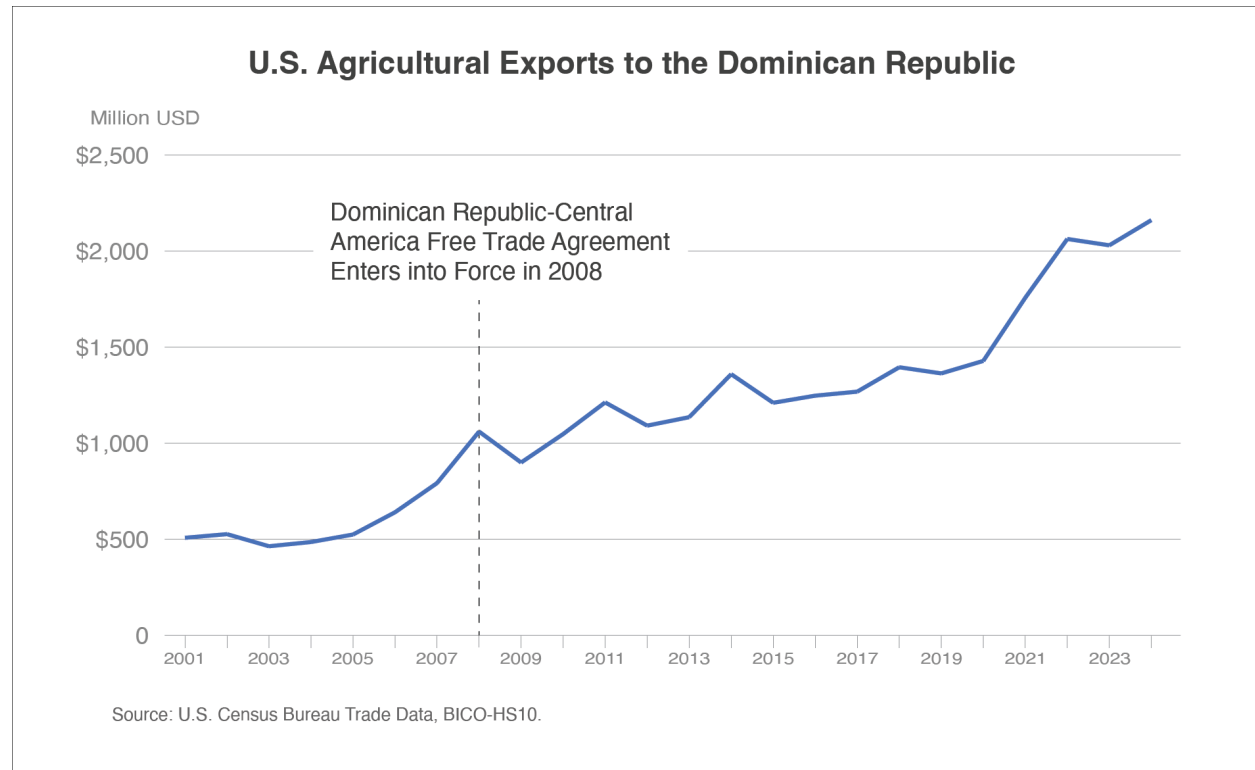


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U.S.-Dominican Republic Agricultural Trade: Growth and Opportunities Ahead

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Executive Summary

The United States is a major trading partner with the Dominican Republic (DR). The DR is the largest economy in the Caribbean and the seventh-largest economy in Latin America. Since the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) went into effect for the DR in 2007, U.S. agricultural exports to the DR have increased from \$1 billion in 2007 to \$2 billion in 2024. The schedule called for the elimination of all tariffs on U.S. exports to the DR as of January 1, 2025. Consumer-oriented products comprise the largest percentage of U.S. agricultural exports to the DR, with potential for further growth as the DR's economy continues to expand.

Macroeconomic Perspective

The DR is the largest economy and the third-most-populous country in the Caribbean. The DR is the 14th-largest export destination for U.S. agricultural products, importing \$2.2 billion in 2024, a 6-percent increase from 2023. Further stabilization of the economy from the COVID-19 pandemic will increase demand for imported agricultural products. The Economist Intelligence Unit highlights that the DR has experienced rapid growth during the past decade, with a projected real gross domestic product rise of 2 percent in 2024 and a forecast of 5 percent for 2025. The DR saw a 5-percent decrease in inflation in 2024, and experts forecast further declines.

The DR has transitioned from an agriculture-dependent economy to a hybrid economy, bolstered by tourism, services, manufacturing, and telecommunications. Government support has spurred urbanization and expanded the middle class, according to the World Bank. According to the Central Intelligence Agency World Factbook, 84 percent of the DR's 10.8 million inhabitants live in urban areas. These developments create favorable conditions for U.S. agricultural exports to the DR, supported by a growing middle class, a booming tourism sector, and an increasingly sophisticated retail food distribution system.

Consumption Trends and Market Drivers

Supermarkets account for only 25 percent of retail sales in the DR, with most consumers preferring traditional channels like *colmados* (neighborhood “mom and pop” convenience stores), public markets, and warehouses that focus on locally produced goods. However, internet and broadband infrastructure investments are paving the way for e-commerce, which is expected to grow 18 percent by 2027, according to Euromonitor.

With lower- and middle-income consumers primarily using traditional purchasing channels, most U.S. agricultural exports target the hotel, restaurant, and institutional (HRI) sectors and the food processing industry. The Central Bank of the DR valued the country's food processing industry at \$3 billion as of September 2024, driven mainly by meat processing, wheat milling, bakery products, and dairy processing. The United States remains a significant supplier of meats, dairy products, and other key ingredients to this industry.

The HRI sector is a key economic driver, with more than 11 million visitors in 2024, 53 percent of whom were U.S. passport holders, boosting demand for premium products like beef, pork, and craft beer. The [Global Agriculture Information Network's Food Service - HRI Annual](#) provides more details.

Prospects for U.S. Agricultural Exports

Pork and Pork Products

In 2024, U.S. exports of pork and pork products to the DR totaled \$277 million, which tripled since 2020. The United States is the leading supplier of pork and pork products, with 85 percent of the total pork exports to the DR. Pork and pork products are the top agricultural export from the United States to the DR. Increased U.S. exports to the DR have continued to account for a major share of domestic consumption since 2022, following the impacts of African swine fever on domestic production as well as steady consumption growth.

Dairy Products

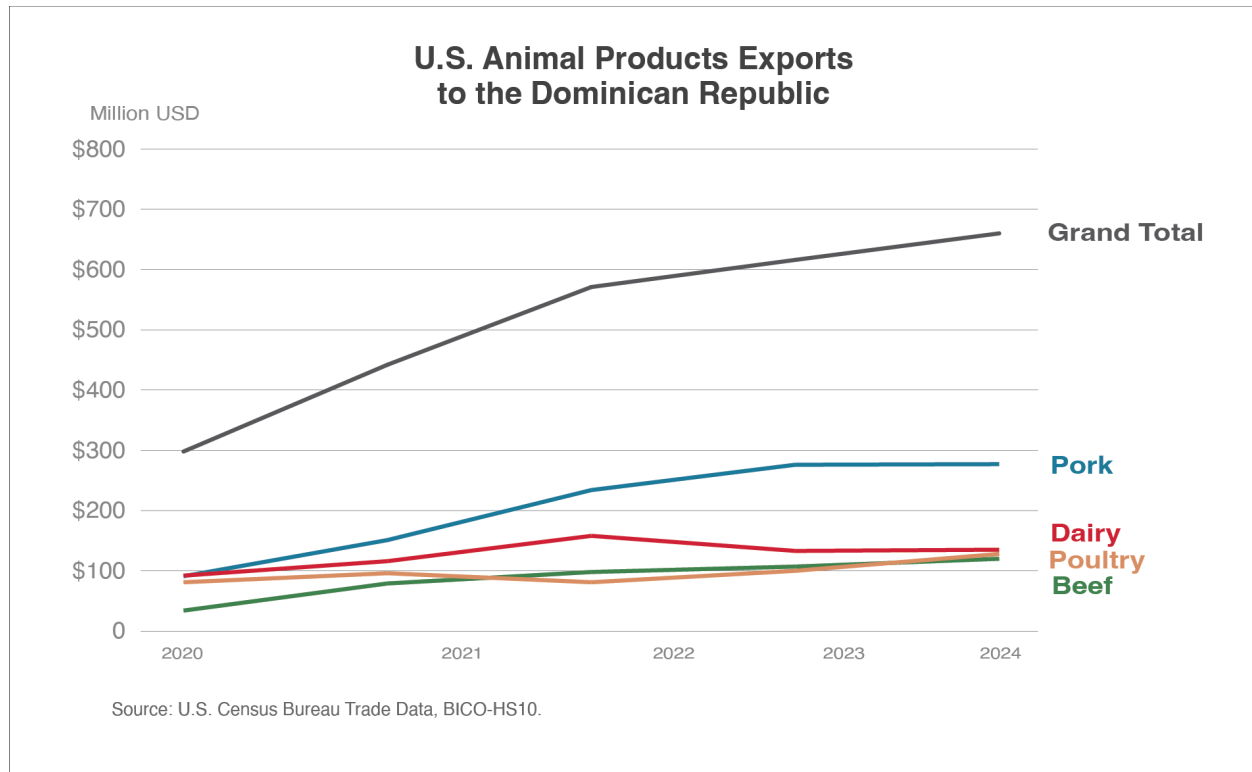
In 2024, U.S. exports of dairy products to the DR reached \$135 million, a 47-percent increase since 2020, making the United States the second-largest dairy supplier after the European Union (EU), holding a 25-percent market share. The food processing industry uses U.S. dairy exports for ultra-pasteurized milk and confectioneries, while the HRI sector and retail outlets also favor them. According to the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) Santo Domingo, variety and quality make U.S. cheeses competitive compared to domestically produced cheese. U.S. cheese has 38 percent of the market share compared to the EU's 59 percent share. The full implementation of the CAFTA-DR should give the U.S. dairy industry a competitive advantage in relation to the EU.

Beef and Beef Products

In 2024, U.S. exports of beef and beef products to the DR totaled \$120 million, quadrupling since 2020. The United States supplied 96 percent of the total beef and beef products exports to the DR. Geographic proximity and the demand for high-quality cuts, particularly in food service and retail, contribute to the rise in exports. Additionally, with U.S. passport holders making up more than 50 percent of visitors in 2024, there is a strong demand in the Dominican HRI sector to provide U.S. beef and beef products.

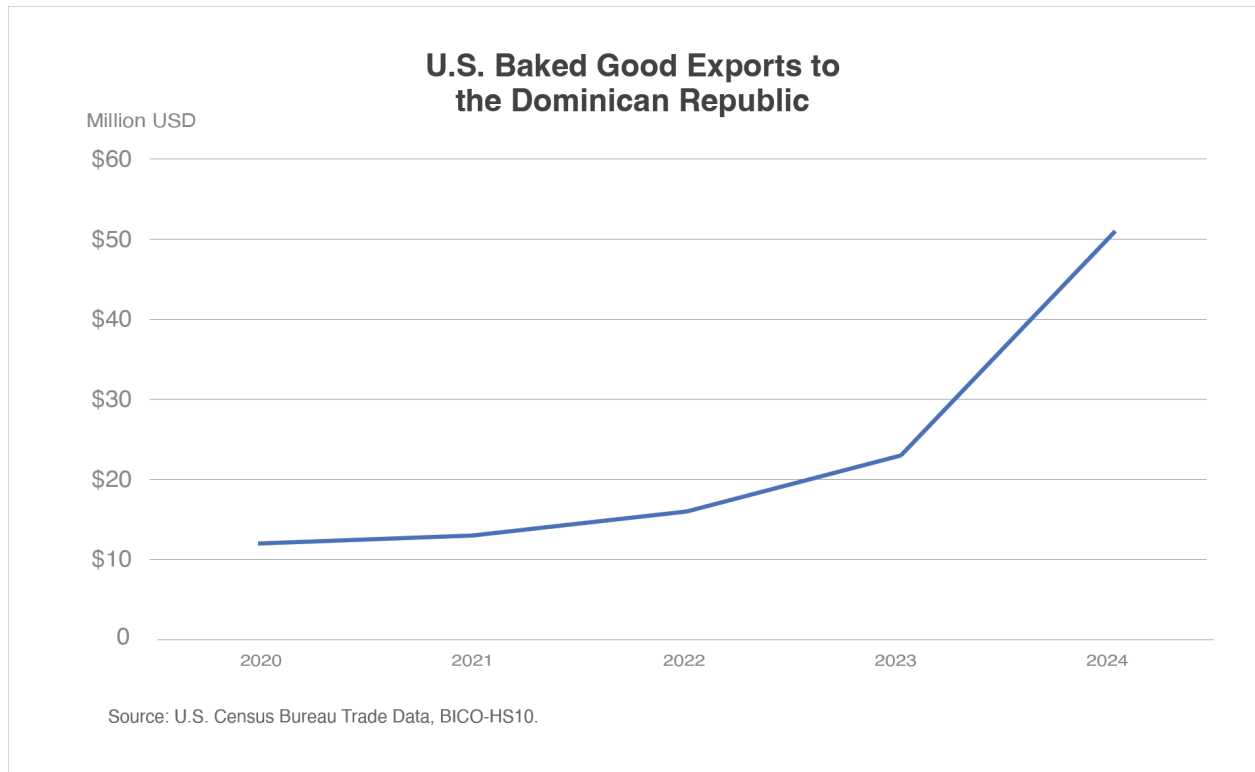
Poultry and Poultry Products

In 2024, U.S. exports of poultry and poultry products to the DR totaled \$128 million, a 57-percent increase since 2020. This was primarily due to higher prices, with the United States supplying 74 percent of total poultry imports. Meat processors primarily use poultry, with rising demand in the HRI sector and retail and in use for meat processing. The influx of U.S. and Canadian visitors has led many restaurants and resorts to import U.S. poultry due to high quality and preference. Additionally, Dominicans are shifting to poultry due to increased prices in both beef and pork locally. The DR also primarily uses imported meat in meat processing.



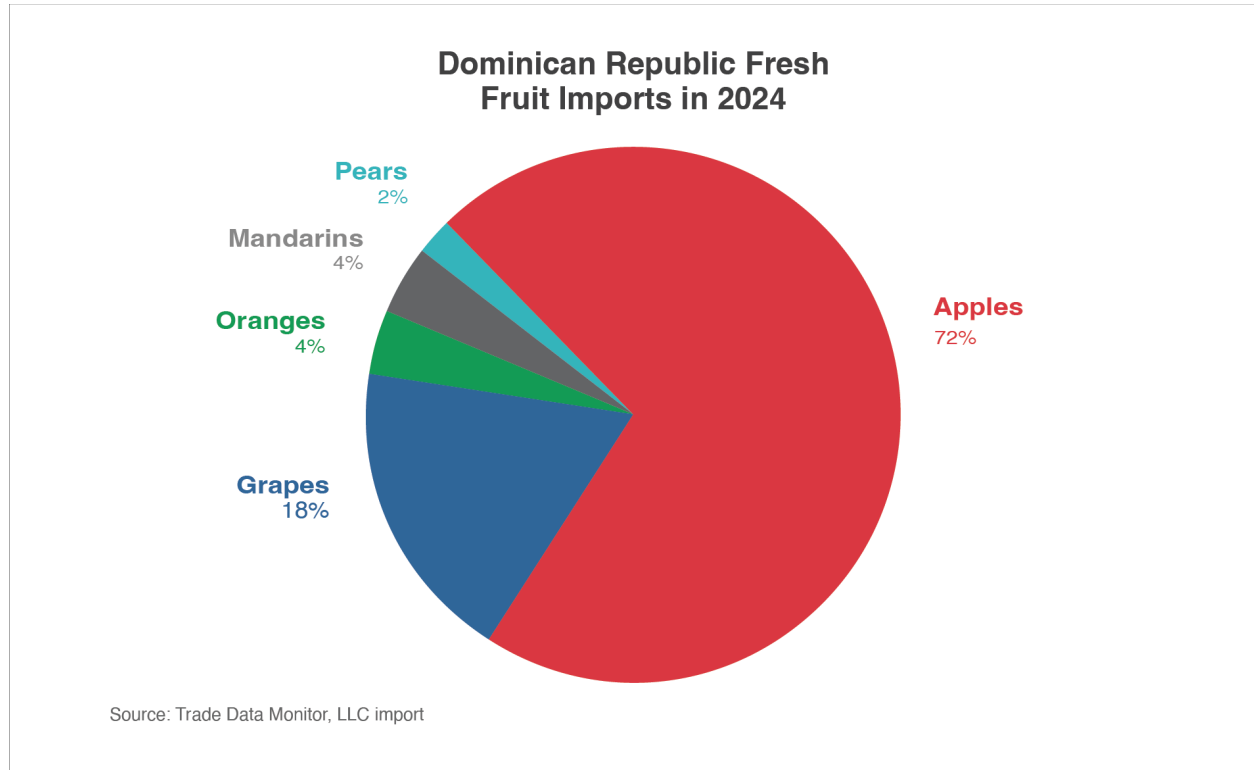
Baked Goods

U.S. exports to the DR rose 10 percent between 2020 to \$50.9 million in 2024 for bakery goods. Corn chips and frozen pastries lead the way. According to S&P Global, there is a growing popularity for less traditional options, such as baguettes, milk bread (bread made using milk instead of water), and croissants, especially in modern grocery outlets and e-commerce. There will be a rise in demand for nontraditional breads, especially breads that consumers consider healthier, such as whole-grain or multigrain products. With a growing youth population in the DR, there has been an upward trend in the consumption of snacks, particularly chips.



Fresh Fruit

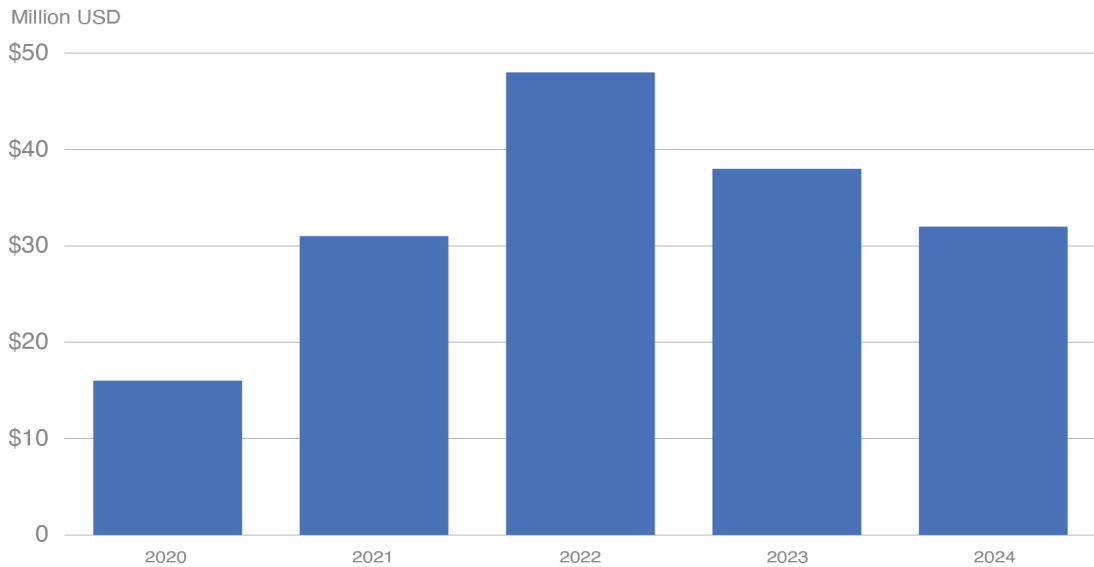
U.S. exports of fresh fruit to the DR increased fourfold from 2020 to \$51 million in 2024, making the United States the leading supplier with a 58-percent market share. Other top suppliers are Chile and Peru. The DR primarily imports apples, pears, and grapes. According to FAS Santo Domingo, the United States mostly exports apples, with a 91-percent share of the Dominican market. However, the United States is not the top exporter of pears or grapes to the DR. Chilean pears and Peruvian grapes account for 51 percent and 61 percent of their respective markets. The U.S. will phase out tariff rates on fresh fruit exports in 2025, while Chile and Peru will continue to face a 21-percent tariff rate on fresh fruit, creating an opportunity for U.S. exporters.



Distilled Spirits

U.S. distilled spirit exports to the DR rose 98 percent from 2020 to \$32 million in 2024. The United Kingdom is the top supplier, with a 62-percent market share, while the United States has a 5-percent market share. Other top suppliers are the EU, Mexico, and Costa Rica. Euromonitor predicts a rising demand for distilled spirits due to economic stabilization and increased tourism. Demand for dark rums and whiskies, especially bourbons, is recovering to pre-pandemic levels, with potential growth in vodka and gin, as local consumers shift from white rum to a greater variety of distilled spirits.

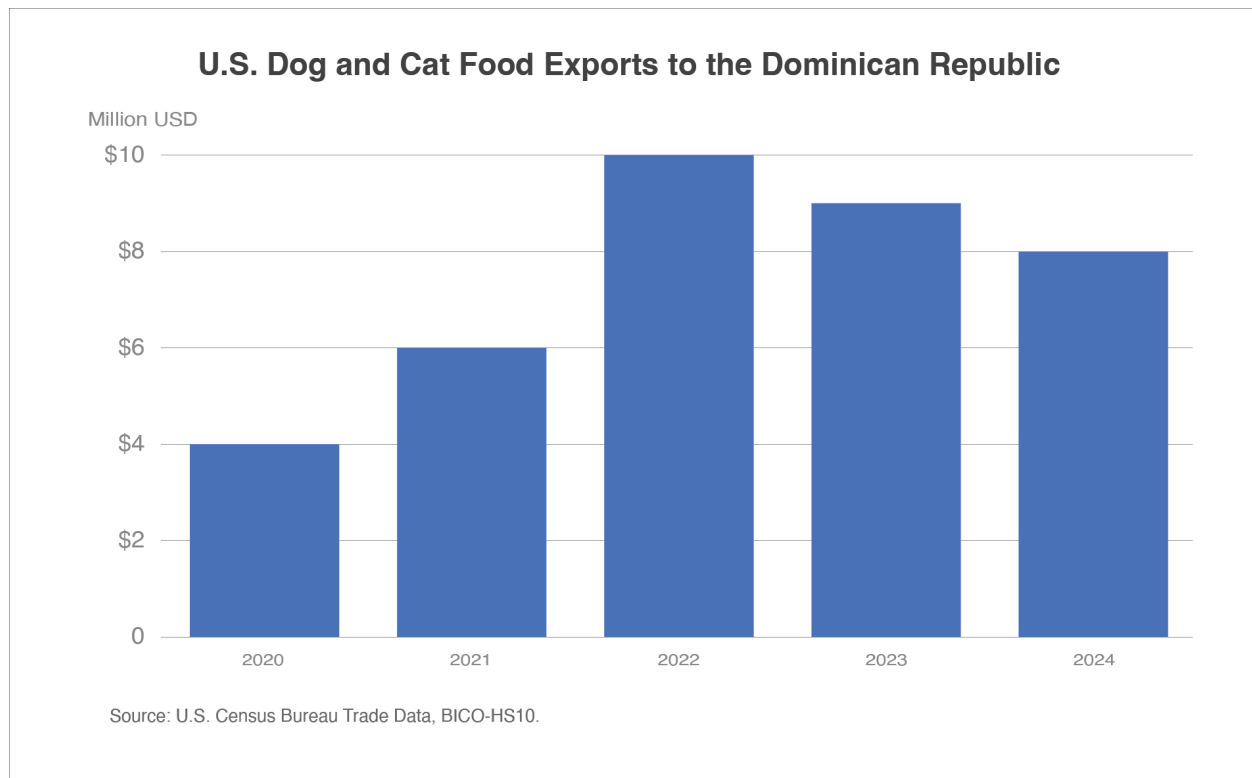
U.S. Distilled Spirits Exports to the Dominican Republic



Source: U.S. Census Bureau Trade Data, BICO-HS10.

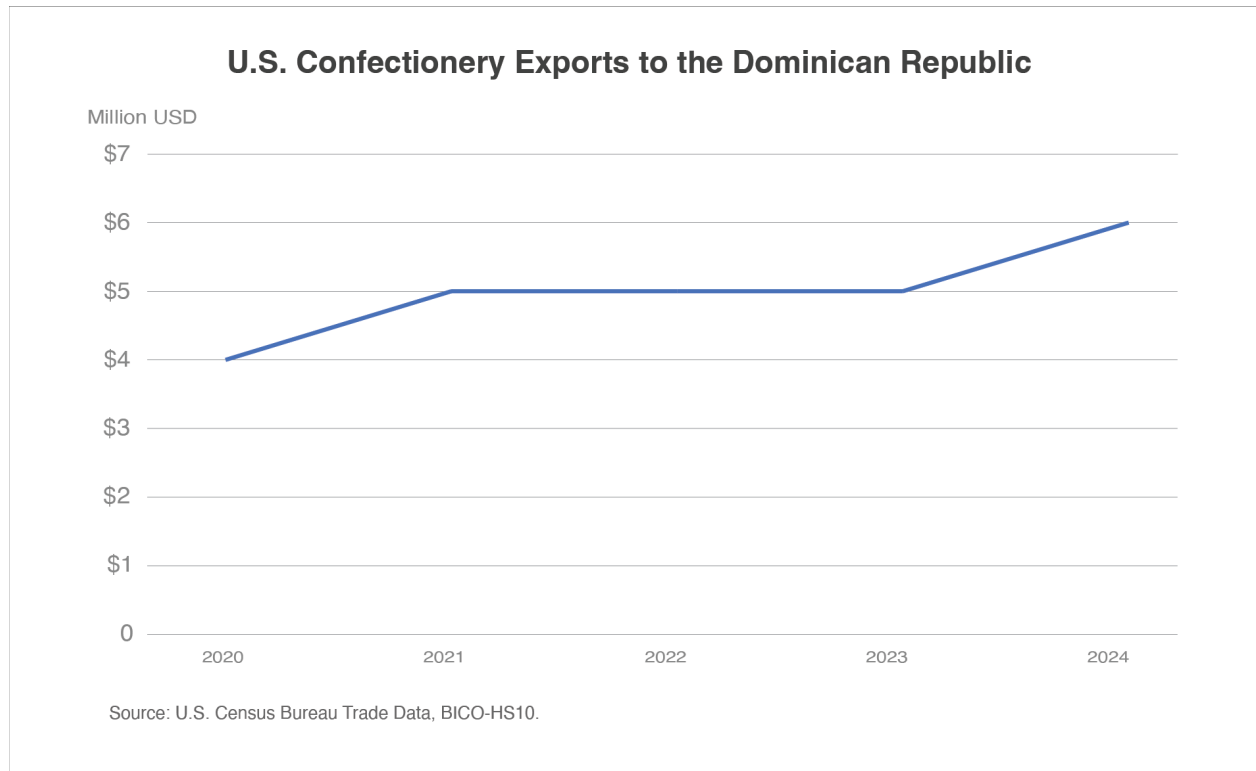
Pet Food

U.S. dog and cat food exports to the DR increased 100 percent from 2020 to \$32 million in 2024, making the United States the leading supplier with a 38-percent market share. S&P Global predicts a 12-percent annual growth in the pet food market, driven by a growing middle class, an increase in pet ownership in Latin America, and stabilized pet food prices. It is an opportunity for U.S. pet food exporters to provide premium products to a burgeoning market.



Confectionery

In 2024, U.S. confectionery exports to the DR reached \$6 million. The United States is the third-top supplier in this market, competing with Guatemala and Mexico. According to FAS Santo Domingo, the DR has a sizeable sugar confectionery market, with the total retail value of sugar confectionery sold in the country amounting to approximately \$48 million in 2024. Local consumers have become more health-conscious, and there is a growing demand for low-sugar confectionery options. In 2024, the low-sugar confectionery sector experienced a notable 13-percent growth, indicating a substantial opportunity for increased exports in this category.



Trade Policy

The CAFTA-DR Agreement includes the United States, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the DR. This agreement has liberalized trade, leading to a 126-percent increase in U.S. agricultural exports to the DR since the agreement entered into force for the DR in 2007. The CAFTA-DR Agreement scheduled for the elimination of all tariffs for U.S. exports by January 1, 2025. However, the DR has not phased out a tariff-rate quota for U.S. rice.

As reported by the U.S. Department of Commerce's International Trade Administration, the DR has joined free trade agreements with the Caribbean Community and the Caribbean Forum-European Community and has a preferential trade agreement with Panama. However, CAFTA-DR is the most significant agreement for the DR. With limited competition from other agreements and most tariffs on agricultural goods scheduled to be phased out by 2025, the United States maintains a competitive edge in the DR's agricultural import market.

Conclusion

The DR is a key trading partner for the United States, being the largest in the Caribbean and the seventh-largest trading partner in Latin America. The full implementation of CAFTA-DR in 2025, along with a growing HRI sector and food processing industry, economic growth, and an expanding middle class, positions the United States as a top agricultural supplier in the coming years. There are opportunities for U.S. agricultural exports to expand, especially in meat products and healthy food options, such as whole-grain bread, fresh fruit, and vegetables.

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