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Caribbean Basin

Food Service - Hotel Restaurant Institutional

Eastern Caribbean Region Report

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Report Highlights:
The Eastern Caribbean food service sector, values at $587 million in 2014, continues to present U.S. suppliers of consumer-oriented foods and seafood products with a steady but expanding market. U.S. exports under those two categories reached a record high $136.5 million in 2014, growing by an average of 7 percent over the past 5 years. Expanding tourism and a growing appetite for U.S. food products have helped fuel this growth. There is continued opportunity for some of the top selling U.S. product categories that are in high demand by the regions' HRI sector such as poultry, snacks, dairy products, red meats, processed fruits and vegetables, and others.

Post:
Miami ATO

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I. Market Summary

For purposes of this report, the Eastern Caribbean (EC) refers to those islands nations that are members in the Organization of Eastern Caribbean States (OECS). The OECS is comprised of Anguilla, Antigua and Barbuda, The British Virgin Islands (BVI), Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. These islands have a total land area of 3,155 square kilometers and a population of 650,000 (July 2015 estimate).

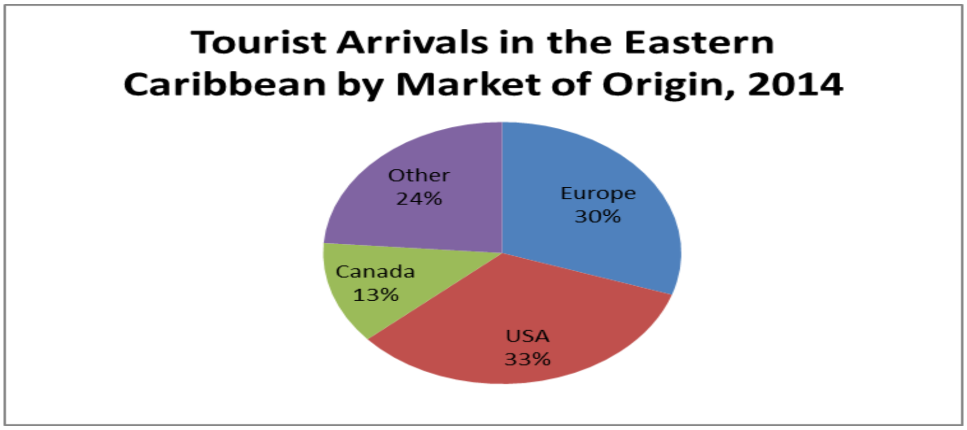
The economic mainstays of the Caribbean region are tourism, petroleum refining, and offshore banking. GDP (Purchasing Power Parity) in the EC ranges from $44 million in Montserrat to nearly $2 billion in Antigua and Barbuda. In general, the EC consists of small developing nations with limited income levels with exception of the British Virgin Islands, which along with Trinidad and Tobago, and Barbados, possesses one of the strongest economies in the entire Caribbean region.

EC Islands At A Glance
2014, except where noted
(U.S. Dollars)

Island / Country	**Pop. (July 2015 est.)**	**Stop-Over Tourist Arrivals**	**GDP (PPP 1/), $ mill.)**	**Real GDP Growth (%)**	**GDP per Capita (PPP 1/) ($)**
Anguilla	16,418	70,927	175.4 4/	-8.5 4/	12,200 3/
Antigua & Barbuda	92,436	249,316	2,032	4.2	23,000
British Virgin Islands	33,454	383,148	500 5/	1.3 5/	42,300 5/
Dominica	73,607	81,472	790	3.9	11,200
Grenada	110,694	133,521	1,326	5.7	12,500
Montserrat	5,241	8,804	43.78 2/	3.5 3/	8,500 2/
St. Kitts & Nevis	51,936	93,130	1,281	6.1	21,500
St. Lucia	163,992	338,158	1,978	0.5	11,600
St. Vincent & the Grenadines	102,627	70,713	1,174	-0.2	10,700
Total	650,405	1,429, 189	n/a	n/a	n/a

1/ PPP – Purchasing Power Parity; 2/ 2006 data; 3/ 2008 data; 4/ 2009 data; 5/ 2010 data

Source: CIA World Factbook. Tourism numbers from Caribbean Tourism Organization.



Source: Caribbean Tourism Organization

To a large extent, tourism is the backbone of the economies of the EC islands. In fact, in Antigua and Barbuda and the BVI, tourism accounts for approximately half of the national GDP. In 2014, 1.4 million stop-over tourists and 2.6 million cruise passengers visited the EC islands continuing an upward trend in tourist activity after the 2008-2009 crash. Preliminary indications are that overall tourist activity in the EC islands will be up in 2015 though economic conditions in the tourist originating countries have weakened. The outlook for 2016 is cautiously optimistic as long as the world economy remains steady.

In terms of local food processing, small-scale processors of pepper sauces, jams, jellies, fruit nectars, rum, and other alcoholic-beverages are prevalent throughout the entire region. However, almost all of the medium to large-scale processors are located on the islands of Trinidad and Barbados. These include manufacturers of processed meat and fish, pasta products, bakery products, confectionary products, dairy products, fruits and vegetables, packaged and convenience foods, wheat flour, and edible oils and fats.

In 2013, the latest year for complete EC trade data availability, the EC islands imported around US$253 million in consumer-oriented agricultural products and seafood. Of the total amount of food products imported into the EC islands, approximately 30 to 40 percent is directed toward the hotel, restaurant, and institutional (HRI) sector, while the remaining 60 to 70 percent is channeled toward the retail sector.

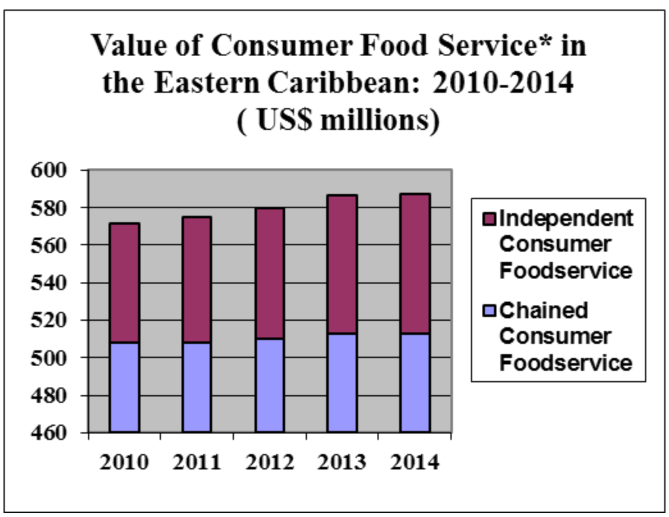
2013 EC Imports of Consumer-Oriented Agricultural Products

And Fish & Seafood Products (U.S. Dollars)

Island / Country	Consumer-Oriented Products	Fish & Seafood Products	Total
Anguilla	6,684,208	547,492	7,231,700
Antigua & Barbuda	41,967,761	4,824,448	46,792,209
British Virgin Islands	35,364,482	2,790,555	38,155,037
Dominica	18,985,301	1,470,587	20,455,888
Grenada	28,038,681	2,143,114	30,181,795
Montserrat	1,951,712	103,453	2,055,165
St. Kitts & Nevis	18,009,014	1,807,398	19,816,412
St. Lucia	56,149,056	5,014,545	61,163,601
St. Vincent & the Grenadines	25,907,685	1,119,479	27,027,164
Total	233,057,900	19,821,071	252,878,971

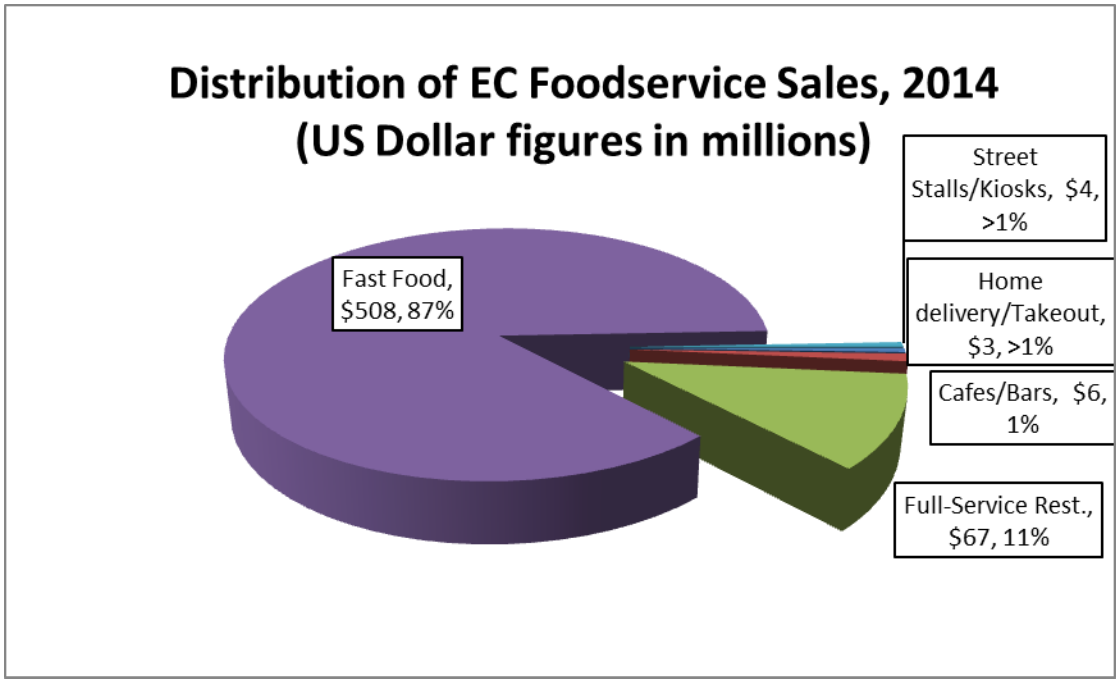
Source: Global Trade Atlas (based on export statistics of reporting countries).

The hotel sub-sector makes up roughly 65 percent of the total HRI market, followed by the restaurant sub-sector at 33 percent, and the institutional sub-sector at 2 percent. There are approximately 700 tourist accommodation establishments, including 200 hotels, in the eastern Caribbean. Additionally, there are numerous restaurants located throughout the islands of the eastern Caribbean. While there is no data available on the value and growth of the individual HRI subs-sectors, in 2014, the EC islands' total consumer food service sector was valued at $587.4 million, 3 percent higher than in 2013. Chained foodservice establishments constituted approximately 87 percent of the total value of food sales, while independent establishments contributed 13 percent.



*Consumer foodservice is composed of cafés/bars, full-service restaurants, fast food, 100% home delivery/takeaway, self-service cafeterias and street stalls/kiosks.

Source: Euromonitor



Source: Derived from Euromonitor data (modelled).

Overview of Market Advantages and Challenges Facing U.S. Exporters in the Eastern Caribbean	
Advantages	**Challenges**
In terms of consumer-oriented products and seafood, the United States has a dominant market share (52 percent) of the EC market.	Overall EC well-being is overly dependent on tourism. Hence, economies remain very susceptible to any factors that may disrupt tourism (i.e. the world economy, security instability, a more active hurricane season, etc.).
Proximity and ease of shipment work to the advantage of U.S. suppliers.	In some markets a key constraint is breaking the traditional liaisons with Europe. Chefs in many islands are European-trained and thus prefer European products due to product familiarity.
For the most part, the regulatory environment is fairly open to all types of U.S. products.	In some cases there are less expensive ocean transportation rates from Europe than from the United States.
Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	With the population of individual islands being relatively small, import orders tend to be small and favor mixed rather than full container loads.
The United States is the source of a third of all stop-over tourists visiting the EC islands, boosting demand for U.S. foods.	The playing field is becoming more competitive. The CARICOM, which the OECS is a member of, has a trade agreement with the EU, and is negotiating one with Canada and several Central American countries. Other competitors are also targeting the Caribbean, led by Brazil and Argentina in S. America to China in Asia. The Panama Canal expansion project, expected to be completed in 2016, will open the door to greater competition from Asia.
Tourism is expected to expand further in 2016. It continues to be a key factor in generating demand for U.S.	Certain products, particularly pork and poultry, may be restricted in selected markets.

products, particularly in the food service sector.	

II. Road Map for Market Entry

A. Entry Strategy

In general, wholesalers/distributors in the eastern Caribbean maintain the bargaining power in the market and serve as the principal intermediaries between suppliers and buyers. Therefore, U.S. suppliers wishing to enter the HRI food service market in the eastern Caribbean should start by contacting local wholesalers/distributors. Local wholesalers/distributors have a wide access to the food and beverage markets, possess relatively large warehouse facilities, and carry a large inventory of products.

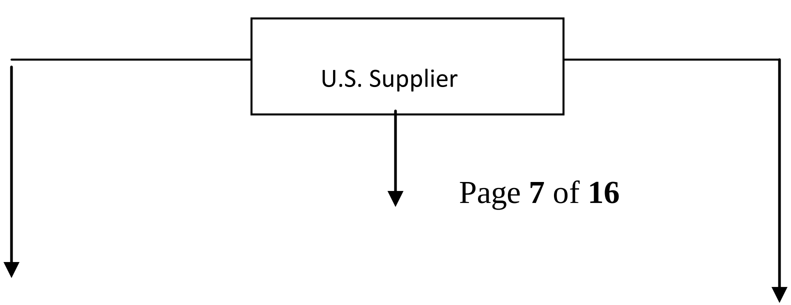
However, in the case of the large-scale hotels and resorts, imported products represent approximately 90 to 95 percent of their total food and beverage purchases, and a very large percentage of these purchases are made through the direct importation from foreign suppliers. Therefore, it is also recommend that U.S. suppliers contact the food and beverage directors of these establishments directly.

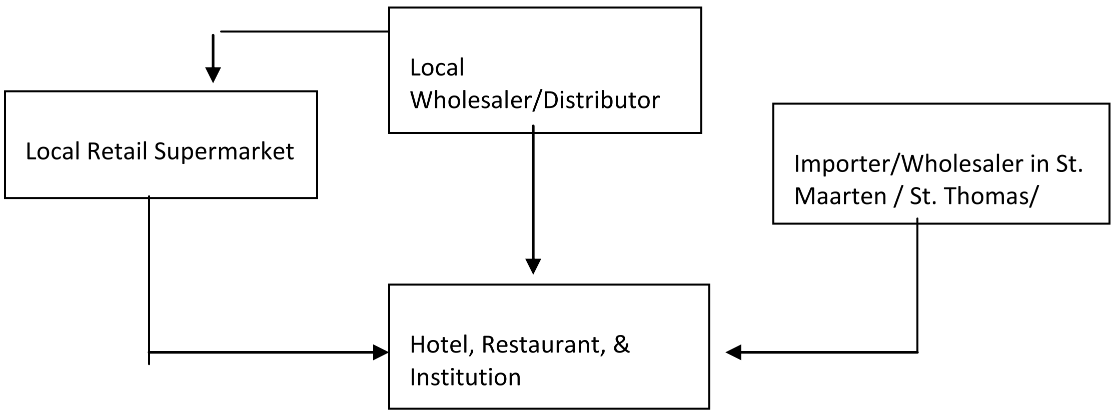
U.S. food products represent the majority of the foreign products imported by the local wholesalers/distributors. Local wholesalers/distributors hold U.S. products in high regard with respect to quality and packaging. Wholesalers/distributors also enjoy trading with U.S. exporters because of the reliability of service.

B. Market Structure

HRI establishments in the eastern Caribbean buy approximately 70 percent of their food and beverage products from local wholesalers/distributors (imported products), while local farmers and processors supply 15 percent of their food and beverage needs, 10 percent is obtained from local retail outlets, and the remaining 5 percent of their needs are imported directly from U.S. suppliers.

Local wholesalers/distributors typically import, wholesale, and distribute their product to the various HRI outlets in the EC islands. In addition, it is quite common for the wholesalers/distributors to sell their product in their own retail outlets. In many of the smaller islands, local wholesalers/distributors have a circulating fleet of 'cash vans' that sell to the food service establishments. It is important to note that while the wholesalers/distributors in the larger markets such as Trinidad and Tobago and Barbados typically import a full range of products, the majority of the wholesalers/distributors in the smaller islands of the EC focus on dry goods, while importing only a small quantity of fresh and frozen products. There are specialized importers within the majority of the smaller EC islands, which focus specifically on fresh and frozen products.





In addition to the large-scale hotels and resorts, which import products directly from U.S. suppliers, some of the larger independent restaurants buy select food and beverage products directly from Miami-based wholesalers (who also consolidate for the Caribbean importers). Moreover, many of the larger independent restaurants in St. Kitts, Anguilla, and Antigua and Barbuda, buy from distributors in St. Maarten, Puerto Rico and/or St. Thomas (U.S. Virgin Islands). The geographic proximity of these markets to the smaller EC islands, in addition to the duty-free status of St. Maarten, makes them prime distribution hubs for food products originating from the United States, Europe, and elsewhere around the world.

C. Sub-Sector Profiles

Hotels

Accommodations in the EC islands include all-inclusive resorts, luxurious hotels, affordable family-friendly hotels, self-catering apartments and villas, and intimate guest houses and plantation inns. Overall, the EC region boasts approximately 700 accommodation establishments and approximately 16,000 rooms. Nearly 45 percent of all accommodations in the EC islands are concentrated in St. Lucia, Antigua and Barbuda.

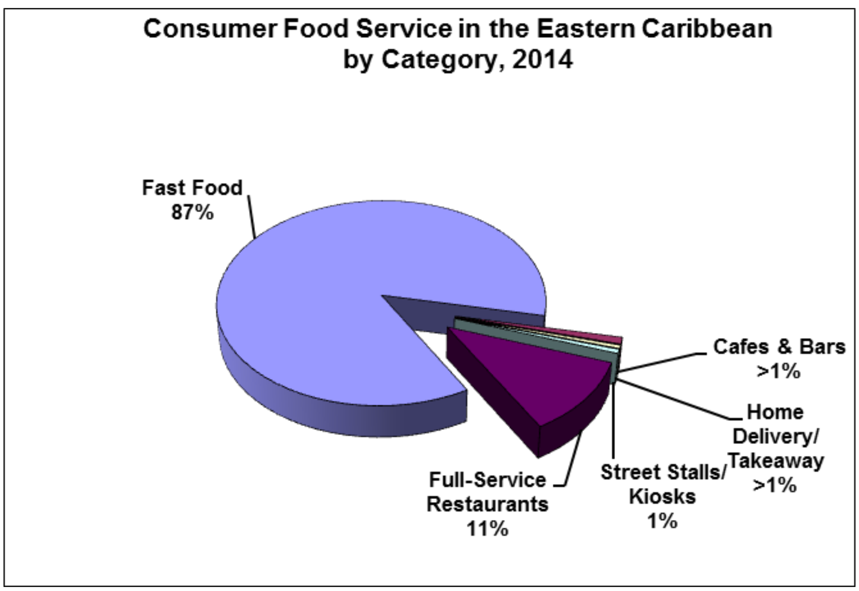
Most accommodation establishments in the region have at least one restaurant on property, usually a fine dining restaurant, a casual beach grill, and/or a family style/buffet breakfast or lunch eatery. It is not unusual for the large-scale hotels and resorts to have as many as eight restaurants on their properties, in addition to a number of lounges and full catering and banquet services. In general, large-scale hotels and resorts possess their own warehouses and typically import and receive weekly shipments of food and beverage products from Florida-based suppliers. However, these establishments also rely on local wholesalers/distributors for some of their food and beverage needs. U.S. products represent the majority of the total food and beverage purchases made by the large-scale hotels and resorts. For example, U.S. products represent 90 to 95 percent of the total food and beverage purchases made by the Marriott Resort and the Royal Beach Casino located in St. Kitts, one of the largest hotels in the eastern Caribbean.

The majority of the other accommodation establishments, including small hotels, plantation inns, guest houses, and bed and breakfasts, purchase a substantial amount of their food and beverage needs from local farmers, and to some extent from local processors. However, when they do use products from foreign suppliers, they typically rely on local wholesalers and retail outlets for their purchases. The smaller accommodation establishments find it difficult to work directly with international suppliers for a variety of reasons, such as a lack of buying power and limited storage space. U.S. products represent between 40 to 60 percent of the total food and beverage purchases made by small hotels, plantation inns, guesthouses, and bed and breakfasts.

(Note: While this report is regional in scope, it is impractical to provide a complete listing of hotels and their profiles for all 9 islands. Please see Section V for a listing of organizations providing more information on the subject.)

Restaurants

With an 87 percent market share, fast food restaurants account for the largest percentage of consumer food service sales in the EC islands, followed by full-service restaurants (11 percent). In 2014, the estimated total value of food service sales as $587.4 million.



Source: Euromonitor

As a whole, the Caribbean has a relatively large number of independent restaurants compared to chain establishments. These restaurants, located outside of guest accommodations, cater to both the local and tourist populations. All types of cuisines are available in these restaurants. Within the fine dining establishments, most chefs are international, while in the casual eateries most chefs tend to be local. The majority of the independent restaurants in the eastern Caribbean use local seafood, fruits, vegetables, baked goods, and beverages when these products are readily available. They also turn to local wholesalers/distributors and retailers for some of their food and beverage purchases, as they do not have enough buying power to buy imported goods directly from foreign suppliers. U.S. products represent between 40 to 60 percent of the total food and beverage purchases made by the independent restaurants in the EC islands.

Chained food service outlets present in the region include restaurants such as Ruby Tuesday's, T.G.I. Friday's, and fast food chains such as Kentucky Fried Chicken, Pizza Hut, and Subway. The companies usually obtain their products through their supply chain in the United States, or use local wholesalers/distributors for their food needs.

(Note: While this report is regional in scope, it is impractical to provide a complete listing of restaurants and their profiles for all 9 islands. Please see Section V for a listing of organizations providing more information on the subject.)

Institutions

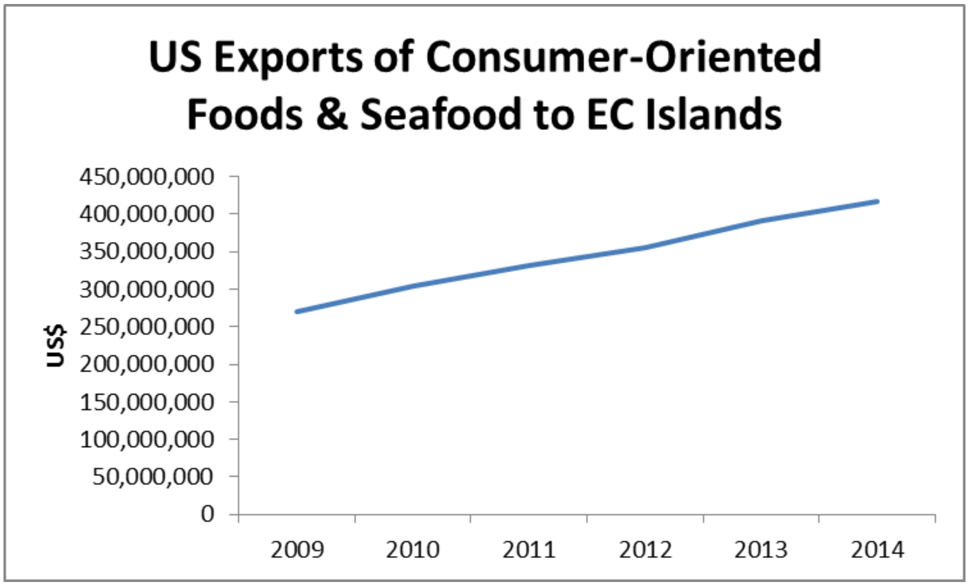
The institutional food service sub-sector accounts for less than 2 percent of the total HRI food service sector in the eastern Caribbean. This sub-sector includes the distribution of food and beverages to hospitals, schools, and prisons. The governments of the respective EC islands are usually in charge of awarding contracts for the food purchases made by these intuitions. Generally speaking, local farmers and food processors supply this sub-sector with most of its food and beverage needs. To a lesser extent, these institutions are supplied by local wholesalers/distributors.

In addition, this sub-sector includes institutional catering. As the EC islands constitute some of the most popular yachting destinations in the entire western hemisphere, yacht provisioning is an attractive market niche worth noting. It is estimated that food and beverage constitute approximately 15-20 percent of the total yacht expenditures in the EC islands. The yacht community of the region, representing people from all over the globe (approximately 40-50 percent U.S.), usually obtain their food provisions from a supplier specializing in yacht provisioning and tend to prefer imported brand name products. Many retailers in Antigua, Tortola (BVI), and some other islands cater specifically to the yacht industry.

III. Competition

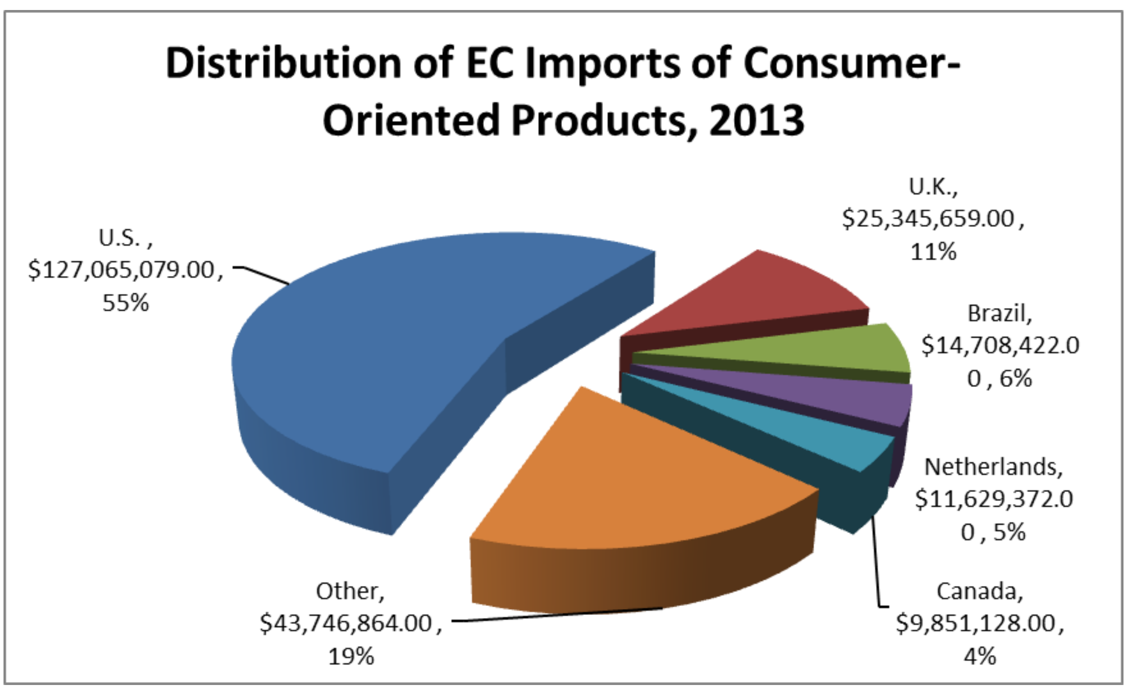
According to UN data (as compiled by Global Trade Atlas), the United States is the region's main trading partner in terms of consumer-oriented and seafood products with an approximate 52 percent market share. U.S. trade statistics indicate that in 2013 the United States exported US$132.0 million of consumer-oriented foods and seafood products to the EC islands. This represents a gain of nearly 6 percent in terms of value from 2012.

With regards to consumer-oriented food products, U.S. products face competition from local food processors, particularly those in Trinidad and Tobago and Barbados, as well as those within other Caribbean nations such as Jamaica. As the EC islands are CARICOM member-states, many of the local wholesalers import fresh fruits, ice cream, jams, jellies, sauces, condiments, juices, snack foods, beverages, and fish products from CARICOM countries since they are duty-free.

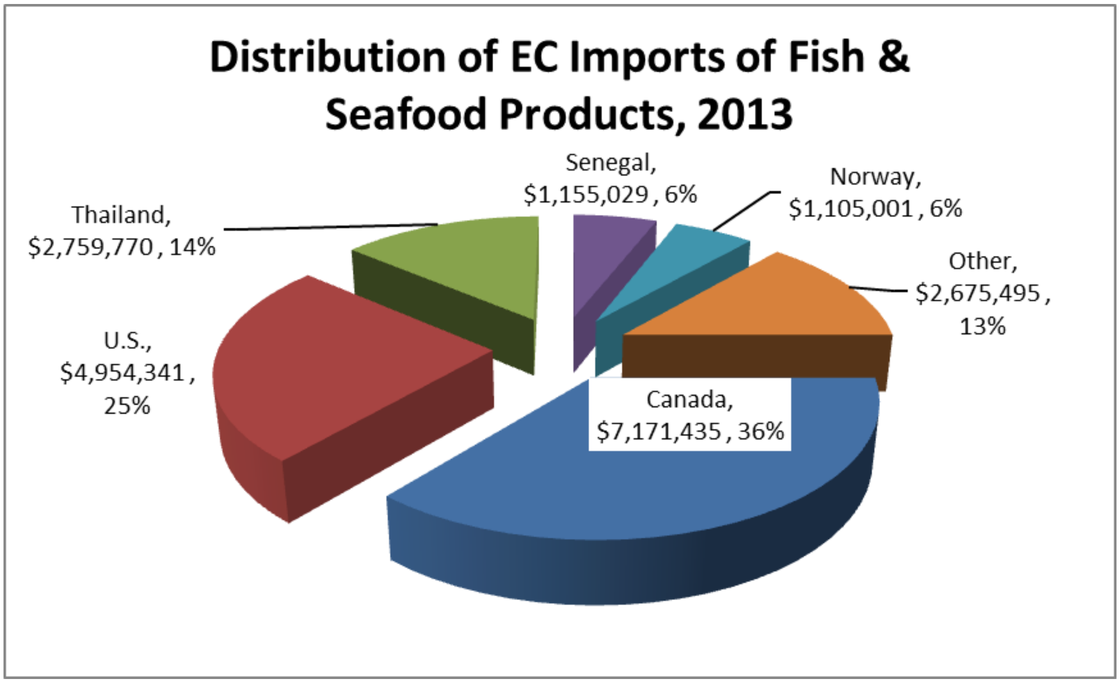


Source: Global Trade Atlas

U.S. products also face competition from other foreign suppliers in various product areas. Given historical ties, and strong cultural, political, and economic similarities with the United Kingdom, it is not surprising that products and brands from the United Kingdom are popular in the region. Additionally, due to Canada's geographic proximity, Canadian products also have a strong presence in many EC island markets.



Source: Global Trade Atlas (based on export statistics of reporting countries).



Source: Global Trade Atlas (based on export statistics of reporting countries).

The following table illustrates the respective country market shares in various product categories:

Product Category	**Major Supply Sources**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Meat Products	1. United States 45% 2. Canada 15% 3. New Zealand 14%	1 & 2: Quality, value in terms of red meats 3: Quality in terms of lamb	Limited Supply of local and regional sources. Poultry suppliers exit in Barbados & Trinidad.
Fish and Seafood Products	1. Canada 26% 2. United States 19% 3. Norway 8% (Trinidad and Tobago has approximately an 8% market share).	1 & 2: Variety	Supply limited to local catch.
Processed Meat, Fish, and Seafood Products	1. United States 34% 2. Canada 18% 3. Brazil 11%	1 & 2: Quality, variety and price	Limited supply of local and regional sources
Dairy Products	1. United States 20% 2. New Zealand 18% 3. Ireland 13%	1: Quality, variety 2: Quality, price	Limited supply and variety in many islands. However, Barbados has a strong dairy sector (in relative terms)
Fresh Vegetables	1. United States 38% 2. Netherlands 24%	1: Quality, variety, price	Limited season supply. Quality is not always sufficient to meet HRI standards.

	3. Canada 20%		
Fresh Fruit and Tree Nuts	1. United States 58% 2. St. Vincent and the Grenadines 8% 3. Dominica 3%	1: Quality, variety, price	Local supply limited to tropical fruits.
Processed Vegetable, Fruit, and Tree Nut Products	1. United States 36% 2. Canada 14% 3. Belize 10% (Trinidad and Tobago has a 9% share)	1 & 2: Quality, variety, price.	Limited supply of local & regional sources. However, local products cater to regional taste preferences.
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office			

IV. Best Product Prospects

Product Category	Market Size (Volume)	2014 Imports ($, mill)	5-Yr. Annual Import Growth (%)	Import Tariff Rate (%)	Key Constraints	Market Attractiveness for USA
Poultry Meat & Prods. (ex. eggs)	n/a	45.4	6	0-40 in most islands	High duties in selected markets.	Virtually all categories of U.S. consumer-oriented and fish products do well in the EC. An import-friendly regulatory environment exists on all islands for the vast majority of products.
Dairy Products	n/a	11.3	12	0-20	High duties in selected markets for cheese, ice cream, etc.	
Beef & Beef Products	n/a	10.0	15	0-40	Limited disposable income of consumers in most islands	
Pork & Pork Products	n/a	7.8	21	0-40	n/a	
Snack Foods	n/a	7.3	3	0-20	n/a	
Wine & Beer	n/a	5.6	8	5-60	For beer, local and regional brewers compete for the market. For wines, strong competition from Chile, Argentina & Europe	
Processed Vegetables	n/a	3.5	8	0-20	n/a	
Fresh Vegetables	n/a	2.4	13	0-20	n/a	

Source: Trade numbers and growth based on Global Trade Atlas U.S. export data.

V. Contact Information

A. For more information on the islands of the eastern Caribbean, please contact:

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture

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Miami, FL 33131
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Please visit our website for more reports and information on islands of the Caribbean Basin:
http://www.cbato.fas.usda.gov

B. Other Sources of Information on the eastern Caribbean islands:

The listed links/websites below are provided for the reader's convenience; USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information provided by these organizations.

Anguilla Hotel & Tourism Association 1/
Tel: (264) 497-2944
Fax: (264) 497-3091
E-mail: ahta@anguillanet.com
Website: www.ahta.ai

Antigua Hotels & Tourist Association 1/
Tel: (268) 462-0374 / 462-3703
Fax: (268) 462-3702
E-mail: ahta@candw.ag
Website: www.antiguahotels.org

BVI Chamber of Commerce & Hotel Association 1/
Tel: (284) 494-3514
E-mail: bviccha@surfbvi.com

Dominica Hotel & Tourism Association 1/
Tel: (767) 616-1055

Fax: (767) 440-3430
E-mail: dhta@cwdom.dm
Website: www.dhta.org

Grenada Hotel Association 1/
Tel: (473) 444-1353
Fax: (473) 444-4847
E-mail: grenhota@caribsurf.com

Monserrat Tourism Association 1/
Tel: (664) 491-4700/4703/2230
E-mail: info@montserrattourism.ms
Website: www.visitmontserrat.com

St. Kitts & Nevis Hotel & Tourism Association 1/
Tel: (869) 465-4040
Fax: (869) 465-8794
E-mail: Patrice.henry@stkittstourism.kn
Website: www.stkittstourism.kn

St. Lucia Hotel & Tourism Association 1/
E-mail: slhta@candw.lc

St. Vincent & The Grenadines Hotel & Tourism Association 1/
E-mail: office@svghotels.com

1/ Caribbean Hotel & Tourism Association Member
Tel: (305) 443-3040
Fax: (305) 675-7977
For membership information, email membership@caribbeanhotelandtourism.com
For event information, email events@caribbeanhotelandtourism.com
Website: www.caribbeanhotelandtourism.com