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Dominican Republic

Grain and Feed

Rice Production and Trade Update

2004

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Report Highlights:

Heavy rains in the main Dominican rice production areas in late May 2004 led to a moderately smaller rice harvest of 280,000 metric tons. Political considerations were likely the driving force in unusually large rice imports of 82,000 metric tons during the first half of the year.

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

Executive Summary

Heavy rains in the main Dominican rice production areas in late May had a moderate effect on the principal Dominican rice crop, which is harvested in the May-June period. Although flooding was severe in some nonagricultural areas, with considerable loss of life, the main rice-producing region did not experience severe damage. Post estimates for 2004 production are being reduced by 25,000 metric tons to 280,000 to reflect the smaller harvested crop. Estimates for the 2005 crop are for no change in planted area and a return to a production level of 300,000 metric tons. Political considerations may have an impact on future rice production, since the rice industry will likely not receive as much support as it did under the President Hipólito Mejía, who lost his reelection bid in May 2004.

Consumption in 2004 has shown modest growth over the first half of the year, in spite of domestic price increases. Population growth, cross-border trade with Haiti, and higher demand from the tourist sector appear to be main reasons for the increase. Domestic consumer rice price increases, mainly due to the devaluation of the peso, will limit any larger increase of rice consumption. As a result, Post's estimate for 2005 consumption remains at 335,000 tons.

The moderately lower rice crop in 2004, implied imports of 25,000 to 35,000 metric tons to meet normal market requirements. However, the presidential election held in the Dominican Republic on May 16, 2004, seems to have had an impact on rice imports. The typical period in which the Dominican Republic must import rice is during January-April, prior to the beginning of the main harvest in May. In order to ensure ample rice supplies leading up to the election, it appears that permits were granted for unusually large rice imports. These decisions were made well before the weather-related problems occurred in late May. Also, since domestic rice prices are roughly double international prices and imports were authorized without applying normal import duties of 20 percent, profits in excess of one hundred percent on the sale of the rice into the domestic market may well have influenced the levels imported. Imports for 2005 are expected to return to more market-driven levels of 35,000 metric tons.

Current Dominican prices at the wholesale level for the two higher-quality rice varieties called "selecto" and "super selecto" are in the range of US\$ 0.30-0.33 per pound. Retailers in turn sell it at about US\$ 0.40-0.60 per pound. The landed cost of higher-quality imported milled rice from the United States is US\$ 0.18-0.19 per pound.

PSD Table

Country Commodity	Dominican Republic						UOM
	Rice, Milled						
	2003		2004	Estimate	2005	Forecast	
	USDA Official	Revised Estimate [1]	IA Official	Estimate [1]	IA Official	Estimate [New]	
Market Year Begin	01/2003		01/2004		01/2005		MM/YYYY
Area Harvested	97	97	97	82	0	97	(1000 HA)
Beginning Stocks	72	63	20	25	110	52	(1000 MT)
Milled Production	315	315	305	280	0	300	(1000 MT)
Rough Production	485	485	469	431	0	462	(1000 MT)
MILLING RATE (.9999)	6500	6500	6500	6500	0	6500	(1000 MT)
TOTAL Imports	8	8	150	82	0	35	(1000 MT)
Jan-Dec Imports	150	8	75	82	0	35	(1000 MT)
Jan-Dec Import U.S.	0	8	0	82	0	35	(1000 MT)
TOTAL SUPPLY	395	386	475	387	110	387	(1000 MT)
TOTAL Exports	20	31	0	0	0	0	(1000 MT)
Jan-Dec Exports	0	31	20	0	0	0	(1000 MT)
TOTAL Dom. Consumpti	355	330	365	335	0	335	(1000 MT)
Ending Stocks	20	25	110	52	0	52	(1000 MT)
TOTAL DISTRIBUTION	395	386	475	387	0	387	(1000 MT)