

# AGRIBUSINESS DOSSIER





In the Dominican Republic, there are excellent lands for cultivations of fruits and vegetables all year round; making us an ideal place for agricultural production.

The existence of a local market plus the consumption of more than 5 million tourists that visit us each year, place us within a privileged position to take advantage of the agricultural sector.

The Dominican Republic gives preferential access to approximately 1,200 million consumers worldwide and many advantages to companies doing business in the country, through commercial trade agreements with favorable and flexible rules of origin.

Currently, the Dominican Republic is one of 20 countries with preferential treatment and Free Trade Agreements with the United States (DR-CAFTA) and the European Union (EPA).





## GROWTH AND SECTOR TENDENCIES

Traditionally, the agriculture sector has been one of the main sectors of the Dominican economy. During 2021, this sector contributed to domestic production, measured by gross domestic product, a total of RD\$237,351.9 million, equivalent to US\$4,144.4 million corresponding to 2.6% of total GDP.

In 2021, the food's Industry experienced an increase in the added value of 2.6%. This variation was due to the dynamism shown in agriculture (2.9%), livestock, forestry and fishing (1.1%).

Likewise, the aggregated value for agriculture (2.9%) for 2021, was sustained by the increase in production of several products as: Coffee (11.2 %), cocoa (10.8 %), rice (7.7 %), corn (7.0 %), beans (4.3 %), Sugar Cane (4.0 %), Citric Fruits (3.7 %), Banana (2.4 %), Plantain (2.3 %) y tubers, bulbs and roots (1.6 %).





Regarding livestock, forestry and fishing, the aggregated value presented an increase of 1.1% for 2021, due to the movement of diverse products such as: the production of chicken (10.9%), fishing products (4.6%), eggs (2.3%), and live cattle (0.9%).

The positive performance of this activity corresponds to the government's public policies, which have been directed towards fomenting and motivating agribusiness and Agroindustrial production, with the goal of guaranteeing food supplies and expanding agricultural exports. Among the policies adopted by the Dominican government to ensure food security and expand exports of agricultural items, it can be highlighted:

- Support services for land preparation
- Dispensation of materials for the Sow.
- Distribution of fertilizers and pesticides
- Technical assistance
- Facilities financing small and medium producers .

The Dominican Republic stands out as one of the largest exporters of agricultural and livestock products in the region. During 2021, it stood out as:

\* **Main exporter of cigars worldwide.**



\* **Second Exporter of Cacao to Latin America and ninth Worldwide.**



\* **First Supplier of Rum to Latin America and the Caribbean and Sixth worldwide.**









## ► TRADITIONAL EXPORTS

### Dominican Exports Values in US\$millions

Products/Years	2020	2021
Cigars	788	1,047.2
Rum	79	112
Cocoa	181	204

Source: DataMarket, with Data from the General Directorate of Customs, DGA, for its acronym in Spanish.



## ► CIGARS EXPORTS VALUES IN US\$MILLIONS

Country	2021
<b>Total</b>	<b>1047</b>
<b>Subtotal</b>	<b>1027</b>
United States	959
Germany	25
Belgium	8
Spain	6
Arab Emirates	6
Russia	6
Netherlands	5
Switzerland	5
Canada	5
Hong Kong	2

Source: DataMarket, with Data from the General Directorate of Customs, DGA, for its acronym in Spanish.



## LEGAL FRAMEWORK - INCENTIVES

The Dominican Republic offers great investment opportunities for development of agriculture projects, like the establishment of a zero (0%) sole tax rate and the exemption from the application of the ITBIS tax on equipment and machinery purchasing transactions, to be used in the agribusiness industrial process. They can also benefit from the following laws:

### **I. Incentives given by Law No. 392-07 on Industrial Competitiveness and Innovation.**

- Exemption from payment of the Industrialized Goods and Services Transference Tax (ITBIS) at the General Customs Administration (DGA) for raw materials, industrial machinery, and capital goods, and zero (0%) percent duties as a result of the implementing of DR-CAFTA, as well as other capital goods and raw materials that enjoy zero percent (0%) tariffs.
- The application of equal considerations upon the purchasing of perishable goods produced within national territory.
- Any raw materials or goods that require additional processing may be sent to other companies within the same regime anywhere in the country, they return transformed or processed in a nonrenewable period no longer than six (6) months.
- These raw materials or goods shall be excluded from the payment of all import taxes, tariffs, customs duties, and other related obligations. The previous, in all cases shall be called "Partial Processing."

### **II. Incentives given by Law No. 84-99 on Incentives to Foment Exports.**

- Temporary Entrance Regime for Active Corrections, which allows certain products originating outside the free zones, to enter customs territory exempt from all taxes or duties provided, to be re-exported in a period no longer than 18 months from the time they entered the customs territory.

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<sup>2</sup> Trademap, 2019





## PRIMARY AGRIBUSINESS COMPANIES ESTABLISHED IN THE COUNTRY

Company	Country of Origin	Year of Establishment	Product
Banacaribe	Venezuela	2012	Organic and non-organic bananas.
Biotropic	Germany	1997	Organic Bananas.
Industria Banilejas	Dominican Republic	1945	Toasted ground coffee.
Frito-Lay Dominicana	Canada-United States	1996	Snacks.
Goya Santo Domingo	United States	1936	Coconut cream and milk, among others.
INASCA	Canada	1983	Palm oil.
La Fabril	Ecuador	1980	Vegetable oil, margarine, milk, among others.
Melysol	France	2005	Cantaloupe.
Nestlé Dominicana	Switzerland	1999	Parmalat milk, Carnation evaporated milk, among others.
Quala Dominicana	Colombia	2011	Chicken bouillon, (el Criollito y Ricostilla), among others.

Source: DataMarket, with Data from the General Directorate of Customs, DGA, for its acronym in Spanish.





## GOVERNMENT ENTITIES RELATED TO THE SECTOR

\* **Ministry of Agriculture:** Authorized institution by law, to oversee and supervise the proper development of the Agribusiness Sector. [www.seic.gov.do/](http://www.seic.gov.do/)

\* **PROINDUSTRIA:** It's the body responsible for overseeing the new institutional framework which permits the competitive development of the manufacturing industry, proposing to this effect policies and support programs that stimulate industrial renovation and innovation through the fomenting of districts and industrial parks and linking them to international markets. [www.proindustria.gov.do/](http://www.proindustria.gov.do/)

\* **Dominican Agribusiness Board (JAD):** Is the largest Agribusiness private organization in the country and it includes most of the agribusiness and individual farmers associations. Founded in August 1985, with the intention to support, encourage, promote and defend the national agricultural production, by offering direct technical assistance, training, information and services that contribute to technological innovation among farmers. [www.jad.org.do/](http://www.jad.org.do/)

\* **Center for Agricultural and Forestry Development (CEDAF):** Created by the CONEP with support from USAID, is a private nonprofit organization that promotes sustainable development of the agricultural and forestry sector through training, information, and institutional innovation policy analysis and sector strategies, backed by an image of institutional excellence and high credibility in order to stimulate competitive agriculture to help reduce levels of poverty and protect the environment. Founded in 1987 under the name of Agricultural Development Foundation, Inc. (FDA). [www.cedaf.org.do/](http://www.cedaf.org.do/)





## WHY DR?

- The Dominican Republic is a country with great agricultural potential, and is gifted with fertile lands, within the Caribbean region; it has a wide range of altitude and different climates that allow some of the most diverse areas for the cultivation of different crops.
- Coffee is produced in the North zone, Tabaco in the Santiago de los Caballeros Zone, root vegetables in the Province of Espaillat, rice and oil products in La Vega and Bonao; in the Northern zone, one finds the Valley of Constanza, this is a natural center for the production of many kinds of vegetables and flowers. This zone is also a center for pig farmers and poultry producers.
- In the South, in the province of San Juan de la Maguana, the agriculture producers cultivate legumes, like beans. The Province of Peravia is located in this zone and parts of its lands are dedicated to the cultivation of leafy green vegetables. Bananas are also produced in the southern zone.
- In the Eastern part of the country, one finds great lands, dedicated to sugar production and the raising of livestock.





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