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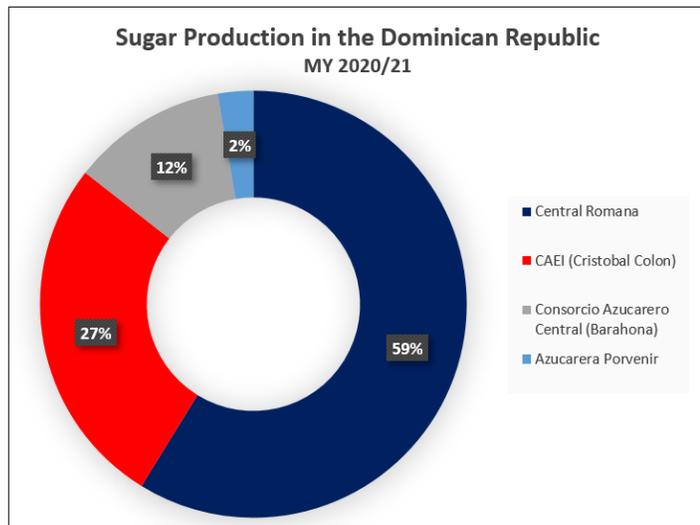
**Report Highlights:**

With expected normal rainfall patterns over the main sugarcane production zones, Post forecasts sugar production in the Dominican Republic to be 630,000 metric tons (MT) in Marketing Year (MY) 2022/2023 (October/September), a 2 percent increase over the previous period last year. In MY 2021/22, Post estimates sugar production at 620,000 MT with an industrial average yield of approximately 11 percent. Additionally, in MY 2021/22, Post projects exports to remain unchanged at 190,000 MT. Dominican exports are expected to fill the U.S. annual sugar tariff-rate quota (TRQ) due to price premiums in the U.S. market and small, informal exports to Haiti.

## 1. Production

In MY 2022/23 (October 2022/September 2023), Post forecasts total sugar production will reach 630,000 MT, as expected normal rainfall patterns will continue to increase yields in Dominican production zones. In MY 2021/22, Post estimates production at 620,000 MT with an industrial average yield, which is not impacted greatly by climate conditions, of approximately 11 percent.

According to the Ministry of Agriculture's Dominican Sugar Institute, INAZUCAR, and Post research, total sugar production rose to 611,536 MT in MY 2020/21, comprising 444,897 MT of raw and 166,639 MT of refined sugar. Central Romana, the largest local private producer, continues to dominate the Dominican sugar market responsible for approximately 59 percent of total production. Central Romana and *Consortio Azucarero de Empresas Industriales* (CAEI by its acronym in Spanish) are the only producers of refined sugar in the country.



Source: Built by Post with information from INAZUCAR and Post research.

## 2. Consumption

In MY 2022/23, Post forecasts consumption of sugar to increase slightly to 397,000 MT, from the 395,000 MT projected for MY 2021/22. The increased 0.5 percent forecast is due to expected economic recovery due to the following: 1) the return of small and medium-sized processing facilities to fully operational following the COVID-19 pandemic; and 2) post-pandemic tourism recovery. Furthermore, the forecast accounts for normal population growth projections.

In MY 2020/21, local sugar consumption increased to 393,000 MT, which is an estimated per capita consumption of 83 pounds per year. Of this total, the Dominican market consumed approximately 54 percent raw sugar and 46 percent refined.

## 3. Trade

In MY 2022/23, Post forecasts exports to remain flat year-on-year at 190,000 MT. This assumes normal demand patterns from the United States, subject to additional U.S. import quota allocations for that period and including small volumes of informal exports to Haiti. In MY 2021/22, Post estimates exports to remain at 190,000 MT absent the country receiving additional U.S. quota allocations for the current Fiscal Year (FY).

The United States remains the top buyer of Dominican sugar. In MY 2020/21, according to INAZUCAR and Post research, official exports of raw cane sugar totaled 212,533 MT, of which 100 percent was exported to the United States. Post estimates that an additional 5,000 MT were also exported informally to Haiti, bringing total exports to 217,533 MT.

Every year, small quantities of raw sugar 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, quantities may vary significantly per year depending on the relative price levels in Haiti and the DR.

In FY 2021 (MY 2020/21), the Dominican Republic received the largest, single-country allocation from the United States for sugar: 185,335 MT out of a total of 1,117,195 MT assigned. The additional allocations brought the total allocation up to 220,635 MT, or nearly 20 percent of the total U.S. sugar TRQ; The DR filled 96 percent of its allocation. Allocations and execution per mill in FY 2021 were the following:

#### FY 2021 U.S. TRQ ALLOCATION AND EXECUTION

Mill	Allocations of U.S. TRQ		Execution of U.S. TRQ	
	Share (%)	Quantity (MTRV)	Quantity (MTRV)	Non-executed (MTRV)
Central Romana	62.84	138,647	134,118	4,529
Consorcio Azucarero de Empresas Industriales (CAEI)	27.16	59,924	59,775	149
Consorcio Azucarero Central (CAC)	10.00	22,064	18,640	3,424
<b>TOTAL</b>	<b>100.00</b>	<b>220,635</b>	<b>212,533</b>	<b>8,102</b>

\*(MTRV): Metric Tons Raw Value.  
Source: INAZUCAR; FAS CQI files.

On September 15, 2021, the United States announced [TRQ allocations for FY 2022](#). Once again, the DR received the largest, single-country allocation, representing 17 percent of the entire TRQ. The Dominican Government distributed the allocations as follows:

#### FY 2022 U.S. TRQ ALLOCATION AND LOCAL DISTRIBUTION

Mill	Allocations of U.S. TRQ		
	Share (%)	Quantity (MTRV)*	Quantity (MTCV)*
Central Romana	62.84	116,465	111,583
Consorcio Azucarero de Empresas Industriales (CAEI)	27.16	50,337	48,227
Consorcio Azucarero Central (CAC)	10.00	18,533	17,756
<b>TOTAL</b>	<b>100.00</b>	<b>185,335</b>	<b>177,566</b>

\*MTRV: Metric Tons Raw Value; MTCV: Metric Tons Commercial Value.  
Source: INAZUCAR, [Decree No. 745-21](#).

According to INAZUCAR and private sector contacts, the industry intends to fill its U.S. TRQ allocations in FY 2022 and believes that a high utilization rate is important to maintaining the DR's position as the largest quota-holder. Contacts have also shared that the country will have the ability to supply an additional 40,000 MT if the United States raises or reallocates its quota. According to Post data, so far into MY 2021/22, the DR has exported 51 percent (95,422 MT) of its TRQ to the United States.

In the context of the Dominican Republic – Central America Free Trade Agreement (CAFTA-DR), an additional quota exists for products containing sugar. That quota is allocated to CAFTA-DR signatories

each calendar year based on whether the country has a positive trade surplus in sugar and syrup goods<sup>1</sup>, and availability. In FY 2022, the DR was ineligible to receive this allocation.

The Dominican Republic imports limited quantities of sugar every year from various countries, including Guatemala, Mexico, Brazil, and Colombia. With higher production levels and reduced exports, Post projects import levels in MY 2022/23 at 5,000 MT, down from the 10,000 MT forecast to be imported in MY 2021/22.

Current in-quota import duties for raw and refined sugar are 14 percent and 20 percent, respectively, plus an 18 percent value-added tax (VAT)<sup>2</sup>. As part of its World Trade Organization (WTO) commitments under the Technical Rectification, the DR Government established a TRQ of 30,000 MT for sugar (with the in-quota rates cited above), coupled with an out-of-quota tariff of 85 percent. Following these negotiations, the DR has often issued import permits for amounts in excess of 30,000 MT annually in order to cover shortfalls in domestic production. Generally, these additional amounts are assessed only the in-quota tariff rate. INAZUCAR is the entity responsible for administering the tariff quota for sugar. This system explains why in some years the volume of imports can fluctuate widely.

Under CAFTA-DR, as of January 1, 2020, U.S. sugar and High Fructose Corn Syrup (HFCS) bound for the Dominican Republic is tariff-rate free.

#### **4. Other products**

In addition to raw sugar exports, other sub-products are produced for both local and international markets, representing important revenue sources for the sugar industry. For example, for MY 2020/21, the sugar industry produced 42 million gallons of molasses for industrial (i.e.rum) and livestock use. Molasses is sold locally and exported.

Another important product is furfural, which is used by oil refineries as a dissolvent agent and is processed from cane fiber. Furfural is only produced by Central Romana, and, according to INAZUCAR, their furfural production totaled 28,000 MT in MY 2020/21.

#### **5. Stocks**

Producers hold the lion's share of stocks. In MY 2022/23, Post forecasts increased ending stocks of 182,000 MT with higher production levels and reduced exports. For MY 2021/2022, Post projects stocks at 134,000 MT. Levels of stocks are usually high during high production years, since local producers expect to receive additional TRQ allocations of raw sugar from the United States. Post cannot forecast or estimate the levels of TRQ re-allocations that the United States will provide during the upcoming MYs.

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<sup>1</sup> 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](http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file971_3958.pdf)

<sup>2</sup> The DR's value-added tax (VAT) is referred to locally as the "Impuesto a la Transferencia de Bienes Industrializados y Servicios" (ITBIS).

## 6. Policy

Several laws regulate the sugar sector in the Dominican Republic. Law 491 controls the relationship between private cane producers and millers and sets prices for raw cane based on sugar content. Similarly, Law 619 assigns regulatory functions to INAZUCAR and governs marketing (domestic and export), TRQ assignment, price schedules, and statistics.

For a number of years, the government has promoted the use or development of an ethanol-gasoline blend previously authorized by a long-standing law (2071) and reactivated by Decree No. 556-05 in 2005. Subsequently, the regulations outlined in the 2005 legislation were enacted in Law No. 57-07 (promulgated in May 2007), which seeks to encourage the development of renewable sources of energy and their special regimes. The effort to establish a mandate that would include a 10 percent requirement on ethanol in an ethanol-gasoline blend, and one of 20 percent biodiesel for a diesel blend, has stagnated. Both local and foreign investors remain hesitant to establish a mandate under such uncertainties. None of the major mills currently plan to install ethanol production facilities or are advocating for implementation of the blending mandate. Additionally, imported ethanol is subject to the taxing scheme applied to alcohol for human consumption, including the Value Added Tax (VAT) payment plus an ad valorem tax depending on the percentage of alcohol and weight. This taxing scheme basically prices out imported alcohol from the local market.

All of the major mills are, or soon will be, self-sufficient in energy production, and look to boost co-generation capacity from the incineration of sugar cane bagasse. Some of the mills, especially CAEI and CAC, continue to have an interest in supplying energy to the national matrix (co-generation) to generate additional income.

## 7. Marketing

The Ministry of Industry and Commerce and INAZUCAR establish the base price for both raw and refined sugar based on historical prices and production estimates. In December 2020, both base prices were updated). The prices have not been updated since. The chart below presents the established prices at current dollar value:

### OFFICIAL PRICES FOR SUGAR IN THE DOMINICAN REPUBLIC

Type of Sugar	Prices (US\$/pound)		
	Producer to wholesaler	Wholesaler to retail	Retail to consumer
Raw	0.33	0.36	0.40
Refined	0.38	0.42	0.46

*\*Average exchange rate on 03/30/2022, according to the Central Bank: RD\$55.19=US\$1.*

*Source: INAZUCAR, [Resolution No. 001/2020](#).*

At the retail level, since January 2016, sugar has been taxed with an 18 percent VAT.

## 8. Statistics

<b>Sugar Cane for Centrifugal</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Nov 2021</b>		<b>Nov 2022</b>		<b>Nov 2023</b>	
<b>Dominican Republic</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted (1000 HA)</b>	115	115	117	117	0	119
<b>Area Harvested (1000 HA)</b>	115	115	117	117	0	119
<b>Production (1000 MT)</b>	5800	5800	5900	5900	0	6000
<b>Total Supply (1000 MT)</b>	5800	5800	5900	5900	0	6000
<b>Utilization for Sugar (1000 MT)</b>	5800	5800	5900	5900	0	6000
<b>Utilization for Alcohol (1000 MT)</b>	0	0	0	0	0	0
<b>Total Utilization (1000 MT)</b>	5800	5800	5900	5900	0	6000
(1000 HA) ,(1000 MT)						

<b>Sugar, Centrifugal</b>	<b>2020/2021</b>		<b>2021/2022</b>		<b>2022/2023</b>	
<b>Market Year Begins</b>	<b>Oct 2020</b>		<b>Oct 2021</b>		<b>Oct 2022</b>	
<b>Dominican Republic</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Beginning Stocks (1000 MT)</b>	68	68	92	89	0	134
<b>Beet Sugar Production (1000 MT)</b>	0	0	0	0	0	0
<b>Cane Sugar Production (1000 MT)</b>	612	612	620	620	0	630
<b>Total Sugar Production (1000 MT)</b>	612	612	620	620	0	630
<b>Raw Imports (1000 MT)</b>	20	20	10	10	0	5
<b>Refined Imp.(Raw Val) (1000 MT)</b>	0	0	0	0	0	0
<b>Total Imports (1000 MT)</b>	20	20	10	10	0	5
<b>Total Supply (1000 MT)</b>	700	700	722	719	0	769
<b>Raw Exports (1000 MT)</b>	215	218	190	190	0	190
<b>Refined Exp.(Raw Val) (1000 MT)</b>	0	0	0	0	0	0
<b>Total Exports (1000 MT)</b>	215	218	190	190	0	190
<b>Human Dom. Consumption (1000 MT)</b>	393	393	395	395	0	397
<b>Other Disappearance (1000 MT)</b>	0	0	0	0	0	0
<b>Total Use (1000 MT)</b>	393	393	395	395	0	397
<b>Ending Stocks (1000 MT)</b>	92	89	137	134	0	182
<b>Total Distribution (1000 MT)</b>	700	700	722	719	0	769
(1000 MT)						

### Attachments:

No Attachments