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Required Report - public distribution

Date: 9/28/2016

GAIN Report Number:

Dominican Republic

Sugar Semi-annual 2016

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Report Highlights:

For Marketing Year 2016/2017 (MY16/17), Post forecasts overall production to be higher than MY MY15/16, at 450,000 MT. During MY 15/16, total sugar production reached 378,871 MT. For MY 16/17, Post forecasts exports of raw cane sugar at 185,000 MT, similar to MY 15/16 and similar to the U.S. tariff-rate quota (TRQ) level of the past years. During MY 16/17, Post forecasts imports of 140,000 MT, slightly less than the 169,000 MT imported during MY 15/16.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

For MY 2016/2017 (MY 16/17), Post forecasts overall production to be higher than MY15/16, at 450,000 MT, based on expected return to normal rainfall patterns and a rebound in production yields, mainly agricultural.

According to the Dominican Sugar Institute (INAZUCAR) and Post research, total sugar production reached 378,871 MT during MY 15/16, comprised of 248,658 MT raw and 130,213 MT refined. This represents a 24% decrease in total sugar production compared to MY 14/15 (495,979 MT).

SUGAR PRODUCTION IN DR MY 14/15 AND MY 15/16 MT

Mill	MY 14/15*		MY 15/16	
	Raw	Refined	Raw	Refined
Central Romana	152,626	166,011	102,345	130,213
Grupo Vicini (Cristobal Colon)	90,384	10,065	96,521	0
Consorcio Azucarero Central (Barahona)	63,281	0	35,739	0
Azucarera Porvenir	13,612	0	13,983	0
TOTAL	319,903	176,076	248,658	130,213

Source: Dossier Zafra Azucarera 2014-2015 (INAZUCAR)

*Market year begins in November and ends in October.

Although producers such as Central Romana and Consorcio Azucarero Central had plans to increase their production during MY 15/16, the lasting impact of the drought that has affected the country during the past two years was underestimated.

As shown in the chart above, a 27% (86,079 MT) decrease in total sugar production from the largest private producer (Central Romana) was key to the overall decrease in production. Consorcio Azucarero Central had a 44% (27,542 MT) decrease in raw sugar production. Also, Grupo Vicini (Cristobal Colon) had a 4% (3,928 MT) decrease in total sugar production, both raw and direct white. On the other hand, Azucarera Provenir slightly increased their production based on better rainfalls in their production zones.

Consumption:

No important changes in consumption are expected for MY 16/17. During MY 15/16 annual domestic consumption remains stable at an estimated 390,000 MT. Of this total, the Dominican market consumes approximately 52% raw sugar and 48% refined. Based on information obtained from INAZUCAR, imports of raw sugar are expected to remain high in the coming year.

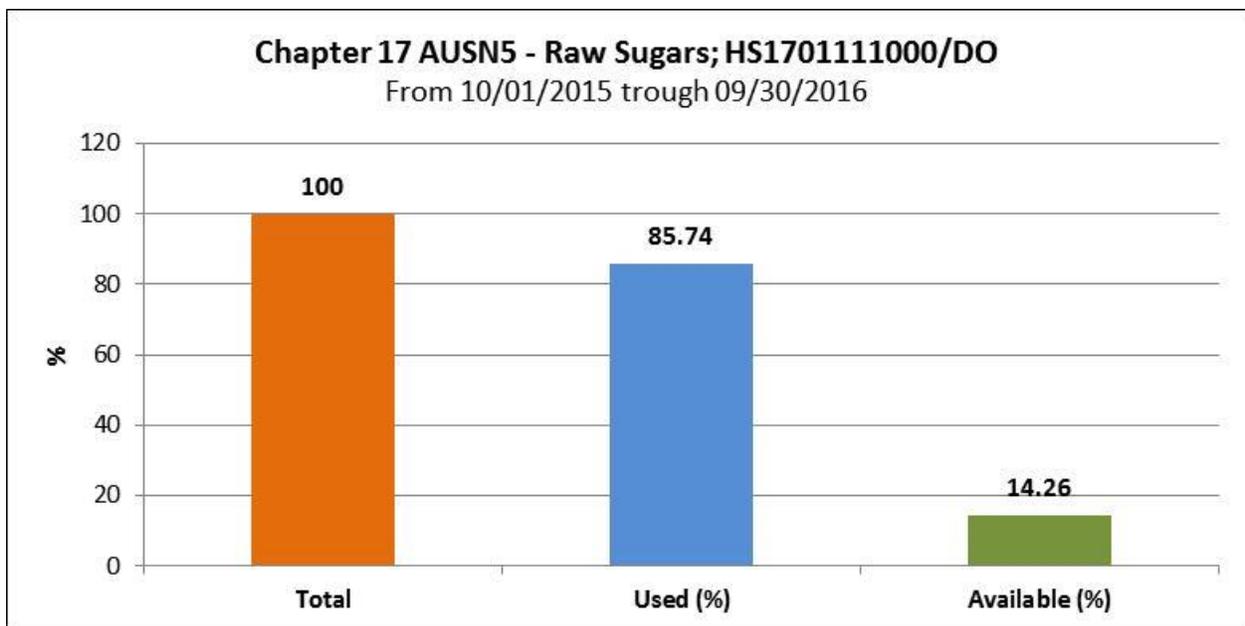
Trade:

For MY 16/17, Post forecasts exports of raw cane sugar at 185,000 MT, similar to MY 15/16 and similar to the U.S. tariff-rate quota (TRQ) level of the past years. The forecast is based on expected increases in overall production and needed stock levels for local consumption. Post does not expect the DR to ship sugar to the European Union (EU) during the upcoming MY due to lower prices compared to the US market.

During MY 15/16, total exports of raw cane sugar will total 186,000 MT (final data not yet available), slightly down from 186,236 MT during MY 14/15. The decrease in exports is due mainly to a decrease in overall production.

The U.S. market remains the most important one for the Dominican Republic, and was the solo destination of Dominican exports during MY 15/16. 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.

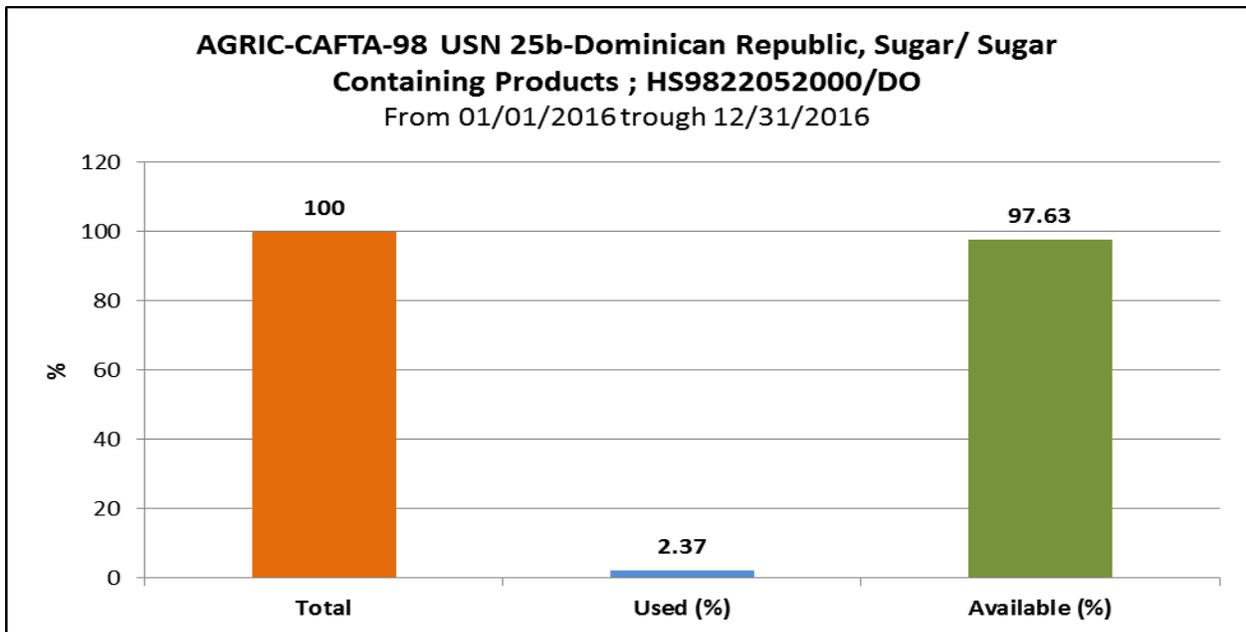
During Fiscal Year 2016 (FY 2016), the Dominican Republic received the largest single country allocation for the annual U.S. tariff-rate quota (TRQ): 185,335 MT, out of a total of 1,117,195 MT assigned. The country also received two additional allocations during the year: 1) 15,897 MT; and 2) 15,000 MT; for a total allocation of: 216,322 MT. According to the latest U.S. Customs and Border Protection (CBP) report, the Dominican Republic has filled 85.74% of the total assigned TRQ.



Source: Build by Post with the report from www.cbp.gov/trade/quota/commodity-graph-report

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 2016 (CY 2016) the Dominican Republic received a quota allocation of 12,000 MT, but has only used 285 MT (2.37%). Post expects this quota to be available for the Dominican Republic during CY 2017.



Source: Build by Post with the report from www.cbp.gov/trade/quota/commodity-graph-report

During MY 16/17, Post forecasts imports of 140,000 MT when shortfalls in production to supply local demand and the US TRQ are expected. During MY 15/16, due to shortfalls in production, sugar imports reached 169,000 MT (112,000 MT of raw sugar and 57,000 MT of refined); a 125% increase from the quantity imported during MY 14/15.

According to INAZUCAR, during MY 15/16 the Dominican Republic will import 170,000 MT of raw sugar following an important shortfall in domestic production during the year.

Stocks:

For MY 16/17 Post forecasts stocks to reach 39,000 MT, slightly higher than the 24,000 MT estimated for MY 15/16. Producers hold the lion's share of stocks, which typically range from 20,000 to 50,000 MT.

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

Production, Supply and Demand Data Statistics:

Sugar Cane for Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2016		Nov 2017	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	105	105	113	113	115	110
Area Harvested	105	105	113	113	115	110
Production	4535	4535	5000	4000	5400	5000
Total Supply	4535	4535	5000	4000	5400	5000
Utilization for Sugar	4535	4535	5000	4000	5400	5000
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	4535	4535	5000	4000	5400	5000

(1000 HA) ,(1000 MT)

Sugar, Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Dominican Republic	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	57	57	52	52	55	24
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	496	496	500	379	510	450
Total Sugar Production	496	496	500	379	510	450
Raw Imports	75	75	78	112	70	110
Refined Imp.(Raw Val)	0	0	0	57	0	30
Total Imports	75	75	78	169	70	140
Total Supply	628	628	630	600	635	614
Raw Exports	186	186	185	186	200	185
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	186	186	185	186	200	185
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	52	52	55	24	45	39
Total Distribution	628	628	630	600	635	614

(1000 MT)