Dominican Market Remains Strong

By Carlos Suarez and Wagner Mendez

Sustained economic growth in the Dominican Republic has increased the demand for U.S. foods, resulting in greater opportunities for U.S. suppliers. Overall, the Dominican economy has maintained an annual growth rate of more than 7 percent for the past five years—pretty impressive compared to the doldrums of many countries' economies in the last two years, and especially so when you consider that the Dominican Republic's economy was hit hard by Hurricane Georges in 1998.

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What's Driving the Market Higher

U.S. culture significantly influences Dominican consumer tastes. More than 1 million Dominicans live in North American cities. The influence of these expatriates, combined with messages from cable TV, music and movies, has resulted in U.S. culture being incorporated into Dominican society.

In addition, the Dominican Republic is a growing tourist destination in the Caribbean, with more than 50,000 hotel rooms and a yearly hotel room growth rate of almost 10 percent. The high tourist activity and the growing number of fast-food restaurants are contributing significantly to increased import food demand.

Throughout the country, supermarkets are becoming more important as major distributors of food. They are more likely to sell imported products than the traditional smaller grocery stores. Several foreign supermarket chains such as PriceSmart from the United States and Carrefour from France have outlets in the country.

At the same time, small local supermarkets are designing strategies to compete with the giants. In 2001, the owners of a group of smaller supermarkets created an association to procure their products directly from suppliers in order to take advantage of lower prices and better compete with large supermarkets.

The Dominican food processing industry is also expanding, creating demand for imported ingredients. There are approximately 105 major food processing companies, of which 25 percent

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process flour; 19 percent, milk and its byproducts; 13 percent, fruits; and 10 percent, vegetables.

Consumer Choices Changing

The traditional Dominican diet includes three meals a day, with the midday meal usually the largest. Among the middle class, a typical breakfast includes bread, eggs, ham, fresh fruits, salami and vegetables. Low-income consumers eat vegetables with eggs, milk, salami and coffee. Lunch usually consists of rice, beans, meat (chicken, beef or pork) or pasta and salad.

However, in most urban areas, Dominicans are changing both their number of daily meals and the types of foods they eat. Office workers usually do not go home for lunch, and they prefer to eat lighter meals with snacks or eat at fast-food restaurants. Some employers subsidize their employees' lunches so they do not have to leave the work area. In Santo Domingo (the capital), because of the distance and traffic, very few workers have lunch at home. There is a trend of switching from staples to more ready-to-eat foods.

Dominicans are also becoming more health-conscious in their food choices. Many supermarkets now have special sections featuring foods lower in saturated fat, cholesterol and sugar.

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Best High-Value Product Prospects

- Alcoholic beverages
- Red meats
- Seafood
- Frozen vegetables
- Fresh fruits
- Dried fruits and nuts
- Dairy products
- Chocolate
- Instant coffee and tea
- Fruit juices
- Pet foods

Exporter Business Tips

Although not currently enforced, regulations call for all products entering the Dominican Republic to be labeled in Spanish, the official language. A complementary label may be used when the original label is not written in Spanish. It must specify the brand name, the precise name of the product, the ingredients and the net weight of the final product. It must also specify the name and address of the producer and importer, the country of origin, the identification of the production batch code, the expiration date and instructions for using the product.

Consumer foods must be registered with the Dominican Department of Health, which issues a sanitation certificate that must be printed on the product label. The trademark must also be registered with the Ministry of Trade and Commerce. It takes two to four months to process registrations. Employing a local expert can smooth the process.

All shipments valued at more than $100 must include a bill of lading, consular invoice, insurance certificate and import permit from the Central Bank. A sanitary certificate from the Ministry of Agriculture is necessary for importing animals, plants and products such as fresh dried fruits and vegetables.

Tariffs range from 0 to 40 percent on most agricultural products. However, there is a tariff rate quota (TRQ) on some basic food items such as beans, chicken, corn, garlic, milk, onions, rice and sugar. Above the TRQ, tariffs range from 74 to 162 percent of the cost, insurance and freight value. ■

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