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Caribbean Import Market for Beef Products

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Report Highlights:

This report highlights opportunities for beef products in the Caribbean islands and focuses specifically on three leading markets: Curacao, Barbados, and Bermuda.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Miami [C11], C1

The Caribbean Market for Beef

Overview

Major suppliers of beef to the Caribbean basin include the United States, Australia, and New Zealand. Smaller suppliers include several South American countries (e.g. Argentina, Brazil, Uruguay), the Netherlands and Ireland. Because Caribbean import statistics are often unreliable or unavailable, export statistics from the US, New Zealand, the EU, and Canada were analyzed to estimate approximate market sizes (see Table 1). Exports to the Caribbean from these four suppliers totaled nearly \$47 million in 1997. The EU accounted for 56 percent of the total, although 95 percent of European exports to the region were destined for Guadeloupe or Martinique. The US accounted for 33 percent of the total Caribbean imports by these four suppliers and New Zealand accounted for 10 percent.

Excluding Guadeloupe and Martinique, Bermuda is the largest import market in the Caribbean, with \$5.6 million purchased in 1997 from the four suppliers surveyed. Other major markets include Trinidad (\$2.7 million), the Bahamas (\$2.5 million), the Cayman Islands (\$1.8 million), the Netherlands Antilles (\$1.7 million), Barbados (\$1.7 million), Aruba (\$1.5 million), and Jamaica (\$1.4 million).

In the non-French markets, US beef is relatively expensive and caters primarily to middle and higher end retailers and the tourist sector. Beef from Australia and New Zealand, relatively cheaper in price, serves the middle-lower end market.

Table 2 shows that the most widely purchased variety of US beef is frozen boneless, with 1997 Caribbean imports from the US worth \$7.7 million and accounting for 52 percent of total US exports to the region. Other beef import categories include: fresh boneless beef (33 percent of US exports by value), frozen bone-in beef (11 percent), and fresh bone-in beef (4 percent). US exports to the region have been relatively stagnant over the period 1994-1997 (see Table 3).

Table 1. Beef Exports to the Caribbean from Major Suppliers (f.o.b. in \$US 000)

| Importing Country | US | New Zealand | EU | Canada | Total |
|--------------------------|-----------|--------------------|-----------|---------------|--------------|
| Bermuda | 4,705 | 728 | 177 | 0 | 5,610 |
| Trinidad & Tobago | 346 | 2,314 | 15 | 37 | 2,712 |
| Bahamas | 1,847 | 28 | 625 | 44 | 2,544 |
| Cayman Islands | 1,783 | 0 | 0 | 0 | 1,783 |
| Netherlands Antilles | 1,532 | 4 | 143 | 0 | 1,679 |
| Barbados | 880 | 783 | 0 | 0 | 1,663 |
| Aruba | 1,404 | 0 | 109 | 0 | 1,513 |
| Jamaica | 768 | 665 | 0 | 7 | 1,440 |

| Importing Country | US | New Zealand | EU | Canada | Total |
|------------------------|--------|-------------|--------|--------|--------|
| Haiti | 688 | 0 | 67 | 0 | 755 |
| St Lucia | 408 | 115 | 0 | 0 | 523 |
| Dominican Republic | 464 | 0 | 0 | 0 | 464 |
| Antigua & Barbuda | 224 | 45 | 0 | 0 | 269 |
| St Vincent | 114 | 71 | 75 | 0 | 260 |
| British Virgin Islands | 120 | 0 | 0 | 0 | 120 |
| St Kitts & Nevis | 84 | 0 | 0 | 0 | 84 |
| Turks & Caicos | 60 | 0 | 0 | 0 | 60 |
| Martinique* | 18 | 5 | 14,169 | 0 | 14,192 |
| Grenada | 8 | 8 | 0 | 4 | 20 |
| Guadeloupe* | 9 | 7 | 11,009 | 0 | 11,025 |
| Anguilla | 0 | 0 | 10 | 0 | 10 |
| Dominica | 4 | 0 | 0 | 0 | 4 |
| Exports by Supplier | 15,466 | 4,773 | 26,399 | 92 | 46,730 |
| Import Market Share | 33% | 10% | 56% | <1% | |

Source: Official Trade Statistics of the U.S, EU, Canada

Table 2. US Beef Exports to the Caribbean by Variety, 1997 (f.o.b. in \$US 000)

| Importing Country | Fresh, bone-in | Fresh, boneless | Frozen, bone-in | Frozen, boneless |
|--------------------|----------------|-----------------|-----------------|------------------|
| Antigua | 4 | | 43 | 165 |
| Aruba | 29 | 268 | 146 | 832 |
| Bahamas | 50 | 129 | 313 | 1,350 |
| Barbados | 35 | 77 | 133 | 635 |
| Bermuda | 9 | 2,628 | 149 | 1,632 |
| BVI | | | 18 | 103 |
| Cayman Islands | 16 | 27 | 348 | 1,256 |
| Dominica | | | | 4 |
| Dominican Republic | 161 | 60 | 38 | 157 |
| Grenada | | | | 8 |

| Importing Country | Fresh, bone-in | Fresh, boneless | Frozen, bone-in | Frozen, boneless |
|----------------------|----------------|-----------------|-----------------|------------------|
| Guadeloupe | 54 | 111 | 9 | |
| Haiti | 5 | 6 | 11 | 633 |
| Jamaica | 40 | 307 | 189 | 220 |
| Martinique | | | 18 | |
| Netherlands Antilles | 44 | 950 | 28 | 407 |
| St Kitts & Nevis | | 19 | 44 | 20 |
| St Lucia | 79 | 152 | 94 | 83 |
| St Vincent | | | 6 | 108 |
| Trinidad & Tobago | 50 | 148 | 16 | 90 |
| Turks & Caicos | 71 | | 26 | 35 |
| Total | 646 | 4,884 | 1,622 | 7,740 |

Source: NTDB

Table 3. Selected US Beef Exports to the Caribbean, 1994-97 (f.o.b. in \$ US 000)

| Variety | 1997 | 1996 | 1995 | 1994 |
|------------------|---------------|---------------|---------------|---------------|
| Fresh, bone-in | 646 | 907 | 1,345 | 1,430 |
| Fresh, boneless | 4,884 | 4,153 | 5,189 | 5,285 |
| Frozen, bone-in | 1,621 | 3,077 | 1,809 | 1,683 |
| Frozen, boneless | 7,740 | 7,122 | 7,861 | 7,134 |
| TOTAL | 14,892 | 15,259 | 16,204 | 15,533 |

Source: NTDB

The most popular cut among retail customers is reported to be sirloin strip, followed by tenderloin, T-bone steak, flank and top ground. While poultry products are the traditional meal at local family dinners, importers note continuing demand for beef, especially from the HRI sector. There is also reported to be an interest in substitute products like seafood by hotels and restaurants wishing to offer tourists healthier menu options.

Import requirements for beef in many countries follow food safety regulations in the US. Although some countries perform inspection on imported beef, US food safety standards are generally recognized and will expedite customs clearance. Although labeling specifications are not required in some countries, the popularity of US beef, such as Black Angus sirloin, warrants the use of US grades and industry specifications.

Curacao (Netherlands Antilles)

Current Suppliers. Curaçao sources beef from a wide variety of suppliers. According to official statistics, the total value of Curaçao's imports of beef was US \$10.6 million in 1997 (see Table 4). The US was the largest supplier in 1997 with a 30 percent import market share (by volume), followed by the Netherlands (19 percent), Argentina (11 percent),

Canada (6 percent), Australia (4 percent), Brazil (3 percent), and Uruguay (2 percent).

Table 4: Curaçao Beef Imports, 1997 (value is f.o.b. in \$US 000, volume in MT)

| Supplier | Value | Share | Volume | Share |
|---------------|--------|-------|--------|-------|
| United States | 2,985 | 28% | 994 | 29% |
| Netherlands | 2,140 | 20% | 661 | 19% |
| Argentina | 1,166 | 11% | 367 | 11% |
| Australia | 750 | 7% | 139 | 4% |
| Canada | 664 | 6% | 204 | 6% |
| Brazil | 274 | 3% | 87 | 3% |
| Uruguay | 183 | 2% | 56 | 2% |
| Belgium | 88 | 1% | 26 | 1% |
| Other | 2,319 | 22% | 858 | 25% |
| Total | 10,569 | | 3,392 | |

Source: Official Statistics of Curaçao

Distribution and Sales Channels. Curaçao's major container port is St. Annabaai. The major food wholesalers are Consales, J.P. Maal, Posner's Agencies, and C. Winkel and Zomen. The five main supermarkets are Centrum (2 stores), Esperamos, Las Vegas, Mangusa (2 stores), and Pita (2 stores). Though these supermarkets account for an estimated 50 percent of retail food sales, there are over 100 small stores or "mini-markets" located throughout the island for convenience purchases. Cost-U-Less opened in Curacao in March 1999 and features a wide variety of US goods. Cost-U-Less is a U.S. headquartered wholesale club-style store similar to Costco, yet they do not charge a membership fee.

Table 5: Selected Beef Products Seen at Curaçao Supermarkets

| Variety | Origin | Price/kg (NA Guilder) | Price/kg (US \$) |
|-------------|---------------|--------------------------|---------------------|
| Club | South America | 14.00 | 8.00 |
| Flank | Argentina | 11.90 | 6.78 |
| Flank | South America | 8.60 | 4.90 |
| Lean ground | South America | 12.00-15.40 | 6.84 |
| Lean ground | Colombia | 7.70 | 4.39 |
| Loin rib | South America | 10.00-14.00 | 5.70-7.98 |
| Minced | Argentina | 11.96 | 6.81 |
| NY strip | Argentina | 11.98 | 6.82 |
| NY strip | South America | 15.50 | 8.86 |
| Rump | South America | 15.20 | 8.68 |
| Sirloin | Colombia | 16.25 | 9.26 |
| Stew beef | Argentina | 10.80 | 6.16 |
| Stew beef | Colombia | 11.70 | 6.67 |
| Tenderloin | South America | 15.80 | 9.02 |

Source: Supermarket survey, December 1998

Note: Exchange rate (NA Guilder 1.75 = US\$ 1.00)

Consumer Preferences. US and European beef are the preferred varieties of Curaçao's wealthy tourists, as most imports from these suppliers are brought in to service hotels and restaurants. Local taste preferences, on the other hand, tend to favor beef from South America (Argentina, Brazil, Uruguay) which is imported both fresh and frozen. As a result, South American beef is more commonly offered at the retail level. According to retailers, this is due more to the difference in taste than pricing. Retailers who offered US varieties found that customers did not respond favorably enough to warrant carrying it on a regular basis.

Import Requirements. In Curaçao, import permits for beef are required due to food safety concerns, and all beef products are inspected upon arrival at Customs. The official policy is that beef products must originate from abattoirs approved by the governments of the Netherlands or the Netherlands Antilles. Beef imports meeting US food safety requirements have no problem gaining entry.

Tariffs and duties. Curaçao levies two types of import duties: a standard tariff against the C.I.F. value of a product, and an “economic levy” which applies to locally-produced goods. At present, Curaçao does not levy any tariffs or economic levies against imports of beef.

Barbados

Current Suppliers. Barbados does not produce beef of its own and places no import restrictions on the importation of beef (see Table 6). As a result, there is an import market for beef valued at around US\$2.8 million in 1997. In terms of volume, Ireland was the largest supplier in 1997 with an import market share of 38 percent, followed by New Zealand (25 percent), the US (22 percent), the UK (9 percent), and Australia (6 percent). Because of the relatively higher price of US beef, the US is the largest supplier by value. Table 7 provides a breakdown of beef imports by type.

Table 6: Barbados Imports of Beef, 1997

| Supplier | Value (US\$ 000s FOB) | Share | Volume (MTs) | Share |
|----------------|--------------------------|-------|-----------------|-------|
| United States | 1,228 | 44% | 219 | 22% |
| Ireland | 688 | 25% | 380 | 38% |
| New Zealand | 530 | 19% | 246 | 25% |
| Australia | 185 | 7% | 62 | 6% |
| United Kingdom | 148 | 5% | 90 | 9% |
| Total | 2,779 | | 997 | |

Source: Government of Barbados

Table 7: Barbados Beef Imports by Variety, 1997 (f.o.b. in \$US 000)

| Importing Country | Fresh, bone-in | Fresh, boneless | Frozen, bone-in | Frozen, boneless |
|-------------------|----------------|-----------------|-----------------|------------------|
| US | | 43 | 337 | 848 |
| Ireland | | 8 | 57 | 623 |
| New Zealand | 9 | 38 | 58 | 425 |
| Australia | | 32 | | 152 |
| UK | | | | 148 |
| Canada | | .2 | | .5 |
| TOTAL | 9 | 122 | 453 | 2,196 |

Source: Government of Barbados

The US is predominant in higher end cuts, the majority of which serves the hotel and restaurant sector. Most New Zealand and Australian beef, on the other hand, is distributed at the retail level where their cheaper prices make them popular with residents.

Distribution and Sales Channels. Barbados’ main harbor is the Port of Bridgetown, which has full cargo handling capability. Grantley Adams International is the main airport.

The main food wholesalers in Barbados are A.S. Bryden and Sons, M.E.R. Bourne and Co., T. Geddes Grant, Frank B. Armstrong, Spring Garden Foods, and Ridge View. There are roughly twenty other wholesalers of smaller size in Barbados, but the above-mentioned supply an estimated 70 percent of the retail market. Most wholesalers operate as exclusive distributors and have non-competition agreements that bar other wholesalers from carrying the same brands. However, some importers are now bringing in branded products from Florida, forcing local wholesalers to compete aggressively on price.

Supermarkets account for an estimated 75 percent of retail food sales in Barbados, with the remainder made up by small grocery store, convenience stores, covered markets, and street stalls. There are roughly 20 supermarkets on the island. Super Centre owns a chain of four stores and Plantations Trading owns two. The largest supermarket on the island, Julie’N, has 27 checkout stands and more selection than any other store.

Table 8 shows various beef products found at local supermarkets during a December 1998 survey.

Table 8: Selected Beef Products Seen at in Barbados Supermarkets

| Variety | Origin | Price/kg (Barbados \$) | Price (US \$) |
|--------------------------|-------------|---------------------------|------------------|
| Bottom roundsteak, fresh | Barbados | 14.51 | 7.21 |
| Cube steak, frozen | New Zealand | 24.69 | 12.28 |
| Ground beef, frozen | Barbados | 14.35 | 7.13 |
| Ribeye/roundsteak, fresh | Barbados | 15.48 | 7.70 |
| Sirloin steak, fresh | Barbados | 14.73 | 7.32 |
| Stew beef, fresh | Barbados | 11.25 | 5.59 |
| Stew beef, frozen | New Zealand | 9.79 | 4.87 |
| Striploin, fresh | Barbados | 15.50 | 7.71 |
| Veal, frozen | New Zealand | 16.00 | 7.96 |

Source: On-site supermarket surveys, December 1998

Note: Exchange Rate (US\$ 1.00 = = Barbados \$ 2.0113)

Consumer Preferences. In Barbados, beef is popular with both high-and low-end buyers, and retailers offer a variety of cuts including rib eye, sirloin, tenderloin, choice and ground chuck. One retailer reported that frozen beef, which he began offering eight years ago, now comprises 50 percent of his store’s beef sales. A higher end retailer noted a customer preference for fresh beef over frozen, due to a perception that beef sold chilled retains superior flavor.

While beef is holding its own against substitutes like fish and poultry, retailers point out that whole chickens are the dinner meal of choice in Barbados. One importer serving the HRI sector reported that hotels have been requesting more seafood products such as shrimp. As mentioned, customers at the retail level purchase New Zealand beef as an affordable alternative to more expensive US products.

Import Regulations. There are no restrictions on imports of fresh or frozen beef and it is not necessary for importers to obtain a permit. There is presently a ban on imports of beef from the United Kingdom and South America.

Tariffs and Duties. Import duties for beef products entering Barbados therefore consist of three separate charges:

1. Standard tariff rate of 30 percent on all beef products; (scheduled to increase to 40 percent in April 2000)
2. 1 percent environmental levy (on all imported goods);
3. 15 percent Value Added Tax applied to the value of the good as recorded on the commercial invoice and the sum

of the first two charges.

Bahamas

Current Suppliers. The Bahamas is heavily dependent on imports for its supply of beef, with only limited domestic livestock production. Imports consist mainly of frozen and fresh boneless cuts from the US, Canada, New Zealand, Australia, and the UK. Although imports from New Zealand are not recorded in official statistics, these are most likely acquired through transshipment through Miami.

According to official Bahamian statistics, imports totaled \$14.3 million in 1997 – significantly higher than the roughly \$2.5 million estimated in Table 9 (based on official export statistics of the EU, Canada, and the US). This discrepancy is due to transshipments of non-US beef through the US – US statistical sources do not record these shipments as US export, but the Bahamas does record them as US product. Therefore, US imports recorded in Table 3 also include product from other countries (most notably New Zealand).

Table 9: Bahamas Imports of Beef from Major Suppliers, 1997
(f.o.b. , US\$ 000s)

| Supplier | Total | Frozen Beef | Fresh Beef |
|---------------|--------------|--------------|----------------|
| United States | 1,847 | 1,668 | 179 |
| EU | 625 | 507 | 118 |
| Canada | 44 | 44 | 0 |
| Total | 2,516 | 2,219 | 296,983 |

Source: Official statistics of the US, EU and Canada

Table 10: Bahamas Beef Imports, 1997 (f.o.b., US\$ 000)

| Product Group | Product | Suppliers | Value |
|---------------|------------------------------|---------------------------|---------------|
| <i>Fresh</i> | Carcasses and half-carcasses | US | 29 |
| | Other cuts, bone-in | US, Canada | 889 |
| | Boneless cuts | US | 4,782 |
| | | Subtotal | 5,700 |
| <i>Frozen</i> | Carcasses and half-carcasses | US | 72 |
| | Other cuts, bone-in | US, UK, Canada | 3,544 |
| | Boneless cuts | US, UK, Canada, Australia | 5,025 |
| | | Subtotal | 8,641 |
| | | Total | 14,341 |

Source: Bahamas Department of Statistics

Distribution and Sales Channels. Nassau is the largest port in the Bahamas and handles most of the commercial traffic, including food imports. Freeport is currently being expanded to accommodate container vessels. The Bahamas also has five international airports, with the two largest at Nassau and Freeport.

It is estimated that there are less than twenty food wholesalers in the Bahamas, including Asa H. Pritchard, Jagar, D'Albenas, and Nassau Hotel and Restaurant Supply. The Grand Bahamas Food Company and the Thompson Trading Company are two medium-sized wholesalers. The wholesale business is reported to be increasingly competitive as many grocery stores, including warehouse-type discount outlets, are importing direct from manufacturers or through Miami-

based wholesalers.

There are over 200 grocery stores in the Bahamas, most of that are small. The three major grocery store chains are City Markets (owned by US-based Winn Dixie), Super Value, and John Chea and Sons. There is also Solomon's, which operates both as a traditional wholesaler and as a retailer in that it sells directly to the public out of its warehouse, and Costrite, which is similar to a Costco or Sam's Club in the United States. Costrite, which sells apparel and home furnishings along with food, is a membership club which offers food products packed in bulk and/or institutional-sized quantities.

Beef products found at local supermarkets during a December 1998 survey included ground beef (US\$1.89/lb), stew beef (\$2.99/lb), and sirloin strips (\$7.89/lb).

Consumer Preferences. Most beef is offered by retailers pre-cut and pre-packaged. Popular cuts include: prime rib, Porterhouse, tenderloin, sirloin, chuck, and strip loin. As with the other countries profiled, much of the US beef goes to the hotel and tourism sector while the local market is served by providing cheaper cuts from New Zealand and Australia.

Import Regulations. Import permits are not required for beef products. Food safety rules in the Bahamas generally follow US guidelines, and products bearing US food safety certification have no problem clearing Customs.

Tariffs and Duties. The Bahamas do not levy tariffs against imports of beef. However, all imported food products are assessed a stamp tax of 2 percent of the CIF value of the product.

Bermuda

Current Suppliers. As of 1994, Bermuda Customs authorities no longer disaggregate meat imports. Table 11 estimates import market size by analyzing export statistics from what are considered to be Bermuda's three largest suppliers; the US, New Zealand, and the European Union. Total import market size is estimated to exceed \$5.6 million, with the US supplying \$4.7 million and followed by New Zealand (\$0.7 million) and the EU (\$0.2 million).

According to US export statistics, most US exports are comprised of fresh and frozen boneless cuts (see Table 12). Despite what appears to be a decrease in overall supply of US chilled beef, however, buyers at the retail level report that consumers have shown a growing preference for fresh beef of US origin, where Bermuda previously imported the majority of its beef frozen from New Zealand. One importer explained that this is due to a growing sophistication in the beef market over the past decade, though, as with other markets, New Zealand beef still caters to lower end retail buyers.

Table 11: Bermuda Imports of Beef, 1997 (f.o.b. in \$US 000)

| Supplier | Total | Frozen Beef | Fresh Beef |
|---------------|--------------|--------------|--------------|
| United States | 4,705 | 1,818 | 2,887 |
| EU | 177 | 122 | 54 |
| New Zealand | 728 | 728 | |
| TOTAL | 5,609 | 2,668 | 2,941 |

Source: Official statistics of the US, EU and OECD

Table 12: US Beef Exports to Bermuda by Variety, 1994-97 (f.o.b. in \$ US 000)

| Variety | 1997 | 1996 | 1995 | 1994 |
|------------------|-------|-------|-------|-------|
| Fresh, bone-in | 9 | 102 | 158 | 298 |
| Fresh, boneless | 2,628 | 2,962 | 3,227 | 3,258 |
| Frozen, bone-in | 149 | 747 | 423 | 594 |
| Frozen, boneless | 1,632 | 1,477 | 1,673 | 1,548 |
| Total | 4,419 | 5,288 | 5,481 | 5,698 |

Source: NTDB

Distribution and Sales Channels. There is one port at Hamilton that serves all ocean freight with shipments arriving once or twice a week. Bermuda's international airport makes air freight available but expensive (about \$0.40/lb and expected to increase to as much as \$.80-96/lb due to future cutbacks in airline service). It is hoped that increased coordination among shippers will make ocean freight more flexible. For example, weekly food shipments from Salem and Elizabeth, New Jersey, are expected to begin arriving on different days of the week instead of the same day; in effect, wholesalers will be able to rely on two shipments per week instead of one.

Bermuda's supermarkets include The Marketplace, Arnold's, Lindo's Family Foods, The Supermart, and White's. While a few independent importers operate on the island, most retailers are supplied by a handful of importer/distributors including Butterfield Vallis, BGA Group, A.C.Brewer Distributors, and Viking Food Ltd. In addition to the retail sector, these groups also handle the majority of food distribution for hotels, restaurants and institutional food buyers.

Beef products found at local supermarkets during a December 1998 survey included boneless sirloin strips, which sold for US\$3.99-\$5.99/lb; sirloin tips (\$3.00/lb), top ground beef from New Zealand (\$2.99/lb), and New Zealand roast (\$1.99/lb).

Consumer Preferences. Imports of fresh beef have grown in recent years due to changing consumer preferences, with 60 percent of Bermuda's beef imports now brought in fresh. This preference for fresh was noted by an importer who claimed his fresh to frozen beef sales ratio was 3:1. The preferred variety is US Black Angus, with the most popular cuts being sirloin and tenderloin strip. In addition to offering single-strip packs, supermarkets also sell frozen cuts in packages of 4-6 strips.

Import Requirements. All meat imported into Bermuda must conform to the pure food and drug requirements of the country of origin. Food safety rules in Bermuda generally follow US guidelines, and products bearing US food safety certification typically have no problem clearing customs. The government does not impose any specific labeling requirements for imports of packaged beef.

Tariffs and Duties. In Bermuda, beef products are subjected to a 5 percent tariff. In addition, all imported goods are also assessed a "wharfage tax," which includes an additional charge of 1.01 percent of value for use of the dock or airport of entry. There are no VAT or stamp taxes for goods imported to Bermuda.