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Dominican Republic

Cocoa

Production Update

2003

Approved by:

David G. Salmon

U. S. Embassy Dominican Republic

Prepared by:

Carlos G. Suarez

Report Highlights:

Cocoa production appears to have recuperated from the effects of hurricane Georges in late 1998 when production reached over 50,000 MT. Exports volumes show considerable increases over the last two years. At the present high price levels and anticipating about 44,00 MT in cocoa bean and products exports in MY 2003, the DR export earnings may exceed the historical high of US\$ 91 million six years ago.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo [DR1]
[DR]

Executive Summary

Cocoa production averaged 42,700 MT per annum over the last five years (MY 1999-03). Local production for MY 2002 (October - September) continues to recuperate from the effects of hurricane Georges in late 1998. Generally after a large crop, a poor crop follows, although this was not the case in MY 2002 and again in 2003 when production surpassed 50,000 MT.

Weather conditions were average, but the good rains before the flowering period made estimates encouraging. In addition, the increase in the international prices for cocoa, made it attractive to pick all the cocoa pods available to make a near optimal harvest. Industry sources and GODR officials estimate that, based on the rain pattern and flowering information, the current harvest will conclude at the same levels as MY 2002.

Almost 82 percent of the Dominican cocoa is exported as dried beans and an additional six percent as butter or cake. The rest is processed and consumed domestically. The industry places consumption slightly over 6,000 MT, fluctuating slightly from year to year. There is little data available on stock levels, which vary a good deal during the marketing year.

MY 2002 cocoa beans and products exports reached US\$ 70 million and the current year is looking to export similar volumes, earnings would be higher, particularly when comparing October 2002 (US\$ 900/MT) with October 2003 when prices surpassed US\$ 1,900/MT. If international prices remain at the current October 2002-May 2003 levels, perhaps overall exports may exceed the all-time high of US\$ 91 million dollars of six years ago. MY 2002 cocoa exports are estimated over 41,600 MT of beans and over 2,800 MT of butter, cake and other products.

Tariff levels for imports of cocoa and cocoa products range from 15 to 35 percent CIF, plus an additional 12 percent VAT. The Dominican Republic does not subsidize or restrict the trade of raw or processed cocoa, although the import process can be cumbersome and it is recommended that all trade be conducted through a registered Dominican agent.

Most of the bean exports (85-90 percent) move to the United States because of geographic proximity and price. Other export markets include EU (Italy, France and Holland), Costa Rica and Japan. Cocoa butter is also an important cocoa export product, which is exported primarily (75 percent) to the United States.

The Dominican Government has very modest programs to encourage cocoa production and has had a minor role in the development of this sector. The Secretary of Agriculture has kept nurseries operating, but has made very few hybrid plants available to producers who were interested in renewing plantations. Government support of the industry has been limited to minimal credit and technical assistance. In spite of the high international prices, the high input costs and the recent currency devaluation has made difficult for the private sector to invest in cocoa.

It is still early to anticipate the results of the efforts of private group projects on the cocoa sector reconstruction using resources generated by a USDA 416 (b) wheat donation program in 2000.

The Dominican Republic is a member of the International Cocoa Agreement as well as in the Cocoa Producers' Alliance (COPAL).

Statistical Data

PSD Table

Country	Dominican Republic						
	Commodity	Cocoa Beans					
Market Year Begin		2001	Revised	2002	Estimate	2003	Forecast
		USDA Official [t	Estimate [t	NA Official [t	Estimate [t	NA Official [t	Estimate [New]
	10/2000		10/2001		10/2002	MM/YYYY	
Area Planted	120	120	120	120	0	120 (1000 HA)	
Area Harvested	118	118	118	118	0	118 (1000 HA)	
Bearing Trees	57000	57000	58000	58000	0	58000 (MILLION TREES)	
Non-Bearing Trees	4000	4000	4000	4000	0	4000 (MILLION TREES)	
TOTAL Tree Population	61000	61000	62000	62000	0	62000 (MILLION TREES)	
Beginning Stocks	441	441	369	369	394	395 (MT)	
Main Production	31500	31500	32000	36100	0	36000 (MT)	
Mid & Other Production	13700	13700	13500	14670	0	14100 (MT)	
TOTAL Production	45200	45200	45500	50770	0	50100 (MT)	
Bean Imports	0	0	0	0	0	0 (MT)	
Liquor & Paste Imports	0	0	0	0	0	0 (MT)	
Butter Imports	0	0	0	0	0	0 (MT)	
Powder,Cake,Choc. Imp.	0	0	0	0	0	0 (MT)	
TOTAL Imports	0	0	0	0	0	0 (MT)	
TOTAL SUPPLY	45641	45641	45869	51139	394	50495 (MT)	
Bean Exports	35427	35427	36000	41652	0	41000 (MT)	
Liquor & Paste Exports	1126	1126	1100	1191	0	1200 (MT)	
Butter Exports	1947	1947	1900	1593	0	1650 (MT)	
Powder,Cake,Choc. Exp.	522	522	200	233	0	230 (MT)	
TOTAL Exports	39022	39022	39200	44669	0	44080 (MT)	
Domestic Consumption	6250	6250	6275	6075	0	6000 (MT)	
Ending Stocks	369	369	394	395	0	415 (MT)	
TOTAL DISTRIBUTION	45641	45641	45869	51139	0	50495 (MT)	