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Prepared By: Virgilio Mayol

Approved By: Frederick Giles

Report Highlights:

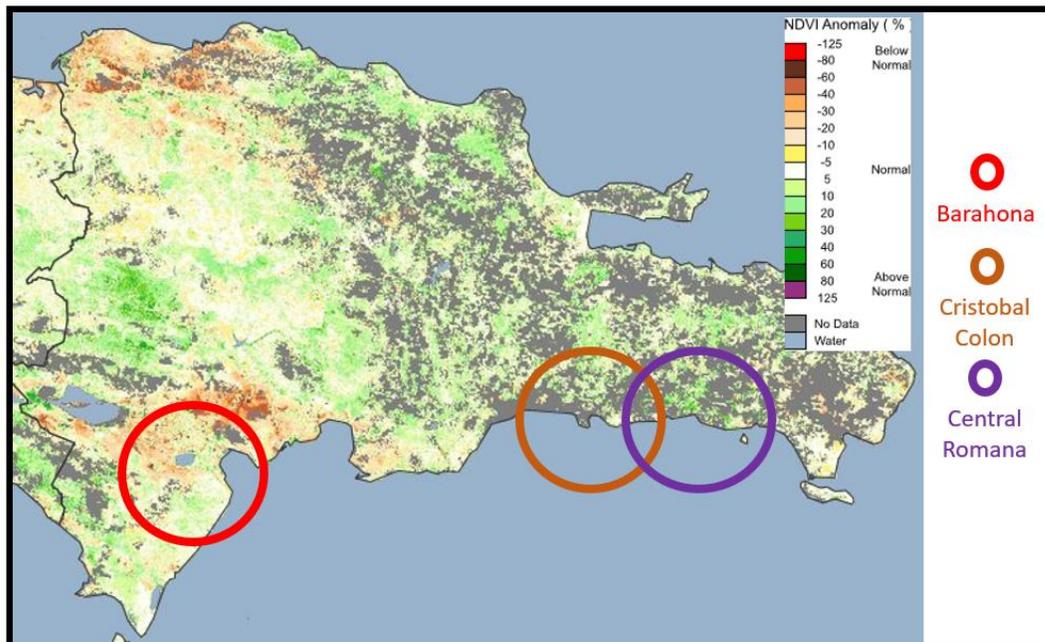
For Marketing Year October 2022/September 2023 (MY 2022/23), Post forecasts overall sugar production in the Dominican Republic (DR) to increase to 630,000 metric tons (MT) due to favorable weather conditions. During MY 2021/22, total sugar production reached 625,391 MT, a 2 percent increase from MY 2020/21 due to favorable rainfall patterns that improved agricultural yields. For MY 2022/23, Post forecasts exports of raw cane sugar at 190,000 MT. Since the United States is currently the only major export market for DR sugar, this volume nearly satisfies the DR's country allocation for the U.S. tariff-rate quota (TRQ) for fiscal year 2023 (FY 2023). During MY 2022/23, Post forecasts imports to remain stable at 15,000 MT, comprised mainly of refined sugar. Preliminary reports indicate that Hurricane Fiona did not have a significant impact over sugarcane production zones.

1. Production

For MY 2022/23, Post forecasts overall production to climb slightly higher than MY 2021/22, to 630,000 MT. This forecast is based on expectations of continued favorable weather conditions that should provide normal rainfall patterns over the production zones, resulting in expansion of agricultural yields compared to MY 2021/22. Additionally, the area harvested is also expected to increase due to normal rainfall.

As shown in Figure 1 below, the main production zone of the country (indicated by the two eastern circles of Cristobal Colon and La Romana) continues to show a mostly normal or above-normal Normalized Difference Vegetation Index (NDVI), a tool that estimates the quantity, quality, and development of the vegetation in a specific area. The mostly normal or above-normal NDVI in the main production zone of the country is due to normal rainfall patterns the country has experienced in the last three marketing years.

Figure 1. NDVI IN MAIN SUGAR PRODUCTION AREAS OF THE DR



Source: <https://glam1.gsfc.nasa.gov/>. Consulted on 09/13/22.

The next production zone, Barahona, shows a normal or below normal NDVI; however, availability of irrigation water in the region will ensure that production and yield levels will remain stable.

As a result of these climate patterns and according to the Dominican Sugar Institute (INAZUCAR), total sugar production increased to 625,391 MT in MY 2021/22, comprised of 463,012 MT raw and 162,379 MT refined sugar. This represents a 2 percent increase in total sugar production compared to MY 2020/21 and the highest production level in the last 32 years.

Table 1. SUGAR PRODUCTION IN DR MY 2020/21 AND MY 2021/22 MT

Mill	MY 2020/21		MY 2021/22	
	Raw	Refined	Raw	Refined
Central Romana	206,351	153,157	213,525	144,058
CAEI (Cristobal Colon)	150,189	13,482	150,827	18,321
Consorcio Azucarero Central (Barahona)	71,964	0	89,615	0
Azucarera Porvenir	16,393	0	9,045	0
TOTAL	444,897	166,639	463,012	162,379

Source: Boletín Cierre Zafra Azucarera 2021-2022 (INAZUCAR)

**Market year begins in October and ends in September.*

As shown in Table 1, a 25 percent, or 9,045 MT, increase in total sugar production from Consorcio Azucarero Central (CAC), the third-largest producer in the country, was key to overall production. The increase was primarily based on increased yields resulting from the expansion of drip irrigation systems throughout most of CAC's areas of production.

In the case of Central Romana, the largest private sugar producer in the country, the 3 percent increase of raw sugar production was offset by a 6 percent decrease in refined sugar production. According to Central Romana sources, the mill intentionally lowered refined sugar production in order to release large amounts of stored refined sugar that had accumulated during the COVID-19 pandemic due to low local consumption. In MY 2022/23, the mill expects refined sugar production to climb to approximately 160,000 MT.

Cristobal Colon (CAEI), the second-largest mill, increased its total sugar production by 3 percent, to 5,477 MT. CAEI has continued to expand its refined sugar operation, resulting in a 36 percent increase. Azucarera Porvenir, the only mill managed by the government, decreased its output by 45 percent.

2. Consumption

For MY 2022/23, Post forecasts sugar consumption at 397,000 MT primarily due to the following factors:

- 1) Return of normal operation levels for small and medium-sized processing companies that limited their activity due to the COVID-19 pandemic;
- 2) Record number of tourists visiting the country. According to the Dominican Central Bank, after receiving nearly 2 million tourists from January-June 2021, the DR has received over 3.5 million tourists during the same period in 2022.

In MY 2021/22, consumption rose to 395,000 MT due to the recovery of economic activity following the COVID-19 pandemic. Of this total, the Dominican market consumed approximately 52 percent of raw sugar and 48 percent of refined.

3. Trade

For MY 2022/23, Post projects exports of raw cane sugar at 190,000 MT, down from the 220,000 MT estimated in MY 2021/22. This forecast is driven by the U.S. WTO TRQ available to the DR for FY 2023, in addition to the smaller quantities of Dominican sugar exports to other markets.

The United States remains the top priority market for Dominican sugar and was the main destination for Dominican sugar exports in MY 2021/22. Smaller quantities are exported mainly to Haiti in response to disparities in market prices, usually between 3,000-5,000 MT per year.

In FY 2022, the DR continued to receive the largest single-country allocation for the U.S. TRQ: 185,335 MT out of a total of 1,117,195 MT assigned originally. The country received additional allocations during the year that finally brought the total allocation to 245,144 MT. According to Post's issuance of Certificates of Quota Eligibility (CQE's), the DR has filled 89 percent of the assigned TRQ, 218,178 MT

In the context of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) framework, an additional quota exists for products containing sugar. The quota is allocated to CAFTA-DR signatories each calendar year and is based on the country's performance¹ and availability. For Calendar Year 2022 (CY2022), the DR did not receive an allocation under this quota.

For MY 2022/23, Post forecasts imports to remain stable at 15,000 MT as local production is expected to increase. Increased imports are incentivized by a special carve out for the food processing industry. In MY 2021/22, the main suppliers of sugar continued to be Guatemala, Colombia, and Brazil.

4. Stocks

For MY 2022/23, Post forecasts stocks to reach 175,000 MT, higher than the 117,000 MT estimated this marketing year. Post forecast levels of stocks are usually elevated since during high production years, local producers expect to receive additional U.S. TRQ allocations of raw sugar. Post cannot forecast or estimate the levels of TRQ re-allocations that the United States will provide during upcoming marketing years. Producers hold the lion's share of stocks.

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

5. Production, Supply, and Distribution Data Statistics

Table 2. Sugar Cane for Centrifugal During MY's 2020/21, 2021/22 and 2022/23

Sugar Cane for Centrifugal	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov-21		Nov-22		Nov-22	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	115	115	117	115		116
Area Harvested (1000 HA)	115	115	117	115		116
Production (1000 MT)	5800	5800	5900	5600		5650
Total Supply (1000 MT)	5800	5800	5900	5600		5650
Utilization for Sugar (1000 MT)	5800	5800	5900	5600		5650
Utilization for Alcohol (1000 MT)	0	0	0	0		0
Total Utilization (1000 MT)	5800	5800	5900	5600		5650

(1000 HA), (1000 MT)

Table 3. Sugar, Centrifugal During MY's 2020/21, 2021/22 and 2022/23

Sugar, Centrifugal	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct-20		Oct-21		Oct-22	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	68	68	95	92		117
Beet Sugar Production (1000 MT)	0	0	0	0		0
Cane Sugar Production (1000 MT)	600	612	610	625		630
Total Sugar Production (1000 MT)	600	612	610	625		630
Raw Imports (1000 MT)	10	20	10	0		0
Refined Imp.(Raw Val) (1000 MT)	0	0	0	15		15
Total Imports (1000 MT)	10	20	10	15		15
Total Supply (1000 MT)	678	700	715	732		762
Raw Exports (1000 MT)	190	215	190	220		190
Refined Exp.(Raw Val) (1000 MT)	0	0	0	0		0
Total Exports (1000 MT)	190	215	190	220		190
Human Dom. Consumption (1000 MT)	393	393	395	395		397
Other Disappearance (1000 MT)	0	0	0	0		0
Total Use (1000 MT)	393	393	395	395		397
Ending Stocks (1000 MT)	95	92	130	117		175
Total Distribution (1000 MT)	678	700	715	732		762

(1000 MT)

Notes to Reader: On September 26, 2022 Hurricane Fiona struck the east side of the Dominican Republic. Although many parts of the country experienced heavy rainfall and strong winds, other cities sustained severe damage, including flooding. Although some sugar production areas sustained damages, information is not yet available for Post to determine the impact of the hurricane on the 2022/2023 forecast. Preliminary reports indicate that the impact on sugar areas will be minimal.

Attachments:

No Attachments