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Required Report - public distribution

Date: 10/1/2014

GAIN Report Number:

Dominican Republic

Sugar Semi-annual 2014

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Report Highlights:

During Marketing Year 2013/2014 (MY 13/14), sugar production reached 561,324 Metric Tons (MT) and Post estimates overall production of nearly 580,000 MT during MY 14/15. For MY 13/14, exports of raw cane sugar will total approximately 220,000 MT, while imports for the same period will total an estimated 28,000 MT (final data not yet available). During MY 14/15, Post estimates that imports will increase to around 50,000 MT and exports will increase slightly to 230,000 MT. Finally, as expected, the Dominican Republic will not fill the U.S. annual sugar tariff-rate quota (TRQ) for Fiscal Year 2014 (FY 2014) due to continued strong exports to the EU and the decline in raw sugar production of the most important mill in the country.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

According to the Dominican Sugar Institute (INAZUCAR) and Post research, total sugar production reached 561,324 MT during MY 2013/2014 (MY 13/14), comprised of 386,494 MT raw and 174,830 MT refined. This represents a 1% increase in total sugar production compared to MY 12/13 (555,601 MT).

SUGAR PRODUCTION IN DR MY 12/13 AND MY 13/14 MT

Mill	MY 12/13*		MY 13/14	
	Raw	Refined	Raw	Refined
Central Romana	210,233	170,050	187,577	171,733
Grupo Vicini (Cristobal Colon)	95,350	0	107,403	3,097
Consorcio Azucarero Central (Barahona)	67,663	0	72,869	0
Azucarera Porvenir	12,305	0	18,645	0
TOTAL	385,551	170,050	386,494	174,830

Source: Dossier Zafra Azucarera 2013-2014 (INAZUCAR)

*Market year begins in November and ends in October.

As shown in the chart above, a 13% increase in raw sugar production from Grupo Vicini (Cristobal Colon) was key to the overall increase in production. Also, Grupo Vicini has also started to produce refined sugar (3,097 MT during MY13/14) and have plans to aggressively increase that production during MY 14/15. Consorcio Azucarero Central (CAC) also plans to start producing refined sugar MY 14/15, and has started to install equipment for that purpose.

The largest private producer (Central Romana) saw their production decline by 22,656 MT compared to MY 12/13. According to Post sources, the reduction was due to the negative impact of a severe drought in the east of the country.

For MY 14/15, Post expects overall production to be higher, at 580,000 MT, due to expected increases in the planted area and overall higher yields, both industrial and agricultural.

Consumption:

Annual domestic consumption remains stable at an estimated 380,000 MT. Of this total, the Dominican market consumes approximately 52% raw sugar and 48% refined. Based on information obtained from INAZUCAR, although stocks are relatively high, imports of refined sugar are expected to be higher in the coming year.

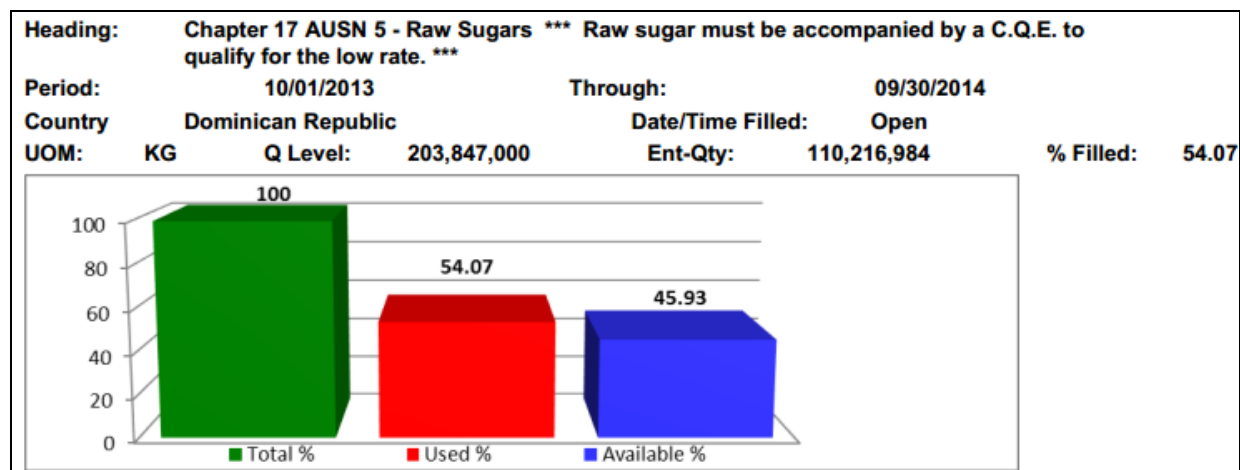
Trade:

For MY 13/14, according to INAZUCAR and Post research, exports of raw cane sugar will total approximately 220,000 MT, up from 165,000 MT in MY 12/13. The increase in exports is due mainly to better prices in the international markets, especially in the European Union (EU). For MY 14/15, Post

expects a slight increase in exports, projected at 214,000 MT due to a rebound in US prices and improved availability.

The U.S. market remains the most important one for the DR, importing a total of approximately 110,217 MT during MY 13/14.

During Fiscal Year 2014 (FY 2014), 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. Additionally, the DR received an additional allocation of 18,512 MT, for a total allocation of 203,847 MT. Nonetheless, the DR has only filled 54% of the total assigned TRQ.



Source:

http://www.cbp.gov/sites/default/files/documents/QuotaReport09082014_071803.pdf

Most recently, INAZUCAR has informed Post that the country will not fill their assigned quota for FY 2014 nor the additional quota assigned. INAZUCAR has cited the negative impact of a severe drought on production. However, Post understands that better prices in the EU are pushing the trade balance towards that market. Total exports to the EU during MY 13/14 will total approximately 100,000 MT, up from 71,000 MT during MY 12/13.

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. However, for FY 2014 the Dominican Republic did not receive any allocation of this quota. Post expects this quota to be available for the Dominican Republic during MY 14/15.

The Dominican Republic imports limited quantities of sugar annually. For MY 13/14 Post estimated total imports of 28,000 MT. Year-to-date imports have reached 13,152 MT, up from a total of 9,492 MT during MY 12/13. However, according to Post sources, in coming weeks INAZUCAR will approve an import of approximately 15,000 MT of refined sugar, due to reduction in refined sugar production from Central Romana. Post expects import levels to increase to 50,000 MT for MY 14/15 following a draw-down in nationwide refined sugar stocks during MY 13/14. It should be noted that most imports

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

Stocks:

Production, Supply and Demand Data Statistics:

[illegible]