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Voluntary Public

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GAIN Report Number:

Dominican Republic

Post: Santo Domingo

Will the Dominican Presidente Beer still be made with U.S. Corn.

Report Categories:

Agricultural Situation

Beverages

Grain and Feed

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Report Highlights:

With such heavy Brazilian interest in their newly acquired and largest Dominican brewery, the continued use of U.S. corn for making beer is in question. The acquiring company, Ambev Brazil, is the leading beer company in Latin America and has bought 51% of the shares of Cerveceria Nacional Dominicana (CND) for US\$2.5 billion. CND manufactures and exports the brand Presidente beer, which has 85% share of the Dominican market.

Executive Summary:

Ambev Brazil, the leading beer company in Latin America, with a portfolio of some 200 brands, and presence in 23 countries, has bought 51% of the shares of Cerveceria Nacional Dominicana (CND) for US\$2.5 billion. Ambev Brazil is a partner of Anheuser-Busch InBev, the largest beer operation worldwide. With such heavy Brazilian interest the use of U.S. corn is in question.

General Information:

CND, founded in 1929, is the manufacturer of Presidente, the leading brand for the beer market in the Dominican Republic (DR) since it was introduced in 1935. In 2006, the Dominican Grupo E. Leon Jimenes (ELJ) increased their shares from 50% to 83.5% by exchanging their tobacco operation and US\$47.5 million for the shares owned by the Altria Group (Phillip Morris). Until the recent sale, Grupo ELJ owned 83.5% and Heineken 9.3% of CND's shares.

Currently, CND controls 85% and 65% of the Dominican beer and malt markets, respectively. CND operates two production plants which combined have a capacity to produce 400 million liters annually of both beer and malt for domestic consumption (95%) and export (5%). Annual sales of beer and malt for CND are reported at US\$482 million in 2010, of which US\$24.6 million were exported. The main export markets for CND are the USA and the Caribbean.

The contribution of CND's production to the GNP of the DR is reported in the range of the 3%. CND is also considered the single largest tax payer in the DR, responsible for 7% of all taxes collected by the GODR. Currently, CND has some 2,500 employees, also responsible for the generation of other 65,000 indirect jobs in the DR.