

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Dominican Republic**

### **Exporter Guide**

### **Exporting Agricultural Products to the Dominican Republic**

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**Report Highlights:**

The Dominican Republic is the third largest market for US consumer oriented agricultural products in the Western Hemisphere, after Canada and Mexico respectively, with US\$489 million in imports in 2013. US agricultural fishery and forestry exports to the Dominican Republic, meanwhile, totaled \$1.185 billion. The CAFTA-DR agreement has strengthened the U.S. competitive position in the Dominican market, with consumer-oriented product exports increasing by 70% since the enactment of the agreement. There are still important opportunities to be leveraged by US exporters in the DR market.

**Post:**

Santo Domingo

## SECTION I. MARKET OVERVIEW

### 1.1. Economic situation<sup>1</sup>

In spite of continuing economic difficulties in many Latin American and Caribbean countries, the DR's Gross Domestic Product (GDP) continues to grow. According to the DR's Central Bank, estimated GDP growth in 2013 was 4.1% (see graphic of GDP behavior).

According to the same source, projections of GDP growth in 2014 run from 4.5 to 5%.

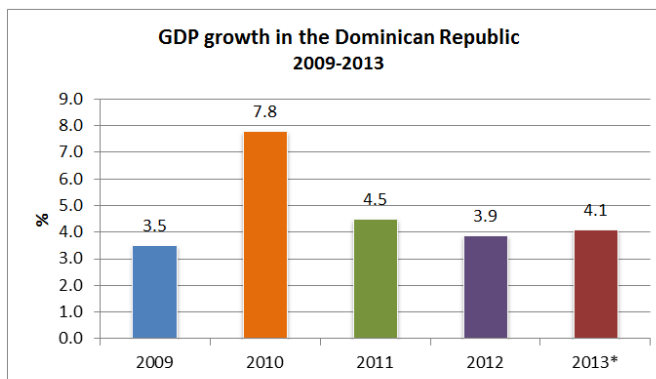
The main drivers of GDP growth in 2013 were the following sectors: mining (with 151% growth), bolstered by new operations of the Barrick Gold Corporation as well as other private companies; construction (7.3%); agriculture (4.4%); and services (3.0%), which include the tourism, hotels, bar and restaurant categories (6.3% growth).

According to the Central Bank the annual inflation rate for 2013 was 3.88%. Inflation has declined dramatically since 2011, and according to the same source is expected to run between 3.5 and 4% in 2014 (see graphic of inflation rate behavior below).

During 2013 the Dominican peso (RD\$) depreciated 5.6% versus the U.S. dollar. As of January 15, 2014, the current exchange rate is 1US\$=42.87RD\$ for purchase and 1US\$=42.93RD\$ for sale.

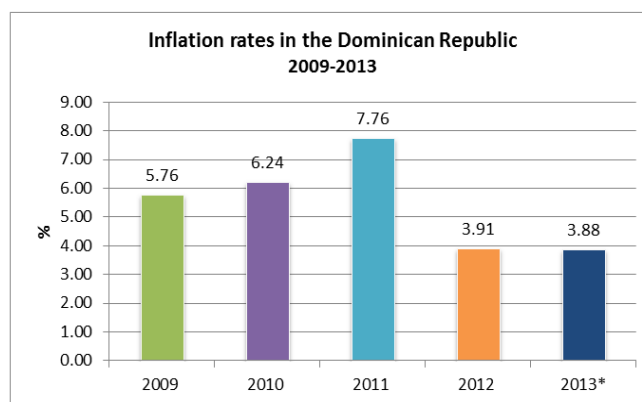
### 1.2. Demographics and income distribution

According the most recent population census carried out in 2010 by the National Office of Statistics (ONE), the population in Dominican Republic is 9,445,281, with an annual growth rate of 1.21%. This total is divided in male: 4,739,038 (50.17%); and female: 4,706,243 (49.82%). The urban population totals: 7,013,575 (74.25%); and rural population 2,431,706 (25.74%).



\*Preliminary estimates.

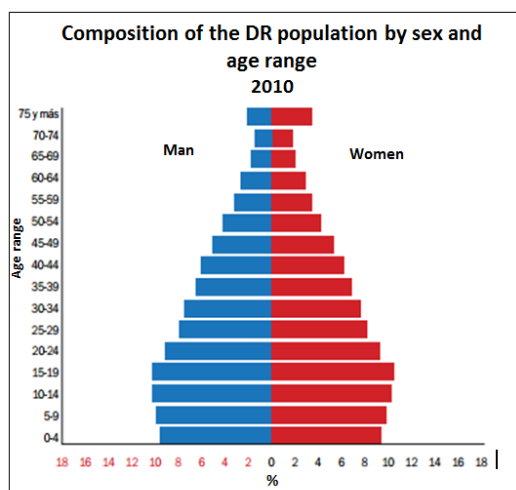
Source: National Accounts and Economical Statistics Department, Central Bank of the Dominican Republic ([http://www.bancentral.gov.do/estadisticas.asp?a=Sector Real](http://www.bancentral.gov.do/estadisticas.asp?a=Sector+Real)).



\*Preliminary estimates.

Source: National Accounts and Economical Statistics Department, Central Bank of the Dominican Republic (<http://www.bancentral.gov.do/estadisticas.asp?a=Precios>).

<sup>1</sup> For more information on the Dominican Republic economic and commercial profile please review the 2013 Country Commercial Guide for U.S. Companies, edited by the US Commercial Service: [http://buyusainfo.net/docs/x\\_1440117.pdf](http://buyusainfo.net/docs/x_1440117.pdf)



Source: National Statistics Office, ONE, 2010  
[http://censo2010.one.gob.do/volumenes\\_censo\\_2010/vol1.pdf](http://censo2010.one.gob.do/volumenes_censo_2010/vol1.pdf)

The most populous age range is between 15-19 years of age (10.4%), followed closely by 10-14 year olds (10.3%). Sixty five percent of the population lies in the age ranges between 0-35 years old (see graphic of composition of the DR population). The population growth rate was estimated at 1.4% for 2013.

With 3,339,410 people or 35.35% of the population, the city of Santo Domingo (including the National District, Santo Domingo province and surrounding suburbs) is the largest market in the country. It is also the city with the highest population density (2,396 habitants/ km<sup>2</sup>).

Following the city of Santo Domingo, the largest markets in the DR are: Santiago province (population: 963,422; population density: 343 habitants/ km<sup>22</sup>); San Cristobal

province [adjoining Santo Domingo] (population: 569,930; population density: 459 habitants/ km<sup>23</sup>); and La Vega province (population: 394,205; population density: 172 habitants/ km<sup>2</sup>). Other important provinces include La Romana, Bonao, San Francisco de Macoris and Higüey. This last province includes the most important tourist area of the country: the municipalities of Bávaro and Punta Cana.

For the purpose of studying consumer behavior, population is divided in 5 quintiles according to income: quintile 1 (below poverty) accounts for 10% of the population or 944,528; quintile 2 (lower middle class) accounts for 47% of the population or 4,439,282; quintile 3 (middle class) accounts for 20% of the population or 1,889,056; quintile 4 (upper middle class) which accounts for approximately 17% of the population or 1,605,698; and finally quintile 5 (upper class) accounts for 6% of the population or 566,717. The income for these segments varies significantly, as does their purchasing power:

### Monthly average per capita income by quintile and major expenses 2010

Quintile	Monthly average income (US\$)	Comments on main expenses
1	149.24	The main expense in this quintile is Food and non-alcoholic beverages which account for 47.2% of the total expenditures.
2	245.82	Food and non-alcoholic beverages account for 38.1% of total expenditures. Transportation and Housing account for 12.3 and 9.4% respectively. These consumers offer good market potential for basic U.S. products such as beans, poultry, rice, wheat and other products.

<sup>2</sup> The city of Santiago has a population of 591,985 and a population density of 3,587 habitants/ km<sup>2</sup>.

<sup>3</sup> The city of San Cristobal has a population of 232,769 and a population density of 1,095 habitants/ km<sup>2</sup>.

3	338.98	Food and non-alcoholic beverages account for a 31.6% of total expenditures. Transportation accounts for 13.7%. From this quintile to the 5 <sup>th</sup> consumers provide an important market for U.S. High Value Products (HVP) <sup>4</sup> .
4	526.55	Housing expenditures account for 10.9% and the Transportation for 13.7%. The Hotels and Restaurants category emerges as an important expenditure category for this quintile, accounting for a 9.5% of the total expenses. Food and non-alcoholic beverages accounts for 24.8%
5	1,392.07	Transportation expenses account for a 24.8%, while Food and non-alcoholic beverages accounts for only 12.3% of the total expenses.

Source: Built by FAS/Post with data from the National Workforce Poll, 2010.

### 1.3. Market size

In 2008, it was estimated that Dominican consumers spent approximately US\$18.8 billion a year on household consumption<sup>5</sup>. Of this total, approximately US\$4.0 billion (21.4%) was spent on food and non-alcoholic beverages. Taking into account that the DR's GDP grew at an average annual rate of 4.8% from 2008 to 2013, Post estimates that Dominican consumers spent approximately US\$4.2 billion in food and non-alcoholic beverages in 2013. Within this category of expenses, the average Dominican consumer was believed to divide food and beverage expenditures as follows:

#### Monthly average expenses in food and non-alcoholic beverages by Dominican Republic habitants 2007

Category	Monthly expenses	
	Absolute (US\$ 1,000,000)	Relative (%)
<b>Food and non-alcoholic beverages</b>	<b>334.25</b>	<b>100.00</b>
<b>Food</b>	<b>298.49</b>	<b>89.30</b>
- Bread and cereals	67.16	22.50
- Meat	70.14	23.50
- Fish	11.34	3.80
- Milk, cheeses and eggs	33.13	11.10
- Oils and fat	14.03	4.70
- Fruits	30.15	10.10
- Vegetables	41.79	14.00

<sup>4</sup> In this report Post refers as High Value Products to agricultural products with a level of processing either intermediate or consumer oriented.

<sup>5</sup> National Poll of Household Income and Expenses, 2007. ONE. Total shown in RD\$; exchange rate used 1US\$=33.0152RD\$ (average of 2007 according to the Central Bank).

- Sugar, jam, honey, chocolate and sweets	11.34	3.80
- Foodstuff	19.40	6.50
<b>Non-alcoholic beverages</b>	<b>35.76</b>	<b>10.70</b>
- Coffee, tea and cocoa	3.81	10.65
- Mineral water, refreshments, fruit and vegetable juices	31.96	89.35

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

The most expensive food categories for the Dominican consumer are meat (23.50%); bread and cereals (22.50%); vegetables (14.00%); and fruits (10.10%). In the case of non-alcoholic beverages, the largest expenditures are on bottled water, soft drinks and fruit and vegetable juices (89.35% of total non-alcoholic beverages). Even though the data available related to expenses is dated, the purchasing behavior of the Dominican consumer is believed not to have changed significantly, and growing demand for food products in the country presents an important opportunity for U.S. exporters.

According to Global Trade Atlas (GTA) from 2008 to 2012 the Dominican Republic imported an annual average of US\$2.05 billion in agricultural products (HS categories 01 through 24); roughly 52% of which was imported from the U.S.

#### 1.4. Advantages and challenges in the market

Advantages	Challenges
1. The implementation of the CAFTA-DR has increased the U.S. market share for food products, lowering or eliminating duties for nearly 80 percent of products. These duty preferences make U.S. products more competitive in the market.	1. Competition from other CAFTA-DR signees, which are also increasing their share in the market due to duty preferences.
2. A large and growing tourist sector (5 million in 2012 with a goal of 10 million visitors yearly by 2022) who demand high quality food products.	2. Tariff rate quotas, safeguards and other CAFTA-DR provisions continue to protect local producers of rice, meat (beef, poultry and pork), dairy products, beans, garlic and onion.
3. Growing number of consumers demanding higher quality and healthier products; generally they perceive U.S. products as meeting their requirements.	3. The Dominican food industry has become more efficient and more competitive, integrating new technologies and production processes.
4. Efficient food distribution channels with the construction of new highways (Autovia del Este, Autopista del Coral and Circunvalacion Norte) modernization of ports and airport infrastructure, which facilitates the flow of imported food	4. Sanitary and phytosanitary issues continue to limit U.S. exports (PED in pigs for example).

products.	
5. In general, the Dominican consumer is greatly influenced by the U.S. culture, and has a positive perception of U.S. products.	5. The Dominican government requires Spanish labeling on all pre-packaged food products.
6. The proximity of DR to the United States and strong ties throughout the public and private sectors facilitate trade.	6. Fiscal reform leading to recent increases in the Value Added Tax (ITBI in Spanish) from 16 to 18%, affects products such as coffee, sugar, chocolate, yogurt, oils, butter, and others; eroding the purchasing power of the Dominican consumer.
7. Population in urban centers and the rate of employment is growing.	7. Lack of transparency and corruption continue to earn the DR relatively low scores in international comparison tables (DR was 113 <sup>th</sup> out of 185 countries in the World Bank's "Ease of Doing Business").
8. 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 home-country economy.	8. There is a lack of institutional continuity when the government changes administration. The wholesale turnover in government personnel that typically occurs can result in disruption of government processes, and/or the loss of records which in turn can result in payment disputes and rejection of bills for goods and services purchased by preceding administrations.
	9. In some cases foreign investors cite a lack of clear, standardized rules by which to compete and a lack of enforcement of existing rules. Complaints have included corruption, requests for bribes, delays in government payments, failure of the Dominican government or of Dominican private sector entities to honor contracts, disregard for Dominican court rulings, and non-standard procedures in Customs valuation of imported goods, as well as product misclassification as a means of negating CAFTA-DR benefits and increasing Customs revenues.

**SECTION II. EXPORTER BUSINESS TIPS**

**2.1. Business culture**

Personal relationships are essential to building business partnerships 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 well-being, family, or other similar topics prior to

launching into any conversation related to business is considered a common courtesy. This communication helps Dominican businessmen develop more confidence prior to any commitment. Of course, as genuinely warm and friendly as Dominicans are, exporters should not lose sight of the fact that corruption is an ever-present threat and the DR lacks reliable contract enforcement mechanisms. Every aspect of the business transaction should be clearly established between the parties, in writing, and exporters should look for ways to reduce their exposure to these risks.

The DR has relatively few market access issues. A common market entry option is to appoint an agent or distributor in the DR, while licensing agreements and franchises can also be successful. Because of the DR's proximity to the U.S. 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 many facets of U.S. culture, including music, sports, entertainment and fashion. Food consumption trends in the Dominican Republic are similar to those in the United States, although they generally lag a few years. The CAFTA-DR has quickened this transfer. The consumption of foods in U.S. fast food chains and restaurants in DR is common among the middle and upper classes.

Dominican consumers perceive products made in more developed countries and imported (see picture), as more reliable in terms of quality and safety. U.S. products are generally seen to be more reliable in those respects. In addition, higher income Dominicans tend to consume more natural and healthy products. These consumers are increasingly demanding food with less saturated fat, cholesterol, and sugar.

## ***2.3. Food Standards and Regulations (FAIRS)***

Overall, food laws in the Dominican Republic have not restricted imports of U.S. products. There are four government Ministries involved in setting food policy: the Ministry of Public Health, the Ministry of Industry and Commerce, the Ministry of Agriculture and the Ministry of the Environment and Natural Resources. Nonetheless The Ministry of Public Health plays the lead role among these ministries.

For more detailed information on how these Ministries interact and regulate imports, please refer to the Dominican Food and Agriculture Import Regulations and Standards (FAIRS) report.

## ***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, which issues a certificate to the importer or the local representative with a Sanitary Registration Number. That number must

be printed on the label of the product, or on an additional sticker.

The local representative must present the Ministry of Health with the following documents:

- U.S. certificate of free sale
- Certificate of origin
- Label indicating the qualitative and quantitative formulation
- Copy of the letter of assignment or contract with a local agent (if one exists for the product)
- Registration fees and product samples

The trademark should also be registered through the National Office of Intellectual Property (ONAPI) of the Ministry of Industry and Commerce. This is not a legal requirement, but it provides brand protection for the owner. U.S. companies concerned with copyright issues should contract the services of a local legal firm to handle this procedure.

For contact information for the Ministry of Health and ONAPI, please see Section IV of this report.

#### 2.4.2. Customs clearance

The General Directorate of Customs requires the importer to present the following documents for release of 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 Agriculture<sup>6</sup>
- For alcoholic beverages only- Import Permit issued by the Department of Internal Taxes.

When importers present all required documentation, and if no sanitary issues arise, the customs clearance procedure can be completed in as little as twenty-four hours. The process has been streamlined in recent years due to the implementation of the Integrated Customs Information System (SIGA), which allows the importer to request permits and process transactions online. However, importers usually hire a knowledgeable customs agent to expedite the process of appraising, verifying, and clearing merchandise. Larger importers generally have their own customs agent. After ten days in port, shipping lines often assess a daily charge for the use of 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 accurate product pricing, customs officials will review applicable duty assessments based on their own in-house valuation guidelines (Lista de Valuación Aduanera, LVA). A dispute mechanism does exist for importers to challenge inaccurate customs valuations.

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<sup>6</sup> 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/>



### 2.4.3. Tariffs

Current tariffs have been established as per the DR-CAFTA trade agreement. Tariffs range from 0 to 20 percent for most products, and as high as 99 percent in some cases. Tariffs for all products have been or will be reduced under the CAFTA-DR agreement. Most products enter duty free and are included in Baskets A, B, G, W and X [see link below, or Appendix II]. Items in other baskets are subject to gradual duty reductions over time and some highly sensitive products are subject to import quotas. The tariff reduction according to baskets is listed in Appendix II of this report.

A complete list of the base tariff schedule (in Spanish) under the CAFTA-DR agreement can be found via the following link:

[http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset\\_upload\\_file732\\_5848.pdf](http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file732_5848.pdf).

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 import duties may be low, luxury taxes run as high as 300%. These taxes, charged at customs, increase the price for the end-consumer significantly. For more information on these taxes and a specific example, please refer to our GAIN FAIRS Subject Report #DR8015, which can be found at <http://www.fas.usda.gov/gainfiles/200806/146294973.pdf>.

## **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 CAFTA-DR implementation, the retail sector in the Dominican Republic has become bigger, more diversified and has improved in quality. Supermarkets have diversified their store brands, including specific stores for different segments of the population. The most important supermarket chains in DR are controlled by local investors. U.S. supermarket chains have not been successful at entering the market, except Pricesmart which is jointly owned by Dominican and U.S. investors. The main urban centers are well covered by several supermarket chains.

According to Post research, there are eight mayor players in the supermarket sector with 121 stores located across the country, as follows:

**Major supermarket chains in Dominican Republic  
2014**

<b>Name</b>	<b>Ownership</b>	<b>Outlets</b>	<b>Location</b>	<b>Purchasing agent</b>
Supermercados Nacional	Dominican (Centro Cuesta Nacional)	13	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.
Jumbo	Dominican (Centro Cuesta Nacional)	7	Santo Domingo, La Romana, San Pedro and Santiago	Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S.
Jumbo Express	Dominican (Centro Cuesta Nacional)	7	Santo Domingo	Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S.
La Sirena	Dominican (Grupo Ramos)	24	Santo Domingo, Santiago, Puerto Plata, La Vega, San Francisco, San Cristobal, Bonao, Higuey, Moca and Bani	Direct importers and distributors
Supermercado Pola	Dominican (Grupo Ramos)	5	Santo Domingo and Bavaro	Direct importers and distributors
Aprezio	Dominican (Grupo Ramos)	8	Santo Domingo	Direct importers and distributors
Supermercados Plaza Lama	Dominican	4	Santo Domingo, Bavaro and La Vega	Direct importers and distributors
Supermercados La Cadena	Dominican (MERCATODO)	9	Santo Domingo	Direct importers and distributors
Supermercados Bravo	Dominican	6	Santo Domingo and Santiago	Direct importers and distributors
Pricesmart Warehouse	U.S./ Dominican	3	Santo Domingo and Santiago	Direct importers and distributors
Carrefour	French	1	Santo Domingo	Direct importers and distributors
National Association of Small Supermarkets (UNASE)	Dominican	34	Major cities	Direct importers and distributors

*Source: Built by FAS/Post with data from interviews and research (VMAYol, MCarvajal).*

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As shown in the previous table, Grupo Ramos (35 stores) and Centro Cuesta Nacional (27 stores) are the biggest supermarket chains in the country. They have diversified their stores into three brand formats, each one aiming at a specific segment of the population. The major supermarkets have outlets spread throughout the provinces with highest per capita income (please see appendix III for a detailed map of the outlets locations).

The major supermarket chains import products directly from the United States and also buy from other independent importers. Supermarkets are increasing their number of product lines and actively developing the market for their own private-label brands, as well as positioning themselves as exclusive representatives of some name-brand products.

Still, according to Post sources, only 20 to 25% of retail sales are registered by supermarkets. The majority of sales are recorded by smaller—generally independent-- establishments, such as mom ‘n pop stores, open public markets and street vendors, which primarily distribute local products.

For more specific and thorough analysis of the Dominican retail sector, please review our latest Retail Food Sector Report.

### ***3.2. Hotel, Restaurants and Institutions (HRI)***

The tourism sector is critical to the Dominican economy. According to the Central Bank, the tourism sector posted a 5.5% growth rate through September 2013, with an annual average growth of 4.2% over the last three years. The Hotel, Bar and Restaurants sector in the DR generated income of more than US\$4.7 billion in 2012, with an annual average increase of 5.37% over the last three years. The average tourist spends approximately US\$125 per day. In 2013, a total of 134 hotels with 100 or more rooms operated in the DR (with another 500+ smaller hotels).

According to the National Association of Hotels and Restaurants (ASONAHORES), nearly 4.6 million tourists entered the DR in 2013. Of this total, 87% (4.0 million) were foreigners and 13% (0.6 million) non-resident nationals. The number of foreign arrivals has increased at an annual average rate of 4.91% over the last three years. Sixty four percent (2.5 million) of foreign tourists arrive in the country through the airport at Punta Cana, in the most important tourism area of the DR. Approximately 20% of foreign tourists arrive via the airport in Santo Domingo.

Tourists from the United States continue to lead all arrivals. According to ASONAHORES, approximately 56% (2.3 million) of tourist visitors in 2013 came from the U.S. Europeans—mainly Germans, French, Russian and English— comprise the second largest tourist group at 28% (1.1 million).

In most of the hotels located in Punta Cana, as well as Puerto Plata and La Romana, the main business model is the “all inclusive”. Therefore, Post estimates that nearly 2.5 million foreigners enjoy this service every year. A smaller market is developing in Samana, where smaller-scale, more exotic tourist sites are offered. The average hotel occupancy rate for 2013 was: Punta Cana, 79.4%; Puerto Plata, 55.5%; La Romana, 77.4%; and Samana, 75%.

Most of the travelers who conduct business in the DR arrive through the international airports in Santo Domingo and Santiago. The average hotel occupancy rate for 2013 was: Santo Domingo, 59.2%; and Santiago, 55.2%.

According to a recent study of the restaurant sector by the Export and Investment Promotion Agency of El Salvador (PROESA), there are approximately 129 outlets of 21 fast food chains in DR. Most 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, 23 in La Romana and 22 in Puerto Plata. The food service channel for restaurants is dominated by few and big distributors, including Benigno Zapatero, HORECO, Representaciones Plaza, and by local food processors such as MercaSid, Kimberly Clark, etc. The most important supermarkets distribute wines and other products to these restaurants. Most popular/low-end restaurants source supplies at the retail level.

In the Dominican Republic a limited number of institutional-- mainly social-- programs exist that demand large quantities of food on a regular basis. The *Comedores Economicos* Program (accessible diners) is a program in which the Government distributes consumer goods (raw or cooked) subsidizing approximately 87% of the cost. The products distributed are basic staples: rice, beans, oil, chicken, salami, pasta, tomato sauce, liquid seasoning, garlic paste, tubers, and others. The *Alimentacion Escolar* Program (school feeding) is a program in which the Government distributes food to students in public schools around the country. The program buys and distributes products such as: plantains, milk, cheese, bread, eggs and others. It is estimated that the Government spends approximately US\$530 thousand every day on this program. Both programs supply themselves exclusively via local producers.

### 3.3. Food processing sector

In the Dominican Republic, according to the General Directory of Internal Taxes (DGII), there are 1,075 registered companies classified as agro-industrial/processing companies. According to the same source the main processors, by gross income, are:

Company	Main activity
Nestle Dominicana S.A.	Production of several mass consumption products for internal sales and exports to the Caribbean and Latin-American region, including: Milk (powder, whole, condensed, evaporated), cereals, dehydrated soups, powdered seasoning, liquid seasoning, dog & cat food, and others. Buys local and imported products for processing.

Molinos del Ozama S.A.	Owned by the Molinos Modernos company of Guatemala. Their main activity is the manufacture and commercialization of wheat and corn flour, pastas and cookies. Molinos del Ozama has a processing capacity of 1,200 TM of wheat per day. Buys mainly imported raw material.
Industrias Banilejas S.A.	Dedicated to purchase and processing of coffee. Buys mainly local products for processing; imports if needed. Owners of the <i>Café Santo Domingo</i> brand.
Frito-lay Dominicana S.A.	Brand of the PepsiCo group, dedicated to processing products such as plantains, cassava, potatoes and spices for snacks. Buys most inputs locally.
Quala Dominicana S.A.	The Colombian multinational established operations in DR in 1998 having detected a good market for seasoning cubes. The company also produce juice powders, oat products, and others.
Molinos Valle del Cibao S.A	Part of the Bocol Group and one of the biggest importers of wheat flour in DR. The company produces 4 brands of flour: Princesa, Famosa, Principe and Princesita.
Unilever Caribe S.A.	Multinational that manufactures and markets more the 70 mass consumption product liens including: seasoning products, flours (from corn), detergents, deodorants, soaps and others.
Sanut Dominicana S.A.	Dominican company with three main activities: 1) sourcing and supply of yellow corn, soybean meal, wheat, soybean oil and yellow grease; 2) manufacture of fertilizers; and 3) veterinary services.
Molinos Modernos S.A.	See Molinos del Ozama, previously mentioned.
La Dominicana Industrial SRL	The second company of the Bocol group which is dedicated to the manufacture of pastas.

According to the Central Bank of the Dominican Republic, 2012 processing of milling products, sugar and tobacco products generated US\$259 million in turnover. The rest of the food processors in DR are classified by the Central Bank as Other Manufacturers/Industries, and official data does not provide a clear idea of the business gross of these processors. However, in 2012 Other Manufacturers/Industries generated a total of US\$1.443 billion for the Dominican

economy.

#### SECTION IV. BEST HIGH VALUE PRODUCTS PROSPECTS

Product category	Total Imports in 2012 (\$1,000,000) <sup>1</sup>	U.S. Imports (\$1,000,000)		5-Yr. Avg. annual U.S. import growth	Import tariff rate	Key constraints over market development	Market attractiveness for U.S.
		2012	2013				
Breakfast cereals WO sugar (1904100080)	41.1	22.2	55.7	1,412%	0%	Competition with bulk cereals packed locally; with lower prices.	Increasing demand of healthy and less sugar products.
Bread, biscuits, other baked products (1905901080)	32.9	11.2	22.5	145%	8.1%	Strong local competition with lower price bread.	In general, local bread producers don't add much value. Opportunity to insert an important market niche.
Grape wine (2204214000)	35.2	3.7	8.5	46%	0%	Competition with Chilean and Spanish wines.	Increasing segments of the market are expending more money in alcoholic beverages.
Baby food (21069099)	85.0	6.2	7.3	18%	2%	None.	Increase of the number of births in the upper middle and upper classes, who tends to consume U.S. products as they associate them with high quality.
Cheese, Cheddar (0406901000)	31.19	0.4	6.1	354%	0% <sup>2</sup>	Restrictive import permits outside quota. High competition from the local market. Spanish label	Increasing demand of dairy products, especially cheese. DR consumer associates U.S. cheese

						requirement	with high quality milk.
Potato fries frozen (2004108020)	16.3	2.3	3.8	28%	0%	Competition from other countries such as Canada, Holland and Belgium.	Increasing opportunities in retail and food sector; with the increase of local and international brands of fast food and restaurants.
Apple juice (2009790000)	5.4	1.3	3.4	56%	0%	Competition from local and imported flavored juices less expensive.	Increasing demand of the product from the middle class on, who prefers quality and flavor to a smaller price.
Beer, malt (2203000000)	6.3	2.0	3.3	23%	8.1%	Strong competition from the local industry.	The Dominican consumer is expanding his taste to foreign beers.

1. Reported by COMTRADE. This figure contains all the products in the correspondent HS through 8 digits, not only the prospect. COMTRADE only reports through 8 digits.

2. This tariff rate is for quantities under the permitted quotas (238 MT for 2014). Out of quota, the actual tariff rate is 8.01%.

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

### Foreign Agricultural Service (FAS/ USDA)

Pedro H. Ureña Av., No.133, La Esperilla, Santo Domingo, Dominican Republic.

Telephone: 809-227-0112

Fax: 809-732-9454

Contact: Virgilio Mayol, Agricultural Specialist

E-mail: [agsantodomingo@fas.usda.gov](mailto:agsantodomingo@fas.usda.gov)

Web page: [www.fas.usda.gov](http://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: [digegea@ganaderia.gob.do](mailto:digegea@ganaderia.gob.do)

Web page: [www.ganaderia.gob.do](http://www.ganaderia.gob.do)

*Comment: This department of 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](mailto:egomezrs@hotmail.com)

Web page: [www.agricultura.gob.do](http://www.agricultura.gob.do)

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

Ministry of Public Health; Quality Control and Risks for Food and Beverages Department

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

Telephone: 809-541-3121, ext. 2204

Fax: 809-544-2083

Contact: Dr. Salvador Hiciano, Food Control Director

E-mail: [salvadorhiciano@yahoo.es](mailto:salvadorhiciano@yahoo.es)

Web page: [www.sespas.gov.do](http://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)

Calle Modesto Diaz No.2

Edif. del Archivo General de la Nación 1er. piso, Zona Universitaria, Santo Domingo, Dominican Republic

Contact: Dr. Marino Feliz Terrero, Director General

Telephone: 809-508-7373

Fax: 809-274-7575

E-mail: [ondaadm@claro.net.do](mailto:ondaadm@claro.net.do)

*Comment: Trough 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](mailto: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 Spanish labeling 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. Juan Fernando Fernandez, Director

Telephone: 809-547-7070

Fax: 809-540-5853

E-mail: [info@dga.gov.do](mailto:info@dga.gov.do)

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

*Comment: The official entity in charge of customs and the local regulations related to it.*

Centro de Exportación e Inversión de la Republica 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. Jean Alain Rodriguez, Director

Telephone: 809-530-5505

Fax: 809-530-8208

Email: [webmaster@cei-rd.gov.do](mailto: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](mailto:amcham@claro.net.do)

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

*Comment: Organization formed by 2,500 enterprises (Dominican and American) which facilitates access to information, knowledge and business contacts between their members, in order to increase business between DR and U.S.*

## APPENDIX I. STATISTICS

**Table A. Key trade and demographic information**

Agricultural imports from all countries (\$Millions) / U.S. market share (%) <sup>1</sup>	\$2,050/ 46%
Consumer food imports from all countries (\$Millions) / U.S. market share (%) <sup>1</sup>	\$1,692/ 43%
Edible fishery imports from all countries / U.S. market share (%) <sup>1</sup>	\$66/ 16%
Total population (Millions) / Annual growth rate (%) <sup>2</sup>	9.4/ 1.21%
Urban population (Millions) / Annual growth rate (%) <sup>2</sup>	7/ NA
Number of major metropolitan areas <sup>2</sup>	7
Size of the middle class (Millions) / Growth rate (%) <sup>2</sup>	1.88/ NA
Per capita Gross Domestic Product (U.S. Dollars) <sup>3</sup>	\$5,762
Unemployment rate (%) <sup>3</sup>	15%
Per capita Food Expenditures (U.S. Dollars) <sup>4</sup>	US\$1,233
Percent of female population employed <sup>2</sup>	36.2%
Exchange rate (US\$1=X.X local currency) <sup>3</sup>	US\$1=RD\$42.97

1. *GTA, CY 2013. GATS, CY 2013.*

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

3. *Central Bank of the Dominican Republic, online database, 2013.*

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

**Table B. Agricultural imports in DR (US\$)**

COMMODITIE	YEARS		
	2010	2011	2012
01 Live Animals	4,602,173	6,254,611	2,370,866
02 Meat And Edible Meat Offal	84,258,252	97,194,458	108,239,108
03 Fish, Crustaceans & Aquatic Invertebrates	95,893,591	93,291,897	107,563,563
04 Dairy Prods; Birds Eggs; Honey; Ed Animal Pr Nesoi	171,158,223	169,248,093	179,835,322
05 Products Of Animal Origin, Nesoi	932,511	1,152,666	1,168,899
06 Live Trees, Plants, Bulbs Etc.; Cut Flowers Etc.	2,896,241	3,352,044	3,995,345
07 Edible Vegetables & Certain Roots & Tubers	67,749,038	70,589,280	67,503,597
08 Edible Fruit & Nuts; Citrus Fruit Or Melon Peel	35,495,442	36,107,827	42,952,708
09 Coffee, Tea, Mate & Spices	8,932,179	10,777,139	12,097,249
10 Cereals	379,101,464	510,289,412	466,224,586
11 Milling Products; Malt; Starch; Inulin; Wht Gluten	42,608,026	44,883,888	45,283,609
12 Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc	10,013,387	9,560,781	79,915,612
13 Lac; Gums, Resins & Other Vegetable Sap & Extract	7,954,745	8,680,875	8,346,174
14 Vegetable Plaiting Materials & Products Nesoi	449,307	730,030	498,814
15 Animal Or Vegetable Fats, Oils Etc. & Waxes	211,896,720	282,356,065	238,261,737
16 Edible Preparations Of Meat, Fish, Crustaceans Etc	55,789,576	60,039,632	67,230,184
17 Sugars And Sugar Confectionary	69,595,062	77,191,903	92,654,280
18 Cocoa And Cocoa Preparations	14,705,002	17,976,528	19,927,014
19 Prep Cereal, Flour, Starch Or Milk; Bakers Wares	130,270,149	141,516,532	184,083,456
20 Prep Vegetables, Fruit, Nuts Or Other Plant Parts	63,150,249	59,848,232	75,415,699
21 Miscellaneous Edible Preparations	110,885,379	123,952,803	123,132,979
22 Beverages, Spirits And Vinegar	102,278,423	110,525,962	114,490,552
23 Food Industry Residues & Waste; Prep Animal Feed	185,880,858	182,893,757	158,230,307
24 Tobacco And Manufactured Tobacco Substitutes	137,825,825	158,747,354	163,322,104
<b>TOTAL</b>	<b>1,994,321,826</b>	<b>2,277,161,769</b>	<b>2,362,743,764</b>

Source: GATS (years 2008, 2009 and 2013 are not available at the time of this report)

**Table C. Top 15 suppliers of agricultural products to DR (US\$)**

COUNTRY					
	2009	2010	2011	2012	2013*
United States	909,415,740	1,055,168,487	1,215,497,288	1,094,397,271	1,137,520,936
Argentina	91,235,258	115,890,500	192,299,761	202,581,560	222,142,304
Brazil	42,446,204	63,287,530	98,641,390	196,982,269	156,561,124
Mexico	40,107,208	47,726,688	57,977,913	70,498,729	NA
Denmark	64,445,725	72,763,021	71,026,005	65,003,052	NA
Spain	37,528,983	43,442,940	50,315,798	48,540,088	NA
China	27,369,882	50,734,037	58,063,161	61,061,508	49,030,865
Guatemala	28,208,268	39,300,294	28,524,093	29,105,890	39,688,068
Netherlands	31,529,000	44,479,233	42,043,505	46,939,130	NA
Norway	39,321,096	40,275,313	41,953,671	42,674,299	37,347,157
United Kingdom	27,105,084	32,116,618	39,972,980	42,590,772	36,680,914
Honduras	12,685,006	13,145,540	19,631,857	26,292,017	31,721,153
Canada	44,681,648	50,128,537	38,492,779	42,561,876	30,804,390
Chile	20,447,778	24,616,139	26,230,616	30,125,868	29,638,214
Ecuador	18,047,575	16,897,190	22,564,111	21,305,765	27,372,434
Rest of the World	244,196,693	284,349,757	273,926,839	342,083,670	137,294,993
<b>Total</b>	<b>1,678,771,148</b>	<b>1,994,321,826</b>	<b>2,277,161,769</b>	<b>2,362,743,765</b>	<b>1,935,802,552</b>

\* Preliminary data.

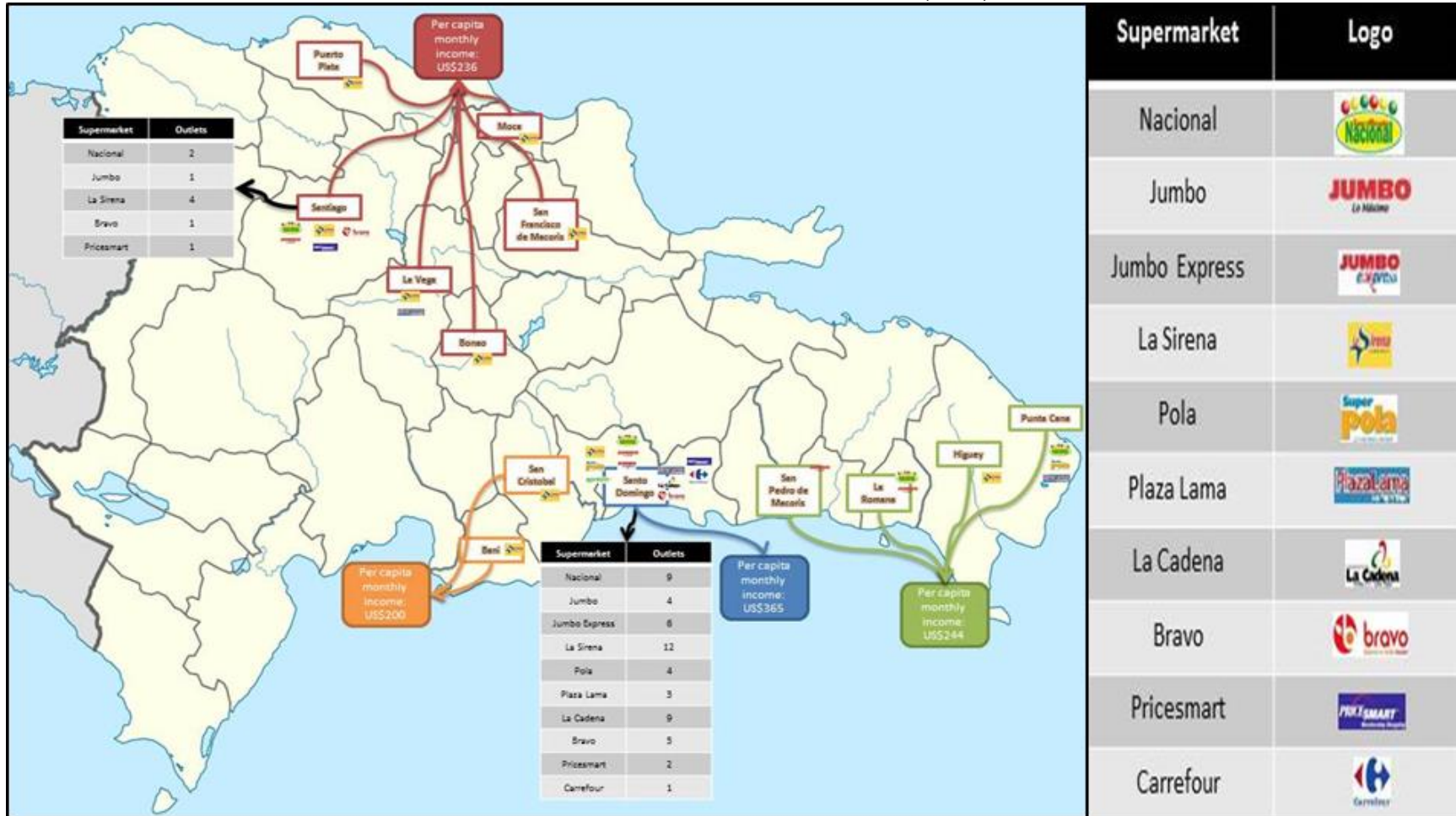
Source: GTA.

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

<b>Basket</b>	<b>Tariff schedule reduction/ example of potential products</b>
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, 2016-25.</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 2012-15.</i>  <u>Other products:</u> Wooden furniture.</p>
N	<p><i>8.3% annual reduction from 2006 to 2017.</i>  <u>Other products:</u> Potatoes, turkey meat, ice cream, glucose and glucose syrup, pig fat.</p>
O	<p><i>No reduction until January 1, 2012. 10% annual reduction from January 2012 to</i></p>

	<p><i>January 2016. 12% annual reduction from 2016- 2020.</i></p> <p><u><i>Other products:</i></u> Pork cuts.</p>
V	<p><i>No reduction until January 2016. 8% annual reduction from January 2016-21. 12% annual reduction from January 2021-25.</i></p> <p><u><i>Other products:</i></u> Rice, Chicken leg quarters, mozzarella cheese.</p>
W	<p><i>Duty free as off January 1, 2009.</i></p> <p><u><i>Other products:</i></u> Turkeys not cut in pieces.</p>
X	<p><i>Duty free as off January 1, 2010.</i></p>
Y	<p><i>15% annual reduction from 2006-10. 5% annual reduction from 2011-15.</i></p> <p><u><i>Other products:</i></u> Chicken, not cut in pieces.</p>

**APPENDIX III. LOCATION OF MAJOR SUPERMARKETS IN DOMINICAN REPUBLIC (2014)<sup>7</sup>/  
PER CAPITA INCOME BY REGION (2007)<sup>8</sup>**



<sup>7</sup> Data from interviews and research by FAS/Post.

<sup>8</sup> National Poll of Household Income and Expenses, 2007. ONE.