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**Report Highlights:**

The economy of the Dominican Republic, which is the third-largest market for U.S. consumer-oriented products in the Western Hemisphere and the 15th globally for agricultural and related products, has bounced back due to the opening of the tourism, hotel, and restaurant sectors. During the first 10 months of 2022, the demand for consumer-oriented products increased over 20 percent from the same period last year.

## Market Fact Sheet: Dominican Republic

The Dominican Republic (DR) is an upper middle-income country with low and stable inflation. However, in 2021, the country experienced year-on-year inflation of 8.2 percent. As of November 2022, the inflation rate fell slightly to 6.8 percent. The DR 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 2021, the DR's gross domestic product (GDP) reached US\$94 billion, up 12.3 percent relative to the same period in 2020. As of October 2022, the growth is 5.2 percent since January 2022. The DR's major export growth has shifted away from its traditional products (i.e., raw sugar, green coffee, and cacao) to gold, tobacco, medical instruments, circuit breakers for voltage, jewelry items, and ferronickel. The major agricultural imports include consumer-oriented products and livestock feed, with the United States as the primary partner.

### Imports of Consumer-Oriented Products

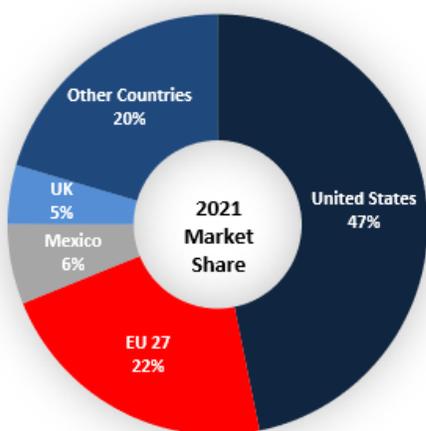


Figure 1. Among CAFTA-DR signatories, the United States is the primary supplier of consumer-oriented agricultural products to the DR, capturing 47 percent market share in 2021.

Source: Global Agricultural Trade System (GATS)

### Food Processing Industry

The DR's food processing industry totals US\$4.3 billion for calendar year (CY) 2021 in activities categorized as "food industry", which represents 4.5 percent of the gross domestic product (GDP) of the DR. 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 (i.e. colmados) and warehouses, which offer largely local products.

### Quick Facts CY 2021

#### List of Top 10 Growth Products

- |                                     |                                   |
|-------------------------------------|-----------------------------------|
| 1) Pork & Pork Products             | 6) Fresh Fruit                    |
| 2) Dairy Products                   | 7) Bakery Goods, Cereals, & Pasta |
| 3) Poultry Meat & Prods. (ex. eggs) | 8) Food Preparations              |
| 4) Beef & Beef Products             | 9) Distilled Spirits              |
| 5) Fruit & Vegetable Juices         | 10) Processed Vegetables          |

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

DR Imports (all sources)	2.02
DR Imports (from U.S.)	0.85
DR Exports (all destinations)	2.06
DR Exports (to U.S.)	1.24

#### Top DR Retailers\*

- |                          |                   |
|--------------------------|-------------------|
| 1) Aprezio               | 6) Bravo          |
| 2) La Sirena             | 7) Jumbo          |
| 3) Plaza Lama            | 8) La Cadena      |
| 4) Nacional Supermarkets | 9) PriceSmart     |
| 5) Ole Hypermarkets      | 10) Sirena Market |

#### GDP/Population

Population:	10.95 million
GDP:	US\$94 billion
GDP per capita:	US\$8,604

Source: Table 1. Source: Global Agricultural Trade System (GATS), Trade Data Monitor (TDM); World Bank; IMF. \*Ordered by quantity of establishments.

### Strengths/Weaknesses/Opportunities/Threats

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.	Competition from other CAFTA-DR signees and the DR's other free trade agreement partners.
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry.	Limited cold chain capacity.

Figure 2. CAFTA-DR free trade agreement SWOT 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 key 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 in CY 2021. The sectors that have been affected during the January-October 2022 period were the following: public administration (-5.7 percent), education (-3.9 percent), health (-0.9 percent), and financial services (-0.8 percent). Additionally, the country showed improvement in unemployment, which reached 5.9 percent by June 2022.

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 2021 have grown by 175 percent (\$10.6 billion). As of October 2022, U.S. exports reached \$11.5 billion, representing the highest value ever traded between DR and the United States. The U.S. agricultural and related exports to the Dominican Republic reached \$1.9 billion, up from \$1.5 billion in CY 2020 for a 26 percent increase.

Particularly, the demand for consumer-oriented products has increased by 34 percent during 2022, compared to the same period in 2021. For example, during 2021 the value of exported beef and beef products to the DR spiked 133 percent, driven by higher demand due to the opening of hotels and restaurants that usually demand higher quality cuts. 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 between January and November 2022 totaled 7,483,050. For additional information on the Food Service – Hotel Restaurant Institutional (HRI) sector, please see the October 2022 [HRI](#) report for the DR.

Since the signing of CAFTA-DR, U.S. exports of consumer-oriented products have increased by more than sixfold between 2007 to 2021. The DR is the third-largest market, in 2021, 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 47 percent market share in 2021 (valued at \$899 million). The top U.S. products in this category include pork, dairy, poultry, prepared foods, 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 who 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 value-added tax (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 <sup>th</sup> 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 a 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 prerequisite 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 those 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 Food and Agricultural Import Regulations and Standards ([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 its 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:** In 2021, the DR imported \$1.9 billion of consumer-oriented products from all sources. The United States was the primary supplier, capturing 47 percent (\$899 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 2022 showed a 20 percent increase compared to the same period in 2021, due to the 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 largely depends 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 2022, the Dominican Republic’s food processing industry totaled \$4.3 billion. 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	2017	2018	2019	2020	2021
Dairy Products	72,474	80,553	88,699	92,263	116,016
Pork & Pork Products	70,815	92,635	77,700	90,459	150,748
Other Consumer Oriented	70,108	76,412	83,452	89,328	101,601
Poultry Meat & Prods. (ex. eggs)	61,462	73,700	77,776	81,023	95,855
Beef and Beef Products	53,042	58,549	65,698	33,717	78,580
OTHERS	227,665	259,991	302,461	285,862	355,991
<b>TOTAL</b>	<b>555,566</b>	<b>641,840</b>	<b>695,786</b>	<b>672,652</b>	<b>898,791</b>

Source: GATS/USDA

**Consumer-Oriented Products:** As noted above, consumer-oriented exports during 2021 increased 34 percent compared to 2020. During the first 10 months of 2022 the demand for those products has increased by 20 percent due to the re-opening of the economy and the recovery of the tourism sector. The United States is the overall primary supplier, representing a 47 percent market share. Competitors include the European Union, Mexico, and Costa Rica.

### Intermediate Products (US\$ Thousands)

PRODUCTS	2017	2018	2019	2020	2021
Soybean Meal	174,074	187,595	184,376	165,847	220,995
Soybean Oil	140,500	107,011	90,558	121,969	62,749
Vegetable Oils (ex. Soybean)	17,906	21,343	15,353	13,427	21,076
OTHERS	74,214	67,675	69,403	67,070	75,167
<b>TOTAL</b>	<b>406,694</b>	<b>383,624</b>	<b>359,690</b>	<b>368,313</b>	<b>379,987</b>

Source: GATS/USDA

**Intermediate Products:** The DR entirely depends on imports for soy products and the United States has almost 100 percent market share. U.S. soybean meal exports, valued at \$220 million in 2021, increased 33 percent from 2020. On the contrary, the DR imported 48 percent less soybean oil in 2021 compared to 2020. In CY2021, Argentina exported 26% of DR's soybean oil and the United States retained 66 percent of the market share. U.S. soybean oil is widely distributed in the HRI and retail sectors.

### Bulk Products (US\$ Thousands)

PRODUCTS	2017	2018	2019	2020	2021
Tobacco	82,595	94,796	124,811	171,329	193,468
Corn	94,947	165,419	64,058	92,881	116,211
Wheat	81,405	66,454	68,524	43,683	98,563
Pulses	19,453	19,913	24,300	43,110	33,966
OTHERS	27,171	22,592	150,693	36,085	37,222
<b>TOTAL</b>	<b>305,571</b>	<b>369,174</b>	<b>307,575</b>	<b>387,088</b>	<b>479,430</b>

Source: GATS/USDA

**Bulk Products:** Bulk products experienced a general increase of 14 percent. Tobacco increased 13 percent compared to 2020 (valued at \$193 million in 2021). Wheat showed the biggest increase with 126 percent in 2021 compared to 2020, mainly due to the reopening of the tourism sector. 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 2021, U.S. corn exports totaled \$116 million, with an increase of 25 percent compared to 2020.

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.

## 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.

**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