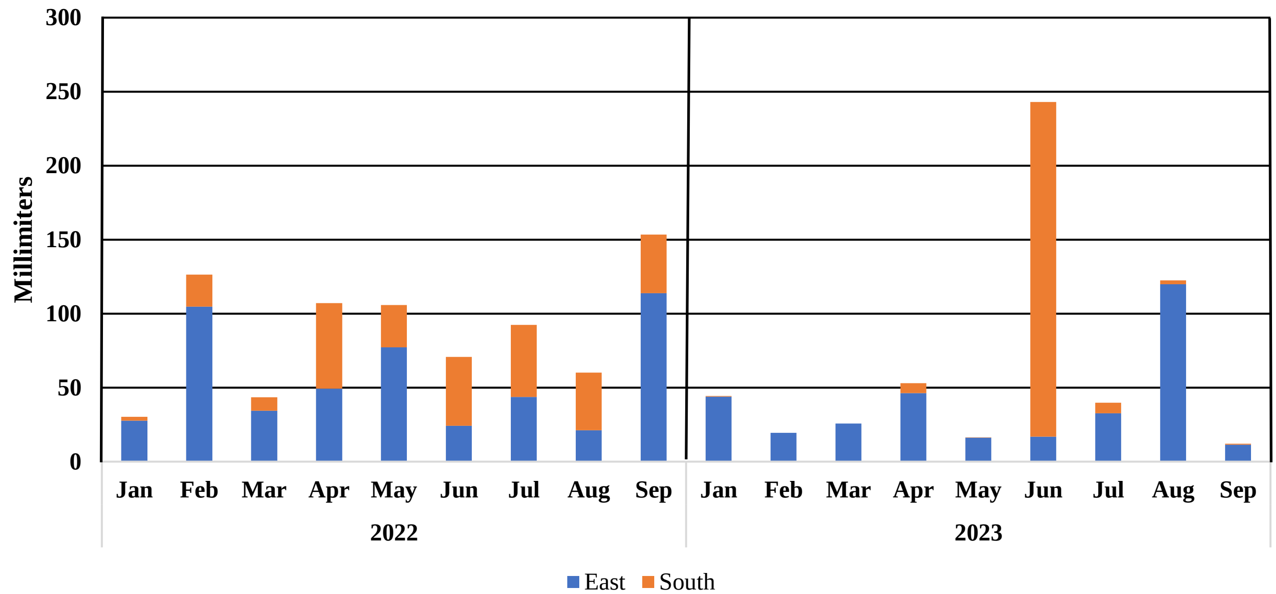
For marketing year October 2023/September 2024 (MY 2023/24), Post forecasts overall sugar production in the Dominican Republic (DR) to increase slightly to 500,000 metric tons (MT) due to improved rainfall patterns. During MY 2022/23, total sugar production fell 22 percent to 486,378 MT relative to last marketing year due to severe drought. For MY 2023/24, Post forecasts exports of raw cane sugar at 190,000 MT, which satisfies the country's fiscal year 2024 (FY 2024) tariff-rate quota with the United States. During MY 2023/24, Post forecasts imports higher at 90,000 MT, as the country is expected to fall short of local supplies to meet growing consumption.

## 1. Production

For MY 2023/24, Post forecasts overall production at 500,000 MT, slightly above last marketing year's production. This forecast is based on improved, though not optimal, weather conditions that will provide better rainfall levels over sugar production areas, resulting in marginal expansion in yields and area harvested.

During MY 2022/23, a severe, prolonged drought reduced sugarcane yields across the major production areas. As shown in Graph 1, the east and south regions of the Dominican Republic received 27 percent less rainfall between January and September 2023 compared to the same period last year. The east region, where more than 80 percent of local production resides, received 33 percent less rainfall compared to the same period last year.

***Graph 1.* Rainfall between January and September 2022 and 2023 in Main Sugar Production Areas**




***Source:*** Built by Post with information from CLIMARED consulted on 09/11/23.

Climatologists consulted by Post agree that, although rainfall has picked up over the last few months due to hurricane season, the country is expected to experience El Niño weather conditions, producing below-average rainfall.

As a result of unfavorable weather patterns, total sugar production significantly dropped to 486,378 MT in MY 2022/23 (358,615 MT of raw sugar and 127,763 MT of refined sugar). This represents a 22-percent decline in total sugar production relative to MY 2021/22 and the lowest production level in the last 7 years.

**Table 1. Sugar Production in the Dominican Republic for MY 2021/22 and MY 2022/23 (MT)**

| Mill | MY 2021/22 | | | MY 2022/23 | | |
|---|---|---|---|---|---|---|
| | Raw | Refined | TOTAL | Raw | Refined | TOTAL |
| Central Romana | 213,525 | 144,058 | 357,583 | 124,638 | 116,437 | 241,075 |
| CAEI (Cristobal Colon) | 150,827 | 18,321 | 169,148 | 147,912 | 11,326 | 159,238 |
| Consorcio Azucarero Central (Barahona) | 89,615 | 0 | 89,615 | 78,796 | 0 | 78,796 |
| Azucarera Porvenir | 9,045 | 0 | 9,045 | 7,269 | 0 | 7,269 |
| **TOTAL** | **463,012** | **162,379** | **625,391** | **358,615** | **127,763** | **486,378** |

***Source:*** *Boletín Cierre Zafra Azucarera 2022-2023 (INAZUCAR)*
**Market year begins in October and ends in September.*

Sugar production from Central Romana, the largest private sugar producer in the country slid 33 percent, or 116,508 MT, driving down total production. Unfavorable precipitation patterns imposed additional stress on crops. Central Romana's sugar production levels during MY 2022/23 were further strained by the U.S. Customs and Border Protection (CBP) Withhold Release Order against the company due to long-standing labor issues. The CBP order continues to remain in place, barring sugar and sugar-based products from entering the United States.

Sugar output at the next top three producing mills also fell considerably due to below-average rainfall. Production at Cristobal Colon (CAEI), the second-largest mill, contracted by 6 percent, or 9,910 MT. Production at Consorcio Azucarero Central (CAC), the third-largest producer in the country, shrank by 12 percent. Finally, sugar output at Azucarera Porvenir, the only mill managed by the national government, declined by 20 percent.

## 2. Consumption

For MY 2023/24, Post forecasts sugar consumption higher at 399,000 MT powered by a record number of tourists visiting the country. From January through July 2023, the Dominican Republic received over 4.9 million tourists, 700,000 more than the same period last year, according to the Dominican Central Bank.

## 3. Trade

For MY 2023/24, Post projects exports of raw cane sugar at 190,000 MT, virtually flat year over year. This forecast is driven by the U.S. World Trade Organization (WTO) TRQ available to the DR for FY 2024 in addition to smaller quantities of Dominican sugar exports to the Haitian market.

The United States remains the top priority market for Dominican sugar and was the main destination for sugar exports in MY 2022/23. Smaller quantities between 3,000-5,000 MT per year are exported mainly to Haiti in response to disparities in market prices.

On September 15, 2023, the Dominican Republic announced the closure of the Dominican Republic-Haiti border, which included all land, sea, and air corridors, essentially halting trade between the two countries. In the event that the border reopens, the volume of sugar exports will remain unchanged.

In FY 2023, the Dominican Republic received the largest single-country allocation for the U.S. TRQ: 229,343 MT of 1,117,195 MT. As of September 9, 2023, the DR has filled 78 percent of the quota.

As part of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), an additional quota exists for products containing sugar. The quota is allocated to CAFTA-DR signatories each calendar year and is based on the country's performance[1] and availability. For calendar year 2023 (CY2023), the U.S. assigned no additional allocation to DR.

For MY 2023/24, Post forecasts imports to continue rising to 90,000 MT as growing consumption is expected to outpace tapered growth in production. In MY 2022/23, the main suppliers of sugar to the Dominican Republic are Guatemala, Colombia, and Brazil.

**4. Stocks**

For MY 2023/24, Post forecasts stocks to reach 72,000 MT, virtually flat relative to the previous marketing year. Stocks are forecast lower as production levels remain limited. Producers hold the lion's share of stocks, which allows them control over the availability of sugar in the market.

**5. Production, Supply, and Distribution Data**

**Table 2. Sugar Cane for Centrifugal During MY's 2021/22, 2022/23 and 2023/24**

| Sugar Cane for Centrifugal | 2021/2022 | | 2022/2023 | | 2023/2024 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Nov 2021 | | Nov 2022 | | Nov 2023 | |
| Dominican Republic | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Planted** (1000 HA) | 115 | 115 | 110 | 90 | 100 | 95 |
| **Area Harvested** (1000 HA) | 115 | 115 | 110 | 90 | 100 | 95 |
| **Production** (1000 MT) | 5600 | 5600 | 5350 | 4360 | 4800 | 4500 |
| **Total Supply** (1000 MT) | 5600 | 5600 | 5350 | 4360 | 4800 | 4500 |
| **Utilization for Sugar** (1000 MT) | 5600 | 5600 | 5350 | 4360 | 4800 | 4500 |
| **Utilization for Alcohol** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Utilization** (1000 MT) | 5600 | 5600 | 5350 | 4360 | 4800 | 4500 |
| | | | | | | |
| (1000 HA), (1000 MT) | | | | | | |

[1] *In the Final Text of the CAFTA-DR, please see Appendix I the Schedule of the United States to Annex 3.3 for more details:* *http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file971_3958.pdf*

**Table 3. Sugar, Centrifugal During MY's 2021/22, 2022/23 and 2023/24**

| Sugar, Centrifugal | 2021/2022 | | 2022/2023 | | 2023/2024 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Oct 2021 | | Oct 2022 | | Oct 2023 | |
| Dominican Republic | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Beginning Stocks** (1000 MT) | 92 | 92 | 87 | 87 | 105 | 71 |
| **Beet Sugar Production** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Cane Sugar Production** (1000 MT) | 625 | 625 | 600 | 486 | 530 | 500 |
| **Total Sugar Production** (1000 MT) | 625 | 625 | 600 | 486 | 530 | 500 |
| **Raw Imports** (1000 MT) | 0 | 0 | 0 | 75 | 50 | 80 |
| **Refined Imp. (Raw Val)** (1000 MT) | 15 | 15 | 10 | 10 | 10 | 10 |
| **Total Imports** (1000 MT) | 15 | 15 | 10 | 85 | 60 | 90 |
| **Total Supply** (1000 MT) | 732 | 732 | 697 | 658 | 695 | 661 |
| **Raw Exports** (1000 MT) | 250 | 250 | 195 | 190 | 190 | 190 |
| **Refined Exp. (Raw Val)** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Exports** (1000 MT) | 250 | 250 | 195 | 190 | 190 | 190 |
| **Human Dom. Consumption** (1000 MT) | 395 | 395 | 397 | 397 | 399 | 399 |
| **Other Disappearance** (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Use** (1000 MT) | 395 | 395 | 397 | 397 | 399 | 399 |
| **Ending Stocks** (1000 MT) | 87 | 87 | 105 | 71 | 106 | 72 |
| **Total Distribution** (1000 MT) | 732 | 732 | 697 | 658 | 695 | 661 |
| | | | | | | |
| (1000 MT) | | | | | | |

## Attachments:

No Attachments