



USDA Foreign Agricultural Service

# GAIN Report

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## Dominican Republic

### Sugar

### Semi-Annual

### 2003

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**Report Highlights:**

Overall Dominican sugar production in 2003 is estimated at 490,000 metric tons raw value, slightly higher than anticipated. Domestic consumption has remained stable between 320,000 and 330,000 MTRV and is not anticipated to change in 2004. The Dominican Republic has nearly filled its U.S. quota allocation of 185, 233 MTRV for the 2002-03 year.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Semi-Annual Report  
Santo Domingo [DR1]  
[DR]

Overall sugar production in 2003 is anticipated to be close to 490,000 metric tons raw value (MTRV), slightly higher than originally anticipated, due to higher-than-expected efficiency in the operation sugar mills this year. The two largest private producers, Central Romana and the Vicini Group, produced almost 400,000 MTRV this year (about eighty percent of the total output), with the other mills (Consuelo, Boca Chica, Barahona and Monte Llano) accounting for the remainder. Sugar yields averaged 100 kilograms per metric ton of sugar cane. The local price for cane was approximately US\$13.93 per metric ton. With no additional investments in the sugar industry and the current overall economic situation prevailing in the country, the production level in 2004 is expected to remain unchanged.

Domestic consumption has remained stable between 320,000 to 330,000 MTRV for several years and is not anticipated to change in 2004. The domestic price for raw sugar stands at approximately US\$0.29 per kilogram. Consumption of refined versus raw sugar is evenly divided. The general public consumes sugar in raw form, while the soft drink, juice and confectionary industries primarily use refined sugar. Until recently, the limited refining capacity forced imports. If consumption remains at the current level, there is no apparent need for additional imports of refined sugar to meet demand.

With refined sugar production at about 150,000 MTRV for 2003 essentially meeting the country's total refined needs, imports of refined sugar should be minimal. However, the Dominican government and private producers are generally authorized sugar imports at the end of the marketing year, when stocks levels fall and production of the new harvest has not begun. It is anticipated that about 8,000 to 15,000 metric tons of refined sugar will be required to cover this window. Import duties are 15 percent for raw sugar imports and 20 for refined sugar, plus a 12 percent value added tax or "ITBIS".

The Dominican Republic is the largest holder of the U.S. tariff rate quota (TRQ) for sugar and has received 16.4 percent of the total U.S. October-September 2002/03 worldwide quota or 185,335 metric tons. This figure is unchanged from last year. As of mid-September 2003, the Dominican Republic has nearly filled its quota allocation for the 2002-2003 year. We expect that the full quota for 2003-2004 will also be exported. All Dominican sugar exports under the quota move to the continental United States, except for very small quantities that are shipped directly to Puerto Rico.

In addition to raw sugar exports, other sugar related products are produced for local market and international markets, including molasses, inverted sugar syrups and furfural (a liquid aldehyde used as a solvent for furan or phenolic resin manufacture). According to the Dominican Sugar Institute (INAZUCAR) about 37 million gallons of molasses were produced and 15 million gallons were exported (valued at US\$7 million). Molasses yields were almost 40 kilograms per metric ton sugar cane, with a domestic price of US\$0.06 per kilogram. In addition, 29,500 metric tons of furfural valued at US\$8.8 millions were exported.

There have been no changes to domestic sugar policy during the past year. However, the Dominican peso has undergone a sharp devaluation over the past year, declining from RD\$17 to RD\$34 pesos per US\$1. This devaluation will likely cause upward pressure on the domestic peso price for sugar.

**STATISTICAL DATA** (next page)

**PSD Table**

Country	Dominican Republic						UOM
	Sugar Cane for Centrifugal (1000 HA)(1000 MT)						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official[:	Estimate[1]	USDA Official[:	Estimate[1]	USDA Official[:	Estimate[New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Area Planted	250	250	250	250	0	250	(1000 HA)
Area Harvested	235	235	245	240	0	240	(1000 HA)
Production	5100	5100	5200	5000	0	5100	(1000 MT)
TOTAL SUPPLY	5100	5100	5200	5000	0	5100	(1000 MT)
Utilization for Sugar	5100	5100	5200	5000	0	5100	(1000 MT)
Utilizatn for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	5100	5100	5200	5000	0	5100	(1000 MT)

**PSD Table**

Country	Dominican Republic						UOM
	Centrifugal Sugar (1000 MT)						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official[:	Estimate[1]	USDA Official[:	Estimate[1]	USDA Official[:	Estimate[New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Beginning Stocks	27	27	29	29	28	25	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	460	460	480	490	0	495	(1000 MT)
TOTAL Sugar Production	460	460	480	490	0	495	(1000 MT)
Raw Imports	18	18	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	26	26	26	16	0	15	(1000 MT)
TOTAL Imports	44	44	26	16	0	15	(1000 MT)
TOTAL SUPPLY	531	531	535	535	28	535	(1000 MT)
Raw Exports	183	183	183	183	0	183	(1000 MT)
Refined Exp.(Raw Val)	2	2	2	2	0	2	(1000 MT)
TOTAL EXPORTS	185	185	185	185	0	185	(1000 MT)
Human Dom. Consumptic	317	322	322	325	0	327	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	317	317	322	325	0	327	(1000 MT)
Ending Stocks	29	29	28	25	0	23	(1000 MT)
TOTAL DISTRIBUTION	531	531	535	535	0	535	(1000 MT)