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Report Highlights:

The Dominican Republic (DR) is the fourth-largest market for U.S. products in the Western Hemisphere, valued at \$1.82 billion in 2021. However, the COVID-19 pandemic has impacted the growth rate of U.S. agricultural and related exports to the Dominican market, especially for consumer-oriented products during 2019 and 2020. The Dominican Republic is walking on the path to recovery. During the first 10 months of 2021 the demand for those products has increased by 36 percent due to the re-opening of the economy.

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 2020, the DR's GDP reached approximately \$79 billion, a 6.7 percent decrease from 2019. The DR has not been exempted from the impact of the COVID-19 pandemic; nevertheless, it is on the path to recovery. As of June 2021, the local Gross Domestic Product (GDP) had increased 9.5% compared to the same period in 2020.

Imports of Consumer-Oriented Products

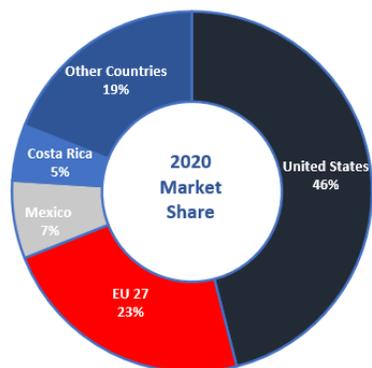


Figure 1. Among CAFTA-DR signatories, the United States is the primary supplier of consumer-oriented agricultural products to the DR, capturing 46 percent market share in 2020.

Source: TDM and Global Agricultural Trade System (GATS)

Food Processing Industry

As of September 2020, the Dominican Republic's food processing industry was valued at \$2.5 billion, with an additional \$0.7 billion for processed beverages and other products during the same period. Meat processing, wheat milling, bakery products, and dairy processing continue to lead the domestic food processing sector. The COVID-19 pandemic did not affect the demand for most of those product categories during CY 2020. The United States continues to be a strong supplier of meats, edible oils, fats, dairy products, wheat, and other key ingredients. There is potential for increased exports of those and other U.S. ingredients, especially as Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) moves towards full implementation 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 2020

List of Top 10 Growth Products

- | | |
|--------------------------------|--------------------------|
| 1) Cheese | 6) Condiments and sauces |
| 2) Pork | 7) Pet food |
| 3) Non-Fat Dry Milk | 8) Snack foods |
| 4) Poultry | 9) Frozen potatoes/veg |
| 5) Fruit & vegetables products | 10) Fresh fruit |

Consumer-Oriented Trade (U.S. billion) 2020

DR Imports (all sources)	1.47
DR Imports (from U.S.)	0.68
DR Exports (all destinations)	1.65
DR Exports (to U.S.)	1.06

Top DR Retailers

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

GDP/Population

Population: 10,85 million
GDP: US\$79,0 billion
GDP per capita: US\$7,28

Source: Trade Data Monitor (TDM), ONE, World Bank, and 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.

Figure 2. CAFTA-DR free trade agreement SWOC for U.S. exports.

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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. Nevertheless, it has experienced improvement in sectors such as construction (41.0 percent), free zone (31.6 percent), local manufacturing (13.7 percent), transportation (13.7 percent), mining (11.4 percent), tourism (8.9 percent), agriculture (2.2 percent), and others. The sectors that have been affected during the January-October 2021 period were the following: public administration (-5.7 percent), education (-3.9 percent), health (-0.9 percent), and financial services (-0.8 percent). Average inflation in June 2021 was 4.01 percent since January. Additionally, improvement in unemployment, which reached 5.9 percent by June 2021.

Since the DR became a member of the CAFTA-DR free trade agreement in 2007, total U.S. exports to the Dominican Republic from 2007 to 2020 have grown by 123 percent. As a sign of economic recovery, in the first 10 months of 2021, U.S. exports to the DR reached \$1.82 billion. The U.S. agricultural and related exports to the Dominican Republic reached \$1.6 billion, up from \$1.2 billion during the same period in 2020 for a 32 percent increase.

Particularly, the demand for consumer-oriented products has increased by 36 percent during 2021, compared to the same period in 2020. For example, during 2020 the value of exported beef and beef products decreased by 50 percent, driven by lower demand because of closed hotels and restaurants that usually demand higher quality cuts of beef. A similar scenario occurred with products such as poultry meat and prepared food. According to the Central Bank of the Dominican Republic, the number of tourists to the Dominican Republic during January-October 2021 was 3,669,761; this represents a growth of 200% more than January-October 2020 and 19% more than the same period of 2019. For additional information on the Food Service – Hotel Restaurant Institutional (HRI) sector, please see the September 2020 [HRI](#) report for the DR.

Since the signing of CAFTA-DR in 2007 to 2020, U.S. exports of consumer-oriented products have increased by more than six times. The DR is the third-largest market, in 2020, 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 2020 (valued at \$675 million). Top U.S. products in this category include dairy products, pork, poultry, prepared food, and beef.

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 115 th out of 190 countries in the World Bank's 2019 "Ease of Doing Business" ranking)
A Dominican diaspora in the United States of more than 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 product 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 [FAIRS](#) report.

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 24 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 the [Tariff](#) Schedule of the Dominican Republic.

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 from 2007 to 2020, U.S. exports of consumer-oriented products have grown by more than six times. The DR is the third-largest market for such products in the Western Hemisphere. In 2020, the DR imported \$1.47 billion of consumer-oriented products from all sources. The United States was the primary supplier, capturing 46 percent (\$675 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, prepared food, and beef. The first ten

months of 2021 showed a 36 percent increase compared to the same period in 2020, due to the path to recovery that Dominican Republic is experiencing.

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: As of September 2020, the Dominican Republic's food processing industry was valued at \$2.5 billion, with an additional \$0.7 billion for processed beverages and other

products during the same period. Meat processing, wheat milling, bakery products, and dairy processing continue to lead the domestic food processing sector.

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: [FPI](#).

SECTION V. AGRICULTURAL AND FOOD IMPORTS FROM THE UNITED STATES

Consumer Oriented Products (US\$ Thousands)

PRODUCTS	2016	2017	2018	2019	2020
Dairy Products	68,959	72,474	80,553	88,699	92,263
Pork & Pork Products	56,309	70,815	92,635	77,700	90,459
Other Consumer Oriented	72,153	70,108	76,412	83,452	89,328
Fresh Fruit	35,121	29,513	33,020	36,153	35,295
Other Consumer Oriented	72,153	70,108	76,412	83,452	89,328
OTHERS	183,188	181,084	209,108	248,554	195,417
TOTAL	552,205	555,564	641,840	695,786	673,126

Source: GATS/USDA

Consumer-Oriented Products: As noted above, consumer-oriented exports during 2020, experienced a decrease of 3 percent compared with the same period 2019. During the first 10 months of 2021 the demand for those products has increased by 36 percent due to the re-opening of the economy. The United States is the overall primary supplier, representing a 46 percent market share. Competitors include the European Union, Mexico, and Costa Rica.

Intermediate Products (US\$ Thousands)

PRODUCTS	2016	2017	2018	2019	2020
Soybean Meal	223,800	174,074	187,595	184,376	165,847
Soybean Oil	84,230	140,500	107,011	90,558	121,969
Vegetable Oils (ex. Soybean)	17,107	17,906	21,343	15,353	13,427
OTHERS	75,136	74,214	67,675	69,403	67,070
TOTAL	400,273	406,694	383,624	359,690	368,313

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 \$166 million in 2020 (a 10 percent decrease from 2019). In addition, the DR imported 35 percent more soybean oil in 2020 compared to 2019, the United States retained almost total market share (valued at \$122 million in 2020). U.S. soybean oil is widely distributed in the HRI and retail sectors.

Bulk Products (US\$ Thousands)

PRODUCTS	2016	2017	2018	2019	2020
Tobacco	79,879	82,595	94,796	124,811	171,329
Corn	87,197	94,947	165,419	64,058	92,881
Wheat	81,791	81,405	66,454	68,524	43,683
Pulses	32,062	19,453	19,913	24,300	43,110
OTHERS	13,852	27,171	22,592	150,693	36,085
TOTAL	294,781	305,571	369,174	307,575	387,088

Source: GATS/USDA

Bulk Products: The bulk products experience a general increase of 26 percent. Tobacco increased in 37 percent compared to 2019 (valued at \$171 million in 2020). Pulses had the biggest increased with 77 percent in 2020 compared to 2019. 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. However, in 2020, U.S. corn exports were valued at \$93 million, with an increase of 45 percent compared to 2019.

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 dropped steadily since then, specifically from 2018-2020, reaching 36 percent in 2020 due to the increasing price-competitiveness of Canadian wheat. However, as of October 2021 U.S. wheat exports to DR has increased 126 percent compared to the same period in 2020.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/USDA)

U.S. Embassy in Santo Domingo

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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.

Note: With the release of the January 2021 monthly trade data on March 5, USDA, in coordination with the U.S. Census Bureau, adopted the World Trade Organization's internationally recognized definition of "Agricultural Products" as its standard definition for the purposes of reporting U.S. agricultural trade. For that reason, trade data from previous reports might differ.

Attachments:

No Attachments