USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** January 20, 2026

Report Number: DR2026-0001

Report Name: Structural Gains and Rising Competitiveness of the Dominican Republic's Rice Industry -- A Two-Decade Comparison with the United States

Country: Dominican Republic

Post: Santo Domingo

Report Category: Agricultural Situation, Grain and Feed

Prepared By: Virgilio Mayol

Approved By: Chanda Berk

Report Highlights:

Over the past two decades, the Dominican Republic’s rice sector has undergone a substantial transformation. Improvements in production efficiency, cost structures, and yields have significantly narrowed long-standing gaps with the United States across market prices, production costs, and yields. Retail-equivalent price differences between Dominican and U.S. rice have declined sharply—from approximately 75 percent in 2007 to less than 10 percent in 2025. At the farm level, production costs per hectare in the Dominican Republic are now approximately 18 percent lower than in the United States, while unit production costs have fallen to levels not observed since the late 2000s. The competitiveness ratio between both countries tightened from 2.13 in 2007 to 1.34 in 2024, indicating that nearly two-thirds of the historical cost disadvantage has been eliminated. Taken together, these trends illustrate the extent to which the Dominican Republic’s rice industry has strengthened its competitive position over time.

Table of Contents

1. Introduction

Over the past two decades, the Dominican Republic's rice sector has experienced measurable structural changes that have improved its overall competitiveness. Historically characterized by relatively high production costs, lower yields, and limited alignment with international price benchmarks, the domestic industry has gradually narrowed these gaps through improvements in productivity and cost efficiency.

Reductions in unit production costs, improvements in yields, and closer alignment between domestic retail prices and import-equivalent benchmarks suggest that the sector has become significantly more efficient than it was in the mid-2000s. These changes reflect sustained adjustments at the farm level, including improved irrigation coverage, better field management, and gradual adoption of technological advances and improved production practices.

This report examines trends in market prices, production costs, unit costs, and yields to assess how the competitiveness of Dominican rice production has evolved over time, using the United States as a comparative benchmark.

2. A Narrowing Competitiveness Gap

Across all indicators examined—market prices, yields, production costs, and unit costs—the data point to a consistent and significant trend: the Dominican Republic's rice industry is substantially more competitive today than it was 20 years ago.

Production costs per hectare in the Dominican Republic are now lower than those observed in the United States, reflecting differences in factor use, labor intensity, and production models. At the same time, improved yields have reduced unit production costs to near-historic lows. The competitiveness ratio between both countries declined from 2.13 in 2007 to 1.34 in 2024, indicating that nearly two-thirds of the original cost differential has been eliminated.

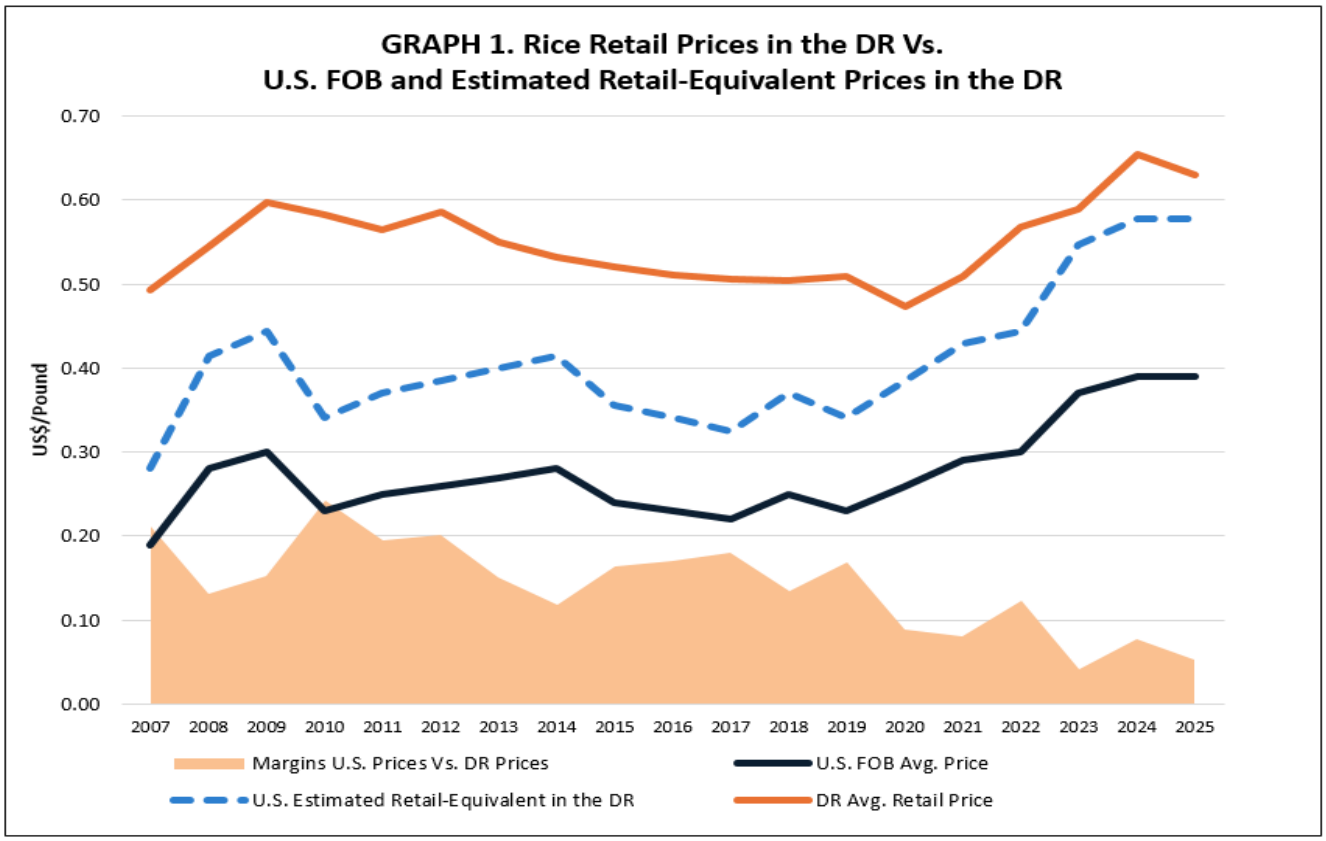
Market prices reinforce the same dynamic. Dominican retail prices, once 50–75 percent higher than U.S. import-equivalent prices, are now only 9 percent higher, and the price margin has narrowed to its lowest point in 2025. This means that U.S. rice entering the Dominican Republic today competes against a domestic product that is both more cost-efficient and more price-aligned with international benchmarks.

3. Price Margins Have Converged Substantially

Since 2007, the average price of rice at the retail level in the Dominican Republic increased by 29 percent, from US$0.49/pound to US$0.63/pound in 2024. Much of that increase happened after the COVID-19 pandemic and the conflict between Russia and Ukraine that impacted prices of oil and inputs worldwide.

With regard to U.S. prices, average free on board (FOB) prices of milled, long grain rice have increased by 105 percent since 2007, from US$0.19/pound to US$0.39/pound in 2025 (January-July). In the case of the Dominican Republic, most of that increase came after 2020 (44 percent).

When comparing average retail prices for rice in the DR with average FOB prices in the United States (milled, long grain) since 2007, DR prices are consistently much higher than U.S. prices, by an average of 50 percent.



Source: Built by Post with data from ERS/USDA, the Ministry of Agriculture of the DR and anecdotal trade information from local importers.

To compare both prices equally, Post conducted interviews with local importers during November 2025, to determine the current cost of importing rice from the United States into the Dominican Republic. On average, importing U.S. rice, including freight, insurance, customs costs, ground transportation and retail margin adds approximately 48 percent to the FOB price in the United States. Using this estimate as a basis, and as shown in Graph 1 above, Post estimates that Dominican rice is currently only 9 percent more expensive than imported U.S. rice. This is a stark contrast with 2007 when Dominican rice was 75 percent more expensive than imported U.S. rice.

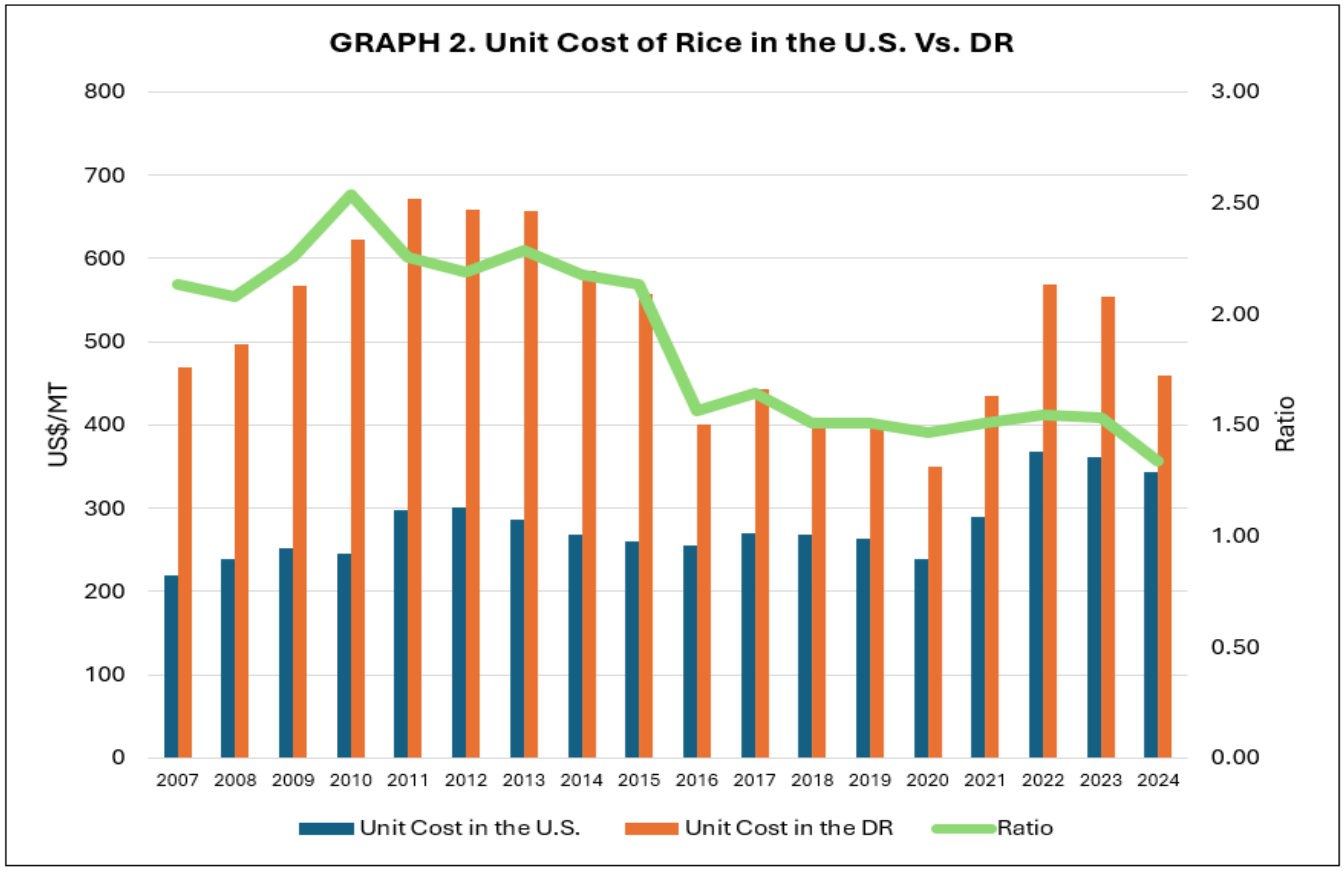
This trend is clearly shown in the shaded margin in Graph 1, depicting the difference between U.S. rice prices (FOB and estimated retail-equivalent) and the Dominican Republic's retail rice prices. In the late 2000s and early 2010s, Dominican retail prices were substantially higher, often by US$0.20/pound. Over time, however, this margin began to shrink and is estimated for 2025 at a mere US$0.05/pound.

This price convergence indicates that domestic rice in the Dominican Republic is now priced much closer to international benchmarks than in the past, reflecting improved competitiveness at the retail level.

4. Unit Costs Reflect Structural Efficiency Gains

The convergence in prices is reinforced by a parallel shift in production economics. The combination of improving yields and stable or declining production costs has resulted in a substantial reduction in unit costs of rice production in the Dominican Republic. In 2007, the cost of producing one MT of rice in the Dominican Republic was US$470. That cost reached highs of US$671 in 2011. However, in 2024 that cost fell to US$459/MT, 2 percent lower than in 2007 and 32 percent lower than in 2011.

In contrast, U.S. unit costs of rice have increased in parallel with rising input prices, including fertilizers, chemicals, machinery, and energy. According to ERS/USDA data, as production costs per hectare increased, the U.S. cost per ton has moved upward by 56 percent from US$220/MT in 2007 to US$344/MT in 2024.



Source: Built by Post with data from ERS/USDA and the Ministry of Agriculture of the DR.

The competitiveness ratio presented in Graph 2 above measures the relationship between the cost of producing rice in the Dominican Republic and the cost of producing rice in the United States. A ratio above 1 means production is more expensive in the Dominican Republic; a ratio below 1 would mean the opposite.

In 2007, the estimated ratio stood at 2.13 meaning that it was 113 percent more expensive to produce rice in the Dominican Republic compared to the United States. In 2024, the ratio has fallen to 1.34, indicating that Dominican rice production is now only 34 percent more expensive than in the United

States — a dramatic improvement in competitiveness. This evolution reflects a substantial narrowing of the cost gap between both countries. In fact, the Dominican Republic has closed nearly two-thirds of the competitiveness gap it had with the United States since 2007.

5. Production Cost Structures Explain the Shift

When comparing costs of production of rice between the United States and the Dominican Republic, total production costs per hectare are lower in the Dominican Republic (US$2,647) than in the United States (US$3,235). However, the structure of those costs differs profoundly according to the production models of each country. These structural differences in production models explain why the cost gap has tightened even as input profiles remain fundamentally different between both countries.

TABLE 1. Average Costs of Production of Long Grain Rice in the United States and the Dominican Republic (US$/HA)

Cost Category	United States	Dominican Republic	Structural Differences
Seeds	305	≈ 80	DR uses mostly conventional or national seed varieties; U.S. utilizes conventional varieties as well as certified hybrids.
Fertilizers	430	≈ 175	Fertilizers represent one of the largest variable costs; partly subsidized in DR.
Chemicals (pesticides, fungicides, herbicides)	330	≈ 75	Lower pesticide intensity and frequency in DR.
Fuel, Lubricants & Electricity	311	≈ 15	Reflects large mechanization gap; DR farms depend more on manual labor.
Irrigation / Water	Included in energy	≈ 35	Many DR farms use gravity-fed irrigation managed by state institutions.
Interest in Operating Capital	42	≈ 35	Financing costs similar in relative terms but with higher nominal interest in DR.
Other (labor, land, machinery, admin., overhead)	1,817	≈ 2,232	Represents the dominant share in DR, reflecting high labor participation and land rent.
Total Production Cost	**3,235**	**2,647**	**DR cost ≈ 82% of U.S. cost per hectare.**

Source: Built by Post with data from ERS/USDA Rice Cost Returns Estimates for 2024 and from the Ministry of Agriculture of the DR Rice Cost of Production Estimates for 2023.

In terms of production models, the U.S. rice sector is highly mechanized, capital- and input-intensive, dependent on hybrid seed technology, precision fertilization, and high fuel and machinery costs. In fact, the categories of machinery and equipment, land, and fertilizers are the three dominant components of U.S. rice production costs, together accounting for more than 40 percent of total production expenses. Additionally, according to data from ERS/USDA, costs of production of rice in the United States have increased from US$1,778/HA in 2007 to US$3,235/HA in 2024, an 82 percent cumulative increase over the period.

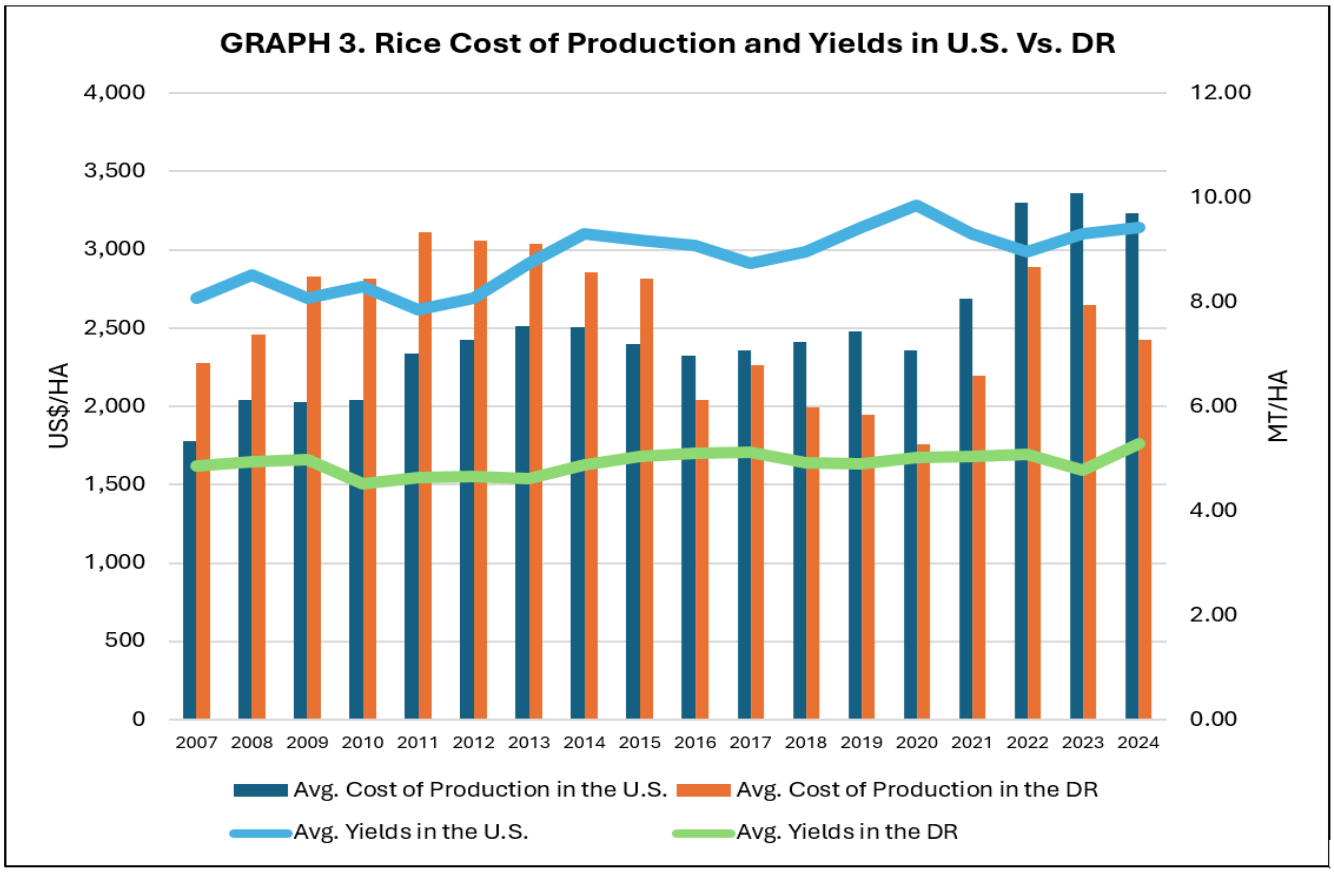
In the case of the Dominican Republic, the production model relies on a labor-intensive, smaller-scale system supported by public irrigation schemes and fertilizer subsidies. More than 80% of total cost of production of rice in the Dominican Republic is concentrated in labor, land, services, and generalized overhead—factors less scalable and more dependent on manual work.

All aspects considered, the cost of producing a hectare of rice in the Dominican Republic is currently 18 percent lower than the cost of production in the United States.

6. Yield Improvements Reinforce Competitiveness

Rice yields in the Dominican Republic have trended upward over the past decade, reaching a historic average of 5.28 MT/HA in 2024. While yields in the United States remain structurally higher, improvements in Dominican yields have played a key role in reducing unit production costs.

Over the past decade, rice yields in the Dominican Republic have shown notable improvements, reducing part of the historical competitiveness gap with the United States. While the United States continues to lead in productivity—averaging approximately 8.5 MT/HA in recent years and reaching 9.42 MT/HA in 2024—Dominican yields have trended upward reaching an average all-time record in 2024 of 5.28 MT/HA.



Source: Built by Post with data from ERS/USDA and the Ministry of Agriculture of the DR.

Graph 3 above clearly shows that although the United States maintains a structural and superior advantage in terms of yields due to hybrid seed technology, precision agriculture, and mechanization, the Dominican Republic has managed to slowly close a portion of the gap through expanded irrigation coverage, improved field management, and greater adoption of certified seeds.

These productivity improvements amplify the impact of lower per-hectare production costs, reinforcing the competitiveness of domestic rice production. If current trends persist and yields continue to rise, the Dominican Republic may further narrow the productivity gap with the United States, especially in irrigated regions where farmers have incorporated better water management and improved the use of available technology.

Attachments:

No Attachments.