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**Report Name:** Sugar Semi-annual

**Country:** Dominican Republic

**Post:** Santo Domingo

**Report Category:** Sugar

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**Report Highlights:**

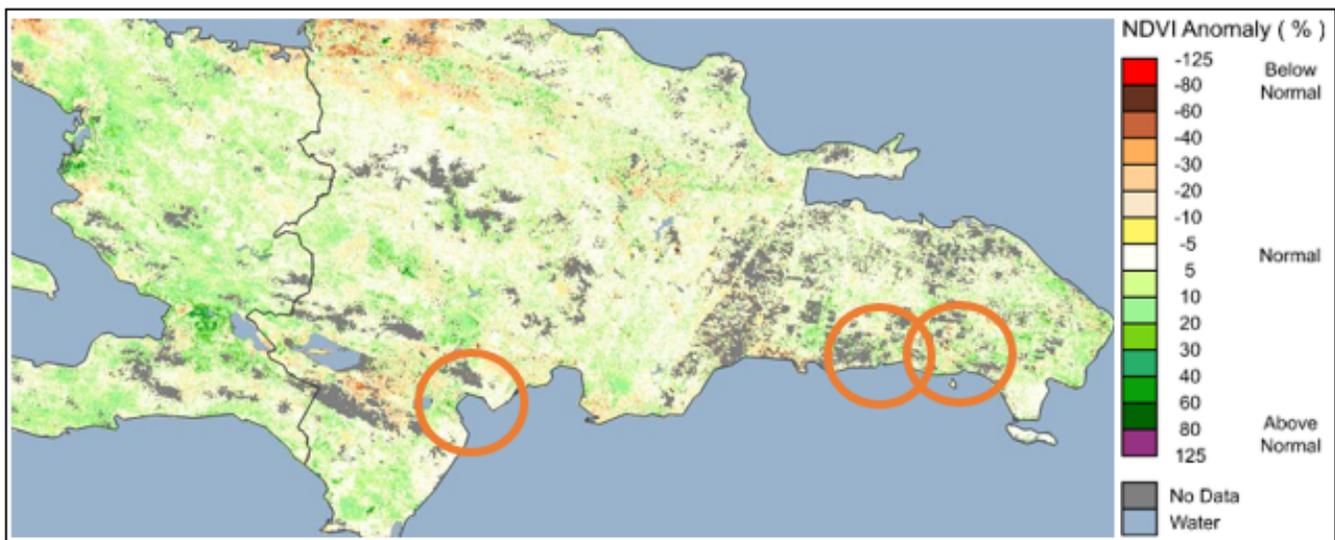
For Marketing Year October 2020/September 2021 (MY 2020/21), Post forecasts overall sugar production to increase to 610,000 metric tons (MT) due to favorable weather conditions. During MY 2019/20, total sugar production reached 592,748 MT, a 9 percent increase from MY 2018/19 due to favorable rainfall patterns that improved agricultural yields. For MY 2020/21, Post forecasts exports of raw cane sugar at 190,000 MT. Since the United States is currently the only major export market for Dominican Republic (DR) sugar, this volume is similar to the DR's country allocation for the U.S. tariff-rate quota (TRQ) for Fiscal Year 2021 (FY 2021). During MY 2020/21, Post forecasts imports will slightly decrease to 10,000 MT.

## 1. Production

For MY 2020/21, Post forecasts overall production to be higher than MY 2019/20, at 610,000 MT. This forecast is based on expected favorable weather conditions that should continue to provide normal rainfall patterns over the production zones, resulting in increases of agricultural yields compared to MY 2019/20. Additionally, the area harvested is also expected to increase due to normal rainfall.

As shown in the graphic below, the main production zones of the country (the two eastern circles of San Pedro de Macoris and La Romana and the west circle of Barahona) currently show a mostly normal or above normal Normalized Difference Vegetation Index (NDVI). This is due to the return to normal rainfall patterns in recent months.

### NDVI IN MAIN SUGAR PRODUCTION AREAS OF THE DR



Source: <https://glam1.gsfc.nasa.gov/>. Consulted on 10/01/20.

As a result of those improved climate conditions, according to the Dominican Sugar Institute (INAZUCAR) and Post research, total sugar production increased to 592,749 MT in MY 2019/20, comprised of 461,739 MT raw and 131,010 MT refined sugar. This represents a 9 percent increase in total sugar production compared to MY 2018/19.

## SUGAR PRODUCTION IN DR MY 2018/19 AND MY 2019/20

MT

Mill	MY 2018/19		MY 2019/20	
	Raw	Refined	Raw	Refined
Central Romana	173,851	145,589	222,328	123,589
CAEI (Cristobal Colon)	138,272	4,621	145,381	7,421
Consorcio Azucarero Central (Barahona)	63,604	0	76,554	0
Azucarera Porvenir	19,578	0	17,475	0
<b>TOTAL</b>	<b>395,305</b>	<b>150,210</b>	<b>461,738</b>	<b>131,010</b>

*Source: Boletín Cierre Zafra Azucarera 2019-2020 (INAZUCAR)*

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

As shown in the chart above, an 8 percent (26,477 MT) increase in total sugar production from the largest private producer (Central Romana) was a key factor on the overall increase in production. The second largest producer, CAEI (Cristobal Colon), increased its production by 7 percent (9,909 MT). CAEI also expanded its refined sugar operation, resulting in a 60 percent increase in its refined sugar production (2,800 MT). The third largest sugar producer of the country (Consorcio Azucarero Central [CAC]) also increased its production output during MY 2019/20 by 20 percent (12,950 MT). Azucarera Porvenir, the only mill managed by the Government, decreased its output by 11 percent (2,103 MT).

### 2. Consumption

For MY 2020/21, Post forecasts consumption of sugar at 395,000 MT. The increased forecast is due to an expected recovery in: 1) the small and medium processing companies that are currently limiting their operations due to the COVID-19 pandemic; and 2) the current decrease in number of tourists visiting the country, also due to the pandemic. Additionally, the forecast takes into consideration the expected normal growth in the population.

During MY 2019/20, consumption declined to 390,000 MT due to the impact of the COVID-19 pandemic over the processing industry and the HRI sector. Of this total, the Dominican market consumes approximately 52 percent raw sugar and 48 percent refined.

### 3. Trade

For MY 20/21, Post forecasts exports of raw cane sugar at 190,000 MT, down from the 222,000 MT (final data not yet available) exported during MY 2019/20. This forecast is based on the U.S. WTO TRQ available to the DR during Fiscal Year 2020 (FY 2020) and the smaller quantities of Dominican sugar exports to other markets. Post does not expect the DR to ship sugar to the European Union (EU) during the upcoming MY due to lower prices received from the EU compared to U.S. prices paid. Prices of sugar are expected to remain low in the EU due to changes that took place in their trade regime, with the abolishment of national sugar production quotas.

The United States remains the most important market for Dominican sugar, and was the main destination for Dominican sugar exports during MY 2019/20. Smaller quantities are exported to Haiti and other Caribbean islands in response to disparities in market prices, usually between 3-5,000 MT per year.

During FY 2020, the DR continued to receive the largest single country allocation for the annual 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 231,732 MT. According to the latest U.S. Customs and Border Protection (CBP) report<sup>1</sup>, the DR has filled 93.74 percent of its assigned TRQ (217,220 MT).

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 performance<sup>2</sup> and availability. For Calendar Year 2020 (CY 2020), the DR received an allocation of 4,520 TM, but according to the last CBP report cited above, has yet to use it.

For MY 2020/21, Post forecasts decreased imports of 10,000 MT as local production is expected to increase. The expected imports will be made under special regimes for the food processing industry. During MY 2019/20, the main suppliers of sugar were Guatemala and Colombia.

#### **4. Stocks**

For MY 2020/21, Post forecasts stocks to reach 89,000 MT, higher than the 54,000 MT estimated for MY 2019/20, due to expected increased production and lower exports. Producers hold the lion's share of stocks.

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<sup>1</sup> [https://www.cbp.gov/sites/default/files/assets/documents/2020-Sep/Quota%20Status%20Report%20SEP%2021%202020\\_0.pdf](https://www.cbp.gov/sites/default/files/assets/documents/2020-Sep/Quota%20Status%20Report%20SEP%2021%202020_0.pdf)

<sup>2</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)*

## 5. Production, Supply and Demand Data Statistics

Sugar Cane for Centrifugal Market Year Begins Dominican Republic	2018/2019		2019/2020		2020/2021	
	Nov 2019		Nov 2020		Nov 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	110	110	110	110	115	115
Area Harvested (1000 HA)	110	110	110	110	115	115
Production (1000 MT)	5000	5000	5300	5400	5700	5800
Total Supply (1000 MT)	5000	5000	5300	5400	5700	5800
Utilization for Sugar (1000 MT)	5000	5000	5300	5400	5700	5800
Utilization for Alcohol (1000 MT)	0	0	0	0	0	0
Total Utilization (1000 MT)	5000	5000	5300	5400	5700	5800

(1000 HA) ,(1000 MT)

Sugar, Centrifugal Market Year Begins Dominican Republic	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	74	74	64	58	69	54
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	546	546	565	593	580	610
Total Sugar Production (1000 MT)	546	546	565	593	580	610
Raw Imports (1000 MT)	16	16	40	15	10	10
Refined Imp.(Raw Val) (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	16	16	40	15	10	10
Total Supply (1000 MT)	636	636	669	666	659	674
Raw Exports (1000 MT)	179	185	210	222	185	190
Refined Exp.(Raw Val) (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	179	185	210	222	185	190
Human Dom. Consumption (1000 MT)	393	393	390	390	393	395
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	393	393	390	390	393	395
Ending Stocks (1000 MT)	64	58	69	54	81	89
Total Distribution (1000 MT)	636	636	669	666	659	674

(1000 MT)

### Attachments:

No Attachments