



Voluntary Report - public distribution

Date:3/29/2001

GAIN Report #BH1001

Belize

Market Development Reports

Outreach Program to Belize

2001

Approved by:

Frank Coolidge, Agricultural Counselor
U.S. Embassy, Guatemala

Prepared by:

Daniel Orellana, Marketing Specialist

Report Highlights:

Despite having the smallest consumer market in the region, American suppliers should not overlook Belize's as a potential trading partner. The supermarket concept in Belize is much more mature than in other countries in the region and it has practically no food processing industry. These conditions create an opportunity for U.S. firms to supply this market. Furthermore, the official language is English, increasing the simplicity both for communications and labeling products.

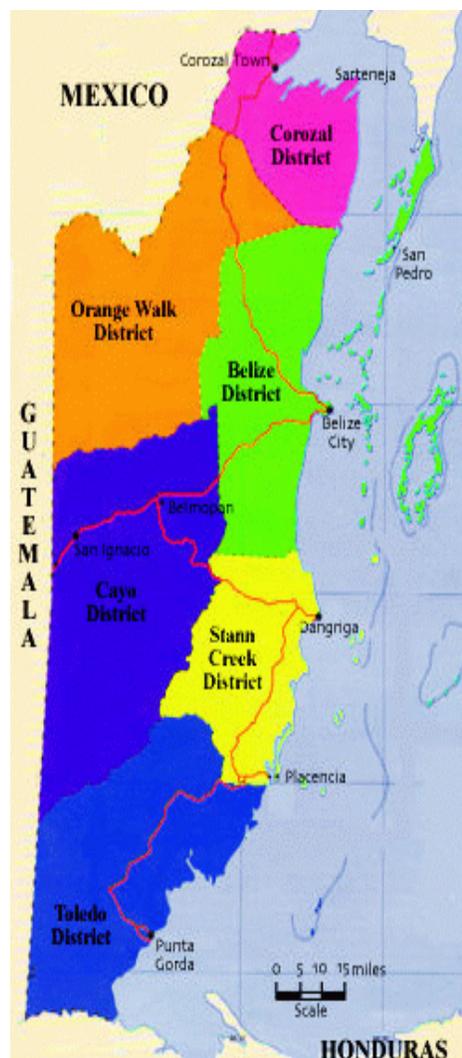
Outreach Program to Belize
March 6th to 9th, 2001

I. Market Constraint and Opportunities

Belize is the second smallest country in Central America and the least populated with 243,000 inhabitants. Traditionally, Belize has been a consumer nation, relying heavily on imports. The U.S. is Belize's main trading partner. In 2000 the U.S. exported \$32 million of agricultural products to Belize, and imported \$67 million in agricultural products from there.

Despite having the smallest consumer market in the region, American suppliers should not overlook Belize's unique advantages as a potential trading partner:

- Proximity to the U.S.
- Strong cultural influence from North America.
- Direct air and sea transport.
- English is the official language.
- The Belize dollar has been pegged to the U.S. dollar since 1976 at two to one.
- Per Capita Income is among the highest in Central America at \$2800. Only Costa Rica and Panama are higher than Belize.



There are many constraints that must be overcome to successfully export to Belize. The first and most important is an import license. Government policies very strongly protect local agricultural production. There are 27 products that require import licenses, among these being: rice, sugar, beans, eggs, citrus, flour, meats, jams/jellies, pepper sauce, peanuts, pasta, beer, potatoes, and aerated beverages. Getting a license for these products is very bureaucratic and lacks transparency.

There are many products that are on the list requiring import licenses, however, importing them is actually prohibited. Products such as rice, beans, flour, jams/jellies, pepper sauce, peanut butter, citrus products and pasta are not imported. Even though some products are on the list, the licenses are rarely ever given, unless there is a declared national deficit of the product.

Import duties on food products average 20% plus a sales tax of 8%. For nonessential goods, such as beer, cigarettes and liquor the tariff is 25% plus a sales tax of 12%. The sales tax is applied both to foreign and domestic products.

II. Market Analysis

Belize's GDP growth in 1999 was 6.2% and in 2000, it was approximately 4.0%. Total GDP for 2000 was about \$700 million, there was no inflation, and unemployment was about 12%. Belize's hard currency reserves have been growing, from \$50.9 million in 1998 to \$92.5 million in 1999, and its foreign debt dropped from \$258.6 million to \$241.9 million during the same period. It has a fairly stable economy that allows for long term planning without major shifts.

Belize has a small market for U.S. agricultural products, but it might be just the right market to seek a partnership. There are 240,000 inhabitants in the country with a birth rate of 2.75%.

There is a Mennonite population of German descent that although small in numbers, have considerable farming skills. They are responsible for most of the farming in the country. These farmers dominate the production of grains, meats, poultry, and dairy and basically feed the country.

A. Hotel and Restaurants

Tourism is an important earner of foreign exchange. In 2000, this sector accounted for about \$105 million in revenues for Belize. Last year, Belize was visited by 326,642 tourists, of which 136,569 were American. The country has 390 hotels, with a total of 3,963 rooms, 6,810 beds and 2,570 employees. The tourist business has greater flexibility than supermarkets to import food products. The government acknowledges the importance of hotels and restaurants and allows them to import raw materials needed in the preparation of dishes for the tourist. Furthermore, consolidating small quantities is not a problem. There is a company out of Miami called Hyde Shipping that consolidates and ships to Belize once a week and will deliver as little as a single box.

- Hyde Shipping 3033 N. River Dr. Miami Fl. (305) 638-4262

Most supermarkets along the coast carry institutional sized processed products in order to supply the yachting community, hotel and restaurant operators from the islands, as well as the people living on the islands. Most of these islands are too small to support a supermarket, therefore, purchases must be done on the main land.

B. Processed Food Industry

The processed food industry in Belize is almost nonexistent, supplying only a small fraction of the country's needs. This creates a great opportunity for U.S. firms in the processed food sector. Although many products are already being imported from the United States, there are opportunities in products such as canned hams and dairy products. These products are mostly imported from Denmark and the Netherlands. The transportation cost should be lower from the United States. Furthermore, the importation of these products is now prohibited due to the outbreak of BSE in Europe. It is estimated that each year Belize imports \$5.65 million of dairy products and \$1.17 million in meat products from Europe. This is a total of \$6.82 million worth of product that will be replaced with products from other countries. U.S. firms might now enter the market with viable substitutes.

There might be a profitable joint venture with a Belizean firm in building and operating a food processing plant. The products would have immediate access to the CARICOM, Caribbean countries, as well as good highway links to the rest of Central America.

C. Supermarkets

The supermarket concept in Belize is more mature than in other countries in the region. The wet markets are not that common, and they are mostly used for fresh produce and fruits. However, there are only two major supermarket chains in Belize; Brodies and Save-U. Both these chains have sales representatives that also provide imported products to other smaller single unit supermarkets in the interior. They both function as supermarkets and as distributors for many brands. For example, Save-U's parent company, Domingo Castillo, represents Hershey, Del Monte, Campbell Soups and Kraft. While Brodies parent company, James Brodie & Co. Ltd., represents, Hunts, Lays Potato Ships, Berringer, Hyde Park, and Boones Farm. Together they account for about 10-12 containers a week of imported food products.

- Save-U has five units in the country. The highest volume store sells about \$500,000 a month and their lowest volume store sells \$15,000 a month.
- Brodies have six units in the country. The highest volume store sells about \$1 million a month and their lowest volume store sells \$60,000 a month.

A third player supplies both small stores and the supermarkets with produce. D & S Produce, is the largest importer of fresh produce into Belize. The company is owned by Doug Fox. D & S imports a container each week from Miami. He is also a local grower and exporter of Belizean produce.

III. Entering the Market

Because the local economy is small, the best way for American exporters to penetrate the Belizean market is to seek a local importer/wholesaler who would also act as their agent/distributor in Belize. A typical distribution channel for an American-made product involves the U.S. manufacturer or distributor, the local importer or wholesaler (who almost always acts also as the distributor), the retailer, and finally the consumer.

IV. Best Prospect Products.

Below is a list of consumer products with a high potential to enter the market. U.S. suppliers, interested in entering this market, are encouraged to talk to the market contacts provided in this report.

- Canned Fruits and Vegetables
- Cup-a-noodle soups
- Wine
- Carbonated Drinks
- Clams
- Salmon
- Poultry Deli Products
- Gourmet Foods for HRI
- Canned Soups
- Canned Processed Meats
- Potato Chips
- Baked Snacks
- Cheeses
- Ice Cream
- UHT Milk
- Quality Raw Materials for HRI

V. Trip Perception

FAS Guatemala traveled to Belize by car in order to see the market first hand. We stopped at small and medium sized stores along the route, from San Ignacio through Belmopan to Belize City. It was apparent that there is cold chain limitation in distributing products. As one gets farther away from Belize City, the amount of refrigerated product decreases. This is due to various factors, such as lack of refrigerated transport, high cost of refrigerated vending equipment and high cost of electricity.

There seems to be many Chinese shop keepers. As we traveled throughout the country, we encountered many store and gasoline stations that were owned by Chinese. We were told that in the last few years over 10,000 Chinese have immigrated to Belize. This should create a great opportunity for U.S. firms that produce oriental products.

The Mennonite farmers seem to be very powerful politically, since the products that are most protected are the ones they farm. However, they seem to produce sufficient food to feed the country, at least the basic products such as grains and meats. The only problem seems to be a shortage of variety, high quality products for HRI and processed foods.

It is important to realize that most of the consumer-oriented product and high end business takes place in the islands. Most travelers only use the cities as a departing point, but spend the majority of their vacation on one of the many islands of Belize. This situation creates a great opportunity for a firm that is willing to run a supply service to the islands.

VI. Post Contact

If you have any questions regarding this report or need assistance exporting to Belize, please contact the U.S. Agricultural Affairs Office in Guatemala or the U.S. Embassy in Belize

Office of Agricultural Affairs, U.S. Embassy

Avenida Reforma 7-01, Zone 10
Guatemala, Ciudad 01010
Tel: (502) 332-4030
Fax: (502) 331-8293
email; AgGuatemala@fas.usda.gov

United States Embassy
P.O. Box 286
29 Gabourel Lane
Belize City, Belize
Tel: (501) 2-77161
Fax; (501) 2-71468
e-mail: GentleDM@state.gov

VII. Market Contacts in Belize

D & S Produce
Farmers Market
P.O. Box 1807
Belize City, Belize
Tel: (501) 2-44384
Fax: (501) 2-34071
Contact: Doug Fox

James Brodie and Co. Ltd
16 Regent Street
P.O. Box 365
Belize City, Belize
Tel: (501) 2-77070
Fax: (501) 2-75883
Contact: Curtis M. Musa

Save-U Supermarket LTD.
P.O. Box 1826
Belcan Bridge
Belize City, Belize
Tel: (501) 2-3191
Fax: (501) 2-3392
Contact: Raul Castillo