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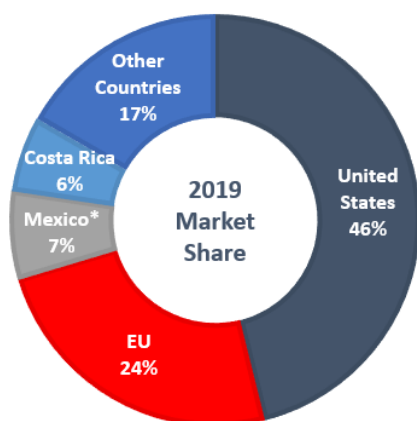
**Report Highlights:**

The Dominican Republic (DR) is the fifth-largest market for U.S. agricultural products in the Western Hemisphere, valued at \$1.26 billion in 2019. However, the COVID-19 pandemic has impacted the growth rate of U.S. agricultural exports to the Dominican market, especially for consumer oriented products. The demand for those products has decreased by 7 percent during the first 9 months of 2020 due to a significant reduction in the flow of tourists coming into the country and the closure of restaurants throughout the nation.

# Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country with low and stable inflation. It is the second-largest economy in the Caribbean, just behind Cuba, and the third-largest country in terms of population (behind Cuba and Haiti). In 2019, the DR's GDP reached approximately \$89 billion, a 5.1 percent increase from 2018. However, the DR has not been exempted from the impact of the COVID-19 pandemic. For 2020, multilateral organizations such as the International Monetary Fund (IMF) and World Bank are projecting economic growth for the Dominican Republic between -1 and 0 percent. As of September 2020, the local Gross Domestic Product (GDP) had declined by -8.1 percent compared to the same period of 2019.

## Imports of Consumer-Oriented Products



\*Estimated.

Source: TDM and GATS.

## Food Processing Industry

The DR's food processing industry was valued at \$8.8 billion during CY 2019, in activities categorized as "food industry," with an additional \$2.8 billion for processed beverages and other products during the same period. The United States has a strong history of supplying meat, edible meat offal, and animal and vegetable fats for the Dominican meat processing industry; this is expected to continue. There is potential for increased exports of U.S. ingredients for the milling, dairy, and confectionary industries, especially since CAFTA-DR will be fully implemented by 2025.

## Food Retail Industry

The Dominican modern retail sector offers a wide variety of U.S. products. The sector is dominated by locally-owned companies and is growing rapidly. However, despite the growth of supermarkets, they only account for 20-25 percent of retail sales. The majority of sales are still in the traditional channel, which includes neighborhood stores (colmados) and warehouses, which offer largely local products.

## Quick Facts CY 2019

### List of Top 10 Growth Products

- |                  |                        |
|------------------|------------------------|
| 1) Cheese        | 6) Meat (Beef)         |
| 2) Wine          | 7) Seafood             |
| 3) Beer          | 8) Snack foods         |
| 4) Pork          | 9) Frozen potatoes/veg |
| 5) Chicken Parts | 10) Fresh fruit        |

### Consumer-Oriented Trade (U.S. billion) 2019

DR Imports (all sources)	1.31
DR Imports (from U.S.)	0.60
DR Exports (all destinations)	0.69
DR Exports (to U.S.)	0.41

### Top DR Retailers

- |                          |                |
|--------------------------|----------------|
| 1) La Sirena             | 6) Mercatodo   |
| 2) Pola Supermarkets     | 7) Plaza Lama  |
| 3) Jumbo                 | 8) Pricesmart  |
| 4) Nacional Supermarkets | 9) Carrefour   |
| 5) Bravo                 | 10) Superfresh |

### GDP/Population

Population: 10.6 million  
GDP: US\$89.0 billion  
GDP per capita: US\$8.30

Source: TDM; ONE; World Bank, Central Bank of the DR

## Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products.	Higher cost of some U.S. products compared to competitors.
Proximity to the United States and strong demand for U.S. products.	Import sensitivity of several products.
Opportunities	Threats
Additional trade liberalization through the full implementation of CAFTA-DR by 2025.	The ongoing and incoming negative impact of the COVID-19 pandemic over the HRI sector
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Competition from other CAFTA-DR signees and the DR's other free trade agreement partners.

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## SECTION I. MARKET OVERVIEW

Although recognized as the fastest growing economy in the Latin American and Caribbean region during the last few years, the Dominican Republic has not been immune from the impact of the COVID-19 pandemic. The pandemic has severely affected economic sectors such as tourism (-47.5 percent), construction (-15.8 percent), transportation (-9.5 percent), mining (-14.1 percent) and others. The only sectors with a positive development during the January-September 2020 period were: health (12.4 percent), financial services (9.2 percent) and agriculture (3.8 percent). Average inflation in September 2020 was 3.74 percent since January. Additionally, unemployment is expected to reach 30 percent at the end of 2020.

Since the DR became a member of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) in 2007, total U.S. agricultural exports have grown by 101 percent. In 2019, U.S. agricultural and related exports to the DR reached \$1.26 billion. However, the COVID-19 pandemic has slowed the growth rate of U.S. agricultural exports to the Dominican market. From January to September 2020 U.S. agricultural exports reached \$971 million, up from \$931 million during the same period in 2019 for a 4 percent increase. However, this growth rate is below the 6 percent average year-on-year growth for the last 13 years.

Particularly, the COVID-19 pandemic reduced the demand for consumer-oriented products by 7 percent during the first 9 months of 2020, compared to the same period in 2019. For example, exports of beef and beef products decreased by 51 percent, driven by lower demand from closed hotels and restaurants that usually demand higher quality cuts of beef. A similar scenario occurred with products such as wine and beer and prepared foods. According to the Central Bank of the Dominican Republic, the number of tourists to the Dominican Republic during January-October 2020 was 1,881,756; this represents a 65 percent decrease compared to 2019. For additional information on the HRI sector, please see the September 2019 [Food Service – Hotel Restaurant Institutional report](#) for the DR.

Since the signing of CAFTA-DR in 2007, U.S. exports of consumer-oriented products have increased more than fivefold. The DR is the fifth-largest market for such products in the Western Hemisphere. Among CAFTA-DR signatories, the United States is the primary supplier of consumer-oriented agricultural products to the DR, capturing 46 percent market share in 2019 (valued at \$602 million). Top U.S. products in this category include dairy products, pork, poultry, beef, and prepared food. Key growth products include beef and beef products, prepared food, and fresh fruits.

## Key market drivers and consumption trends

Advantages	Challenges
The implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products	The ongoing and incoming negative impact of the COVID-19 pandemic over the HRI sector and the overall purchasing power of Dominican consumers
A large and growing tourist population, which demands high-value food products	Competition from other CAFTA-DR signees and the DR's other free trade agreement partners
A growing number of consumers demanding higher quality and healthier products - they generally perceive that U.S. products meet their requirements - as well as an increasingly modern HRI sector which also seeks new, high quality products	Delays for import permits and sanitary registration, which can affect the availability of imported products
Efficient food distribution channels (new highways, modernized seaports/airports)	Requirement that imported products must have a label in Spanish that must be placed at origin or in the DR
Consumers greatly influenced by U.S. culture, with a positive perception of U.S. products	Remaining cold chain limitations, which have been reduced through USDA technical and financial support
The proximity of the DR to the United States and a strong bilateral relationship throughout the public and private sectors, which facilitates trade	18 percent VAT and high internal logistical costs
Growing population in urban centers and increased rate of employment	Corruption and lack of transparency, which continue to earn the DR relatively low scores in international comparison tables. (DR was 99 <sup>th</sup> out of 190 countries in the World Bank's 2018 "Ease of Doing Business" ranking)
A Dominican diaspora in the U.S. of approximately one million people, clustered primarily in the northeastern states and Florida, whose remittances help support the Dominican economy	A lack of institutional continuity across changes in government administrations

## SECTION II. EXPORTER BUSINESS TIPS

The DR has few but persistent market access issues, which are best navigated in consultation with Dominican importers. 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. It is recommended that a U.S. exporter who would like to enter the Dominican market perform in-depth market research to identify potential niches and develop an effective marketing plan. The Office of Agricultural Affairs in Santo Domingo can

provide contact information on the major importers, retailers, and distributors in the DR. The office also provides information on tariff rates, import duties, and other customs charges.

### **Local Business Customs and Trends**

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 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 buyers develop more confidence prior to any business commitment. Dominican people are genuinely warm and friendly. However, every aspect of the business transaction should be clearly stated in writing between the parties.

### **General Consumer Tastes and Trends**

Dominicans share much of U.S. culture, such as sports, entertainment, and fashion. Similarly, Dominican 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 the United States and other 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. This creates opportunities for many U.S. products.

## **SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES**

Several import requirements are mentioned below. For additional information, review Post's most recent [Food and Agricultural Import Regulations and Standards Report \(FAIRS\)](#).

### **Customs Clearance**

The General Directorate of Customs (DGA) 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
- Export certificate issued by the country of origin
- For products of animal (including dairy), plant, or fish origin only: Sanitary No-objection Certificate (import permit) issued by the Ministry of Agriculture (MoA)
- For alcoholic beverages only: Import permit issued by the General Directorate of Internal Taxes (DGII).

When importers have all the required documents and no sanitary issues arise, the DGA clearance procedure can be completed in twenty-four hours. The process has been streamlined since September 2017, when the electronic customs systems (One Stop-shop of External Trade or VUCE in Spanish)

began to be implemented. This system digitizes the agricultural import authorizations process and allows the importer to request import permits and process other transactions online. Since January 31, 2019, the system has been used for all commodities. This system increases transparency for traders, who are able to view the status of their approvals and reasons for any rejections. However, importers usually hire a knowledgeable customs agent who expedites the process. Larger importers will have a customs agent within their company. It is also important to note that after ten days in port, shipping lines assess a daily charge for the use of their containers, and port authorities also charge for the use of their space.

After the invoice is reviewed, DGA officials determine the duty. If it is determined that the invoice does not reflect what DGA believes is an accurate price, DGA 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.

### **Country Language Labeling Requirements**

Imported products must have a label in the Spanish language. This can be a sticker applied to the packaging, which can be applied at origin or in country as a Complementary Label (sticker).

### **Tariffs and Free Trade Agreements (FTAs)**

Tariffs follow commitments under the CAFTA-DR agreement, which will be fully implemented in 2025. Tariffs range from zero to 20 percent for most products, and up to 99 percent in some cases. Several 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. A complete list of the base tariff schedule, in Spanish only, is available at

[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).

Exporters also need to be aware of internal taxes applied to imported luxury products, such as wine, during the clearance process. Although the duty may be low or zero, luxury taxes may be as much as 300 percent. These taxes, charged at customs, increase the price for the end consumer significantly. Copyrights and trademarks are handled by the DR's National Office of Industrial Property (ONAPI).

## **SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS**

The DR market is price sensitive, with limited consumer buying power in the lower classes. However, a wide range of opportunities exists for U.S. agricultural products in the Dominican market, specifically in the following categories:

**Consumer-Oriented Products:** Since the signing of CAFTA-DR in 2007, U.S. exports of consumer-oriented products have more than quintupled. The DR is the fifth-largest market for such products in the Western Hemisphere. In 2019, the DR imported \$1.31 billion of consumer-oriented products from all sources. The United States was the primary supplier, capturing 51 percent (\$602 million) of that total. Competitors include the European Union, Mexico, and Costa Rica. Top U.S. products in this category include dairy products, pork, poultry, beef, and prepared food. The first nine months of 2020 showed a

7 percent decrease compared to the same period in 2019, impacted by the COVID-19 pandemic and its effects over local demand.

**Hotel Restaurant Institutional (HRI) Sector:** The leading U.S. products for distribution in the growing HRI sector include premium red meat cuts, pork, poultry parts, seafood, cheeses, frozen potatoes and vegetables, fresh fruit, wine, and craft beer. U.S. beef (including special meat cuts) is growing in popularity at high-end restaurants, especially in Santo Domingo. While the DR has substantial domestic poultry and pork sectors, the growing food service sector creates additional demand for specific cuts. The DR's food service sector is largely dependent on imported seafood products, which creates opportunities for U.S. lobster, salmon, and other seafood products in this price-sensitive market. Cheeses, whether served individually or as ingredients (especially cheddar, mozzarella, and provolone), are widely used in the food service sector. In addition, frozen potato products continue to be very popular. U.S. wines, mainly from California, are gaining market share despite fierce competition from the European Union. There is also increasing demand for U.S. craft beer. U.S. turkey has high potential during peak holiday periods and duck can be found on occasion as a specialty product in some upscale hotels and restaurants throughout the year.

**Retail Foods:** The Dominican retail sector can be divided into two distinct segments or channels: the modern and the traditional. The modern retail distribution channel is comprised of three main components: supermarket chains, independent supermarkets, and convenience stores known as "food shops." Supermarket chains dominate this segment and offer a wide variety of U.S. products. However, despite their prominence and growth, only 20-25 percent of retail sales are via the modern retail channel. The traditional retail channel is subdivided into two main components: neighborhood stores known as "*colmados*" and walk-in food warehouses known as "*almacenes*," located mainly in traditional street markets. In addition to direct sales to the public, *almacenes* also serve as suppliers to *colmados*. It is estimated that 70-80 percent of retail food sales are recorded by the traditional retail channel.

**Supermarket Chains:** The number of Dominican supermarkets has doubled over the last 20 years. Supermarkets are concentrated in the greater Santo Domingo area and other large urban areas. There are currently approximately 150 supermarkets nationwide.

**Independent Supermarkets:** With more than 40 points of sale, the majority of independent supermarkets are based in Santo Domingo and Santiago, the two largest cities. Most of these independent supermarkets have joined forces under an umbrella group known as the National Union of Low-Cost Supermarkets (UNASE).

**Convenience Stores:** Most convenience stores are located in gas stations and focus on pre-packaged and ready-to-eat foods and beverages. They offer a high portion of U.S. brands (some produced outside the United States), including snacks, sodas, other non-alcoholic beverages, rum, wine, and beer. Customers generally only purchase food and drink to consume in this inexpensive and social environment. There are no regional or national chains in this sub segment. For additional information, please refer to Post's most recent [Retail Foods report](#).

**Food Processing Ingredients:** In 2019, the DR's food processing industry was valued at \$8.8 billion, with an additional \$2.8 billion for processed beverages and tobacco. Meat processing, wheat milling, bakery products, and dairy processing continue to lead the local food processing industry.

The United States has a strong history of supplying wheat, meat, edible meat offal, and animal and vegetable fats (e.g., soybean oil) for the Dominican meat processing industry and this is expected to continue. There is also potential for increased exports of U.S. ingredients for the Dominican milling, dairy, and confectionary industries, especially since CAFTA-DR will be fully implemented by 2025. For additional information, please refer to Post’s most recent [Food Processing Ingredients report](#).

## SECTION V. AGRICULTURAL AND FOOD IMPORTS FROM THE UNITED STATES

### Consumer Oriented Products (US\$ Thousands)

PRODUCTS	2015	2016	2017	2018	2019
Dairy Products	77,558	75,608	78,261	86,864	91,439
Poultry Meat & Prods. (ex. eggs)	51,613	64,322	61,462	73,700	77,776
Pork & Pork Products	53,245	56,309	70,815	92,635	77,700
Beef & Beef Products	58,770	57,108	53,042	58,549	65,698
Prepared Food	39,823	42,586	39,740	43,432	54,916
OTHERS	170,480	187,879	188,196	212,528	234,034
<b>TOTAL</b>	<b>451,489</b>	<b>483,812</b>	<b>491,516</b>	<b>567,708</b>	<b>601,563</b>

Source: GATS/USDA

**Consumer-oriented products:** As noted above, consumer-oriented exports have fueled the growth of U.S. exports to the DR. Key growth products include dairy products, pork, poultry, beef, prepared food, beer and wine. The United States is the overall primary supplier, representing a 51 percent market share. Competitors include the European Union, Mexico, and Costa Rica.

### Intermediate Products (US\$ Thousands)

PRODUCTS	2015	2016	2017	2018	2019
Soybean Meal	190,263	223,800	174,074	187,595	184,376
Soybean Oil	86,542	84,230	140,500	107,011	90,395
Other Intermediate Products	36,724	36,847	36,992	35,976	28,078
OTHERS	42,353	52,154	50,667	49,834	51,292
<b>TOTAL</b>	<b>355,882</b>	<b>397,031</b>	<b>402,233</b>	<b>380,416</b>	<b>354,141</b>

Source: GATS/USDA

**Intermediate products:** The DR is entirely dependent on imports for soy products and the United States has almost 100 percent market share. U.S. soybean meal exports, valued at \$184 million in 2019 (a 2 percent decrease from 2018), fuel substantial domestic poultry and pork industries. In addition, while the DR imported 16 percent less soybean oil in 2019 compared to 2018, the United States retained almost total market share (valued at \$90 million in 2019). U.S. soybean oil is widely distributed in the HRI and retail sectors.



### Bulk Products (US\$ Thousands)

PRODUCTS	2015	2016	2017	2018	2019
Wheat	92,566	81,791	81,405	66,454	68,524
Corn	85,562	87,197	94,947	165,419	64,058
Pulses	38,317	32,062	19,453	19,913	24,358
Rice	8,251	10,655	21,075	12,343	12,969
OTHERS	100,887	80,962	83,678	95,879	138,443
<b>TOTAL</b>	<b>325,583</b>	<b>293,438</b>	<b>305,199</b>	<b>368,533</b>	<b>308,352</b>

Source: GATS/USDA

**Bulk products:** While U.S. corn exports reached a record \$251 million in 2008, quality concerns have contributed to a loss of market share to South American suppliers. In 2019, U.S. corn exports were valued at \$64 million, a -61 percent decrease from 2018, reportedly due to quality concerns.

Largely due to trade liberalization under CAFTA-DR, the DR is the largest market in the world for U.S. pinto beans. However, local sensitivities restrict trade, especially during the local harvest. The DR is entirely dependent on imports of wheat, which is processed locally. While the U.S. market share in 2016 was 76 percent, it has dropped steadily since then, reaching 56 percent in 2019 due to the increasing price-competitiveness of Canadian wheat.

## SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

### Foreign Agricultural Service (FAS/USDA)

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

### **Attachments:**

No Attachments