

Voluntary Report – Voluntary - Public Distribution

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Report Name: Dominican Republic Swine Voluntary Report-ASF Outbreak
Creates Increased Opportunities for US Swine Meat Exports to the DR

Country: Dominican Republic

Post: Santo Domingo

Report Category: Agricultural Situation, Livestock and Products, Sanitary/Phytosanitary/Food Safety,
Agricultural Situation, Livestock and Products, Sanitary/Phytosanitary/Food Safety

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Report Highlights:

In July 2021, authorities detected African Swine Fever (ASF) in the Dominican Republic (DR). The disease, which rapidly spread throughout the country, crippled local swine production, but boosted export opportunities for U.S. swine meat producers to the Dominican market. With a nationwide control and eradication effort underway, DR will face a nearly 30 percent fall in swine production in calendar year (CY 2023) over the same period in CY 2021; meanwhile, imports are expected to supply the shortfall. With free market access, the United States will continue as the principal provider of swine meat imports into the DR.

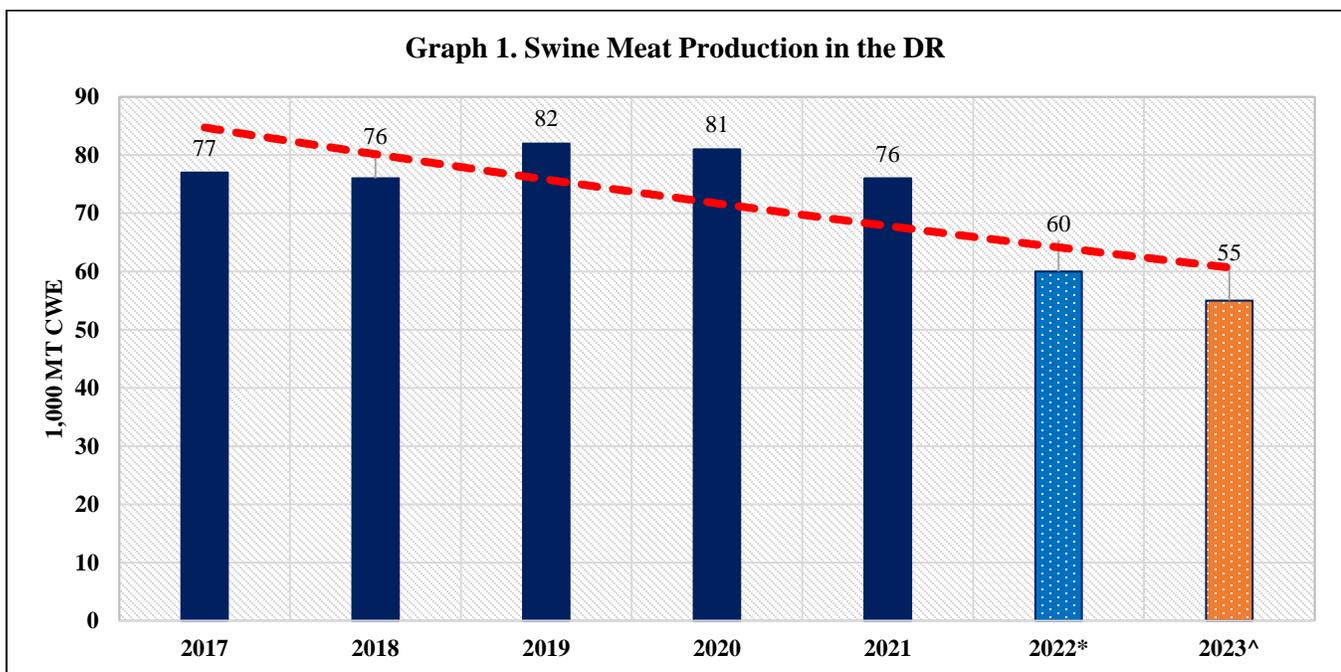
1. Production

1.1. Volume

Since the detection of ASF in the DR, local swine production has significantly declined in CY 2022 and is expected to continue falling until control and eradication efforts are fully in place. Post estimates local production to decline by 21 percent in CY 2022 (60,000 MT carcass weight equivalent (CWE)¹) compared to CY 2021. Post also forecasts local production to further decline by an additional 8 percent in CY 2023 (55,000 MT CWE) compared to the CY 2022 estimate.

Since the initial ASF detection, the disease has spread to every province in the country. Although local authorities expected a deliberate but speedy control and eradication campaign, most experts agreed that an eventual ASF campaign in the DR is now a medium-term goal (3-5 years). The situation is even more complicated with the presence of ASF in Haiti, a country that borders DR and where current political conditions limit any kind of disease response.

According to data from the Ministry of Agriculture of the DR (MOA), after averaging an annual production of 79,000 MT CWE during CYs 2017-2020, local production declined by 6 percent in 2021 (76,000 MT CWE).



*Estimate; ^Forecast.

Source: Built by FAS/Santo Domingo with data from PS&D/USDA and MOA. Data from MOA converted to Carcass Weight (CWE).

The DR has two large swine producer associations: the Dominican Association of Swine Farms (ADOGRANJA), which is comprised of the largest producers in the country, and the Dominican Federation of Pork Producers (FEDOPORC), a small-to-mid size formal producer group. It is estimated

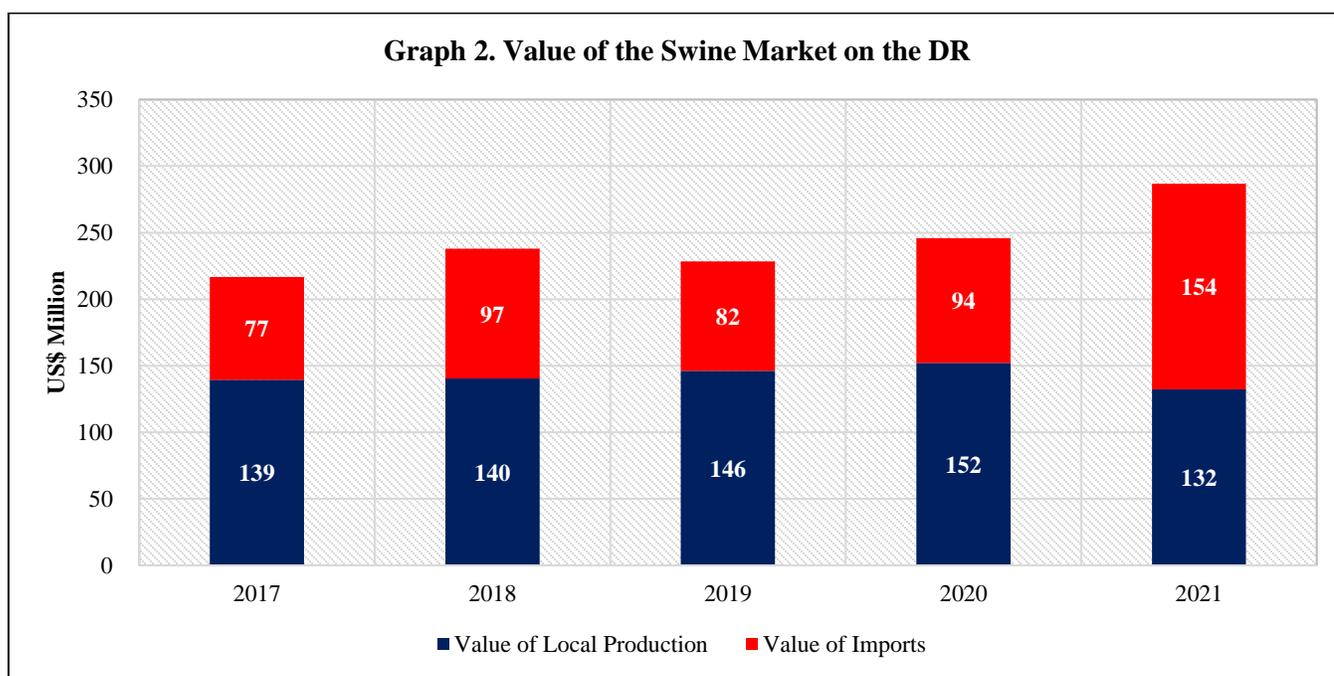
¹ Carcass weight equivalent (CWE) is the weight of an animal after slaughter and removal of most internal organ, head, and skin. In the case of swine, a hog carcass is about 73 percent of the live weight.

that both associations encompass between 350-400 commercial farms that supply around 70 percent of local pork meat production (approximately 60,000 MT CWE per year).

Nearly 20,000 small backyard farmers, which are located throughout the country, supply the remaining local quantity (i.e.15,000 MT CWE). In most cases, the livelihood of these farmers and their families depends on their ability to sell two to three pigs per month. In the DR, raising pigs in small, backyard farms is a historical economic activity and pigs are recognized as “the piggy bank of the poor”.

1.2. Value

The rising value of the swine market in the DR is currently being driven by imported products instead of domestic production as in years past. The swine market in the DR totaled US\$286.7 million in 2021, with local production accounting for 46 percent (US\$132.2 million) and imports 54 percent (US\$154.4 million). On average, in CYs 2017-2020, local production accounted for 62 percent of the total value of the swine market in the DR and imports for 38 percent.



Source: Built by FAS/Santo Domingo with data from the Central Bank of the Dominican Republic, TDM and GATS/USDA.

In CYs 2017-2020, the local value of the swine market in the DR trended higher, including in 2020 when the COVID-19 pandemic affected most local demand of food and agricultural products. However, the detection of ASF reversed that growth in CY 2021.

In terms of infrastructure, the Dominican Agribusiness Council (JAD) estimates that the swine industry has around US\$500 million in total investments and generates approximately 58,000 direct and indirect jobs.

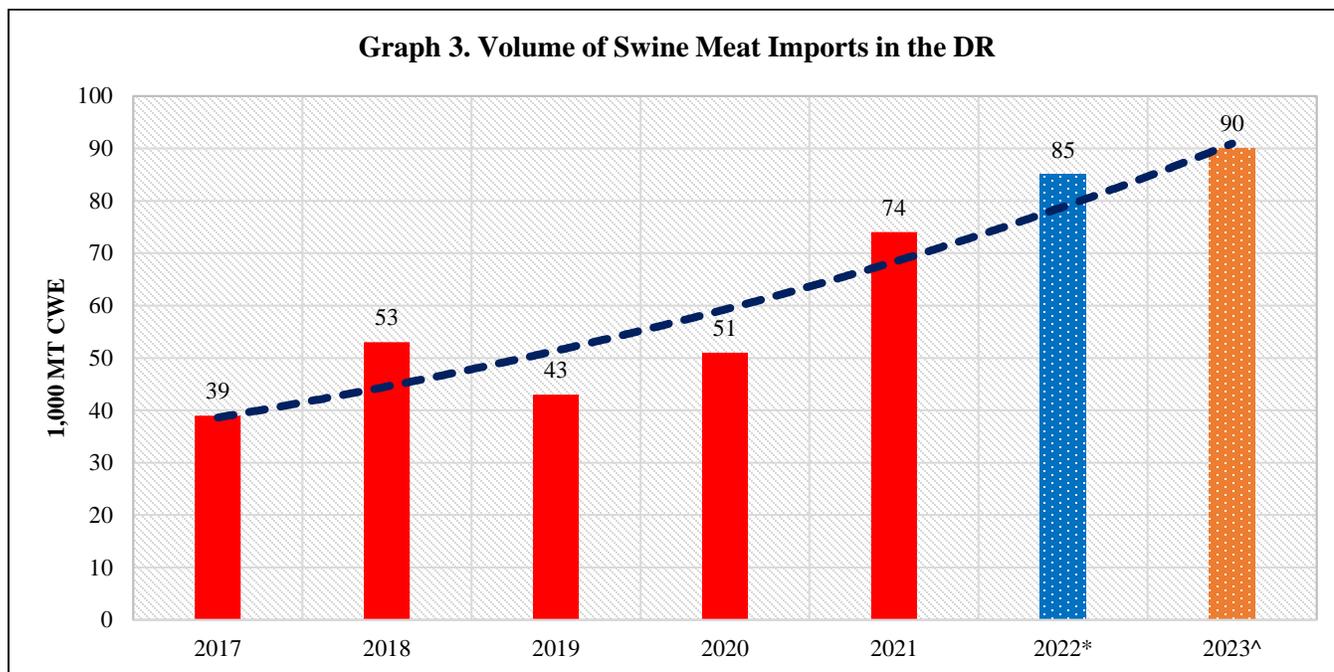
2. Trade

2.1. Imports

2.1.1 Volume

Imports of swine meat to the DR set a record in CY 2021 with 74,000 MT CWE, a 45 percent increase from the 51,000 MT CWE imported in CY 2020. Post estimates imports to increase by 15 percent in CY 2022 (85,000 MT CWE) relative to CY 2021 and to further increase by an additional 6 percent in CY 2023 (90,000 MT CWE). Local consumers and the meat processing industry require increased imports to satisfy unmet current demand by local production due to ASF.

As of August 2022, DR swine meat imports totaled 70,827 MT CWE, 96 percent of total imports for all of CY 2021.



*Estimate; ^Forecast.

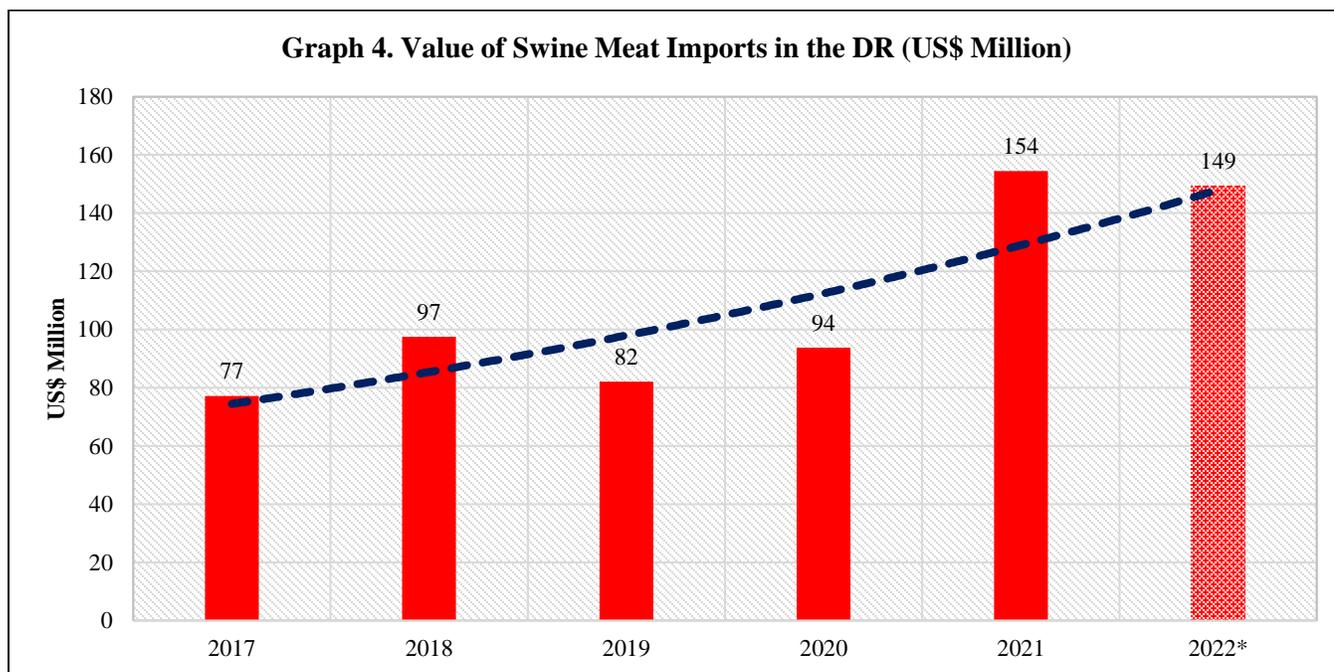
Source: Built by FAS/Santo Domingo with data from PS&D/USDA.

The United States supplies most of the swine meat imported by the DR. In CYs 2017-2021, the United States supplied on average 97 percent (50,210 MT CWE) of swine meat imports by the DR. However, as of August of CY 2022 the United States has accounted for 91 percent (64,331 MT CWE) of swine meat imports to the DR, with Canada accounting for 6 percent (3,990 MT).

Canadian pork meat enjoyed greater market access to the DR due to the temporary, zero percent tariff rate applied at the border to most important products in the country's basket of goods as part of [Law 6-22](#). Other products in the basket include poultry, beef, beans, powdered milk, wheat and wheat products, garlic, canned foods, butter, margarine and refined oils. Post does not expect this trend to continue as the Law expired at the end of October 2022.

2.2.2 Value

Dominican Republic swine meat imports also set a record in CY 2021 at US\$154 million. As of August 2022, DR swine meat imports have totaled US\$149 million, 96 percent above the total value of imports in CY 2021.



*As of August 2022.

Source: Built by FAS/Santo Domingo with data from TDM.

In CYs 2017-2021, the United States accounted for 94 percent (US\$95 million) on average of swine meat imports to the DR. In CY 2022, the United States has accounted for 89 percent (US\$133 million) on average of total swine meat imports to the DR, followed by Canada with 5 percent (US\$8 million).

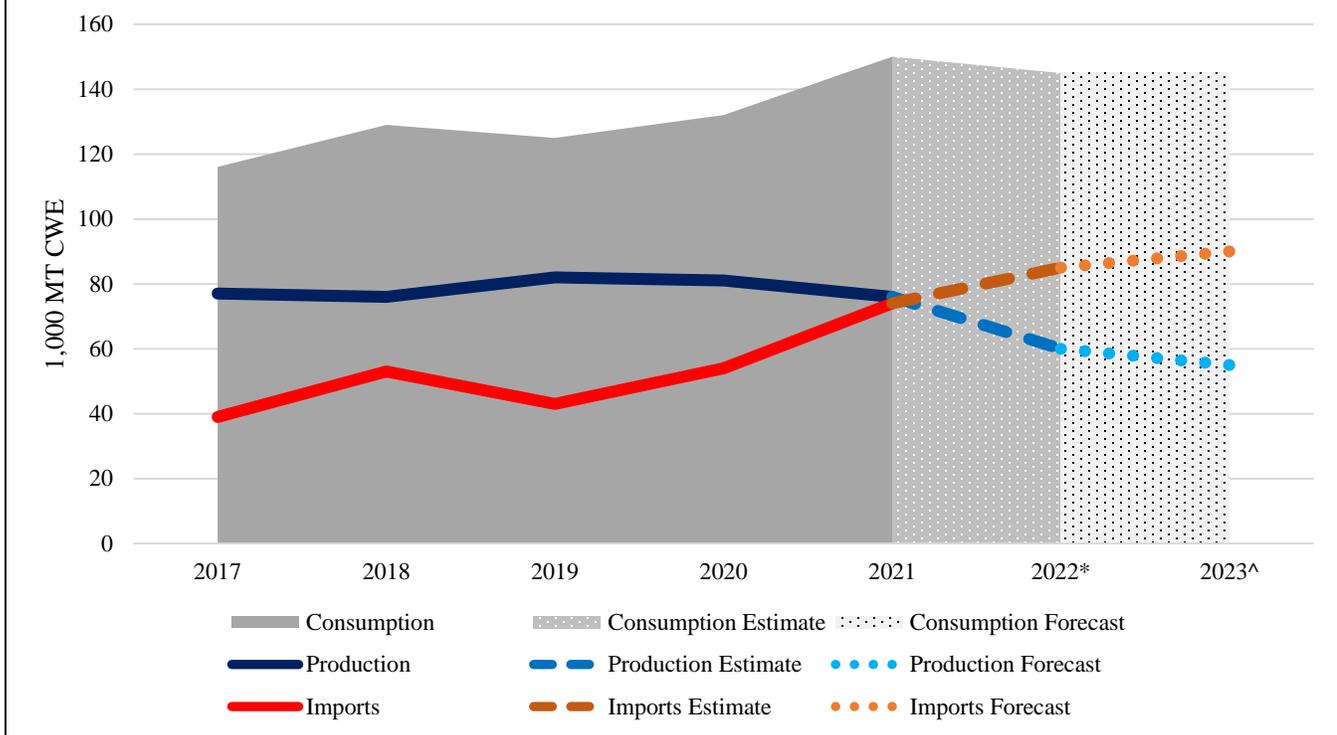
2.1. Exports

The DR does not officially export swine meat or products to foreign markets. The country does, however, provide informal exports to neighboring country Haiti through sales at the border markets. Those sales are not officially reflected in DR nor Haiti's statistics.

3. Consumption

Although demand for swine meat declined during the months of August and September 2021 due to consumer concerns over ASF, consumption of swine meat in the DR continues to be strong. Dominicans consume swine as their second main protein, after poultry. For CY 2022 and 2023 Post estimates local demand to remain strong at 145,000 MT CWE. This represents a per capita annual consumption of 30 pounds.

Graph 5. Consumption of Swine Meat in the DR



*Estimate; ^Forecast.

Source: Built by FAS/Santo Domingo with data from PS&D/USDA.

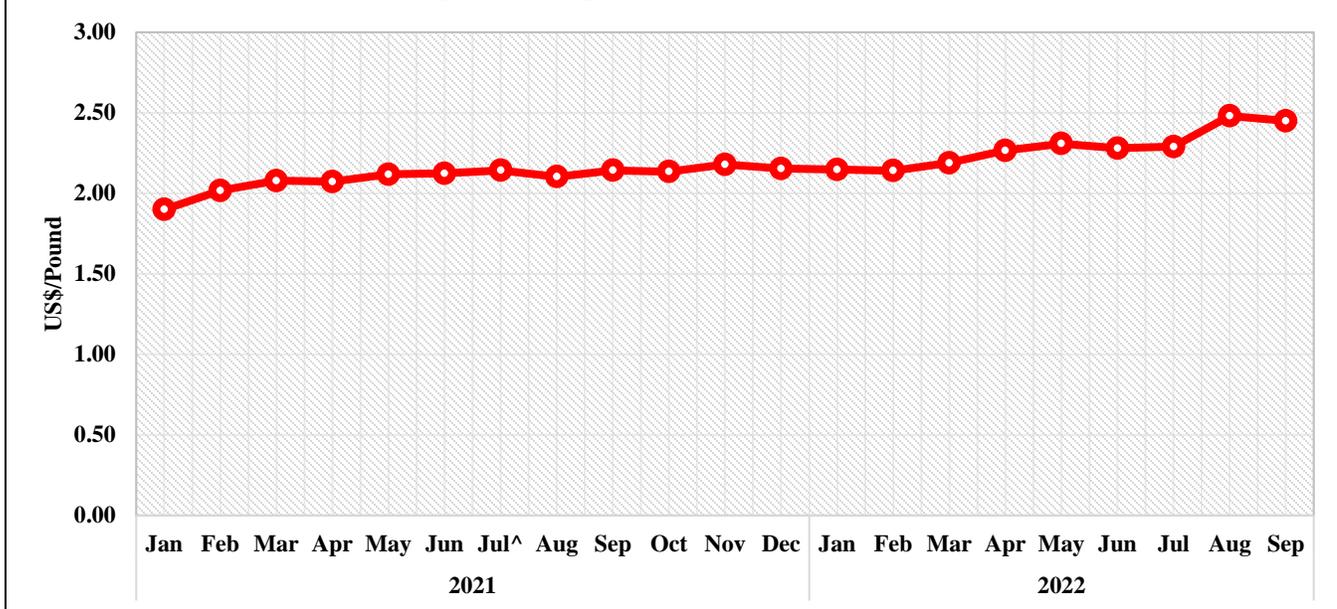
Among other factors, an 85 percent increase in the number of tourists visiting the country has been a leading driver of increased demand for swine meat. According to the Dominican Central Bank, after receiving 2,345,398 tourists during the period of January-September 2021, the DR has received a record 4,346,148 tourists during the same period in 2022.

Additionally, an important part of the DR’s food processing sector is meat processing. More than 67 percent of processed meats are sold through the retail distribution channel, including distributors and supermarkets; the remainder is sold in “mom-and-pop” stores and butcher shops. Dominican brands dominate the local market thanks to the variety of available products and competitive pricing strategies. Salami continues to lead total sales of processed meat products, and it is consumed by more than 85 percent of households in the country. Dominican meat processors are important consumers of pork for their products.

4. Prices

Swine meat prices have increased steadily in the DR since authorities first detected ASF in July 2021, according to data from MOA. As of September 2022, average retail prices of swine meat have reached US\$2.45/pound, a 14 percent increase since July 2021 (US\$2.14/pound).

Graph 6. Average Retail Prices of Swine Meat



[^]ASF Detected in the DR.

Source: Built by FAS/Santo Domingo with data from the Ministry of Agriculture.

The Dominican Government (GoDR) has been able to maintain relative stable prices of pork meat in the local market with increased imports as shown in Section 2 and also by having the product included in the Pignoracion Program (see Section 5.2).

5. Policy

5.1. Domestic Policy

The GoDR has focused most of its domestic policy support to the swine sector towards ASF control and eradication. Specifically, the Agricultural Bank (BAGRICOLA) has disbursed \$21.8 million to 4,351 swine producers affected by the disease as of June 20, 2022 (latest data available). Additionally, the GoDR had expended approximately \$6.1 million in operational costs for the ASF response as of the same date.

The GoDR also included pork meat in the Pignoracion Program as a way of stabilizing prices in the local market. The Pignoracion Program is a financial support program in which the Government covers the storage costs and provides low-cost financing to producers with the product as collateral. The GoDR also controls the entry of the stored product into the market. As of June 20, 2022 (latest data available) the country had 1,244 MT of pork meat in storage under the program.

5.2 Trade Policy

Under CAFTA-DR, the DR negotiated that swine meat would be protected by a tariff reduction period of 15 years, the establishment of tariff rate quotas (TRQ) and a special safeguard. That protection ended on January 1, 2015, and currently the Dominican market is open for U.S. pork and pork products.

Attachments:

No Attachments.