Required Report: Required - Public Distribution

Date: December 28,2020

Report Number: C12020-0009

Report Name: Exporter Guide

Country: Caribbean Basin

Post: Miami ATO

Report Category: Exporter Guide

Prepared By: Omar Gonzalez

Approved By: Candice Bruce

Report Highlights:

After exporting a record-high $1.1 billion in consumer-oriented agricultural products to the Caribbean in 2019, U.S. suppliers saw the COVID-19 pandemic take a toll on Caribbean demand for imported food and beverages in 2020. U.S. exports of consumer-oriented products to the region dropped 14 percent in 2020 (Jan-Oct) when compared to the same period in 2019. However, opportunities for U.S. suppliers should begin to improve as the Caribbean looks to continue to gradually re-open its doors to tourism and regain economic momentum in 2021.

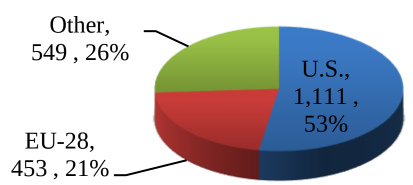
Executive Summary

The Caribbean is an excellent market for U.S. suppliers. Proximity, close commercial ties with the United States, a large influx of tourists, and a relatively trade-friendly regulatory environment all contribute to the attractiveness of this vast market.

Imports of Consumer-Oriented Products

Practically all foods must be imported, as domestic production is quite limited. Total imports of consumer-oriented agricultural products totaled $2.1 billion in 2019, with the United States capturing 53 percent of the market.

Caribbean: Imports of Consumer-Oriented Products by Source, 2019 (USD Millions)



Food Processing Industry

Given very limited agricultural activity, food processing is also minimal in most countries.

Food Retail Industry

An estimated 70 percent of imported foods and beverages are channeled through the retail sector. This sector includes traditional grocery stores to more modern, upscale supermarkets. Total grocery retail sales (excl. sales tax) are estimated at $8.9 billion in 2019.

Food Service Industry

Tourism is a key factor in generating demand for U.S. products in the food service sector. Unfortunately, the COVID-19 pandemic brought tourism to a standstill in 2020, greatly impacting the region's hotels and restaurants. The sector, which has grown rapidly in recent years and accounts for over $2 billion in sales, is eagerly awaiting a "return to normal."

Quick Facts CY 2019

Imports of Consumer-Oriented Prod.: $2.1 billion.

Top 10 Growth Products

1. Fresh Vegetables
2. Prepared Foods
3. Snack Food NESOI
4. Condiments & Sauces
5. Dairy Products
6. Pork & Pork Products
7. Beef & Beef Products
8. Wine & Beer
9. Eggs & Products
10. Fresh Fruit

Food Industry by Channels (USD billion) 2019

Imports of Consumer-Oriented Products*: $2.1
Grocery Retail Annual Sales: $8.9
Consumer Food Service Annual Sales: $2.1
**Based on reporting countries export statistics (excludes freight, insurance & import duties.).*

GDP/Population

Population: 4.6 million (July 2020 estimate)
GDP: $167 million - $42.85 billion
GDP per capita: $8,100 - $99,400

Sources: Trade Data Monitor, U.S. Census Bureau Trade Data, Euromonitor International, CIA World Factbook.

Strengths	Weaknesses
Proximity; well-established relationships between U.S. suppliers and Caribbean buyers.	Meat and poultry may be restricted in certain markets due to island-specific regulations.
Opportunities	**Threats**
U.S. tourists account for roughly 50 percent of all tourists visiting the region, bolstering demand for U.S. foods.	Prolonged impact of COVID-19 pandemic.

I. Market Overview

Note: For purposes of this report, the terms "Caribbean" and "Caribbean Basin" refer to the 25 markets[1] covered by the Caribbean Basin Agricultural Trade Office (CBATO) in Miami, with the exception of Cuba.

The Caribbean Basin is a large and highly fragmented region of the Americas. It is a mix of independent states, overseas departments or dependencies of European countries, and islands that are part of a European kingdom. The region has 4.6 million inhabitants, of which two thirds are concentrated in five markets: Trinidad and Tobago, Guyana, Guadeloupe, Martinique and The Bahamas. The population is incredibly diverse and is made up of descendants from original native tribes that inhabited the region and people of African, European, Indian, Middle Eastern, and Chinese descent, among others.

Gross Domestic Product (GDP) ranges from $167 million in Montserrat to $42.9 billion in Trinidad and Tobago. GDP per capita ranges from $8,100 in Guyana to $99,400 in Bermuda. The economy of Trinidad and Tobago, by far the largest in the region, is based mainly on oil and natural gas. In Guyana, where one of the largest new discoveries of oil in the world was recently made, the country is also banking on oil to propel its economy forward and serve as a catalyst for much needed development. In practically all other Caribbean markets, tourism is the driving force behind island economies in terms of revenue generation, employment, and overall economic well-being. Approximately eight million stopover tourists and 14 million cruise ship passengers visit the region annually. Tourists, particularly stopover visitors, fuel demand for consumer–oriented agricultural products.

Unfortunately, the COVID-19 pandemic has had a huge impact on the Caribbean, especially on the region's hotel, restaurant and institutional (HRI) food service sector. March 2020 saw lockdowns implemented throughout the region and an abrupt halt to tourist arrivals, bringing practically the entire HRI sector to a standstill. As a result, many people in the sector lost their jobs or were furloughed, especially those employed at hotels and resorts. Beginning in May 2020, markets throughout the Caribbean gradually began reopening. However, reopening has been uneven throughout the region, as governments have based their reopening plans on their individual situation in relation to the pandemic. Just how severe the economic decline in 2020 and how robust the upswing in 2021 remains largely dependent on the recovery of the tourism sector, which in turn hinges largely on tourist confidence in travel and mitigation measures.

1- The CBATO's region of coverage consists of the following 25 markets: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands (BVI), Caribbean Netherlands or BES Islands (Bonaire, Sint Eustatius and Saba), Cayman Islands, Cuba, Curaçao, Dominica, Grenada, Guadeloupe, Guyana, Martinique, Montserrat, Saint Barthélemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Sint Maarten, Trinidad and Tobago, and Turks and Caicos Islands.

Advantages	Challenges
● With little arable land and food production, the islands of the Caribbean must import most of their food needs.	● The COVID-19 lockdown has financially weakened the Caribbean food service sector and has even forced several operators out of business. Until the pandemic subsides, it will weigh down any prospects of a sustained recovery for the sector.
● U.S. exporters, particularly south Florida consolidators, service the market well and are in many ways better positioned to supply the Caribbean than competitors.	● Caribbean economic well-being is highly dependent on tourism. Hence, the sector is very susceptible to any factors that may disrupt tourism (i.e. the COVID-19 pandemic, the world economy, terrorism, more active hurricane seasons, etc.).
● The United States has a dominant market share in the vast majority of Caribbean islands (estimated at 53 percent overall).	● In some markets, such as the French West Indies, a key constraint is breaking the traditional ties with Europe. Chefs in many islands are trained in Europe and thus prefer European products.
● The regulatory environment at present is open to U.S. products.	● Some products, particularly meat and poultry, may be restricted in certain markets due to EU or island-specific regulations.

II. Exporter Business Tips

The best way for a U.S. supplier to export to the Caribbean market is to first research potential niches and develop an effective marketing plan. In doing so, it is important to weigh the advantages and disadvantages of using an importer/wholesaler versus selling directly to different customers throughout the region. The decision will not be the same for all U.S. exporters. For instance, large U.S. suppliers with a dedicated sales force who can travel to the islands periodically to service their customers may find it advantageous to work directly with multiple retail and food service accounts throughout the region. Exporters who are not able to do so will find it easier to work with an importer/wholesaler in a particular island. The latter is, in fact, the easiest and preferred method for most U.S. exporters.

Local Business Customs and Trends

In general, Caribbean buyers rely heavily on consolidators, particularly those located in South Florida, for shipment of mixed container-loads to their local ports. As a result, a crucial part of doing business with Caribbean importers is building a relationship with a consolidator in South Florida (and in New York/New Jersey for those seeking to export to Bermuda). Since some large resorts and supermarket chains often order larger shipments directly from suppliers, the main resource for small and medium-sized U.S. suppliers are local importers/wholesalers. These importers/wholesalers will work with prospective U.S. suppliers to meet local standards and regulations and find the best distribution channel. They are also likely to stay informed of changing regulations and duties on food and beverage products.

A good way to meet with Caribbean importers is to attend key food and beverage trade shows in the United States. Among the shows with a strong presence of Caribbean importers are the National Restaurant Association (NRA) Show in Chicago, the Summer Fancy Food Show in New York City, and the Americas Food and Beverage (AFB) Show in Miami. The CBATO and its partner organizations (e.g. Southern United States Trade Association, Food export Midwest, Food Export Northeast, U.S. Meat Export Federation, and USA Poultry and Egg Export Council among others) often lead delegations of Caribbean buyers to these and other trade shows and buying missions. Please contact the CBATO (see Section VI) to connect with Caribbean buyers attending these U.S. trade events.

General Consumer Food Tastes and Consumption Trends

U.S. brands are well recognized and in high demand by Caribbean consumers. Exposure to U.S. food and culture through television, travel, and U.S. food franchises present in the region greatly influence local preferences. Furthermore, due to increased access to technology and social media, Caribbean consumers (particularly the younger generations) keep up-to-date with the latest consumer trends taking place in the United States and around world. This, in turn, further influences consumer preferences.

One important development in the market is the growing concern regarding the rise of obesity and diabetes in the region, which can lead to a multitude of other serious health complications. Studies conducted by the University of the West Indies (UWI) estimate that one in every four adults in some Caribbean Community (CARICOM) countries has diabetes. Moreover, practically all countries in the CBATO region have diabetes national prevalence rates higher than the world average and a few have national prevalence rates that are nearly double the world average. One in three Caribbean children is estimated to be overweight or obese. Thus, just as in many other parts of the world, Caribbean consumers are attempting to take a more active role in their health care, which includes seeking out healthy eating alternatives and following nutritional guidelines more closely. This is especially the case among young consumers. Nonetheless, price is still a predominant factor when making purchasing decisions in the region.

III. Import Food Standards & Regulations and Import Procedures

In most islands, food safety responsibilities fall under the Ministry of Public Health or its equivalent. The Ministry of Agriculture may also play a role with plant and animal products in terms of both public health and plant and animal health. Meat and poultry, dairy products, seafood, and produce typically require import approval and health/country of origin certification. For example, phytosanitary certificates from the country of origin must accompany imported fresh produce and plants. Health certificates must accompany live animals and animal products. Certain items may be restricted if the government decides they pose a risk to food safety or plant and animal health. It is always recommended that U.S. exporters verify that their product is eligible for entry into a particular market prior to shipping.

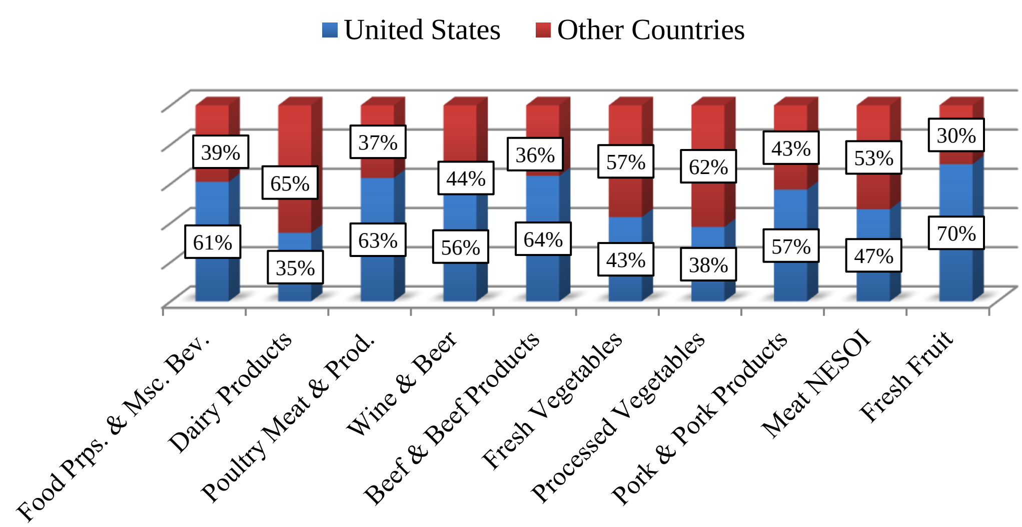
Most Caribbean countries follow international standards (e.g., Codex Alimentarius standards) and fully accept U.S. standards for food and agricultural products, including the standard U.S. nutritional fact panel. However, U.S. suppliers must be aware that European Union (EU) standards may apply for some EU Member State territories in the Caribbean. The French overseas departments of Guadeloupe and Martinique are a case in point, as they require food and beverage products to be labeled in French and to comply with French and EU norms. In general, enforcement of labeling and other product standards is carried out mostly at the port of entry, but routine and random checks at the retail and wholesale levels are also conducted. As always, good communication with local importers will help to ensure proper compliance with local food laws.

More information on Caribbean Basin import requirements can be found in the Food and Agricultural Import Regulations and Standards (FAIRS) reports available via the USDA Global Agriculture Information Network (GAIN) for the following countries: Aruba, The Bahamas, Barbados, Bermuda, Cayman Islands, Curacao, Sint Maarten, and Trinidad and Tobago.

IV. Market Sector Structure and Trends

The top five import categories for the Caribbean Basin are food preparations and miscellaneous beverages, dairy products, poultry meat & products (ex. eggs), wine & beer, and beef & beef products. These five categories alone represent over half of consumer-oriented product imports. With only a few exceptions, the United States has the leading market share in practically all product categories.

U.S. Market Share by Product Category, 2019



Source: Trade Data Monitor, based on reporting countries export statistics.

A. Retail Sector

An estimated 70 percent of consumer-oriented agricultural imports in the Caribbean are destined for the retail sector. Most of the products stocked on the shelves of Caribbean retail stores are imported. The retail food sector is heterogeneous and dynamic and is composed of modern grocery outlets (hypermarkets, supermarkets, forecourt retailers, discounters, and gas marts) and small, traditional grocery operations. According to Euromonitor International, sales in the grocery retail sales in the CBATO region amounted to an estimated $8.9 billion in 2019.

Caribbean[1]: Grocery Retailers By Type, 2019		
Type	Number of Outlets	Retail Sales $ Millions
Convenience Stores	565	428.0
Discounter	208	961.3
Forecourt Retailers	677	295.0
Hypermarkets	36	1,112.0
Supermarkets	581	3,460.8
Traditional Retailers	14,840	2,664.2
TOTAL	16,907	8,921.3

[1]Excludes Turks and Caicos, Montserrat, St. Martin, St. Barts, BES Islands & Cuba.
Source: Euromonitor International.

International retail chains in the Caribbean include Massy Stores (Trinidad and Tobago) Price Smart (U.S.), Cost-U-Less (Canada), Save-A-Lot (U.S.), Carrefour (France), Casino (France), and Albert Heijn Zeelandia (Holland). While these retail outlets do quite well, 'mom and pop' stores will continue to supply a large share of consumers' needs for basic supplies. Additional information can be found in Retail Sector reports via the USDA Global Agriculture Information Network (GAIN). Reports are available for: Aruba, Trinidad and Tobago, the Eastern Caribbean, The Bahamas, Cayman Islands, and Bermuda.

A. HRI Food Service Sector

The Caribbean HRI food service sector is estimated to account for roughly 30 percent of consumer-oriented agricultural imports. According to Euromonitor International, the sector is made up of nearly 7,500 outlets, with full-service restaurants, cafes and bars accounting for 56 percent of these. With only 12 percent of all outlets, limited service restaurants (mainly fast food chains) account for 42 percent of the sector's total sales, estimated at $2.1 billion.

Caribbean[1]: Food Service Operators By Type, 2019		
Type	Number of Outlets	Retail Sales $ Millions
Full Service Restaurants	3,250	826.4
Street Stalls & Kiosks	2,423	102.7
Cafes & Bars	952	294.3
Ltd. Service Restaurants	864	900.5
Self Service Cafeterias	3	0.6
TOTAL	7,492	2,124.3

[1]Excludes Turks and Caicos, Montserrat, St. Martin, St. Barts, BES Islands & Cuba.
Source: Euromonitor International.

The percentage of Caribbean hotels and restaurants that are independently owned varies from approximately 90 percent in Grenada to 25 percent in The Bahamas (Nassau in particular). This characteristic influences the flow of imports to the island. The independently owned restaurant or hotel is more likely to source food and beverage products from local importers/wholesalers, while larger chain restaurants and hotels have both the connections and the economies of scale to make direct imports from U.S. suppliers.

While corporate-owned resorts and hotels have boomed over recent years, independently owned food service businesses are still strong on all Caribbean islands. Local independently owned restaurants remain especially popular in countries such as Aruba, Barbados, Bermuda, the Cayman Islands, Sint Maarten/St. Martin, and Turks and Caicos. Some of the world's most acclaimed chefs are working in the Caribbean. Using high quality ingredients, these chefs and their restaurants often are a valuable platform for introducing U.S. food and beverage products. However, many chefs are European-trained and thus breaking their preference toward European products can be challenging. Heightened interest of chefs in the use of locally produced ingredients is a recent trend, similar to other parts of the world.

Additional information can be found in HRI Food Service Sector reports via the [USDA Global Agriculture Information Network (GAIN)](). Reports are available for: The Caribbean Basin, The Bahamas, Trinidad and Tobago, Turks and Caicos Islands, the Eastern Caribbean, Cayman Islands, Bermuda, Barbados, and Aruba.

B. Food Processing Sector

Food processing in the broad Caribbean Basin is highly concentrated in the larger countries such as the Dominican Republic and Jamaica, which are outside the CBATO region, and to a lesser extent in Trinidad and Tobago. Because food production is limited in the CBATO region and there are virtually no economies of scale, food processing is much less prevalent. In fact, in 2019 bulk and intermediate agricultural products accounted for only 20 percent of U.S. agricultural exports to the CBATO region. Nonetheless, there is processing of wheat flour, pasta products, rice, bakery products, soy products, dairy products, and animal feeds in Trinidad and Tobago and Barbados. Food processors within the region buy roughly 20 percent of raw materials and food ingredients from local suppliers and import 80 percent from international suppliers.

V. Agricultural and Food Imports

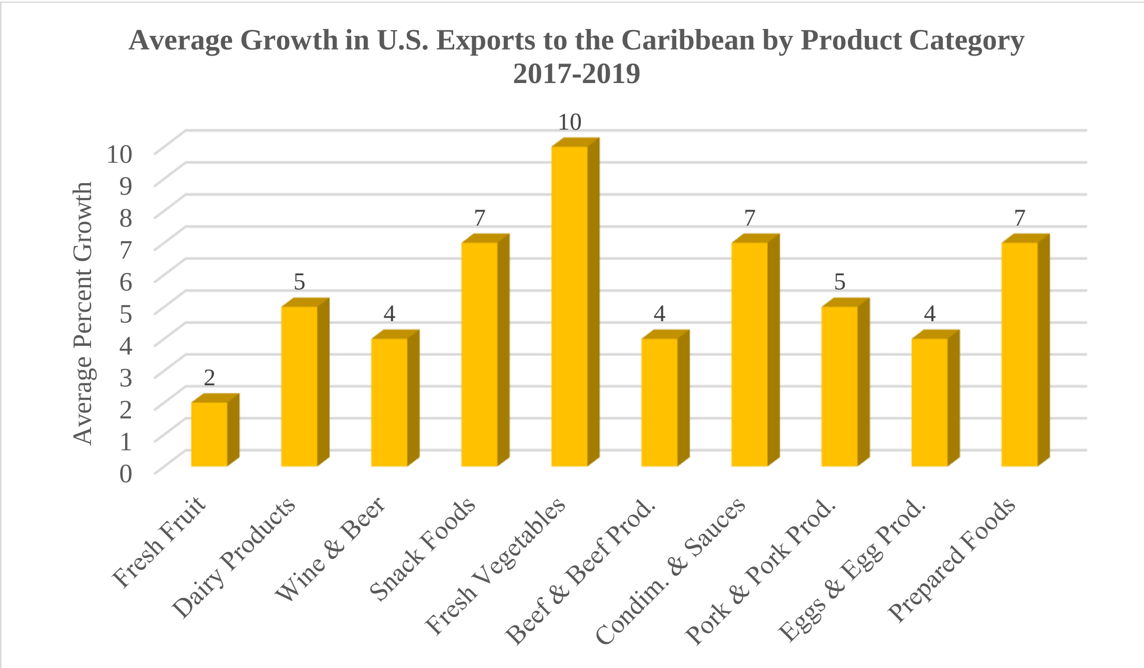
In 2019, the region imported $2.6 billion in agricultural products and exported $0.4 billion, a deficit of $2.2 billion. Trade data indicate that agricultural imports rose by 3.2 percent in 2019. The top five markets in the region for total (world) imports of agricultural products are Trinidad and Tobago, The Bahamas, Curacao, Barbados, and Guyana. Together, these markets account for nearly two-thirds of all agricultural imports in the region.

The United States has a 53 percent overall share of the Caribbean market for agricultural products. Data indicate that U.S. share is highest in markets such as The Bahamas and Bermuda where the U.S. accounts for three quarters of all agricultural imports. However, in the French overseas departments of Guadeloupe and Martinique where most products are imported from mainland France, U.S. foods are few and far in between, and thus U.S. market share is minimal.

Given limited domestic agricultural output and food processing, consumer-oriented foods top the main categories of agricultural imports with 81 percent. The remainder is made up of intermediate or semi-processed products (12 percent) and bulk commodities (7 percent).

U.S. Exports of Agricultural Products to the Caribbean, 2015-2019					
	2015	2016	2017	2018	2019
Product Category	Value (US$)				
Bulk Total	143,357	120,270	125,490	141,587	124,434
Intermediate Total	163,180	161,692	153,904	170,556	158,237
Consumer Oriented Total	1,044,592	1,039,141	1,056,659	1,060,256	1,123,736
Pltry Meat & Prods. (ex. eggs)	143,836	136,828	150,965	139,556	145,403
Dairy Products	105,791	105,644	111,510	111,214	122,062
Prepared Food	104,556	112,930	96,178	98,446	110,848
Beef & Beef Products	90,342	95,677	89,193	89,262	96,380
Snack Foods NESOI	77,067	76,662	77,039	80,905	88,772
Wine & Beer	56,892	56,380	57,160	54,130	61,926
Fresh Fruit	42,670	47,124	50,294	49,389	52,428
Non-Alcoholic Bev. (ex. juices)	60,172	57,376	53,551	51,347	51,403
Pork & Pork Products	43,975	44,993	46,285	45,532	51,295
Fresh Vegetables	34,565	32,370	36,628	43,027	44,604
Eggs & Products	42,368	37,661	39,578	44,361	43,217
Condiments & Sauces	35,091	33,888	33,736	37,017	38,831
Fruit & Vegetable Juices	42,788	43,519	36,707	35,433	36,855
Dog & Cat Food	30,899	30,758	28,467	30,671	33,760
Other Consumer Oriented	19,410	20,497	24,470	29,018	28,549
Processed Vegetables	32,647	33,789	31,641	28,580	25,418
Meat Products NESOI	15,904	12,400	34,462	32,693	24,389
Breakfast Cereals	17,377	18,945	18,888	18,371	20,466
Chocolate & Cocoa Products	21,460	19,237	18,447	17,862	19,278
Tree Nuts	14,789	12,579	11,947	13,317	14,904
Processed Fruit	11,992	9,884	9,513	10,128	12,949
TOTAL Agricultural Products	1,351,128	1,321,103	1,336,053	1,372,399	1,406,406
Source: US Census Bureau Trade Data.					

With limited domestic production of food products in the Caribbean, all consumer-oriented product categories normally enjoy good export potential for U.S. suppliers. Of course, with more challenging economic conditions brought about by the COVID-19 pandemic, U.S. exports of consumer-oriented products will no doubt experience a dip in 2020. Looking forward, as Caribbean economies begin to recover as expected in 2021, improved opportunities are also expected to emerge in the region for the full range of consumer-oriented products. Value products and healthy foods, in particular, are expected to continue to do well as countries emerge from the pandemic. The following chart illustrates some of the product categories with the most growth potential.



Source: US Census Bureau Trade Data.

VI. Key Contacts and Further Information

If you have questions or comments regarding this report, or need assistance exporting to the Caribbean Basin region, please contact the CBATO in Miami, Florida. Caribbean importer listings are available from the CBATO for use by U.S. exporters of U.S. food and beverage products.

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Ave, Suite 720
Miami, Florida 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
Email: atocaribbeanbasin@usda.gov
FAS Website: www.fas.usda.gov

Attachments:

No Attachments