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Jamaica

Exporter Guide

Record U.S. Exports in 2016 with Room for Growth

Approved By:

Lisa Ahramjian, Agricultural Attaché

Prepared By:

Courtland Grant, Agricultural Specialist

Report Highlights:

In 2016, exports of consumer-oriented products to Jamaica reached a record level of \$173.7 million. This represents 35.6 percent of total consumer-oriented products imported by Jamaica from all sources, which totaled \$488 million. Although increased competition is expected in the near future due to Jamaica's implementation of free trade agreements with other countries, the U.S. products with good sales potential include: processed vegetables, fish products, fruit and vegetable juices, breakfast cereals, snack products, meats, and wines.

Post:

Kingston

Executive Summary:

Despite the low economic growth prospect for the Jamaican economy, there are good opportunities for U.S. suppliers. Given an insufficient amount of arable land, an underdeveloped food-processing sector, and a growing tourism sector, Jamaica has to import much of its food needs. The U.S. products with good sales potential include: processed vegetables, fish products, fruit and vegetable juices, breakfast cereals, snack products, meats, and wines.

It is recommended that a U.S. exporter who would like to enter the Jamaican market perform in-depth market research to identify potential niches and develop an effective marketing plan. As part of this plan, the U.S. exporter should make contact with local importers/distributors who serve as the principal intermediary between exporters (suppliers) and local consumers (buyers).

Jamaica has a long history of doing business with the United States. This strong interest in U.S. suppliers and products is mainly due to close proximity, long-standing reputation of high quality products, and superior quality of service. However, increased competition from Europe and Canada are expected in the near future. It should be noted that in 2008, the Caribbean and the European Union (EU) signed a trade agreement which has set the stage for increased trade between the two markets. The Caribbean Community (CARICOM) is also negotiating a free trade agreement with Canada.

SECTION 1: MARKET OVERVIEW

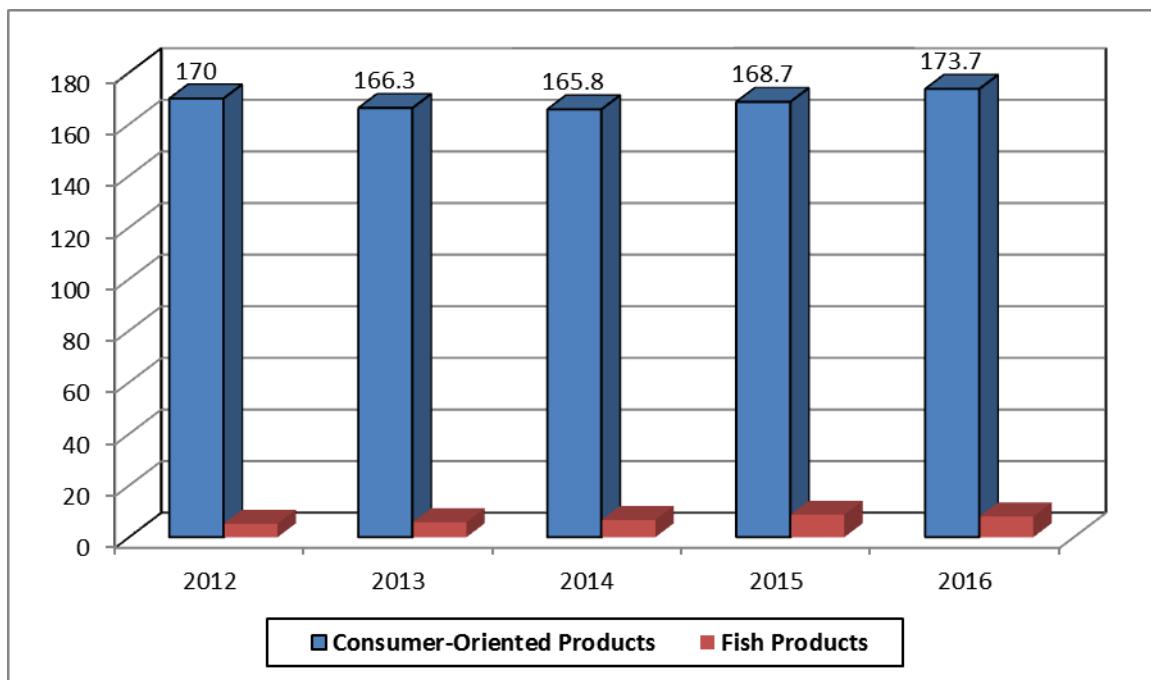
The Jamaican economy is currently experiencing low economic growth rate in a challenging global macroeconomic environment. For the calendar year 2016, Jamaica recorded its strongest growth outturn in five years with a real Gross Domestic Product (GDP) growth of 1.3 percent. The International Monetary Fund (IMF) estimates that the Jamaican economy will grow by 1.7 percent in 2017 and will further expand by 2.3 percent in 2018. Despite the low to moderate economic growth prospect for the Jamaican economy, there are good opportunities for U.S. suppliers. Jamaica has to import much of its food needs because the country has an insufficient amount of arable land, an underdeveloped food-processing sector, and a growing tourism sector.

Furthermore, U.S. products hold strong appeal among the approximately 3.0 million local residents. This is due to exposure to U.S. products through visits that many Jamaican citizens make to the United States and through U.S. media, which is readily available in Jamaica. Given these favorable conditions for U.S. exports, it is no surprise that the United States is the largest foreign supplier of food products.

In 2016, agricultural and fisheries imports by Jamaica were \$921.6 million from all sources, with \$379.7 of that total coming from the United States. Meanwhile, total consumer-oriented food and beverage import from all sources was \$488 million in 2016, with \$173.7 million of that total coming from the United States; this was the highest level on record.

It should also be noted that in 2016, Jamaica imported \$103.4 million of fish products and that the United States supplied only \$8 million of that total.

Figure 1: U.S. Exports of Consumer-Oriented and Fish Products to Jamaica
(Millions of Dollars)



Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System. <https://apps.fas.usda.gov/gats/default.aspx>

Jamaican importers have a long history of doing business with the United States. Their strong interest in U.S. suppliers and products are mainly due to close proximity, long-standing reputation of high quality products, and superior quality of service. Many local importers have indicated that they are able to source a wide variety of products from non-U.S. suppliers, but few of these suppliers can match the product quality and reliability offered by U.S. suppliers.

The table below provides the advantages and challenges facing U.S. exporters entering the Jamaican market.

Table 1: The Advantages and Challenges that U.S. Exporters face in the Jamaican Market

Advantages	Challenges
The proximity of Jamaica to the United States and exposure to the U.S. culture.	Restrictions on the importation of certain products, particularly pork, poultry, and fresh vegetables.
65 percent of Jamaica's annual tourist arrivals coming from the United States, which creates a demand for U.S. food and beverages.	Overly strict and inconsistently applied sanitary/phytosanitary requirements, burdensome labeling and other standards by regulatory agencies.

Advantages	Challenges
The growth of the tourism industry, which has increased the demand for imported products.	Higher prices for U.S. products (e.g. wines, beers and frozen French fries), which have resulted in U.S. products losing market share to cheaper products from EU, Canada, and Latin America.
Proximity and ease of shipment, which work to the advantage of U.S. suppliers. U.S. exporters, particularly South Florida consolidators, are well positioned to serve the market.	Relatively small import quantities, which favor mixed rather than full container loads to serve a population of approximately 3 million people.
The seasonality of domestic food production and also the inconsistent quantity and quality of local food products, which creates opportunities for imports to fill these gaps.	The lack of a vibrant economy, which limits the disposable income of the Jamaican consumer and hence the demands for U.S. products.
U.S. fast food franchises, which make up approximately 50 percent of Jamaica's fast food subsector and continue to expand.	The 2008 trade agreement between the Caribbean and the EU, which has set the stage for increased competition from Europe. CARICOM is also negotiating a free trade agreement with Canada.

SECTION II: EXPORTER BUSINESS TIPS

It is recommended that a U.S. exporter who would like to enter the Jamaican market perform in-depth market research to identify potential niches and develop an effective marketing plan. As a part of the plan, the U.S. exporter should make contact with local importers/distributors who serve as the principal intermediary between exporters (suppliers) and local consumers (buyers). The local importers/distributors have wide access to the food and beverage markets, possess warehouse facilities, and frequently manage a relatively large inventory.

The following tips should be noted:

- Exclusive distributorship agreements are preferred by Jamaican importers. However, U.S. exporters can work with one or more importers provided the market segment for each importer is properly identified.
- U.S. exporters are advised to require payment of goods via letter of credit, especially for initial transactions. Credit terms may be extended to the importers after conducting a thorough background and credit investigation, and after payment habits have been established.
- Some Jamaican importers maintain purchasing offices in the United States and consolidate their shipments in Florida and/or Georgia.
- Jamaican business people value trust and personal relationships. U.S. exporters are encouraged to maintain close contact with their Jamaican importers. Regular market visits are favored by Jamaican importers and regarded as a show of support.
- Jamaican consumers generally prefer smaller package sizes.
- Jamaica follows international standards (e.g. Codex Alimentarius) and generally accepts U.S. standards for food and agricultural products.

- Some products are not allowed into Jamaica. Therefore, U.S. exporters should verify that their product is eligible for entry into Jamaica prior to shipping.
- An import permit from the relevant Jamaican regulatory agency must be granted and a sanitary/phyto-sanitary certificate addressing Government of Jamaica requirements and issued by the relevant U.S. regulatory agency are required prior to the products arriving at the Jamaican ports.

More information on Jamaica's import requirements can be found in Post's Food and Agricultural Import Regulations and Standards (FAIRS) narrative report, JM1707.

SECTION III: Market Sector Structure and Trends

Despite the economic low GDP growth rate and challenges with sanitary/phytosanitary requirements and enforcement, there are many opportunities for U.S. exports of food and beverages.

A. Retail Food Sector:

The Jamaican retail sector continues to modernize and expand, fostering increasing sales of a wide range of U.S. food and beverage products. In 2016, Jamaica imported a total of US\$488 million in consumer-oriented products from all sources. Of that total, approximately 40 percent is channeled to household consumers via retail outlets such as supermarkets, convenience stores, and small 'mom and pop' markets. Most of the products stocked on the shelves of Jamaican stores are imported.

The smaller retailers, such as neighborhood 'mom and pop' stores and convenience stores, account for 20 percent of retail sales and will buy most if not all of their products from local wholesalers and distributors. These retailers have a slower turnaround on product sales and have limited space for storage. In contrast, supermarkets and the supermarket chains account for an estimated 80 percent of retail food sales and often have both local and United States and/or other off shore-based purchasing offices. They work closely with U.S. suppliers to find the best prices for the products of interest. PriceSmart (U.S. company) is the only international chain in the Jamaican market; however, there are four major local chains which dominate the retail sector as shown in the table below:

Table 2: Major Local Supermarket Chains

Name of Supermarket Chain	Location	Number of Outlets
Progressive Grocers of Jamaica	Country wide	34
Hi-Lo (Grace Kennedy)	Country wide	13
Super Plus	Rural Jamaica	3
Mega Mart (superstore) – some stores open 24 hours.	Kingston, Portmore, Mandeville and Montego Bay	4

HRI Food Service Sector

Jamaica is one of the main tourist destinations in the Caribbean region, with over two million stop-over visitor arrivals in 2016. Only the Dominican Republic and Cuba received more tourists than Jamaica

(Caribbean Tourism Organization, 2017). Jamaica has an estimated 2,494 tourist accommodation establishments, including 198 hotels. Of the 2.2 million visitors in 2016, approximately 1.4 million were from the United States. Tourists from the United States demand the same high quality food products that they have at home and therefore provide an opportunity for U.S. products. As previously mentioned, in 2016, Jamaica imported \$488 million consumer-oriented food and beverages. Of that total, approximately 60 percent is destined for the hotel, restaurant, and institutional (HRI) sector.

For more information on this sector, see the 2016 GAIN HRI food service sector report for Jamaica, a biennial report, at:

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Jamaica's%20HRI%20Food%20Service%20Sector%20Report%202016_Kingston_Jamaica_12-14-2016.pdf

B. Food Processing Sector

Jamaica's food processing sector is relatively under-developed and most of the ingredients used in the food industry are imported directly by the food processors, which have close relationships with suppliers from the United States. Some processors have vertically integrated their operations, producing the inputs to be processed while others source their inputs from local producers, or directly from international suppliers, or from importer/distributors. Approximately 30 percent of the raw materials and food ingredients used by local food processors are obtained from local suppliers and 70 percent from imports. Imports of bulk and intermediate products from all sources totaled \$330.2 million in 2016 and imports of those products from the United States were valued at \$198 million. The main U.S. bulk and intermediate products imported by

Jamaica includes wheat, corn, soybean meal, soybean oil, and vegetable oils (ex. soybean).

In some cases, food processors have agreements with local producers that supply their inputs. It should be noted that these agreements between producers and processors usually entail the provision of financial and technical assistance to the producers by the processors.

Food processors distribute their products primarily through the retailer and wholesaler, who in turn supply small supermarkets and mom and pop stores known as "corner shops." However, the larger food processors directly supply the HRI sector and supermarket chains. There are processors that supply supermarkets, corner shops, restaurants and small hotels directly.

Table 3: Major Food Processors in Jamaica

Name of Food Processor	Location	Products	Turnover (millions of dollars)
Grace Kennedy Group – subsidiaries, namely, Dairy Industries, Grace Agro-Processors, Grace Food Processors (Canning), National Processors	Kingston, Westmoreland, St. Elizabeth and St. Andrew	Cheeses, yogurt, milk powder, fruit juice, fruit drink, Vienna sausages, hams, frankfurters, packaged soups, porridges, mashed hot peppers, canned vegetables, packaged raw vegetables	689.6 (for the group which includes non-agribusinesses)
Jamaica Broilers Group	St. Catherine	A range of fresh/chilled chicken products, sausages, beef and chicken patties	347.2
Caribbean Broilers Group	Kingston, Hanover and St. Ann	A range of fresh/chilled chicken products, a range of pork products including hams, bacon, sausages	Private company Approximately 250

SECTION IV: Best Consumer Oriented Product Prospects

Following the examination of various trade data sets and holding discussions with key local importers/distributors, the U.S. products with good sales potential include: processed vegetables, fish products, fruit and vegetable juices, breakfast cereals, snack products, meats, and wines.

Table 4: Best Consumer Oriented Product Prospects

Product Category	2016 Imports (\$ value)	5-Yr. Avg. Annual Growth	Import Tariff Rate (Average)	Key Constraints Over Market Development	Market Attractions for USA
Processed vegetables	35,893,219	38.2	20%	Competition from Canada, EU, Asia and Caricom. Dependent on expansion of tourism sector.	A wide range of high quality products.
Fish Products	103,441,557	9.9	40%	Competition from Caricom, EU, Canada and Asian Countries.	High quality of products.
Fruit and Vegetable Juices	28,003,682	9.5	40%	Dependent on the continued expansion of the tourism sector.	A wide variety of products at competitive prices
Wine and Beer	12,290,369	8.3	30%	Small market size and relatively cheap wines from South America.	High quality of products.
Snack Foods	29,678,483	5.5	20%	Competition from Trinidad & Tobago due to Caricom's CET and relatively cheap products.	A wider variety of products.
Breakfast Cereals	30,104,504	4.9	20%	Competition from Trinidad & Tobago due to Caricom's CET and relatively cheap products.	A wider variety of high quality products.
Meats (excluding poultry)	40,913,511	4.4	86%	High duties and SPS trade restrictions.	Consistent supplies of high quality products.

Sources: Statistical Institute of Jamaica (Statin) Annual Reports 2012-2016 and Jamaica Customs Agency.

Website: www.statinja.gov.jm
www.jacustoms.gov.jm

SECTION V: Key Contact and Further Information

Foreign Agricultural Service
U.S. Embassy Kingston
142 Old Hope Road
Kingston 6
Jamaica, W.I.

Telephone: (876) 702 - 6142

Fax: (876) 702 - 6397

Email: agkingston@fas.usda.gov

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<http://www.fas.usda.gov>

APPENDIX: STATISTICS

Table A: Key Trade & Demographic Information

Agricultural Imports From All Countries (\$ Mil)/ U.S. Market Share (%) ^{1/}	818.2/45%
Consumer Food Imports From All Countries (\$Mil)/U.S. Market Share %) ^{1/}	488/35.6%
Edible Fishery Imports From All Countries (\$Mil)/U.S. Market Share (%) ^{1/}	103.4/7.7%
Total Population (Millions) / Annual Growth Rate (%)	2.8/0.1%
Urban Population (Millions) / Annual Growth Rate (%)	1.46/N/A
Number of Major Metropolitan Areas ^{2/}	0
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	\$5,000
Unemployment Rate (%)	13.2%
Per Capita Food Expenditures (U.S. Dollars)	N/A
Percent of Female Population Employed ^{3/}	58.9%
Exchange Rate (US\$1=Jamaican dollars)	1=128

Footnotes:

1/ 2016 - Estimate based on available GATS data

2/ Populations in excess of 1,000,000

3/ Refers to female population employed as a percentage of total female population

Source: Statistical Institute (Statin) of Jamaica, CIA World Factbook, Global Agricultural Trade System.

Table B: Jamaica's Consumer Food & Edible Fishery Product Imports (2014-2016)
(in millions of dollars)

	2014		2015		2016	
	World	USA	World	USA	World	USA
Consumer Oriented Total	501.9	165.8	514.1	168.7	488.0	173.7
Beef & Beef Products	33.3	15.1	36.0	16.5	33.9	16.4
Pork & Pork Products	6.4	0.7	7.1	0.6	3.4	0.4
Poultry Meat & Products (ex. Eggs)	36.5	29.9	34.6	30.0	29.8	24.8
Meat Products NESOI	10.2	0.8	11.3	0.6	7.6	0.7
Eggs & Products	19.3	18.8	21.8	20.8	28.8	25.9
Dairy Products	50.2	22.0	46.1	20.4	44.9	20.0
Fresh Fruit	6.5	1.2	5.5	0.8	5.0	1.0
Processed Fruit	19.0	1.6	15.1	1.7	16.8	1.6
Fresh Vegetables	8.3	0.6	8.8	0.3	6.3	0.4
Processed Vegetables	39.6	4.5	40.5	4.8	35.9	6.2
Fruit & Vegetable Juices	20.2	5.5	23.1	5.2	28.0	7.3
Tree Nuts	2.8	1.8	3.0	2.2	3.5	2.4
Chocolate & Cocoa Products	25.0	3.9	19.3	2.5	19.2	3.2
Snacks Foods NESOI	22.1	10.2	31.6	11.4	29.7	12.1
Breakfast Cereals	23.0	3.6	22.4	3.3	30.1	3.9
Condiments & Sauces	21.2	5.0	19.1	6.2	23.4	9.1
Prepared Food	35.9	29.5	59.3	29.8		28.2
Wine & Beer	9.0	2.6	9.3	3.3	12.3	3.0
Non-Alcoholic Beverages (ex. Juices)	51.4	4.3	45.6	3.7	48.8	3.1
Dog & Cat Food	5.6	2.1	5.3	2.1	4.4	2.1
Other Consumer Oriented	6.3	2.0	5.4	2.2	6.1	2.0
Fish Products	110.0	6.7	100.8	8.7	103.4	8.0

Table C: Jamaica's Top 15 Suppliers of Consumer Food & Edible Fishery Products

Partner	Year 2016
World	\$591,466,354
United States	\$181, 780,000
Trinidad & Tobago	\$62,305,741
Canada	\$28,428,626
New Zealand	\$21,440,983
Suriname	\$19,335,938
Dominican Republic	\$18,630,931
Thailand	\$18,073,762
Costa Rica	\$17,606,283
Norway	\$16,440,257
Guyana	\$16,040,916
Mexico	\$15,508,044
Netherlands	\$14,605,870
Brazil	\$12,231,100
Belize	\$11,987,674
Puerto Rico	\$11,418,375

Source: Statistical Institute (Statin) of Jamaica.