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Dominican Republic

Exporter Guide

Opportunities Abound for U.S. Consumer-Oriented Products

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Report Highlights:

In 2016, the Dominican Republic was the fifth-largest market, valued at almost \$484 million, for U.S. consumer-oriented products in the Western Hemisphere after Canada, Mexico, Colombia, and Chile.

The U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) has improved the competitiveness of U.S. products; consumer-oriented product sales have increased by 200 percent since the implementation of the agreement in 2007. The United States is the largest consumer food exporter to the Dominican Republic, with a market share of approximately 50 percent. With a very active tourism sector valued at approximately \$5.3 billion in 2016 (representing 7.8 percent of the GDP), there are opportunities for increased U.S. exports to the Dominican market. Products with the highest potential include snack foods, powdered milk, wine, craft beer, and cheddar cheese.

Post:

Santo Domingo

SECTION I. MARKET OVERVIEW

1.1. Economic situation

According to the Dominican Republic Central Bank, the Dominican Republic (DR)'s gross domestic product (GDP) grew by 6.6 percent in 2016. This growth has positioned the DR as a leader in Latin America for the third consecutive year, exceeding the expectations of the government and other international institutions. This is especially notable because the International Monetary Fund (IMF) estimated Latin American's GDP growth at -0.6 percent in 2016, mainly due to the economic situation in Brazil, Argentina, Venezuela, and Ecuador. The IMF has projected the DR's GDP to increase 5.3 percent in 2017.

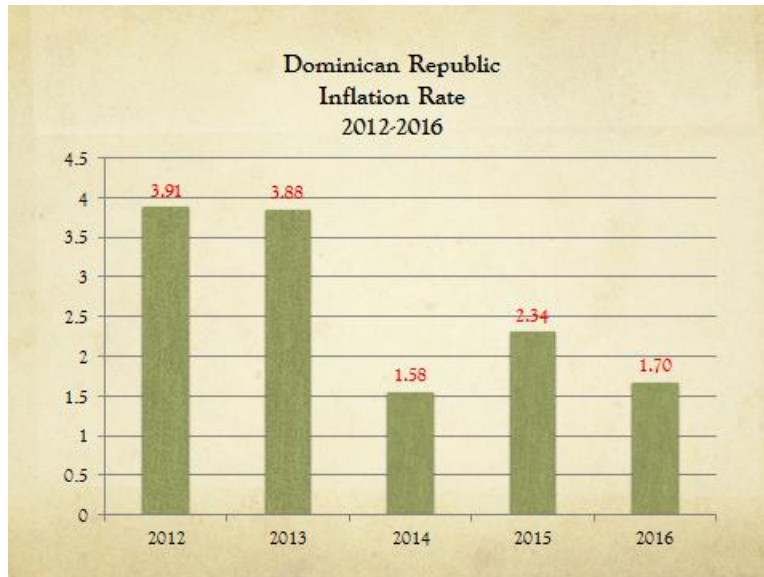
DR GDP Growth, 2012 - 2016



In 2016, the main drivers of this growth were: mining (26.5 percent); financial intermediation (11.9 percent); construction (9 percent); trade (6.5 percent); hotels, bars, and restaurants (6.4 percent); transportation and storage (5.6 percent); teaching (5.3 percent); and local manufacturing (5 percent). The agricultural sector grew 10 percent in 2016, recovering from last year's drought.

According to the Dominican Central Bank, the inflation rate in 2016 was 1.7 percent, which is the second-lowest rate in 33 years. While the inflation rate has dramatically decreased since 2012, it had increased moderately during 2015 due to price increases on locally-produced food and beverages (see figure below). The inflation forecast for 2017 is 3.6 percent.

DR Inflation Rate, 2012 - 2016



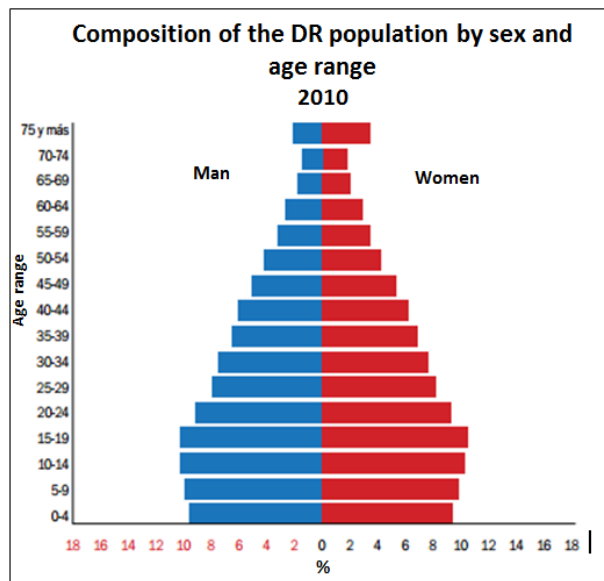
As of December 31, 2016, the exchange rate of the spot market for sales of U.S. dollars was 1US\$=46.70RD\$.

1.2. Demographics and income distribution

According to the most recent census carried out by the National Office of Statistics (ONE) in 2010, the DR population was 9.4 million, with an annual growth rate of 1.21 percent. Of this total, men represent 50.17 percent and women make up 49.82 percent. Approximately 75 percent of the population lives in urban areas and 25 percent lives in rural areas.

The largest age cohort in the population is one between 15-19 years (10.4 percent), followed closely by 10-14 year-olds (10.3 percent). Two-thirds of the population is 35 years old (see graphic of the composition DR population).

With 3,339,410 people or 35.35percent of population, the city of Santo Domingo (including the National District, Santo Domingo province, and its surrounding suburbs) is the largest market in the country. also the city with the highest population density at about 2,396 inhabitants per square kilometer (km²). Following the city of Santo Domingo, the largest markets in the DR are: Santiago province (population: 963,422;



Source: National Statistics Office, ONE, 2010
http://censo2010.one.gob.do/volumenes_censo_2010/vol1.pdf

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population density: 343 inhabitants per km²¹); San Cristobal province (population: 569,930; population density: 459 inhabitants per km²²); and La Vega province (population: 394,205; population density: 172 inhabitants per km²). Other important provinces are La Romana, Bonao, San Francisco de Macoris, and Higüey. Higüey includes the most important tourist area of the country: the municipalities of Bávaro and Punta Cana.

To study behavior trends, the Dominican Central Bank divides the population into 5 quintiles by income; the income and purchasing power for these segments varies significantly as described below:

| Quintile | Description | % of Population | Monthly average income (US\$) | Main Expenses and Percentage of Total Expenses |
|----------|------------------------|--|-------------------------------|--|
| 1 | below the poverty line | 10% (944,528 people) | 198.63 | Food/non-alcoholic beverages: 47.2% |
| 2 | lower class | 47% (4,439,282 people) | 309.35 | Food/non-alcoholic beverages: 38.1% Transportation: 12.3% Housing: 9.4% <i>This represents a good market for basic U.S. products such as beans, poultry, rice, and bread.</i> |
| 3 | middle class | 20% of the population (1,889,056 people) | 434.33 | Food/non-alcoholic beverages: 31.6% Transportation: 13.7% <i>This represents a good market for U.S. high value products³</i> |
| 4 | upper middle class | 17% (1,605,698 people) | 671.90 | Food/non-alcoholic beverages: 24.8% Transportation for 13.7% Housing: 10.9% Hotels and restaurants: 9.5% <i>This represents a good market for U.S. high value products</i> |
| 5 | upper class | 6% (566,717 people) | 1,599.77 | Food/non-alcoholic beverages: 12.3% Transportation: 24.8% <i>This represents a good market for U.S. high value products</i> |

¹ The city of Santiago has a population of 591,985 and a population density of 3,587 habitants/ km².

² The city of San Cristobal has a population of 232,769 and a population density of 1,095 habitants/ km².

³ In this report Post refers as High Value Products to agricultural products with a level of processing either intermediate or consumer oriented.

1.3. Market size

Based on a 2007 survey (the most recent), approximately 21 percent of household expenditures were spent on food and non-alcoholic beverages. Within this category of expenses, the average Dominican consumes the following products:

Monthly average expenses in food and non-alcoholic beverages in DR

| Category | Monthly expenses | |
|--|------------------------------|-----------------------|
| | Absolute (US\$ 1,000,000) | Relative (percent) |
| Food and non-alcoholic beverages | 334.25 | 100.00 |
| Food | 298.49 | 89.30 |
| - Meat | 70.14 | 23.50 |
| - Bread and cereals | 67.16 | 22.50 |
| - Vegetables | 41.79 | 14.00 |
| - Milk, cheeses and eggs | 33.13 | 11.10 |
| - Fruits | 30.15 | 10.10 |
| - Oils and fat | 14.03 | 4.70 |
| - Foodstuff | 19.40 | 6.50 |
| - Fish | 11.34 | 3.80 |
| - Sugar, jam, honey, chocolate and sweets | 11.34 | 3.80 |
| Non-alcoholic beverages | 35.76 | 10.70 |
| - Mineral water, refreshments, fruit and legume juices | 31.96 | 89.35 |
| - Coffee, tea and cocoa | 3.81 | 10.65 |

Source: Built by FAS/Post with data from the National Poll of Household Income and Expenses, 2007. ONE.

Post does not anticipate that these spending patterns will change significantly in the near future. Therefore, since the DR's economy continues to develop and the population continues to increase, the growing demand of food products in the country presents opportunities for U.S exporters.

From 2012 to 2016, the DR imported more than \$12 billion in food and beverages, with approximately 50 percent coming from the United States. In 2016, the DR imported \$2.5 billion in agricultural and food and beverages products, sourcing \$1.26 billion of that from the United States. In comparison, the total U.S. exports of food and beverages to the DR in 2007 were \$804 million; this highlights positive impact of CAFTA-DR for U.S. exports.

1.4. Advantages and challenges in the market

| Advantages | Challenges |
|---|--|
| 1. The implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products. | 1. Competition from other CAFTA-DR signees and other countries that have signed free trade agreements with the DR. |
| 2. A large and growing tourist population (6.0 million in 2016), which demands high value food products. | 2. Tariff rate quotas, safeguards and other CAFTA-DR provisions that protect local producers of rice, meat (beef, poultry and pork), dairy products, beans, garlic, and onions. |
| 3. A growing number of consumers demanding higher quality and healthier products; they generally perceive that U.S. products meet their requirements. | 3. Requirement that U.S. products must comply with Spanish language labeling requirements. |
| 4. Efficient food distribution channels, with the construction of new highways and the modernization of seaports and airports facilitating the flow of imported food products. | 4. Cold chain limitations. |
| 5. Consumers greatly influenced by the U.S. culture, with a positive perception of U.S. products. | 5. Require import permits for some products. |
| 6. The proximity of the DR to the United States and strong bilateral relationships throughout the public and private sectors, which facilitates trade. | 6. 18 percent VAT and high internal logistic costs. |
| 7. Growing population in urban centers and increased employment. | 7. Lack of transparency and corruption, which continue to earn the DR relatively low scores in international comparison tables (DR was 99th out of 190 countries in the World Bank’s 2018 “Ease of Doing Business” ranking). |
| 8. A Dominican diaspora in the U.S. of approximately one million persons, clustered primarily in the northeastern states and Florida, whose remittance payments help support the Dominican economy. | 8. A lack of institutional continuity across changes in government administrations. |

SECTION II. EXPORTER BUSINESS TIPS

2.1. Business culture

Personal relationships are essential to building business relationships in the DR. In general, Dominicans attach great importance to courtesy in all business endeavors. A warm handshake combined with conversation about the person’s wellbeing, family, or other similar topics prior to launching into any conversation related to business is considered a common courtesy. This communication helps Dominican businessman develop more confidence prior to any business commitment. Of course, as genuinely warm and friendly as Dominicans are, every aspect of the business transaction should be clearly stated between the parties in writing.

The DR has few but persistent market access issues. A common market entry option is to appoint an agent or distributor in the DR; licensing agreements and franchises can also be successful. Because of the DR's proximity to the United States and low air travel costs, the optimal market entry method is through a coordinated strategy that includes personally visiting potential partners or distributors in the DR. U.S. exporters should also be prepared to provide all promotional materials in the Spanish language. Good after-sales service is a pre-requisite of doing business successfully in the country.

2.2. Consumer tastes and preferences

Dominicans have adopted a lot of U.S. culture, such as music, sports, entertainment, and fashion. DR food consumption trends are similar to trends in the United States. While U.S. trends may take a few years to arrive in the DR, CAFTA-DR has accelerated this transfer. For example, in the middle class and above, consumers routinely visit U.S. fast food chains and restaurants established in the DR.

Dominican consumers perceive that products made in more developed countries are more reliable in terms of quality and safety. Additionally, higher income classes are demanding more natural and healthy products, including those with less saturated fat, cholesterol, and sugar.

2.3. Food Standards and Regulations (FAIRS)

In general, food laws in the Dominican Republic have not substantially restricted trade for U.S. products. There are four government Ministries involved in setting food policy for the country: the Ministry of Public Health, the Ministry of Industry and Commerce, the Ministry of Agriculture, and the Ministry of the Environment and Natural Resources. The Ministry of Health plays a leading role within the Ministries.

For more detailed information on how these Ministries interact and proceed, please refer to Post's 2017 Food and Agriculture Import Regulations and Standards (FAIRS) narrative report, DR1714.

2.4. General import and inspection procedures

2.4.1. Product registration

The first step in importing new food products into the Dominican Republic is product registration. Importers register new food products with the Ministry of Public Health. The Ministry issues a certificate to the importer or the local legal representative with a Sanitation Registration Number, which must be printed on the label of the product or as an additional sticker.

For more information, please refer to Post's 2017 FAIRS narrative report (DR1714).

2.4.2. Customs clearance

The General Directorate of Customs Office requires the importer to present the following documents to release all shipments valued over US\$100:

- Bill of Lading (English or Spanish)
- Commercial Invoice
- Insurance Certificate issued by a local insurance company
- Sanitary certificate issued by the origin country
- Non-objection Certificate issued by the Ministry of Agriculture⁴
- Import Permit issued by the Department of Internal Taxes for alcoholic beverages only

When importers have all of the required documents and no sanitary issues arise, the customs clearance procedure can be completed in twenty-four hours. The process has been streamlined in recent years due to the implementation of electronic customs systems, which allows the importer to request permits and process other transactions online. However, importers usually hire a knowledgeable customs agent who expedites the process. Larger importers will have a customs agent within their company. After ten days in port, shipping lines assess a daily charge for the use of their containers. Port authorities also charge for the use of their space.

After the invoice is reviewed, Customs officials determine the duty. If it is determined that the invoice does not reflect what Customs believes is an accurate price, Customs officials will review the duty based on their own appraisal list (Lista de Valuación Aduanera, LVA). The actual product value may be lower than the one in the list, so importers sometimes need to appeal their findings.

In September 2017, the Ministry of Agriculture started to implement the Customs Authority's electronic system, One Stop Shop of External Trade (or VUCE in Spanish) to digitize their agricultural imports authorizations process. The system is currently being used for a handful of commodities, including apples, grapes, citrus, vegetables, and meats. Once fully implemented, the system is expected to increase transparency for traders, who will be able to view the status of their approvals and reasons for any rejections.

2.4.3. Tariffs

Current tariffs are based on DR-CAFTA; many have been or will be reduced under the agreement. Tariffs range from 0 to 20 percent for most products, and up to 99 percent in some cases. A number of products are duty free and are listed in Baskets A, B, G, W and X of the agreement. The tariffs for products in other baskets are being reduced over time. The tariff reduction schedule for each basket is listed in Appendix II of this report.

⁴ For more information on this permits, please access: <http://agricultura.gob.do/servicios/informacion-sobre-procedimientos-para-la-importacion-de-productos-y-subproductos-de-origen-vegetal/> and <http://agricultura.gob.do/servicios/informacion-sobre-procedimientos-para-la-importacion-de-productos-y-sub-productos-de-origen-animal/>

A complete list of the base tariff schedule, in Spanish only, under the CAFTA-DR agreement can be found at the following link:

http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file732_5848.pdf

Tariff codes are the same in all languages. Therefore, the code for any product is the same in both Spanish and English. For more information on the text of the agreement, please go to

<http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>.

Exporters also need to be aware of other internal taxes applied to imported luxury products, such as wine, during the clearance process. Although the duty may be low and even zero, luxury taxes may be as much as 300 percent. These taxes, charged at customs, increase the price for the end consumer significantly.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

3.1. Retail food sector

Since the start of the trade liberalization process in the 90's and especially since the implementation of CAFTA-DR, retail in Dominican Republic has become bigger, more diversified, and more sophisticated. Supermarkets have diversified their stores, including specific stores for determined segments of the population, including high-end segments. The most important supermarket chains in DR are controlled by local investment. Even though the existing supermarket chains do not have any formal industry association, they have been effective at defending their dominant position in the local market. U.S. supermarket chains have not entered the market except for Pricemart, which is owned by Dominican and U.S. investors. The main urban cities are well covered by several supermarket chains.

According to Post research, there are eight major players in the supermarket sector with more than 160 stores located all across the country, as follows:

Major supermarket chains in Dominican Republic, 2017

| Name | Ownership | Outlets | Location | Purchasing agent |
|------------------------|------------------------------------|---------|--|---|
| La Sirena | Dominican (Grupo Ramos) | 25 | Santo Domingo, Santiago, Puerto Plata, La Vega, San Francisco, San Cristóbal, Bonao, Higuey, Moca La Romana and Bani | Direct importers and distributors |
| Supermercado Pola | Dominican (Grupo Ramos) | 9 | Santo Domingo, Bávaro, Las Terrenas and Sosúa | Direct importers and distributors |
| Aprezio | Dominican (Grupo Ramos) | 25 | Santo Domingo, Santiago, Cotuí and Boca Chica | Direct importers and distributors |
| Supermercados Nacional | Dominican (Centro Cuesta Nacional) | 14 | Santo Domingo, Santiago, La Romana and Punta Cana | Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S. |

| Name | Ownership | Outlets | Location | Purchasing agent |
|--|------------------------------------|---------|---|---|
| Jumbo | Dominican (Centro Cuesta Nacional) | 12 | Santo Domingo, La Romana, San Pedro, Santiago, Moca, La Vega, Higüey, Bávaro and Puerto Plata | Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S. |
| Jumbo Express | Dominican (Centro Cuesta Nacional) | 4 | Santo Domingo | Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S. |
| Supermercados Bravo | Dominican | 11 | Santo Domingo, Autopista Las Américas, Las Colinas and Santiago | Direct importers and distributors |
| Supermercados Plaza Lama | Dominican | 11 | Santo Domingo, Bavaro and La Vega | Direct importers and distributors |
| Supermercados La Cadena | Dominican (MERCATODO) | 10 | Santo Domingo | Direct importers and distributors |
| Pricesmart Warehouse | U.S./ Dominican | 3 | Santo Domingo and Santiago | Direct importers and distributors |
| Carrefour | French | 2 | Santo Domingo | Direct importers and distributors |
| Superfresh | Dominican | 1 | Santo Domingo | Direct importer and distributor |
| National Association of Small Supermarkets (UNASE) | Dominican | 40 | Major cities | Direct importers and distributors |

Source: Built by FAS/Post with data from interviews and research (M Carvajal)

As shown in the previous table, Grupo Ramos (59 stores) and Centro Cuesta Nacional (30 stores) are the biggest supermarket chains in the country. They have diversified their stores in three categories, each one aiming at one specific segment of the population. These major supermarkets have distributed outlets within the provinces with the largest per capita income.

These supermarket chains import products directly from the United States and also buy from other local importers. Supermarkets are increasing their number of product lines. They are also developing the market for their own private brands and are the exclusive representatives of some name brand products.

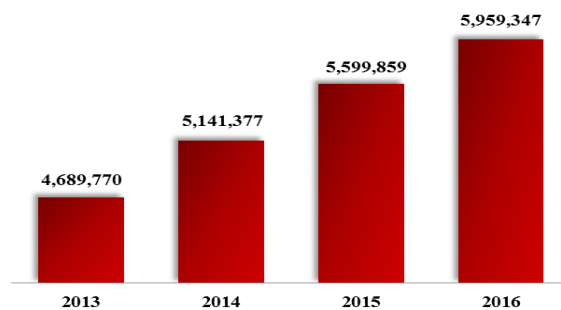
Still, according to Post sources, only 20 to 25 percent of the retail sales are recorded by supermarkets. The rest are posted by informal establishments, such as mom and pop stores (*colmados*), open public markets, and street vendors, which traditionally distribute local, domestic products.

3.2. Hotel, Restaurants and Institutions (HRI)

In total, the HRI sector contributed 17.3 percent to the Dominican Republic (DR)'s GDP in 2016, which reflected a 4.9 percent increase from 2015. The tourism sector continues to be very important to the DR's economy and a key driver of trends and demand in the food service sector. According to the World Travel & Tourism Council (WTTC)'s last annual research, travel and tourism contributed 5.4 percent to the DR's total GDP in 2016, and is forecast to rise by 4.8 percent in 2017. The average tourist spends approximately US\$130 per day.

According to the last official Central Bank Touristic Statistics Bulletin, nearly 6 million tourists entered the DR in 2016 as seen in the graphic below; this was a 6.5 percent increase from the previous year. Within this increase, 84 percent were foreigners and the remaining 16 percent were DR nationals residing outside of the country. The number of foreign arrivals increased annually on average by 7 percent for the last three years. Sixty-seven percent (3.4 million) of foreign visitors entered the DR through the Punta Cana Airport, the most important tourism area. Approximately 18 percent of foreign visitors come through the Santo Domingo airport.

Non-Resident Tourist Arrivals



U.S. tourists continue to lead arrivals in DR, representing approximately 41 percent (2.1 million) of foreign visitors in 2016. Europeans, mainly from Germany, France, Spain, Russia, and the United Kingdom, comprise 23 percent (approximately one million) of foreign visitors.

Most of the hotels located in Punta Cana, Puerto Plata, and La Romana operate under the “all-inclusive” business model, serving nearly 3 million foreigners every year. The average hotel occupancy rate keeps similar proportion as previous year: La Romana/Bayahibe, 85 percent; Punta Cana, 83 percent; Samana, 79 percent; and Puerto Plata, 60 percent.

Most of the travelers who conduct business in the DR arrive through Santo Domingo and Santiago airports. Therefore, Post estimates that nearly 1 million foreigners stay in “non-tourism hotels” annually. The average hotel occupation rate for 2016 was similar to 2015: Santo Domingo, 63 percent and Santiago, 59 percent.

There are approximately 129 outlets of 21 fast food restaurant chains in the DR according to the Exports and Investment Promotion Agency of El Salvador (PROESA). Most of them are U.S. franchises. According to the same source, there are approximately 333 medium and large restaurants in the country; 167 of them located in Santo Domingo (of which 50 are considered high end restaurants), 61 in Santiago, 60 in Bávaro (a tourist region within Punta Cana), 23 in La Romana, and 22 in Puerto Plata.

Supply of the restaurant sector is dominated by a few major distributors and by major local confectionaries. The most important supermarkets distribute wines and other products to these restaurants.

In the DR, there are a limited number of institutional, mainly social, programs exist that demand food on a regular basis. The Government of the DR is involved in two programs, both of which exclusively utilize local products:

1. The Comedores Economicos Program (accessible diners) is a program in which the Government distributes consumer goods (raw or cooked), subsidizing approximately 87 percent of the cost. The distributed products include: rice, beans, oil, chicken, salami, pasta, tomato sauce, liquid seasoning, garlic paste, and tubers.
2. The Alimentacion Escolar Program (school alimentation) is a program in which the Government distributes consumer goods for kids in public schools all around the country. The program buys and distributes products such as plantains, milk, cheese, bread, and eggs. It is estimated that the Government invests approximately \$530,000 in this program every day.

3.3. Food processing sector

In the DR, according to the General Directory of Internal Taxes (DGII), there are 1,075 companies classified as agricultural industrials or processors. According the same source, the main processing companies based on gross income are:

| Company | Main activity |
|-----------------------------|--|
| Nestle Dominicana S.A. | Production of several massive consumption products for internal sales and exports to the Caribbean and Latin-American region, including milk (powder, whole, condensed, evaporated), cereals, dehydrated soups, powder seasoning, liquid seasoning, and dog and cat food. Buys local and imported products for processing. |
| Molinos del Ozama S.A. | Production of wheat and corn flour, pastas, and cookies using mainly imported raw material. Molinos del Ozama is owned by the Molinos Modernos company located in Guatemala and has a processing capacity of 1,200 MTof wheat per day. |
| Industrias Banilejas S.A. | Purchase and processing of coffee using mainly local products; imports if needed. |
| Frito-Lay Dominicana S.A. | Production of snacks from plantains, cassava, potatoes, and spices using mainly local raw materials. Frito-Lay is a brand of the PepsiCo group. |
| Quala Dominicana S.A. | Production of seasoning cubes, juices from powder, oat products, and other products. This Colombian multinational established operations in DR in 1998. |
| Molinos Valle del Cibao S.A | Production of 4 brands of wheat flour (Princesa, Famosa, Principe and Princesita) using mainly imported raw material. This company is part of the Bocol Group and is one of the DR's biggest importers of wheat flour. |

| Company | Main activity |
|------------------------------|---|
| Unilever Caribe S.A. | Production and importation of more than 70 widely-consumed products, including seasoning products, corn flour, detergents, deodorants, and soaps. |
| Sanut Dominicana S.A. | Production of yellow corn, soybean meal, wheat, soybean oil, yellow fat, and fertilizers. This Dominican company also provides veterinary services. |
| Molinos Modernos S.A. | See Molinos del Ozama. |
| La Dominicana Industrial SRL | Production of pastas. This company is part of the Bocel group. |

According to the Central Bank of the Dominican Republic, the “food products industry” represented a \$2.6 billion industry in 2015.

SECTION IV. BEST HIGH VALUE PRODUCTS PROSPECTS

| Product category | Total Imports 2016 (\$1,000,000) | Imports from U.S. (\$1,000,000) | | | 5-Yr. Avg. annual U.S. import growth | Import tariff rate by Jan 2018 | Key constraints over market development | Market attractiveness for U.S. |
|-------------------------------------|----------------------------------|---------------------------------|------|------|--------------------------------------|--------------------------------|---|---|
| | | 2014 | 2015 | 2016 | | | | |
| Snack foods NESOI | 17.9 | 22.9 | 14.9 | | 18% | 0% | Strong competition with local produced and imported products from Central America and other countries | Increasing demand of snack products in the middle income class. Still good opportunity for U.S. products to reenter the market. Consumers understand higher quality standards |
| Non-Fat Dry Milk (NFDM) (040210000) | 11.5 | 31.5 | 12.9 | | 2% | 39.2% | Still subject to TRQ's and additional safeguard duties | Increasing demand of dairy products. DR consumer associates U.S. dairy with high quality |
| Grape wine NESOI (2204214000) | 10.9 | 8.8 | 9.6 | | 36% | 0% | Competition with Chilean, Spanish, and French wines | Increasing segments of the market are expending more money in alcoholic beverages |
| Beer, malt (2203000000) | 5.7 | 3.4 | 4.7 | | 23% | 2.67% | Strong competition from the local industry | Increased demand for foreign beers among Dominican consumers, especially in restaurants |

| Product category | Total Imports 2016 (\$1,000,000) | Imports from U.S. (\$1,000,000) | | | 5-Yr. Avg. annual U.S. import growth | Import tariff rate by Jan 2018 | Key constraints over market development | Market attractiveness for U.S. |
|-----------------------------|----------------------------------|---------------------------------|------|------|--------------------------------------|--------------------------------|---|--|
| | | 2014 | 2015 | 2016 | | | | |
| Cheddar Cheese (0406901000) | 3.5 | 1.8 | 1.4 | | 234% | 2.67% | Still subject to TRQ's and additional safeguard duties. Competition from local producers Nevertheless, the percentage of increase indicates the huge potential for the United States for this product | Increasing demand of dairy products, especially cheeses. DR consumer associates U.S. dairy with high quality |

Notes:

1. Data Source: U.S. Census Bureau Trade Data

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/ USDA)

U.S. Embassy in Santo Domingo

República de Colombia Av. #57, Arroyo Hondo, Santo Domingo, Dominican Republic

Telephone: 809-368-7654

E-mail: agsantodomingo@fas.usda.gov

Web page: www.fas.usda.gov

Comment: Contact this office for more detailed information about the Dominican food market, lists of importers, major players in the sector, questions, etc.

Ministry of Agriculture; General Directorate of Livestock (DIGEGA in Spanish)

George Washington Av., Ciudad Ganadera, Santo Domingo, Dominican Republic

Telephone: 809-535-9689, ext. 223

Fax: 809-533-5863

Contacts: Dr. Bolivar Toribio, Livestock Directorate Director

Dr. Lisette Gomez, Animal Health Director

E-mail: digega@ganaderia.gob.do

Web page: www.ganaderia.gob.do

Comment: This department within the Ministry of Agriculture issues the non-objection sanitary certificates, which are required to import animal products.

Ministry of Agriculture; Plant Health Division

Autopista Duarte, Km. 6 ½, Jardines del Norte, Santo Domingo, Dominican Republic.

Telephone: 809-547-3888, ext. 3786

Fax: 809-227-1268

Contacts: Dr. Emigdio Gomez, Plant Health Director

Ing. Manuel Duran, Plant Health Deputy Director

E-mail: egomezrs@hotmail.com

Web page: www.agricultura.gob.do

Comment: This department within the Ministry of Agriculture issues the non-objection phytosanitary certificates, which are required to import vegetable products.

Ministry of Public Health; General Directorate of Drugs, Food and Sanitary Products (DIGEMAPS)

Ave. San Cristobal, Esquina Ave. Tiradentes, Santo Domingo, Dominican Republic

Telephone: 809-541-3121, ext. 2204

Fax: 809-544-2083

Contact: Dr. Fatima del Rosario Cabrera, Head of the Food Department

E-mail: fatima.cabrera@msp.gob.do

Web page: www.sespas.gov.do

Comment: This department issues the sanitary registration number that is required to sell pre-packed food products in the country. The department is also in charge of food inspection.

Oficina Nacional de Derecho de Autor (ONDA)

(National Office for Copyrights)

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E-mail: ondaadm@claro.net.do

Comment: Through this office, importers register trademarks, product registration, and property rights.

Instituto Dominicano para la Calidad

(Quality Dominican Institute)

Ministerio de Industria y Comercio

(Ministry of Industry and Commerce)

Ave. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales

Juan Pablo Duarte, Piso 11 (Edif. El Huacal), Santo Domingo, Dominican Republic

Contact: Dr. Manuel Guerrero, Executive Director

Telephone: 809-686-2205

Fax: 809-686-2235

E-mail: servicioalcliente@claro.net.do

Web page: <http://www.digenor.gob.do>

Comment: This bureau is part of the Ministry of Industry and Commerce and issues and enforces the application of NORDOM 53, which requires product labels in the Spanish language and the sanitary registration number on all pre-packed retail food products.

Dirección General de Aduanas

(General Directorate of Customs)

Av. Abraham Lincoln No. 1101, Ens. Serrallés

Santo Domingo, Dominican Republic

Contact: Mr. Enrique Ramirez Paniagua, Director

Telephone: 809-547-7070

Fax: 809-540-5853

E-mail: info@dga.gov.do

Webpage: <http://www.dga.gov.do>

Comment: This is the official entity in charge of customs and the related local regulations.

Centro de Exportación e Inversión de la República Dominicana (CEI-RD)

(Export and Investment Center of the DR)

Av. 27 de Febrero, Esq. Gregorio Luperón, Plaza de las Banderas, Santo Domingo, Dominican Republic

Contact: Mr. Henry Molina, Director

Telephone: 809-530-5505

Fax: 809-530-8208

Email: webmaster@cei-rd.gov.do

Webpage: <http://www.cei-rd.gov.do>

Comment: This is an official entity responsible for increasing exports from DR and investment in the country.

Cámara Americana de Comercio de la República Dominicana

American Chamber of Commerce of the Dominican Republic

Av. Sarasota No. 20, Torre Empresarial AIRD, 6to. Piso, Santo Domingo, Dominican Republic

Contact: Mr. William Malamud, Executive Vice President

Telephone: 809-381-0777

Fax: 809-381-0303

E-mail: amcham@claro.net.do

Website: <http://www.amcham.org.do>

Comment: This organization is formed by 2,500 enterprises (Dominican and American) which facilitate access to information, knowledge, and business contacts between their members in order to increase business between the DR and the United States.

APPENDIX I. STATISTICS

Table A. Key trade and demographic information

| | |
|--|-----------------|
| Agricultural imports from all countries (\$Millions) / U.S. market share (percent) ¹ | \$2,459/ 50% |
| Consumer food imports from all countries (\$Millions) / U.S. market share (percent) ¹ | \$1,029/ 47% |
| Edible fishery imports from all countries / U.S. market share (percent) ¹ | \$65/ 16% |
| Total population (Millions) / Annual growth rate (percent) ² | 9.4/ 1.21% |
| Urban population (Millions) / Annual growth rate (percent) ² | 7/ NA |
| Number of major metropolitan areas ² | 7 |
| Size of the middle class (Millions) / Growth rate (percent) ² | 1.88/ NA |
| Per capita Gross Domestic Product (U.S. Dollars) ³ | \$6,480 |
| Unemployment rate (percent) ³ | 14.5% |
| Per capita Food Expenditures (U.S. Dollars) ⁴ | \$1,233 |
| Percent of female population employed ² | 35.4% |
| Exchange rate (US\$1=X.X local currency) ³ | US\$1=RD\$48.38 |

1. *GATS, GTIS, 2016.*

2. *Population Census National Office of Statistics (ONE), 2010.*

3. <http://www.xe.com/currencyconverter>, December 18, 2017.

4. *Based on ONE estimates of average 21.4 percent of income on food.*

Table B. U.S. Agricultural exports to DR (US\$)

| Commodity: Agricultural Trade SST, HS 1 through 24 | | | | | | |
|---|--|---------------|---------------|---------------|---------------|---------------|
| Annual Series: 2012 - 2016 | | | | | | |
| | Description | 2012 | 2013 | 2014 | 2015 | 2016 |
| Ag Trade SST | HS 1 through 24 | 1,090,561,919 | 1,136,755,658 | 1,366,402,895 | 1,214,396,057 | 1,266,582,243 |
| 23 | Food Industry Residues & Waste; Prep Animal Feed | 134,429,294 | 172,962,572 | 213,840,854 | 202,486,163 | 232,468,957 |
| 10 | Cereals | 220,405,325 | 189,023,167 | 305,136,846 | 187,256,298 | 181,077,834 |
| 24 | Tobacco And Manufactured Tobacco Substitutes | 113,544,191 | 129,682,243 | 127,636,756 | 165,990,651 | 162,218,112 |
| 02 | Meat And Edible Meat Offal | 104,317,464 | 105,262,686 | 132,940,414 | 148,551,122 | 159,375,030 |
| 15 | Animal Or Vegetable Fats, Oils Etc. & Waxes | 72,341,242 | 77,627,892 | 152,512,471 | 109,836,711 | 111,030,935 |
| 21 | Miscellaneous Edible Preparations | 61,611,676 | 83,251,630 | 71,814,872 | 57,236,818 | 60,040,147 |
| 04 | Dairy Prods; Birds Eggs; Honey; Ed Animal Pr Nesoi | 62,183,570 | 69,577,319 | 72,589,328 | 59,724,313 | 55,998,274 |
| 07 | Edible Vegetables & Certain Roots & Tubers | 37,803,519 | 28,961,858 | 28,140,814 | 46,506,960 | 48,344,803 |
| 20 | Prep Vegetables, Fruit, Nuts Or Other Plant Parts | 22,625,866 | 25,784,740 | 33,496,085 | 43,733,487 | 47,368,381 |
| 08 | Edible Fruit & Nuts; Citrus Fruit Or Melon Peel | 35,877,465 | 31,069,129 | 38,575,895 | 40,968,277 | 43,705,178 |
| 19 | Prep Cereal, Flour, Starch Or Milk; Bakers Wares | 68,669,204 | 112,055,579 | 79,278,833 | 40,819,510 | 43,072,220 |
| 22 | Beverages, Spirits And | 21,849,041 | 24,485,407 | 33,104,536 | 37,972,735 | 37,161,755 |

| Commodity: Agricultural Trade SST, HS 1 through 24 | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|
| Annual Series: 2012 - 2016 | | | | | | |
| | Description | 2012 | 2013 | 2014 | 2015 | 2016 |
| | Vinegar | | | | | |
| 16 | Edible Preparations Of Meat, Fish, Crustaceans Etc | 11,567,011 | 21,844,305 | 20,647,168 | 19,665,989 | 22,796,674 |
| 03 | Fish, Crustaceans & Aquatic Invertebrates | 10,564,307 | 10,088,018 | 12,686,933 | 10,977,948 | 15,768,825 |
| 18 | Cocoa And Cocoa Preparations | 9,511,958 | 8,767,278 | 10,123,068 | 11,039,159 | 12,463,184 |
| 12 | Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc | 72,566,769 | 17,933,296 | 8,758,894 | 7,720,839 | 7,633,262 |
| 17 | Sugars And Sugar Confectionary | 6,891,584 | 6,832,740 | 8,146,919 | 7,056,607 | 7,402,880 |
| 11 | Milling Products; Malt; Starch; Inulin; Wht Gluten | 13,950,964 | 10,096,090 | 5,496,242 | 4,795,750 | 5,272,191 |
| 09 | Coffee, Tea, Mate & Spices | 2,467,693 | 2,569,703 | 2,770,552 | 4,436,195 | 4,352,477 |
| 13 | Lac; Gums, Resins & Other Vegetable Sap & Extract | 3,242,160 | 3,724,587 | 3,376,638 | 3,213,561 | 3,674,320 |
| 01 | Live Animals | 2,236,779 | 2,354,986 | 2,274,994 | 2,053,753 | 2,914,541 |
| 06 | Live Trees, Plants, Bulbs Etc.; Cut Flowers Etc. | 1,157,161 | 1,089,331 | 1,871,195 | 1,499,435 | 1,659,290 |
| 05 | Products Of Animal Origin, Nesoi | 713,537 | 1,685,169 | 1,171,718 | 844,942 | 696,131 |
| 14 | Vegetable Plaiting Materials & Products Nesoi | 34,139 | 25,933 | 10,870 | 8,834 | 86,842 |
| | Source: GTA/GTIS | | | | | |

Table C. Top suppliers of agricultural products to DR (US\$)

| UDG: Agricultural Trade SST, HS 1 through 24 | | | | | |
|--|-----------------------|---------------|---------------|---------------|---------------|
| Annual Series: 2012 - 2016 | | | | | |
| Reporting Country | United States Dollars | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Reporting Total | 2,358,059,766 | 2,339,834,383 | 2,485,272,372 | 2,460,188,576 | 2,528,428,029 |
| United States | 1,090,561,919 | 1,136,755,658 | 1,366,402,895 | 1,214,396,057 | 1,266,582,243 |
| Brazil | 196,982,269 | 156,561,124 | 94,049,563 | 140,827,922 | 123,596,272 |
| Argentina | 202,581,560 | 222,142,304 | 79,761,872 | 76,655,407 | 109,378,135 |
| Mexico | 70,498,729 | 86,210,008 | 94,395,220 | 105,886,571 | 96,821,187 |
| Spain | 48,537,920 | 56,655,626 | 63,340,124 | 70,966,733 | 82,044,154 |
| Costa Rica | 64,558,636 | 61,235,264 | 62,994,132 | 65,556,239 | 71,157,538 |
| Denmark | 65,003,103 | 70,314,808 | 73,872,248 | 55,468,449 | 67,750,759 |
| China | 61,061,508 | 49,030,865 | 47,415,746 | 41,825,678 | 62,774,567 |
| United Kingdom | 42,590,745 | 36,680,994 | 50,190,207 | 58,417,523 | 54,296,500 |
| Guatemala | 29,105,890 | 39,688,068 | 45,621,923 | 54,948,659 | 51,244,567 |
| Canada | 42,561,876 | 30,804,390 | 38,244,800 | 56,735,830 | 47,389,384 |
| Netherlands | 46,938,743 | 41,238,222 | 50,126,889 | 40,576,968 | 41,237,985 |
| Norway | 42,544,050 | 37,689,674 | 43,857,822 | 39,955,129 | 40,961,390 |
| Colombia | 40,426,767 | 18,609,753 | 35,934,461 | 46,776,452 | 37,204,270 |
| Ecuador | 21,305,765 | 26,779,215 | 36,140,379 | 33,748,322 | 37,029,021 |
| Honduras | 25,582,280 | 30,825,748 | 35,343,472 | 58,542,355 | 36,234,263 |
| Chile | 30,125,868 | 29,638,214 | 33,060,283 | 31,928,622 | 33,004,033 |
| India | 16,826,379 | 11,535,537 | 15,061,420 | 16,878,960 | 26,342,853 |
| El Salvador | 29,839,135 | 22,648,694 | 20,647,824 | 22,327,691 | 24,967,400 |
| France | 23,241,271 | 23,371,266 | 32,724,989 | 36,748,948 | 24,625,445 |
| Germany | 12,941,952 | 19,596,552 | 23,553,619 | 22,352,427 | 22,066,921 |
| Peru | 14,828,859 | 13,134,820 | 14,629,650 | 18,554,257 | 21,527,188 |

UDG: Agricultural Trade SST, HS 1 through 24

Annual Series: 2012 - 2016

| Reporting Country | United States Dollars | | | | |
|-------------------|-----------------------|------------|------------|------------|------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Belgium | 7,255,008 | 12,576,988 | 15,482,359 | 18,326,820 | 21,449,993 |
| Italy | 11,712,707 | 12,657,427 | 14,216,284 | 15,062,230 | 18,092,786 |
| Nicaragua | 12,191,150 | 20,939,003 | 20,772,510 | 28,650,074 | 17,008,526 |
| Indonesia | 9,427,308 | 14,171,558 | 16,649,971 | 14,839,200 | 16,718,889 |
| Thailand | 17,700,762 | 11,797,061 | 11,796,439 | 13,204,891 | 12,829,795 |
| New Zealand | 7,759,963 | 8,268,535 | 10,395,711 | 9,728,519 | 10,087,265 |

Source: GTIS

**APPENDIX II. BASKET OF PRODUCTS ACCORDING TO TARIFFS SCHEDULE AND
EXAMPLES OF POTENTIAL PRODUCTS IN EACH CATEGORY**

| Basket | Tariff schedule reduction/ example of potential products |
|--------|--|
| A | <p><i>Duty free (0%) immediately</i> <u>Potential products:</u> Breakfast cereals WO sugar; Grape wine; Apple juice. <u>Other products:</u> Chicken wings, de-boned turkey breast, rabbit meat, some fish, some vegetables and salads, cold weather fruits, such as apples, grapes, pears, dry fruits, tea, species, olive oil, breakfast cereals, olives, capers, some fruit juices, sparkling wine.</p> |
| B | <p><i>Duty free as off January 1, 2010.</i> <u>Potential products:</u> Potato fries frozen. <u>Other products:</u> Chicken breasts, red salmon, lobsters, cauliflower, broccoli and Brussels sprouts, beets, water melon, preparations from turkey meat, preparations of caviar, crabs and shrimp, preparations of salads and fruits, cigars.</p> |
| C | <p><i>10% annual reduction, duty free by January 1, 2015 (reduction over 10 years).</i> <u>Potential products:</u> Baby food. <u>Other products:</u> Bacon, liquid milk, butter, other cheeses, lamb and mutton, turkey breast with bone, potatoes, chick peas, dry coconuts, cashew nuts, tropical fruits, sweets of orange, lemons and papaya, tomato or papaya juice, mustard, mayonnaise, compound seasonings , whisky, gin, liquors.</p> |
| D | <p><i>6.66% annual reduction, duty free by January 1, 2020 (reduction over 15 years).</i> <u>Potential products:</u> Bread, biscuits, other baked products; Beer, malt; Cheese, Cheddar. <u>Other products:</u> Prime and choice beef, beef trimmings, onions, garlic, vegetable oil, margarine, cheddar cheese, beans.</p> |
| F | <p><i>No reduction until January 1, 2016. 10% annual reduction from January 1, 2016 -2025.</i> <u>Other products:</u> Milk powder, Yogurt.</p> |
| G | <p><i>Free trade even before CAFTA-DR.</i></p> |
| M | <p><i>2% reduction in 2006. 2% additional reduction in 2007. 8% additional annual reduction from 2008-2012. 16% additional annual reduction from 2012 - 2015.</i> <u>Other products:</u> Wooden furniture.</p> |
| N | <p><i>8.3% annual reduction from 2006 - 2017.</i> <u>Other products:</u> Potatoes, turkey meat, ice cream, glucose and glucose syrup, pig fat.</p> |

| Basket | Tariff schedule reduction/ example of potential products |
|--------|---|
| O | <p>No reduction until January 1, 2012. 10% annual reduction from January 2012 - 2016. 12% annual reduction from 2016 - 2020.</p> <p><u>Other products:</u> Pork cuts.</p> |
| V | <p>No reduction until January 2016. 8% annual reduction from January 2016 - 2021. 12% annual reduction from January 2021-2025.</p> <p><u>Other products:</u> Rice, Chicken leg quarters, mozzarella cheese.</p> |
| W | <p>Duty free as off January 1, 2009.</p> <p><u>Other products:</u> Turkeys not cut in pieces.</p> |
| X | <p>Duty free as off January 1, 2010.</p> |
| Y | <p>15percent annual reduction from 2006-10. 5percent annual reduction from 2011-15.</p> <p><u>Other products:</u> Chicken, not cut in pieces.</p> |