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Dominican Republic

Exporter Guide 2015

Exporting Agricultural Products to the Dominican Republic

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Report Highlights:

The Dominican Republic is now the fifth largest market for U.S. consumer oriented products in the Western Hemisphere, after Canada, Mexico, Colombia and Chile, with exports reaching \$485 million in 2014. The U.S.-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) has proved to be successful in strengthening the U.S. competitive position, and consumer oriented product sales have increased by 200% since the implementation of the agreement. There are still many opportunities for growth in sales to the Dominican market.

Post:

Santo Domingo

SECTION I. MARKET OVERVIEW

1.1. Economic situation

According to the Dominican Central Bank, the DR's gross domestic product (GDP) grew by 7.3% in 2014. This growth exceeded the expectations of government and other international institutions. Meanwhile, the Economic Commission for Latin America and the Caribbean (ECLAC) estimated the Latin American region's growth at 1.1% during 2014. The International Monetary Fund (IMF) expects the DR's GDP to grow between 4.5 and 5% in 2015.

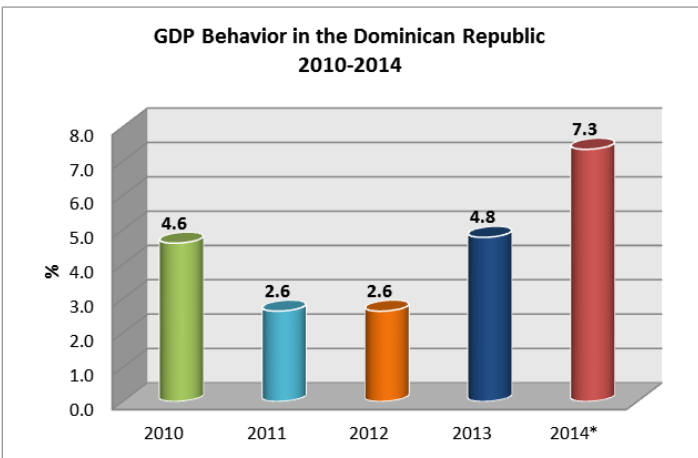
The main drivers of this growth were: mining with a 20.3% growth; construction with 13.8% growth; agriculture with 4.4% growth; and services which includes hotels, bars, and restaurants, with a growth of 5.7%.

According to the Dominican Central Bank, the annual inflation for 2014 was 1.58%. The inflation rate has dramatically decreased since 2012. Inflation for 2015 is expected to be between 3.0 and 3.5% (see graphic for inflation rate behavior below).

During 2014 the Dominican peso depreciated 4.0% compared to the U.S. As of April 13, 2015, the current exchange rate is 1US\$=44.65RD\$ buying RD\$, and 1US\$=44.76RD\$ purchasing US\$.

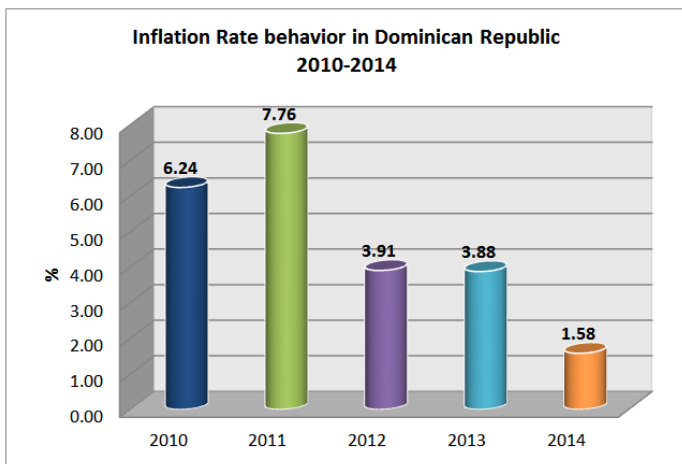
1.2. Demographics and income distribution

According to the most recent population census carried out by the National Office of Statistics (ONE) in 2010, the population of the Dominican Republic was 9.4 million with an annual growth rate of 1.21%. Of this total, men represent 50.17% while women make up 49.82%. About 74.25% of the population lives in urban areas, while just 25.74% live in rural areas.



*Preliminary estimates.

Source: National Accounts and Economical Statistics Department, Central Bank of the Dominican Republic (http://www.bancentral.gov.do/estadisticas_economicas/real/). Reference price 2007.



*Preliminary estimates.

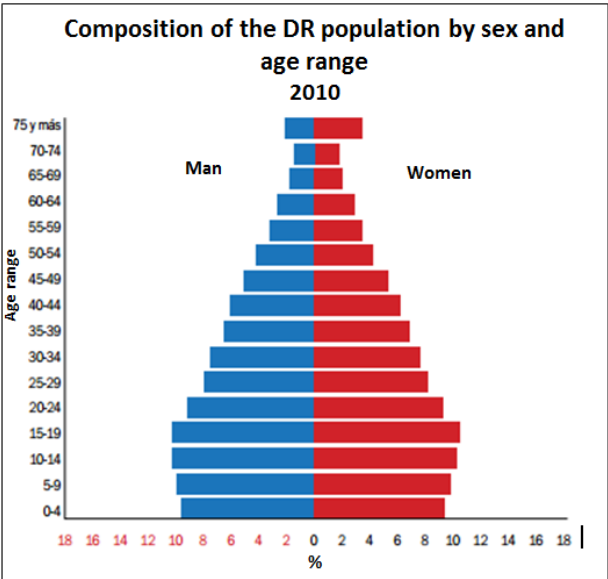
Source: National Accounts and Economical Statistics Department, Central Bank of the Dominican Republic (http://www.bancentral.gov.do/estadisticas_economicas/precio/). Reference price 2010.

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The largest age cohort in the population is one between 15-19 years (10.4%), followed closely by 10-14 year-olds (10.3%). Two-thirds of the population lies in the age range between 0-35 years old (see graphic of composition of the DR population).

With 3,339,410 people or 35.35% of the population, the city of Santo Domingo (including the National District, Santo Domingo province and its surrounding suburbs) is the largest market in the country. also the city with the highest population density at about 2,396 inhabitants per square kilometer (km²). Following the city of Santo Domingo, the largest markets in the DR are: Santiago province (population: 963,422; population density: 343 inhabitants per San Cristobal province (population: 569,930; population density: 459 inhabitants per km²²); and La Vega province (population: 394,205; population density: 172 inhabitants per km². Other important provinces are La Romana, Bonao, San Francisco de Macoris and Higüey. This last province includes the most important tourist area of the country: the municipalities of Bávaro and Punta Cana.



Source: National Statistics Office, ONE, 2010
http://censo2010.one.gob.do/volumenes_censo_2010/vol1.pdf

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km²¹);

To study behavior trends, the Dominican Central bank divides the population into 5 quintiles by income: quintile 1 (below the poverty line) accounts for 10% of the population or 944,528; quintile 2 (lower class) accounts for 47% of the population or 4,439,282; quintile 3 (middle class) accounts for 20% of the population or 1,889,056; quintile 4 (upper middle class) which accounts for approximately 17% of the population or 1,605,698; and finally quintile 5 (upper class) which accounts for 6% of the population or 566,717. The income and purchasing power for these segments varies significantly:

Monthly average income for Dominican Republic habitants by quintile and main expenses 2010

¹ The city of Santiago has a population of 591,985 and a population density of 3,587 habitants/ km².
² The city of San Cristobal has a population of 232,769 and a population density of 1,095 habitants/ km².

Quintile	Monthly average income (US\$)	Comments on main expenses
1	149.24	The main expense in this quintile is Food and non-alcoholic beverages which accounts for 47.2% of total expenses.
2	245.82	Food and non-alcoholic beverages account for 38.1% of total expenses. Transportation and Housing account for 12.3 and 9.4% respectively. This represents a good market for basic U.S. products such as beans, poultry, rice, bread and other products.
3	338.98	Food and non-alcoholic beverages account for 31.6% of total expenses. Transportation accounts for 13.7%. From this quintile to the 5 th there is an important market for U.S. High Value Products (HVP) ³ .
4	526.55	Housing expenses account for 10.9% and the Transportation for 13.7%. The Hotels and Restaurant category assumes more importance in this quintile, accounting for a 9.5% of the total expenses. Food and non-alcoholic beverages accounts for 24.8%
5	1,392.07	Transportation expenses account for 24.8%, and Food and non-alcoholic beverages accounts for 12.3% of the total expenses.

Source: Built by FAS/Post with data from the National Workforce Poll, 2010.

1.3. Market size

Based on a 2007 survey, approximately 21% of household expenditures were spent in food and non-alcoholic beverages. Within this category of expenses, the average Dominican consumes the following products:

Monthly average expenses in food and non-alcoholic beverages by Dominican Republic inhabitants 2007

Category	Monthly expenses	
	Absolute (US\$ 1,000,000)	Relative (%)

³ In this report Post refers as High Value Products to agricultural products with a level of processing either intermediate or consumer oriented.

Food and non-alcoholic beverages	334.25	100.00
Food	298.49	89.30
- Bread and cereals	67.16	22.50
- Meat	70.14	23.50
- Fish	11.34	3.80
- Milk, cheeses and eggs	33.13	11.10
- Oils and fat	14.03	4.70
- Fruits	30.15	10.10
- Vegetables	41.79	14.00
- Sugar, jam, honey, chocolate and sweets	11.34	3.80
- Foodstuff	19.40	6.50
Non-alcoholic beverages	35.76	10.70
- Coffee, tea and cocoa	3.81	10.65
- Mineral water, refreshments, fruit and legume juices	31.96	89.35

Source: Built by FAS/Post with data from the National Poll of Household Income and Expenses, 2007. ONE.

The major food expenses for Dominican consumers are meat (23.50%); bread and cereals (22.50%); vegetables (14.00%); and fruits (10.10%). In the case of non-alcoholic beverages, the major items are mineral water, refreshments, and fruit and legume juices (89.35%). Post does not anticipate that these spending patterns will change significantly in the near future. Therefore, there is a growing demand of food products in the country which presents an important opportunity for U.S. exporters.

According to the Global Trade Atlas (GTA), from 2010 to 2014 the Dominican Republic imported a combined total of US\$11.437 billion in food and beverages (HS categories 01 through 24); roughly 51% was imported from the U.S. In 2014, these exports accounted for US\$1,353 million. The U.S. market share for this latest year was nearly 55% (US\$1,353 million). In 2007, total U.S. exports of food and beverages to the DR were US\$804 million, which shows the positive impact of the new commercial opportunities provided with the CAFTA-DR for U.S. exporters.

1.4. Advantages and challenges in the market

Advantages	Challenges
1. The implementation of CAFTA-DR has increased the U.S. market share for food products, lowering or eliminating duties on nearly 80 percent of their products. These duty preferences have made U.S. products more competitive.	1. Competition from other CAFTA-DR signees, which are also increasing their share in the market due to the duty preferences.
2. A large and growing tourist sector (5 million in 2012 with a goal of 10 million visitors yearly for 2022) which demands	2. Tariff rate quotas, safeguards and other CAFTA-DR provisions continue to protect local producers of rice, meat (beef, poultry and pork), dairy products, beans,

high value food products.	garlic and onion.
3. Growing number of consumers demanding higher quality and healthier products; generally they perceive that the U.S. products meet their requirements.	3. The local Dominican food industry has become more efficient and more competitive, integrating new technologies into its production processes.
4. Efficient food distribution channels with the construction of new highways (Autovia del Este, Autopista del Coral and Circunvalacion Norte) modernization of ports and airports infrastructure, which facilitates the flow of imported food products.	4. Sanitary and phitosanitary issues continue to limit U.S. exports.
5. In general, the Dominican consumer is greatly influenced by the U.S. culture, therefore has a positive perception of U.S. products.	5. Even though most of the time it's not enforced in local supermarkets and retailers, the Dominican government requires Spanish labeling on al pre-packaged food products.
6. The proximity of DR to the United States and strong bilateral relationships throughout the public and private sectors facilitates trade.	6. Fiscal reform with recent increases in the Value Added Tax (ITBS in Spanish) from 16 to 18%, which will also include products such as coffee, sugar, chocolate, yogurt, oils, butter, and others; will affect the purchasing power of the Dominican consumer.
7. Population in urban centers and the rate of employment is growing.	7. Lack of transparency and corruption continue to earn the DR relatively low scores in international comparison tables (DR was 113 th out of 185 countries in the World Bank's "Ease of Doing Business").
8. Dominican diaspora in the U.S. of approximately one million persons, clustered primarily in the northeastern states and Florida, whose remittance payments help support the home-country economy.	8. There is a lack of institutional continuity across changes in government administrations. The wholesale turnover in government personnel that typically occurs with changes in administrations can result in loss of records, which in turn can result in payment disputes and rejection of bills for goods and services purchased by preceding administrations.

SECTION II. EXPORTER BUSINESS TIPS

2.1. *Business culture*

Personal relationships are essential to building business relationships in the Dominican Republic. In general, Dominicans attach great importance to courtesy in all business endeavors. A warm handshake combined with conversation about the person's wellbeing, family, or other similar topics prior to launching into any conversation related to business is considered a common courtesy. This communication helps Dominican businessman develop more confidence prior to any business commitment. Of course, as genuinely warm and friendly as Dominicans are, every aspect of the business transaction should be clearly stated between the parties in writing.

The DR has few but persistent market access issues. A common market entry option is to appoint an agent or distributor in the DR, while licensing agreements and franchises can also be successful. Because of the DR's proximity to the U.S. and low air travel costs, the optimal market entry method is

through a coordinated strategy that includes personally visiting potential partners or distributors in the DR. U.S. exporters should also be prepared to provide all promotional materials in the Spanish language. Good after-sales service is a pre-requisite of doing business successfully in the country.

2.2. Consumer tastes and preferences

Dominicans have adopted a lot of U.S. culture, such as music, sports, entertainment and fashion. Food consumption trends in the Dominican Republic are similar to trends in the United States. Although these trends may lag a few years. CAFTA-DR has quickened this transfer. The consumption of foods in U.S. fast food chains and restaurants established in DR is usual from the middle class up.

Dominican consumers perceive that products made in more developed countries, or in many cases imported (see picture), are more reliable in terms of quality and safety. High income classes tend to consume more natural and healthy products. These consumers are demanding food with less saturated fat, cholesterol, and sugar.

2.3. Food Standards and Regulations (FAIRS)

Overall, food laws in the Dominican Republic have not restricted trade for U.S. products. There are four government Ministries involved in setting food policy for the country: the Ministry of Public Health, the Ministry of Industry and Commerce, the Ministry of Agriculture and the Ministry of the Environment and Natural Resources. Nonetheless the Ministry of Health plays a leading role within the ministries.

For more detailed information on how this Ministries interact and proceed, please refer to the Dominican Food and Agriculture Import Regulations and Standards (FAIRS) report:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Santo%20Domingo_Dominican%20Republic_7-22-2009.pdf.

2.4. General import and inspection procedures

2.4.1. Product registration

The first step in importing new food products into the Dominican Republic is product registration. Importers register new high value food products with the Ministry of Public Health. The Ministry issues a certificate to the importer or the local legal representative with a Sanitation Registration Number, which must be printed on the label of the product or as an additional sticker.

The local representative will bring the Ministry of Health the following required documents:

- U.S. certificate of free sale
- Certificate of origin
- Label indicating the qualitative and quantitative formulation
- Copy of the letter of assignment or contract with a local agent (if one exists for the product)
- Registration fees and product samples

The trademark must also be registered through the National Office of Intellectual Property (ONAPI) of the Ministry of Industry and Commerce. This is not a legal requirement, but it is a protection for the owner. U.S. companies concerned with copyright issues should contract the services of a local legal firm to handle this procedure.

Needed contacts in Dominican Republic to proceed with the previous steps are mentioned in Section IV of this report.

2.4.2. Customs clearance

The General Directorate of Customs Office requires the importer to present the following documents to release all shipments valued over US\$100:

- Bill of Lading (English or Spanish)
- Commercial Invoice
- Insurance Certificate issued by a local insurance company
- Sanitary certificate issued by the origin country
- Non-objection Certificate issued by the Ministry of Agriculture⁴
- Import Permit issued by the Department of Internal Taxes for alcoholic beverages only

When importers have all the required documents and no sanitary issues arise, the customs clearance procedure can be completed in twenty-four hours. The process has been streamlined in recent years due to the implementation of the Customs Integrated Information System (SIGA), which allows the importer to request permits and process other transactions online. However, importers usually hire a knowledgeable customs agent who expedites the process. Larger importers will have a customs agent within their company. After ten days in port, shipping lines assess a daily charge for the use of their containers. Port authorities also charge for the use of their space.

After the invoice is reviewed, customs officials determine the duty. If it is determined that the invoice does not reflect what customs believes is an accurate price, customs officials will review the duty based on their own appraisal list (Lista de Valuación Aduanera, LVA). The actual product value may be lower than the one in the list, so importers sometimes need to appeal their findings.

2.4.3. Tariffs

Current tariffs are based on DR-CAFTA. Tariffs range from 0 to 20 percent for most products, and up to 99 in some cases. Tariffs for many products have been or will be reduced in the CAFTA-DR agreement. A number of products are duty free and are listed in Baskets A, B, G, W and X. Items in other baskets are receiving various reductions overtime. The tariff reduction according to baskets is listed in Appendix II of this report.

⁴ For more information on this permits, please access: <http://agricultura.gob.do/servicios/informacion-sobre-procedimientos-para-la-importacion-de-productos-y-subproductos-de-origen-vegetal/> and <http://agricultura.gob.do/servicios/informacion-sobre-procedimientos-para-la-importacion-de-productos-y-sub-productos-de-origen-animal/>

A complete list of the base tariff schedule, in Spanish only, under the CAFTA-DR agreement can be found at the following link:

http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file732_5848.pdf.

Tariff codes are the same in all languages. Therefore, the code for any product is the same in both Spanish and English. For more information on the text of the agreement, please go to

<http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>.

Exporters also need to be aware of other internal taxes applied to imported luxury products, such as wine, during the clearance process. Although the duty may be low and even zero, luxury taxes may be as much as 300%. These taxes, charged at customs, increase the price for the end consumer significantly. For more information on these taxes and a specific example, please refer to our GAIN FAIRS Subject Report #DR8015, which can be found at <http://www.fas.usda.gov/gainfiles/200806/146294973.pdf>.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

3.1. Retail food sector

Since the start of the trade liberalization process in the 90's and especially since the implementation of CAFTA-DR, retail in Dominican Republic has become bigger, more diversified and more sophisticated. Supermarkets have diversified their stores including specific stores for determined segments of the population, including high-end segments. The most important supermarket chains in DR are controlled by local investment. Even though the existing supermarket chains do not have any formal industry association, they have been effective at defending their dominant position in the local market. U.S. supermarket chains have not entered the market; except Pricesmart which is owned by Dominican and U.S. investors. The main urban cities are well covered by several supermarket chains.

According to Post research, they are eight mayor players in the supermarket sector with 121 stores located all across the country, as follows:

**Major supermarket chains in Dominican Republic
2015**

Name	Ownership	Outlets	Location	Purchasing agent
Supermercados Nacional	Dominican (Centro Cuesta Nacional)	13	Santo Domingo, Santiago, La Romana and Punta Cana	Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S.
Jumbo	Dominican (Centro Cuesta Nacional)	7	Santo Domingo, La Romana, San Pedro and Santiago	Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the

				U.S.
Jumbo Express	Dominican (Centro Cuesta Nacional)	6	Santo Domingo	Direct importers Wholesalers/ distributors It is also a member of the Topco Associates in the U.S.
La Sirena	Dominican (Grupo Ramos)	24	Santo Domingo, Santiago, Puerto Plata, La Vega, San Francisco, San Cristobal, Bonao, Higüey, Moca and Bani	Direct importers and distributors
Supermercado Pola	Dominican (Grupo Ramos)	7	Santo Domingo and Bavaro	Direct importers and distributors
Aprezio	Dominican (Grupo Ramos)	11	Santo Domingo	Direct importers and distributors
Supermercados Plaza Lama	Dominican	11	Santo Domingo, Bavaro and La Vega	Direct importers and distributors
Supermercados La Cadena	Dominican (MERCATODO)	10	Santo Domingo	Direct importers and distributors
Supermercados Bravo	Dominican	6	Santo Domingo and Santiago	Direct importers and distributors
Pricesmart Warehouse	U.S./ Dominican	3	Santo Domingo and Santiago	Direct importers and distributors
Carrefour	French	1	Santo Domingo	Direct importers and distributors
National Association of Small Supermarkets (UNASE)	Dominican	40	Major cities	Direct importers and distributors

Source: Built by FAS/Post with data from interviews and research (VMayol, MCarvajal).

As shown in the previous table, Grupo Ramos (35 stores) and Centro Cuesta Nacional (27 stores) are the biggest supermarket chains in the country. They have diversified their stores in three categories, each one aiming at one specific segment of the population. These major supermarkets have distributed outlets within the provinces with largest per capita income (please see appendix III for a detailed map of those outlet locations).

These supermarket chains import products directly from the United States and also buy from other local importers. Supermarkets are increasing their number of product lines. They are also developing the market for their own private brands and are the exclusive representatives of some name brand products.

Still, according to Post sources, only 20 to 25% of the retail sales are recorded by supermarkets. The rest are posted by informal establishments, such as mom 'n pop stores (*colmados*), open public markets and street vendors, which traditionally distribute local, domestic products.

3.2. Hotel, Restaurants and Institutions (HRI)

The tourism sector continues to be one of the most important in the Dominican economy. According to the Central Bank, the tourism sector, with \$4.7 billion in revenue, represents 7 percent of the GDP with

an annual growth of 7.5% in 2014. The average tourist expends approximately US\$128 per day. A total of 134 hotels operated in the DR in 2014.

According to the National Association of Hotels and Restaurants (ASONAHORES), nearly 5.1 million tourists entered the DR in 2014. Of this total, 87% (4.4 million) were foreigners while the remaining 13% (0.6 million) were DR nationals residing outside of the country. The number of foreign arrivals increased on average by 6% yearly in the last three years. Sixty five percent (2.9 million) of those foreign visitors arrive in the country through the Punta Cana Airport, the most important tourism area of the DR. Around 18% of foreign visitors come through the Santo Domingo airport.

U.S. tourists continue to lead arrivals in DR. According to ASONAHORES, approximately 40% (1.7 million) of foreign visitors in 2014 came from U.S. Europeans, mainly Germans, French, Russian and English, comprise the second biggest tourist group at 27% (1.1 million).

Most of the hotels located in Punta Cana, as well as Puerto Plata and La Romana, operate under the “all inclusive” business model. Post estimates that nearly 3 million foreigners enjoy this service every year. The average hotel occupancy rates for 2014 were: Punta Cana, 83%; Puerto Plata, 59%; La Romana, 84%; and Samana, 74%.

Most of the travelers who conduct business in the DR arrive through Santo Domingo and Santiago airports. Therefore, Post estimates that nearly 1 million foreigners stay in “non-tourism hotels” annually. The average hotel occupation rate for 2014 was: Santo Domingo, 65%; and Santiago, 57%.

There are approximately 129 outlets of 21 fast food restaurant chains in the DR according to the Exports and Investment Promotion Agency of El Salvador (PROESA). Most of them are U.S. franchises. According to the same source, there are approximately 333 medium and large restaurants in the country; 167 of them located in Santo Domingo (of which 50 are considered high end restaurants), 61 in Santiago, 60 in Bávaro, 23 in La Romana and 22 in Puerto Plata. Supply of the restaurant sector is dominated by a few major distributors like Benigno Zapatero, HORECO, Representaciones Plaza, among others, and by major confectionaries like MercaSid, Kimberly Clark, etc. The most important supermarkets distribute wines and other products to these restaurants.

In the Dominican Republic a limited number of institutional, mainly social, programs exist that demand foods in a regular basis. The Comedores Economicos Program (accessible diners) is a program in which the Government distributes consumer goods (raw or cooked) subsidizing approximately 87% of the cost. The products distributed include: rice, beans, oil, chicken, salami, pasta, tomato sauce, liquid seasoning, garlic paste, tubers, and others. The Alimentacion Escolar Program (school alimentation) is a program in which the Government distributes consumer goods for kids in public schools all around the country. The program buys and distributes products such as: plantains, milk, cheese, bread, eggs and others. It is estimated that the Government invest approximately US\$530 thousand every day in this program. Both programs supply themselves exclusively with local suppliers.

3.3. Food processing sector

In Dominican Republic, according to the General Directory of Internal Taxes (DGII), there are 1,075 companies classified as agro industrials/ processors. Of this total 686 are individuals and 389 are legal persons. According the same source the main processing companies, according gross income, are:

Company	Main activity
Nestle Dominicana S.A.	Production of several massive consumption products for internal sales and exports to the Caribbean and Latin-American region, including: Milk (powder, whole, condensed, evaporated), cereals, dehydrated soups, powder seasoning, liquid seasoning, dog & cat food, and others. Buys local and imported products for processing.
Molinos del Ozama S.A.	Owned by the Molinos Modernos company located in Guatemala. Their main activity is the manufacture and commercialization of wheat and corn flour, pastas and cookies. Molinos del Ozama has a processing capacity of 1,200 TM of wheat per day. Buys mainly imported raw material.
Industrias Banilejas S.A.	Dedicated to buying and processing coffee. Buys mainly local products for processing; imports if needed.
Frito-lay Dominicana S.A.	Brand of the PepsiCo group, dedicated to process products such as: plantains, cassava, potatoes and spices; to elaborate snacks. Buys most of their inputs locally.
Quala Dominicana S.A.	Colombian multinational who established operations in DR in 1998 having detected a good market for seasoning cubes. The company also elaborates powder juices, oat products, and others.
Molinos Valle del Cibao S.A	Part of the Bocol Group is one of the biggest importers of wheat flour in DR. The company elaborates 4 brands of flours: Princesa, Famosa, Principe and Princesita.
Unilever Caribe S.A.	Multinational that processes and imports more the 70 products of massive consumption including: seasoning products, flours (from corn), detergents, deodorants, soaps and others.
Sanut Dominicana S.A.	Dominican company with three main activities: 1) supplier of yellow corn, soybean meal, wheat, soybean oil and yellow fat; 2) production of fertilizers; and 3) veterinary services.
Molinos Modernos S.A.	See Molinos del Ozama previously mentioned.
La Dominicana Industrial SRL	The second company of the Bocol group which is dedicated to the fabrication of pastas.

According to the Central Bank of the Dominican Republic, in 2014 the elaboration of food products represented a US\$2,891 million industry. The industry is classified by the Central Bank as “food products industry.”

SECTION IV. BEST HIGH VALUE PRODUCTS PROSPECTS

Product category	Imports in 2014 (\$1,000,000)	U.S. Imports (\$1,000,000)		5-Yr. Avg. annual U.S. import growth	Import tariff rate	Key constraints over market development	Market attractiveness for U.S.
		2013	2014				
Milk And Cream, Concentrated, <1.5% FAT (0402100000)	36.1	23.9	31.7	25%	56%	Still subject to TRQ's and a high import tariff rate.	Increasing demand of dairy products,. DR consumer associates U.S. dairy with high quality.
Grape wine (2204214000)	29.6	8.5	8.8	50%	0%	Competition with Chilean and Spanish wines.	Increasing segments of the market are expending more money in alcoholic beverages.
Baby food (21069099)	85.0	6.2	7.3	18%	2%	None.	Increase of the number of births in the upper middle and upper classes, who tends to consume U.S. products as they associate them with high quality.
Cheese, including mixtures nesoi (0406909550)	27.3	3.8	6.6	13%	0%	High competition from the local market. Spanish label requirement	Increasing demand of dairy products, especially cheese. DR consumer associates U.S. cheese with high quality milk.

Potato fries frozen (2004108020)	16.3	2.3	3.8	28%	0%	Competition from other countries such as Canada, Holland and Belgium.	Increasing opportunities in retail and food sector; with the increase of local and international brands of fast food and restaurants.
Apple juice (2009790000)	5.0	3.4	4.5	55%	0%	Competition from local and imported flavored juices less expensive.	Increasing demand of the product from the middle class on, who prefers quality and flavor to a smaller price.
Beer, malt (2203000000)	8.0	3.3	3.5	21%	6.67%	Strong competition from the local industry.	The Dominican consumer is expanding his taste to foreign beers.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/ USDA)

Pedro H. Ureña Av., No.133, La Esperilla, Santo Domingo, Dominican Republic.

Telephone: 809-227-0112

Fax: 809-732-9454

Contact: Virgilio Mayol, Agricultural Specialist

E-mail: agsantodomingo@fas.usda.gov

Web page: www.fas.usda.gov

Comment: Contact this office for more detailed information about the Dominican food market, lists of importers, major players in the sector, questions, etc.

Ministry of Agriculture; General Directorate of Livestock (DIGEGA in Spanish)

George Washington Av., Ciudad Ganadera, Santo Domingo, Dominican Republic.

Telephone: 809-535-9689, ext. 223

Fax: 809-533-5863

Contacts: Dr. Bolivar Toribio, Livestock Directorate Director

Dr. Lisette Gomez, Animal Health Director

E-mail: digea@ganaderia.gob.do

Web page: www.ganaderia.gob.do

Comment: This department of the Ministry of Agriculture issues the non-objection sanitary certificates, which are required to import animal products.

Ministry of Agriculture; Plant Health Division

Autopista Duarte, Km. 6 ½, Jardines del Norte, Santo Domingo, Dominican Republic.

Telephone: 809-547-3888, ext. 3786

Fax: 809-227-1268

Contacts: Dr. Emigdio Gomez, Plant Health Director

Ing. Manuel Duran, Plant Health Deputy Director

E-mail: egomezrs@hotmail.com

Web page: www.agricultura.gob.do

Comment: This department of the Ministry of Agriculture issues the non-objection sanitary certificates, which are required to import vegetable products.

Ministry of Public Health; Quality Control and Risks for Food and Beverages Department

Ave. San Cristobal, Esquina Ave. Tiradentes, Santo Domingo, Dominican Republic

Telephone: 809-541-3121, ext. 2204

Fax: 809-544-2083

Contact: Dr. Jaime Santoni, Food Control Director

E-mail: jrsh7@hotmail.com

Web page: www.sespas.gov.do

Comment: This department issues the sanitary registration number that is required to sell pre-packed food products in the country. The department is also in charge of food inspection.

Oficina Nacional de Derecho de Autor - ONDA

(National Office for Copyrights)

Calle Modesto Diaz No.2

Edif. del Archivo General de la Nación 1er. piso, Zona Universitaria, Santo Domingo, Dominican Republic

Contact: Dr. Marino Feliz Terrero, Director General

Telephone: 809-508-7373

Fax: 809-274-7575

E-mail: ondaadm@claro.net.do

Comment: Trough this office importers register trademarks, product registration and property rights.

Instituto Dominicano para la Calidad

(Quality Dominican Institute)

Ministerio de Industria y Comercio

(Ministry of Industry and Commerce)

Ave. Mexico esq. Leopoldo Navarro, Edificio de Oficinas Gubernamentales

Juan Pablo Duarte, Piso 11 (Edif. El Huacal), Santo Domingo, Dominican Republic

Contact: Dr. Manuel Guerrero, Executive Director

Telephone: 809-686-2205

Fax: 809-686-2235

E-mail: servicioalcliente@claro.net.do

Web page: <http://www.digenor.gob.do>

Comment: This bureau is part of the Ministry of Industry and Commerce and issues and enforces the application of NORDOM 53, which requires Spanish labeling and the sanitary registration number on all pre-packed retail food products.

Dirección General de Aduanas

(General Directorate of Customs)

Av. Abraham Lincoln No. 1101, Ens. Serrallés

Santo Domingo, Dominican Republic

Contact: Mr. Juan Fernando Fernandez, Director

Telephone: 809-547-7070

Fax: 809-540-5853

E-mail: info@dga.gov.do

Webpage: <http://www.dga.gov.do>

Comment: The official entity in charge of customs and the local regulations related to it.

Centro de Exportación e Inversión de la Republica Dominicana (CEI-RD)

(Export and Investment Center of the DR)

Av. 27 de Febrero, Esq. Gregorio Luperón, Plaza de las Banderas, Santo Domingo, Dominican Republic

Contact: Mr. Jean Alain Rodriguez, Director

Telephone: 809-530-5505

Fax: 809-530-8208

Email: webmaster@cei-rd.gov.do

Webpage: <http://www.cei-rd.gov.do>

Comment: this is an official entity responsible for increasing exports from DR and investment in the country.

Cámara Americana de Comercio de la República Dominicana

American Chamber of Commerce of the Dominican Republic

Av. Sarasota No. 20, Torre Empresarial AIRD, 6to. Piso, Santo Domingo, Dominican Republic

Contact: Mr. William Malamud, Executive Vice President

Telephone: 809-381-0777

Fax: 809-381-0303

E-mail: amcham@claro.net.do

Website: <http://www.amcham.org.do>

Comment: Organization formed by 2,500 enterprises (Dominican and American) which facilitates access to information, knowledge and business contacts between their members, in order to increase business between DR and U.S.

APPENDIX I. STATISTICS

Table A. Key trade and demographic information

Agricultural imports from all countries (\$Millions) / U.S. market share (%) ¹	\$2,471/ 54%
Consumer food imports from all countries (\$Millions) / U.S. market share (%) ¹	\$1,029/ 47%
Edible fishery imports from all countries / U.S. market share (%) ¹	\$65/ 16%
Total population (Millions) / Annual growth rate (%) ²	9.4/ 1.21%
Urban population (Millions) / Annual growth rate (%) ²	7/ NA
Number of major metropolitan areas ²	7
Size of the middle class (Millions) / Growth rate (%) ²	1.88/ NA
Per capita Gross Domestic Product (U.S. Dollars) ³	\$6,480
Unemployment rate (%) ³	14.5%
Per capita Food Expenditures (U.S. Dollars) ⁴	US\$1,233
Percent of female population employed ²	35.4%
Exchange rate (US\$1=X.X local currency) ³	US\$1=RD\$44.65

1. GATS, GTIS.

2. Population Census National Office of Statistics (ONE), 2010.

3. Central Bank of the Dominican Republic, online database, 2014.

4. Based on ONE estimates of average 21.4% of income on food.

Table B. Agricultural imports in DR (US\$)

HS code	Commodity Description	United States Dollars			
		2010	2011	2012	2013
10	Cereals	379,101,410	510,289,383	466,224,508	408,186,825
19	Prep Cereal, Flour, Starch Or Milk; Bakers Wares	130,269,640	141,537,084	183,890,629	234,930,755
15	Animal Or Vegetable Fats, Oils Etc. & Waxes	211,896,522	282,355,790	238,236,480	225,543,321
23	Food Industry Residues & Waste; Prep Animal Feed	185,880,780	182,893,674	158,227,389	210,883,805
24	Tobacco And Manufactured Tobacco Substitutes	137,825,786	158,920,201	163,337,666	197,888,271
04	Dairy Prods; Birds Eggs; Honey; Ed Animal Pr Nesoi	171,157,593	169,297,085	179,897,100	188,198,383
21	Miscellaneous Edible Preparations	110,884,820	120,543,163	119,156,868	150,038,982
22	Beverages, Spirits And Vinegar	102,277,176	110,524,262	114,487,205	116,266,298
02	Meat And Edible Meat Offal	84,258,074	97,006,451	108,264,244	108,898,521
03	Fish, Crustaceans & Aquatic Invertebrates	95,893,288	93,291,432	107,432,756	90,881,334
20	Prep Vegetables, Fruit, Nuts Or Other Plant Parts	63,149,496	59,906,068	75,361,295	88,120,759
16	Edible Preparations Of Meat, Fish, Crustaceans Etc	55,789,273	60,038,877	67,229,464	64,158,208
07	Edible Vegetables & Certain Roots & Tubers	67,748,686	71,139,244	67,377,504	50,128,682
17	Sugars And Sugar Confectionary	69,594,898	77,191,658	92,389,653	47,283,212
11	Milling Products; Malt; Starch; Inulin; Wht Gluten	42,607,919	44,886,695	45,283,428	38,833,200
08	Edible Fruit & Nuts; Citrus Fruit Or Melon Peel	35,495,390	36,107,426	42,952,356	37,509,642
12	Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc	10,013,334	9,560,713	79,920,944	32,128,503
18	Cocoa And Cocoa Preparations	14,704,775	17,976,088	19,913,316	17,828,622
09	Coffee, Tea, Mate & Spices	8,931,907	10,776,713	12,096,914	11,942,767
13	Lac; Gums, Resins & Other Vegetable Sap & Extract	7,954,705	8,703,927	8,346,187	8,934,470
06	Live Trees, Plants, Bulbs Etc.; Cut Flowers Etc.	2,896,228	3,351,989	3,995,281	5,532,663
01	Live Animals	4,602,173	6,254,611	2,370,866	2,816,824
05	Products Of Animal Origin, Nesoi	932,511	1,152,652	1,168,899	1,899,358
14	Vegetable Plaiting Materials & Products Nesoi	449,307	730,030	498,814	521,792
01-24	TOTAL	1,994,315,692	2,274,435,216	2,358,059,766	2,339,355,197

Source: GTIS

Table C. Top 15 suppliers of agricultural products to DR (US\$)

Reporting Country	United States Dollars				
	2010	2011	2012	2013	2014
United States	1,055,168,487	1,212,780,236	1,090,561,919	1,136,618,989	1,353,549,935
Mexico	47,726,688	57,977,913	70,498,729	86,210,008	94,395,220
Brazil	63,287,530	98,641,390	196,982,269	156,561,124	94,049,563
Argentina	115,890,500	192,299,761	202,581,560	222,142,304	79,761,872
Denmark	72,763,021	71,026,003	65,003,103	70,314,808	73,872,131
Spain	43,441,679	50,313,715	48,537,920	56,655,626	63,342,606
Costa Rica	41,683,214	48,283,248	64,558,636	61,235,264	62,994,132
UK	32,116,631	39,972,940	42,590,745	36,680,994	50,190,266
Netherlands	44,478,839	42,043,115	46,938,743	41,238,222	50,126,934
China	50,734,037	58,063,161	61,061,508	49,030,865	47,415,746
Guatemala	39,300,294	28,524,093	29,105,890	39,688,068	45,621,923
Norway	40,275,313	41,953,671	42,544,050	37,347,157	42,659,624
Canada	50,128,537	38,492,779	42,561,876	30,804,390	38,244,972
Ecuador	16,897,190	22,564,111	21,305,765	26,779,215	36,140,379
Colombia	35,947,820	41,350,656	40,426,767	18,609,753	35,934,461
Rest of World	244,475,912	230,148,422	292,800,285	269,438,407	302,952,473
TOTAL	1,994,315,692	2,274,435,214	2,358,059,765	2,339,355,194	2,471,252,237

Source: GTIS

**APPENDIX II. BASKET OF PRODUCTS ACCORDING TO TARIFFS SCHEDULE AND
EXAMPLES OF POTENTIAL PRODUCTS IN EACH CATEGORY**

Basket	Tariff schedule reduction/ example of potential products
A	<p><i>Duty free (0%) immediately</i></p> <p><u>Potential products:</u> Breakfast cereals WO sugar; Grape wine; Apple juice.</p> <p><u>Other products:</u> Chicken wings, de-boned turkey breast, rabbit meat, some fish, some vegetables and salads, cold weather fruits, such as apples, grapes, pears, dry fruits, tea, species, olive oil, breakfast cereals, olives, capers, some fruit juices, sparkling wine.</p>
B	<p><i>Duty free as off January 1, 2010.</i></p> <p><u>Potential products:</u> Potato fries frozen.</p> <p><u>Other products:</u> Chicken breasts, red salmon, lobsters, cauliflower, broccoli and Brussels sprouts, beets, water melon, preparations from turkey meat, preparations of caviar, crabs and shrimp, preparations of salads and fruits, cigars.</p>
C	<p><i>10% annual reduction, duty free by January 1, 2015 (reduction over 10 years).</i></p> <p><u>Potential products:</u> Baby food.</p> <p><u>Other products:</u> Bacon, liquid milk, butter, other cheeses, lamb and mutton, turkey breast with bone, potatoes, chick peas, dry coconuts, cashew nuts, tropical fruits, sweets of orange, lemons and papaya, tomato or papaya juice, mustard, mayonnaise, compound seasonings , whisky, gin, liquors.</p>
D	<p><i>6.66% annual reduction, duty free by January 1, 2020 (reduction over 15 years).</i></p> <p><u>Potential products:</u> Bread, biscuits, other baked products; Beer, malt; Cheese, Cheddar.</p> <p><u>Other products:</u> Prime and choice beef, beef trimmings, onions, garlic, vegetable oil, margarine, cheddar cheese, beans.</p>
F	<p><i>No reduction until January 1, 2016. 10% annual reduction from January 1, 2016-25.</i></p> <p><u>Other products:</u> Milk powder, Yogurt.</p>
G	<p><i>Free trade even before CAFTA-DR.</i></p>
M	<p><i>2% reduction in 2006. 2% additional reduction in 2007. 8% additional annual reduction from 2008-2012. 16% additional annual reduction from 2012-15.</i></p> <p><u>Other products:</u> Wooden furniture.</p>
N	<p><i>8.3% annual reduction from 2006 to 2017.</i></p> <p><u>Other products:</u> Potatoes, turkey meat, ice cream, glucose and glucose syrup, pig fat.</p>
O	<p><i>No reduction until January 1, 2012. 10% annual reduction from January 2012 to January 2016. 12% annual reduction from 2016- 2020.</i></p> <p><u>Other products:</u> Pork cuts.</p>

V	<i>No reduction until January 2016. 8% annual reduction from January 2016-21. 12% annual reduction from January 2021-25.</i> <u>Other products:</u> Rice, Chicken leg quarters, mozzarella cheese.
W	<i>Duty free as off January 1, 2009.</i> <u>Other products:</u> Turkeys not cut in pieces.
X	<i>Duty free as off January 1, 2010.</i>
Y	<i>15% annual reduction from 2006-10. 5% annual reduction from 2011-15.</i> <u>Other products:</u> Chicken, not cut in pieces.

APPENDIX III. LOCATION OF MAJOR SUPERMARKETS IN DOMINICAN REPUBLIC (2014)^{5/} PER CAPITA INCOME BY REGION (2007)^{6/}

