

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Dominican Republic

Sugar Semi-annual

2018 Sugar Semi-annual

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Report Highlights:

For Marketing Year October 2018/ September 2019 (MY2018/19), Post forecasts overall production to be lower than MY2017/18, at 560,000 MT, due to unfavorable weather conditions. During MY 2017/18, total sugar production reached 615,974 MT. For MY 2018/19, Post forecasts exports of raw cane sugar at 200,000 MT, slightly higher than MY 2017/18. Since the United States is 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 2019 (FY 2019). However, increased demand is expected from non-traditional markets. During MY 2018/19, Post forecasts imports of 10,000 MT, slightly less than the 16,000 MT imported during MY 2017/18.

Commodities:

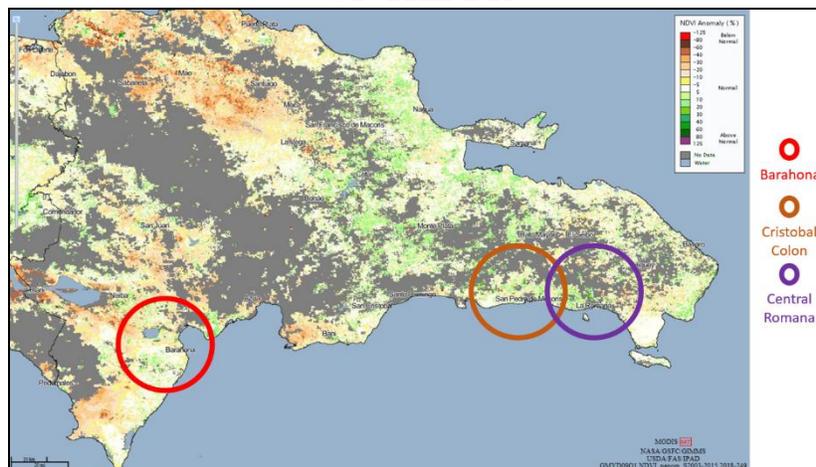
Sugar Cane for Centrifugal

Sugar, Centrifugal

1. Production

For MY 2018/19 (October 2018 – September 2019), Post forecasts overall production to be lower than MY 2017/18, at 560,000 metric tons (MT). This forecast is based on expectations of lower than normal rainfall patterns due to the effect of “la niña” over some of the production zones in the country, resulting in decreases in agricultural yields compared to MY 2017/18.

NDVI IN MAIN SUGAR PRODUCTION AREAS OF THE DR



Source: <https://glam1.gsfc.nasa.gov/>. Consulted on 09/14/18.

As shown in the graphic above, the main production zones of the country (the two eastern circles of San Pedro de Macoris and La Romana) show a mostly normal or above normal Normalized Difference Vegetation Index (NDVI). However, Barahona (west circle), the third largest production zone, is showing a below normal NDVI anomaly. This comes as a result of an unexpected, severe drought in the southwest region of the country. Due to these conditions, the largest producer in the country (Central Romana) is expected to reduce its output of total sugar production by 10 percent (around 36,000 MT) in MY 2018/19.

According to the Dominican Sugar Institute (INAZUCAR) and Post research, total sugar production reached 615,974 MT in MY 2017/18, comprised of 444,247 MT raw and 171,727 MT refined sugar. This represents a 14 percent increase in total sugar production compared to MY 2016/17 (542,122 MT). This is due to the fact that, during MY 2016/17 and part of MY 2017/18, the country returned to normal rainfall patterns, which allowed sugar producers to achieve their plans to increase their production.

SUGAR PRODUCTION IN DR MY 2016/17 AND MY 2017/18 MT

Mill	MY 2016/17		MY 2017/18	
	Raw	Refined	Raw	Refined
Central Romana	167,039	177,444	218,566	170,918
CAEI (Cristobal Colon)	131,816	0	147,784	809
Consorcio Azucarero Central (Barahona)	42,069	0	48,946	0
Azucarera Porvenir	23,754	0	28,951	0
TOTAL	364,678	177,444	444,247	171,727

Source: Boletín Cierre Zafra Azucarera 2017-2018 (INAZUCAR)

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

As shown in the chart above, a 13 percent (45,001 MT) increase in total sugar production from the largest private producer (Central Romana) was key to the overall increase in production. Central Romana processed 3.8 million short tons of sugarcane, the second largest in its history. CAEI (Cristobal Colon) had a 13 percent (16,777 MT) increase in sugar production. CAEI also started to produce small quantities of refined sugar (809 MT), and is looking to expand this operation during MY 2018/19. In addition, Consorcio Azucarero Central had a 16 percent (6,877 MT) increase in raw sugar production. Finally, Azucarera Porvenir continued to increase its production, in this case by 21 percent (5,197 MT).

2. Consumption

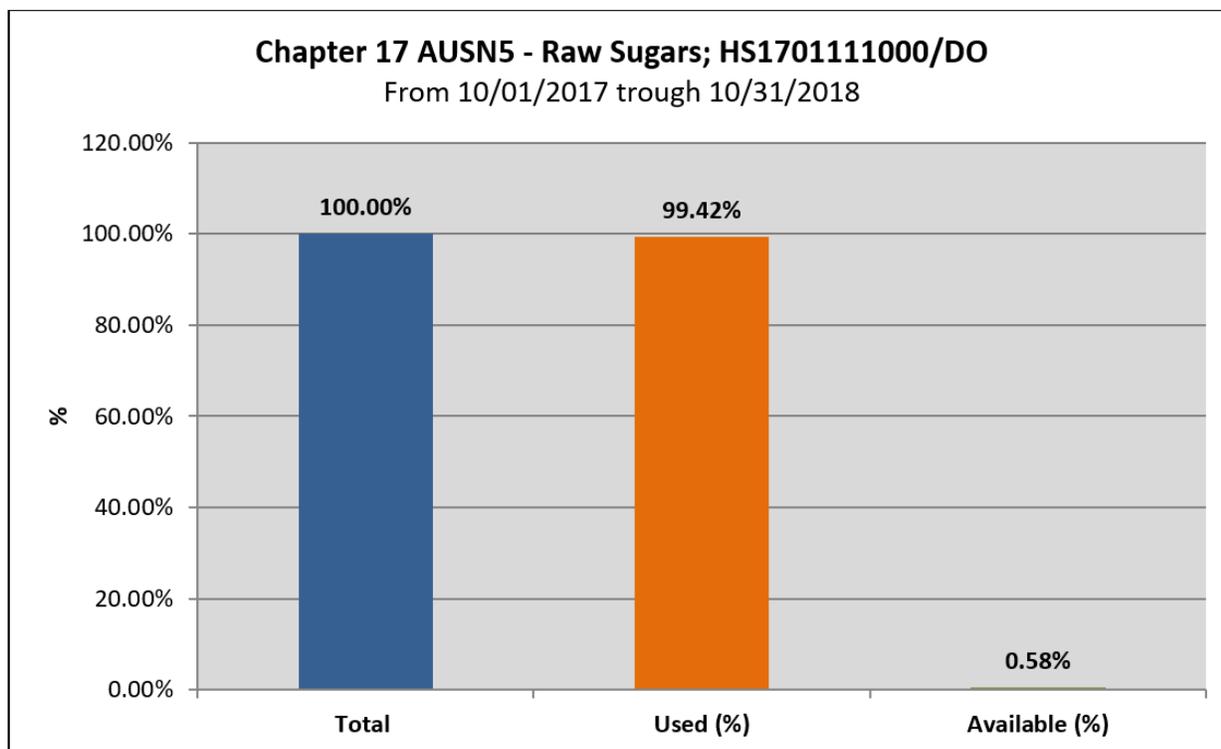
No significant changes in consumption are expected for MY 2018/19. During MY 2017/18, annual domestic consumption remains stable at an estimated 390,000 MT. Of this total, the Dominican market consumes approximately 52 percent raw sugar and 48 percent refined.

3. Trade

For MY 2018/19, Post forecasts exports of raw cane sugar at 200,000 MT, up from the 184,255 MT exported during MY 2017/18. The forecast is based on expected increased demand from non-traditional markets. Post does not expect the Dominican Republic to ship sugar to the European Union (EU) during the upcoming MY due to lower prices compared to the U.S. market. 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.

During MY 2017/18, total exports of raw cane sugar totaled approximately 185,000 MT (final data not yet available), similar to the 185,136 MT exported during MY 2016/17.

The United States remains the most important market for Dominican sugar, and was the only destination for Dominican exports during MY 2017/18. 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.



Source: Built by Post with data from: https://www.cbp.gov/sites/default/files/assets/documents/2018-Sep/Quota%20Status%20Report%20SEP%2017%202018_0.pdf

During FY 2018, the Dominican Republic 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. The country did not receive additional allocations during the year. According to the latest U.S. Customs and Border Protection (CBP) report, the Dominican Republic has filled 99.42 percent of the total assigned TRQ.

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 Calendar Year 2018 (CY 2018), the Dominican Republic did not receive an allocation.

During MY 2018/19, Post forecasts reduced imports of 10,000 MT, since local production is expected to supply most local demand and the U.S. TRQ. The expected imports will be made under special regimes for the food processing industry. During MY 2017/18, when production increased by 14 percent, sugar imports decreased to 16,000 MT, a 36 percent decrease from the quantity imported during MY 2016/17. During MY 2017/18, the main suppliers of sugar were Guatemala, with 75 percent of total imports (12,000 MT), and El Salvador, with 13 percent (2,000 MT). Apart from those countries, Mexico has historically been an important sugar supplier for the DR.

4. 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

For MY 2018/19, Post forecasts stocks to reach 54,000 MT, lower than the 74,000 MT estimated for MY 2017/18. Producers hold the lion's share of stocks, which typically range from 20,000 to 50,000 MT.

5. Production, Supply and Demand Data Statistics

Sugar Cane for Centrifugal	2016/2017		2017/2018		2018/2019	
Market Begin Year	Nov 2017		Nov 2017		Nov 2019	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	110	110	115	115	120	115
Area Harvested	110	110	115	115	120	115
Production	5400	5400	5900	5800	5700	5500
Total Supply	5400	5400	5900	5800	5700	5500
Utilization for Sugar	5400	5400	5900	5800	5700	5500
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	5400	5400	5900	5800	5700	5500
(1000 HA) ,(1000 MT)						

Sugar, Centrifugal	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	24	24	16	16	31	74
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	542	542	595	616	600	560
Total Sugar Production	542	542	595	616	600	560
Raw Imports	20	20	15	16	10	10
Refined Imp.(Raw Val)	5	5	5	0	5	0
Total Imports	25	25	20	16	15	10
Total Supply	591	591	631	648	646	644
Raw Exports	185	185	210	184	200	200
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	185	185	210	184	200	200
Human Dom. Consumption	390	390	390	390	390	390
Other Disappearance	0	0	0	0	0	0
Total Use	390	390	390	390	390	390
Ending Stocks	16	16	31	74	56	54
Total Distribution	591	591	631	648	646	644
(1000 MT)						