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GAIN Report Number:

Dominican Republic

Sugar Semi-annual

2015

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Report Highlights:

Post forecasts overall production of 500,000 MT during MY 15/16. During Marketing Year 2014/2015 (MY 14/15), sugar production reached 495,979 Metric Tons (MT). During MY 15/16, Post forecasts that imports will remain stable at 70,000 MT and exports as well, at 185,000 MT. For MY 14/15, exports of raw cane sugar are estimated at 185,335 MT, while imports for the same period will total an estimated 75,000 MT (final data not yet available). Finally, as expected, the Dominican Republic will fill the U.S. annual sugar tariff-rate quota (TRQ) for Fiscal Year 2015 (FY 2015).

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

According to the Dominican Sugar Institute (INAZUCAR) and Post research, total sugar production reached 495,979 MT during MY 2014/2015 (MY 14/15), comprised of 319,903 MT raw and 176,076 MT refined. This represents a 12% decrease in total sugar production compared to MY 13/14 (561,324 MT).

SUGAR PRODUCTION IN DR MY 13/14 AND MY 14/15

MT

Mill	MY 13/14*		MY 14/15	
	Raw	Refined	Raw	Refined
Central Romana	187,577	171,733	152,626	166,011
Grupo Vicini (Cristobal Colon)	107,403	3,097	90,384	10,065
Consorcio Azucarero Central (Barahona)	72,869	0	63,281	0
Azucarera Porvenir	18,645	0	13,612	0
TOTAL	386,494	174,830	319,903	176,076

Source: Dossier Zafra Azucarera 2014-2015 (INAZUCAR)

*Market year begins in November and ends in October.

Although producers such as Grupo Vicini (Cristobal Colon) had plans to increase their production during MY 14/15, the impact of a severe drought over the country has been more pronounced than expected.

As shown in the chart above, a 19% (34,951 MT) decrease in raw sugar production from the largest private producer (Central Romana) was key to the overall decrease in production. The rest of the producers saw their production decrease between 13 and 27%.

For MY 15/16, Post forecasts overall production to be slightly higher, at 500,000 MT, due to an expected improvement in rain fall and overall higher yields, both industrial and agricultural.

Consumption:

Annual domestic consumption remains stable at an estimated 390,000 MT. Of this total, the Dominican market consumes approximately 52% raw sugar and 48% refined. Based on information obtained from INAZUCAR imports of raw sugar are expected to remain stable in the coming year.

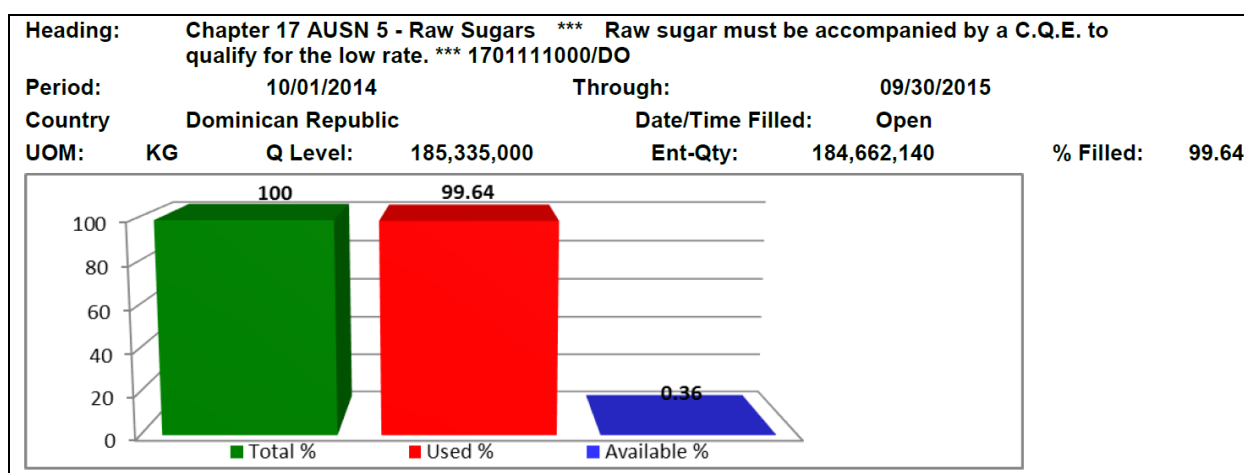
Trade:

For MY 14/15, according to INAZUCAR and Post research, exports of raw cane sugar are estimated at 185,335 MT, down from 220,000 MT in MY 13/14. The decrease in exports is due mainly to a decrease in overall production and lower prices in the international markets, especially in the European Union (EU). During the last few years, the Dominican Republic had exported largest quantities of sugar to the EU. However, with the preferential access of the country as a member of the EU-CARIFORUM Economic Partnership Agreement (EPA) coming to an end, the Dominican Republic is not expected to

continue exporting sugar to the EU. Therefore, for MY 15/16, Post projects exports to remain stable at the U.S. tariff-rate quota (TRQ) level (185,335 MT).

The U.S. market remains the most important one for the Dominican Republic, and was the solo destination of Dominican exports during MY 14/15. Smaller quantities are informally exported to neighboring Haiti in response to disparities in market prices. However, these quantities are not necessarily reflected in official export figures. According to Post sources, during MY 14/15 the Dominican Republic exported approximately 1.0 million MT to Haiti.

During Fiscal Year 2015 (FY 2015), the Dominican Republic received the largest single country allocation for the annual U.S. tariff-rate quota (TRQ): 185,335 MT, out of a total of 1,117,195 MT assigned. According to the latest U.S. Customs and Border Protection (CBP) report, the Dominican Republic has filled 99.64% of the total assigned TRQ.



Source: http://www.cbp.gov/sites/default/files/documents/QuotaReport09212015_062241.pdf

In the context of the CAFTA-DR framework, an additional quota exists for products containing sugar. That quota is allocated to CAFTA-DR signatory countries each calendar year, based on the country's performance¹ and availability. For FY 2015 the Dominican Republic received a quota allocation of 11,800 MT, but has only used 31.7 MT (0.27%). Post expects this quota to be available for the Dominican Republic during MY 15/16.

¹ In the Final Text of the CAFTA-DR Agreement, please see Appendix I to the Schedule of the United States to Annex 3.3 for more details: http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file971_3958.pdf

