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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

For 2022, robust tourism demand will be a key driver for economic growth in the Dominican Republic (DR). The World Tourism Organization recognized the Caribbean nation as its top-ranked country after its rapid recovery in tourism following the COVID-19 pandemic. Meanwhile, the Ministry of Tourism has reported a record number of tourists this year, principally from the United States, which has the largest market share in consumer-oriented products exported to the DR.

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 April 2022, the inflation rate stood at 8.4 percent; although, it is projected to fall slightly, according to the International Monetary Fund (IMF). 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 April 2022, the growth is 5.5 percent. 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 a 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: TDM

Food Processing Industry

The DR's food processing industry is valued at US\$10.6 billion for calendar year (CY) 2021 in activities categorized as "food industry", with an additional US\$3.2 billion for processed beverages and other products in the same period. Refer to [Food Processing Ingredients](#) report 2022.

Food Retail Industry

The modern Dominican retail sector offers a wide variety of U.S. products. The sector is dominated by locally-owned companies and is growing rapidly. However, despite their growth, supermarkets only

account for 20-25 percent of retail sales. Most sales are still in the traditional channel, which includes neighborhood stores (colmados) and warehouses, which offer largely local products. Refer to [Retail Foods](#) report 2022.

| 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) | 1.92 |
| DR Imports (from U.S.) | 0.90 |
| DR Exports (all destinations) | 2.11 |
| DR Exports (to U.S.) | 1.38 |
| 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 |

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 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. |

Table 2. CAFTA-DR free trade agreement SWOT for U.S. exports.

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SECTION I. MARKET SUMMARY

In the Dominican Republic (DR), the hotel, restaurant, and institutional (HRI) sector “has made the greatest contribution to the growth of the Dominican economy in 2022, becoming the backbone of the recovery process that the country is experiencing after the pandemic and the effects of the war in Ukraine,” declared the Governor of the Bank Central, Hector Valdez Albizu.

DR’s Central Bank reports that in 2021, tourism contributed US\$5.7 billion to the economy. The average tourist spends approximately US\$129.5 per day with 5 million tourists visiting the DR in 2021, a 107.6 percent increase compared to 2020. It is important to note that approximately 62 percent of those tourists come from the United States and nearly half of those visitors entered through the Punta Cana Airport, arguably the most important tourist point of entry for the DR. Most of the hotels in the tourists’ areas (e.g., Punta Cana, La Romana, Samaná, and Puerto Plata) operate under the “all inclusive” business model, serving nearly 3 million foreigners every year. Santo Domingo, with a dual variety of tourism and business model as well as high-end restaurants, is a big player as well.

In addition to the normal demand from the tourist sector, the DR’s previous economic growth fueled consumer purchasing power that contributed to a blossoming gastronomy sector. In addition, increased local demand fueled continuous growth, innovation, and creativity, particularly among leading independent and franchise restaurants. This growth in turn has led to continued expansion and interest in premium red meat cuts, pork, poultry parts, seafood, cheeses, frozen potatoes and vegetables, fresh fruits, wine, and craft beer.

ADVANTAGES AND CHALLENGES

| Advantages | Challenges |
|--|---|
| <ul style="list-style-type: none"> • The implementation of CAFTA-DR, which has lowered or eliminated duties on nearly 80 percent of products • A historically large tourist population, which demands high value food products • An increasingly modern HRI sector, which seeks new, high-quality products • A growing number of consumers demanding higher quality and healthier products • Proximity between the DR and United States, and strong commercial and cultural ties • Efficient food distribution channels • Political commitment to support investments and encourage more tourists’ visits | <ul style="list-style-type: none"> • Competition from other CAFTA-DR signees and the DR’s other free trade agreement partners • Spanish language labeling requirements • Delays for import permits and sanitary registration, which can affect the availability of imported products • Cold chain limitations • 18 percent VAT and high logistical costs |

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Market Entry Strategy

The first step to importing new food products into the Dominican Republic is registering the product. Importers register new food products with the Ministry of Public Health. The Ministry issues a certificate to the importer or the local legal representative with a Sanitation Registration Number, which must be printed on the label of the product or as an additional sticker. For more information, please refer to Post's Food and Agricultural Import Regulations and Standards Country Report ([FAIRS](#)) 2022, and the [Exporter Guide](#) report 2021.

The DR Customs Authority's electronic system, One Stop Shop for External Trade (or VUCE in Spanish) increases transparency for traders who are able to view the status of their applications for approval and reasons for any rejections. Post can assist with guidance and connecting with the proper authorities when necessary.

After preliminary research to determine if this market has potential for your specific product, Post can aid in connecting with distributors and importers, or providing commercial advice if needed. In addition, many U.S. agriculture-related trade associations have in-country representatives to promote their products and can assist with information on market trends and opportunities. Finally, it is important to conduct either an in-country visit, participate in a trade mission coming from the United States, or attend a trade show, such as the National Restaurant Association Show, which invites Dominican buyers to connect with new products for the industry and learn about the most recent trends.

B. Marketing Channels

In the DR, most food service importers prefer to purchase directly from U.S. manufacturers. However, for smaller volumes, and to capitalize on logistical and transportation advantages, many importers purchase consolidated shipments from distribution centers in Miami or other east coast locations. For meat, buyers also frequently purchase combined product shipments, including mixing meat and seafood products in the same container. Local providers, working as distributors, can also be found in the meat and seafood supply chains. They usually focus on a smaller number of end users (hotels and restaurants) and buy from the larger importers.

Typical Distribution Channel:



Fruit, especially apples and pears, has a simpler distribution channel, with a few major importers directly supplying outlets.

Fruit Distribution Channel:



The attendance at U.S. trade shows has been increasing in recent years. HRI establishments’ representatives, i.e., chefs, restauranteurs, hotel managers, and purchase or commercial representatives attending trade shows purchase directly from a U.S. manufacturer or distributor.



Some of the best opportunities for U.S. products are with the large hotels (including U.S. franchises such as Hard Rock Café, JW Marriott, Hilton, and Holiday Inn), and the all-inclusive resorts in the eastern DR. However, these resorts are highly price sensitive. Similarly, hundreds of restaurants include U.S. imported products in their menus, creating additional opportunities for U.S. agricultural products. Post has put together a list of these potential clients that can be provided upon request.

Local products predominantly supply the institutional portion of the HRI sector. Nevertheless, catering is a growing niche that is creating additional opportunities for U.S. products. In addition, U.S. products are increasingly being purchased to supply school feeding programs.

C. Market Composition

There are nearly 2,000 HRI establishments i.e., hotels, restaurants, and cafeterias open in the DR. Cafeterias and restaurants represented about 88 percent of this total, although they do not account for the same percentage of total business volume. Restaurants focus more on new foods and promotions, while hotels are more interested in sales volume. As a result, while only consisting of 12 percent in terms of the number of establishments, hotels have higher sales volumes than independent restaurants.

In 2022, the Ministry of Tourism reported a total of more than 83,000 hotel rooms and investments to add an additional 16,000 rooms. In DR, there is an increase in real estate tourism e.g., AirBnB and Aparta-hotels, with more than 27,300 rooms, representing approximately 32 percent of rooms available for lodging.

There are approximately 21 fast food restaurant chains registered, with an estimated 129 outlets in the DR. Most of them are U.S. franchises. There are also approximately 333 medium and large restaurants in the country, with 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 most important U.S. products for these outlets include meat cuts, seafood, cheese, fruits, and frozen potatoes. In addition, some of the key retail establishments distribute wines, craft beer, and other products to these restaurants.

SECTION III. COMPETITION AND MARKET SHARE

The United States has had the largest market share in consumer-oriented products exported to DR with a value of US\$898.8 million, representing 47 percent in 2021. Although, the European Union (EU 27) with 22 percent, Mexico with 6 percent, and the United Kingdom with 5 percent market share in this category make up the largest competitors. Major product categories are described further below:

Pork & Pork Products: U.S. pork and pork product exports to DR are valued at US\$150.7 million in 2021, a 66.6 percent increase on a year-over-year percentage change. U.S. pork and pork products maintained 95 percent market share of total Dominican pork and pork product imports.

Beef: The United States scored 97 percent market share in 2021, valued at US\$76 million, due to geographic proximity to the DR, high-quality products, and a preference for Certified Angus Beef in both the food service and retail sectors. The DR introduced domestic Brangus cattle into the market, but it has offered limited competition in the last years.

Cheese: Domestically-produced cheese is not currently comparable to imported cheese due to differences in variety, quality, and sanitary factors. For imports, U.S. cheese reached a 37 percent market share, underperforming the European Union, which secured a 59 percent share in 2021. Nevertheless, it is important to note that U.S. dairy exports to the DR had a 26 percent increase over the previous year.

Wine and beer: The DR wine market holds great potential for the U.S. wine industry. In 2021, the United States exported US\$20.1 million of wine and related products to the DR, 58.1 percent higher than the previous year. The dominant competitor is still the European Union (specifically Spain), which has a 63 percent share of total wine imports. The DR's demand for U.S. beer is growing, as exports to DR totaled US\$10.9 million in 2021, a 56 percent increase from 2020. In addition, the growing local craft beer industry sources U.S. grain and hops for production.

Potatoes: In 2021, for fresh and chilled potatoes, the U.S. exports totaled US\$9.8 million, 79 percent of the market share. Competitors include Canada at 12 percent and the European Union with approximately 8 percent. Nonetheless, a good opportunity in this category is U.S. baby and/or multi-colored potatoes, which are not produced locally but have been well received in the DR's food service sector.

Apples: In 2021, the United States enjoyed a strong presence in the local market, exporting US\$26 million in fresh apples to the DR, which accounted for 96 percent market share. U.S. quality and geographical position are major advantages. The country of Chile enters the market counter-seasonally. Given the tropical climate, DR's local production is not competitive, and depends on imports.

SECTION IV. BEST PRODUCTS PROSPECTS CATEGORIES

4.1. Products Present in the Market That Have Good Sales Potential

Leading U.S. products for distribution in hotels and restaurants include premium red meat cuts, pork, poultry parts, seafood, cheeses, frozen potatoes and vegetables, fresh fruit, wine, and craft beer. U.S. beef (including specialty 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 create opportunities for U.S. lobster, salmon, shrimp, crabmeat, 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. While fruits were previously available on a seasonal basis, pears, grapes, and several varieties of apples are always present throughout the year, which create additional opportunities. There is now interest for other deciduous fruits, such as nectarines, peaches, and apricots, to enter the market. U.S. wines, mainly from California, are still a number one product in the market, despite historical competition from the European Union. There is also a demand for U.S. craft beer, especially among young Dominican consumers. U.S. turkey has high potential during peak holiday periods, especially from November to December, but sliced turkey is increasingly popular for brunch sandwiches anytime of the year. The Highly Pathogenic Avian Influenza (HPAI) represents a threat for turkey imports, and poultry imports in general for the 2022 holiday periods.

4.2. Top Consumer-Oriented Products Imported from the United States

| January - December Exports United States to DR (in millions of dollars) | | | |
|--|-------------|-------------|-------------|
| Product | 2019 | 2020 | 2021 |
| Consumer Oriented Agricultural Total | \$695.8 | \$673.1 | \$898.8* |
| Beef & Beef Products | \$65.7 | \$33.7 | \$78.6* |
| Pork & Pork Products | \$77.7 | \$90.5 | \$150.7* |
| Poultry Meat & Prods. (ex. eggs) | \$77.8 | \$81.0 | \$95.9* |
| Meat Products NESOI | \$4.1 | \$4.1 | \$5.9* |
| Eggs & Products | \$2.2 | \$0.4 | \$3.0 |
| Dairy Products | \$88.7 | \$92.3 | \$116.0* |
| Fresh Fruit | \$36.2 | \$35.3 | \$39.4* |
| Processed Fruit | \$7.1 | \$7.9 | \$9.8* |
| Fresh Vegetables | \$12.6 | \$12.2 | \$13.7* |
| Processed Vegetables | \$22.2 | \$21.3 | \$26.8* |
| Fruit & Vegetable Juices | \$30.9 | \$34.8 | \$48.7* |
| Tree Nuts | \$10.2 | \$8.5 | \$9.6 |
| Confectionery | \$6.0 | \$4.0 | \$5.1 |
| Chocolate & Cocoa Products | \$13.6 | \$11.0 | \$13.8* |
| Bakery Goods, Cereals, & Pasta | \$36.4 | \$33.6 | \$36.6 |
| Food Preparations | \$34.1 | \$34.9 | \$33.4 |
| Condiments & Sauces | \$19.9 | \$21.4 | \$26.5* |
| Non-Alcoholic Bev. (ex. juices) | \$14.8* | \$14.7 | \$14.0 |
| Beer | \$8.8 | \$7.3 | \$10.9* |
| Wine & Related Products | \$16.4 | \$12.7 | \$20.1* |
| Distilled Spirits | \$20.9 | \$16.2 | \$30.6* |
| Nursery Products & Cut Flowers | \$2.4* | \$1.5 | \$1.7 |
| Dog & Cat Food | \$3.8 | \$4.4 | \$6.3* |
| Other Consumer Oriented | \$83.5 | \$89.3 | \$101.6* |

Table 3. *Denote highest export levels since at least CY 1970. Data Source: U.S. Census Bureau Trade Data

4.3. Products Not Present in Significant Quantities But Have Good Sales Potential

Some poultry and egg categories may find a good opportunity in the Dominican market as well. For instance, duck can be found on occasion as a specialty product in some upscale restaurants, hotels, and resorts throughout the year, and more recently, an increased search for liquid and powdered eggs are among the top ingredients sought by local bakeries.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/ USDA)

U.S. Embassy in the Dominican Republic

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Please do not hesitate to contact this office for more detailed information about the Dominican food service sector, importers' lists, or any other related questions.

Ministry of Tourism

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ASONAHORES (National Hotel & Tourism Association)

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CDCT (Dominican Consortium for Touristic Competitiveness)

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Notes to the Reader: In Consumer-Oriented Trade, and in Section III on Competition and Market Share, calculations are made using global exports i.e., derived imports to the DR. Source: TDM.

Attachments:

No Attachments