

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 10/11/2017

GAIN Report Number: DR1710

Dominican Republic

Post: Santo Domingo

The Bean Market in the Dominican Republic

Report Categories:

Product Brief

Approved By:

Lisa Ahramjian, Agricultural Attaché

Prepared By:

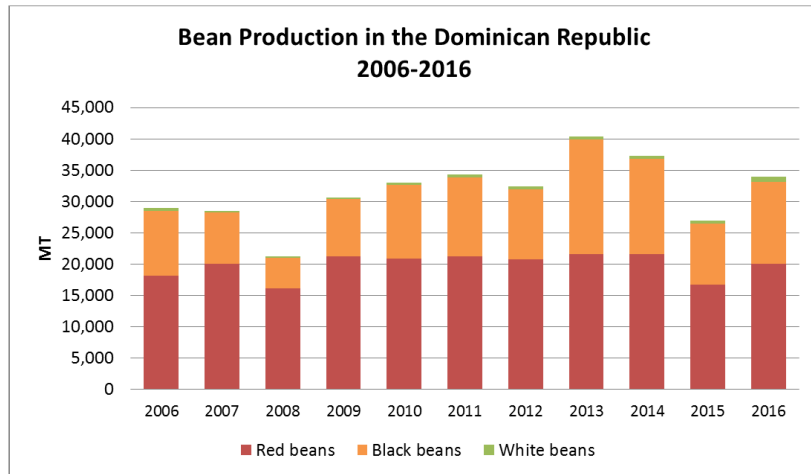
Virgilio Mayol, Agricultural Specialist

Report Highlights:

Beans have been historically one of the most important agricultural products in the southwest region of the Dominican Republic, and also an important part of the Dominican diet. Bean production increased during Calendar Year 2016 (CY 2016) to 33,947 MT due to improved sanitary controls and better rainfall. Although the Dominican Government has applied formal and informal measures to limit bean imports into the market, bean imports remained strong during the last few years, totaling 38,546 MT during CY 2016. The United States supplied 92 percent (35,558 MT) of that total.

1. Production

Beans have been historically the most important agricultural products in the southwest region of the Dominican Republic (DR), especially in the San Juan de Maguana Province. The beans also an important part of the Dominican diet, since it is part traditional dish consumed by Dominicans almost every day: beans and chicken meat.



Source: Built by Post with statistics from the Ministry of Agriculture of the DR.

one of
la
are
of a
rice,

According to data from the Dominican Ministry of Agriculture, during 2006-2016, bean production in the DR averaged approximately 31,600 MT. Between 50-60 percent of the total production was produced in San Juan de la Maguana.

The most common varieties of beans produced are: red (57 percent), a category that includes local varieties such as Roja Larga/Buena Vista, Jose Beta and Cranberry/Yacomelo; black (41 percent); and white (2 percent).



Cranberry/ Yacomelo



José Beta



Roja Larga/ Buena Vista

*Pictures courtesy of the United States Dry Bean Council (USD BC)

The main harvest season for red and black beans starts in January, peaks in February, and continues into mid-March. The harvest coincides with the start of Easter, when red beans are in high demand for the traditional “Habichuelas con Dulce”; a sweet dessert of beans, coconut milk, and sweet potatoes. According to packagers and retailers, 80 percent of domestic red beans are sold during this period.

During CY 2015, bean production declined to 26,948 MT, a 28 percent decrease from the estimated 37,346 MT produced during CY 2014. This reduction was mainly due to an aggressive outbreak of the Bean Golden Yellow Mosaic Virus (BGYMV), transmitted by the White Fly.

According to Post sources, the disease affected nearly 50 percent of total production in the San Juan Valley. Also, a persistent drought over the production areas since 2013 continued to impact overall yields. However, during CY 2016, due to better sanitary controls implemented by the Ministry of Agriculture and better rain performance in production areas, production increased to 33,947 MT.

Bean production area has remained stable for the past ten years with an average of 39,320 Hectares (Ha). Yields have also remained stable at approximately 0.86 MT/Ha in all varieties.

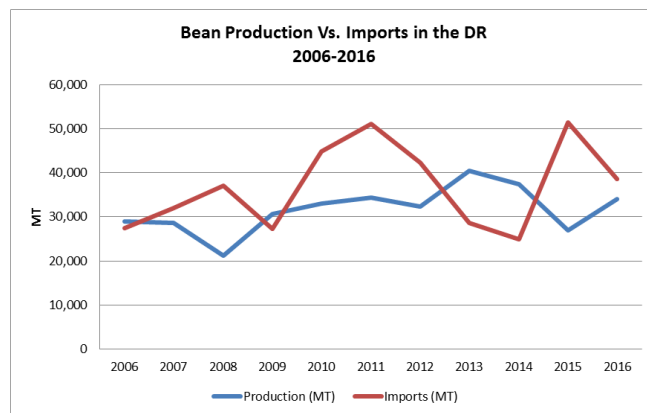
2. Consumption

Beans are one of the most important products in the Dominican basic consumer basket. CY 2016 consumption is estimated to have been 72,288 MT, with an annual average of 71,000 MT during the period of CY 2006-2016.

In per capita terms, Dominicans consumed 16 pounds each in CY 2016, equal to the average during CY 2006-2015. According to a study from the Inter American Institute for Cooperation on Agriculture (IICA)¹, between CY 2000-2006, prior to the implementation of the CAFTA-DR agreement, the average consumption of beans by Dominicans was 12 pounds per capita.

3. Trade

Bean imports into the DR have been variable during the last ten years; their behavior is completely dependent on local production performance. As an example of during CY 2015, when local production one of its worst performances during the ten years with 26,948 MT, bean imports the DR reached an all-time high of 51,400 MT. During CY 2016, however, as production increased by 26 percent to 33,947 MT, imports decreased by 25 percent, to 38,546



this, had last into MT. MT.

Source: Built by Post with statistics from the Ministry of Agriculture of the DR, GTIS and GATS/USDA.

During the last ten years, imports of beans have represented approximately 54 percent of local consumption.

Historically, the United States has been the main bean supplier to the DR, accounting for an average 70 percent of total imports during the last ten years. However, during 2016, the United States supplied 92 percent (35,558 MT) of imported beans, followed by Canada with 5 percent

(1,880 MT). With the CAFTA-DR agreement entering its full implementation and the strong competitiveness of U.S. beans, this behavior is expected to continue. (For more information on tariff reductions, please see Policy section below.)

¹ Please review:

<http://legacy.iica.int/Esp/regiones/caribe/repDominicana/Documents/Cadenas%20Agroalimentarias/Cadena%20Agroalimentaria%20de%20Habichuelas.pdf>

Dominican Republic Total Bean Imports, MT, CY 2006-2016

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
United States	14,097	17,529	19,055	15,570	28,756	35,165	29,415	23,041	21,245	46,104	35,558
Canada	11,804	12,476	13,102	6,676	7,673	4,823	4,081	2,816	2,956	2,541	1,880
China	300	49	2,313	2,304	7,126	10,224	7,792	2,395	103	50	0
Rest of the World	1,269	1,899	2,557	2,669	1,267	770	1,046	372	646	2,705	1,108
Total	27,470	31,953	37,027	27,219	44,822	50,982	42,334	28,624	24,950	51,400	38,546

Source: Global Trade Atlas (GTA); GATS, USDA.

The largest variety of beans provided by the United States to the DR is pinto beans. During CY 2016, pinto beans accounted for 72 percent (25,542 MT) of total U.S. bean exports to the DR; black beans accounted for 17 percent (6,102 MT); and lentils accounted for 5 percent (1,797 MT).

Bean exports from the Dominican Republic have been historically insignificant until the last three years. During CY 2016, total bean exports totaled 8,381 MT; 98 percent of that total was exported to Haiti.

4. Prices

In general terms, bean prices have been steadily increasing during the last five calendar years in the Dominican market.

Average Prices of Beans at the Supermarket Level in the DR, US\$/Pound, 2012-2016

Product	2012	2013	2014	2015	2016
Red beans	0.91	1.07	1.09	1.39	1.40
Black beans	0.74	0.94	0.97	1.22	1.34
White beans	0.81	1.03	1.06	1.38	1.40
Pinto beans	0.91	0.96	1.04	1.37	1.33

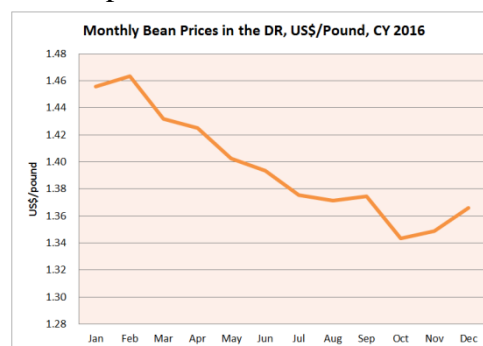
Source: Built by Post with prices from the Ministry of Agriculture of the DR.

At the supermarket level, prices of red beans increased by 56 percent from 2012 to 2016. Prices

of pinto beans increased by 46 percent during the same period. Prices of black beans and white beans also increased, by 81 and 75 percent respectively, during the same period.

Prices of beans tend to peak in February of each year, the peak of the local harvest is going into the market and imports are limited. As imports start flowing into the market in late March, prices start to decline until the end of the final quarter of the year. For example, during CY 2016, prices of red beans went from US\$1.46/pound in January, peaked in February at

US\$1.47/pound and started to decline until reaching US\$1.34/pound in October.



Source: Built by Post with statistics from the Ministry of Agriculture of the DR.

when prices start

5. Policy

Under CAFTA-DR, DR beans are in Basket D, which concedes a tariff reduction period of 15 years. During this period, the volume of the zero-duty tariff-rate-quota (TRQ) increases by 560 MT annually and the non-quota tariff rate is reduced by 6 percent annually until January 1, 2020, when beans will become duty free. Additionally, the DR negotiated a special safeguard, which allows the Dominican Government to apply an additional tariff rate once specified trigger volumes of imports are reached. This special safeguard can be applied until the end of the tariff reduction period. The DR has applied the safeguard for beans during the last three years.

TRQ's and Safeguards for Beans under DR-CAFTA for the Dominican Republic*

Year	TRQ (MT)	Duty over TRQ (%)	Safeguard trigger level (MT)	Safeguard duty (%)
2006	8,560	83.1	11,128	89.0
2007	9,120	77.1	11,856	89.0
2008	9,680	71.2	12,584	89.0
2009	10,240	65.3	13,312	89.0
2010	10,800	59.3	14,040	89.0
2011	11,360	53.4	14,768	80.1
2012	11,920	47.5	15,496	78.6
2013	12,480	41.5	16,224	77.1
2014	13,040	35.6	16,952	75.7
2015	13,600	29.7	17,680	74.2
2016	14,160	23.7	18,408	56.4
2017	14,720	17.8	19,136	53.4
2018	15,280	11.9	19,864	50.4
2019	15,840	5.9	20,592	47.5
2020	Unlimited	0.0	NA	NA

**Applicable to HS: 07133100, 07133200, 07133300*

For CY 2017, beans have a zero-duty TRQ of 14,720 MT. The current out-of-quota import tariff rate is 17.8 percent. However, when bean imports hit the safeguard trigger level in July, the GoDR applied the safeguard duty of 53.4 percent.

Additionally, imports of out-of-quota beans are controlled by the GoDR through import permits issued by the Ministry of Agriculture. The GoDR has reduced issuance of those permits and has been providing assistance to domestic agricultural production. This “control mechanism” has become an informal measure that limits bean imports into the country, especially during the first three months of each year when the main local harvest enters the market.

The GoDR has also applied formal measures that have limited imports during those periods. In December 2014, the GoDR through its National Commission of Agricultural Imports – formed by the Minister of Agriculture, the Minister of Industry and Trade, and the General Director of Customs – issued Resolution No. 6/2014. Through this Resolution, the GoDR prohibited pinto bean imports to the Dominican Republic, citing Article XI from the 1994 GATT Agreement, which refers to the right of the

countries to apply such restriction when there is a surplus of product in the market. After technical discussions between the U.S. Government and local authorities, the Resolution was lifted in February 2015.

More recently, on December 28, 2016, the National Commission for Agricultural Imports issued Resolution No 8/2016, restricting imports of beans from any source from January 1 to March 31, 2017.