



Voluntary Report - public distribution

Date: 1/9/2003

GAIN Report #C13002

Caribbean Basin

HRI Food Service Sector

Antigua & Barbuda

2003

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Report Highlights:

Antigua's limited agricultural production forces it to import nearly all of its food needs from North America, Europe, and the Caribbean. The United States provides Antigua with over \$21 millions in food and agricultural commodity imports or roughly 55 to 65 percent of total food purchases. This report analyzes the export opportunities available for U.S. suppliers in the Antigua food service sector.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11], C1

Antigua and Barbuda Food Service Sector Report - 2002

I. Market Summary

Antigua and Barbuda is actually a tri-island state composed of Antigua, Barbuda and Redonda (unpopulated). Antigua is the largest of the British Leeward islands, about 281 square miles surrounded by white sand beaches. Barbuda is about 161 sq km, and Redonda's size is negligible. Formerly a British colony, Antigua and Barbuda retains strong links to British tradition and is deeply devoted to the English sport of cricket. Antigua is best known for its beautiful beaches, as a major Caribbean yachting destination for its extraordinary diving and interesting historical maritime sites.

Antigua food imports exceed an estimated \$50 million annually. The retail sector accounts for the majority (65 percent) of these imports and the food service sector accounts for the remainder. Staples such as frozen chicken, beef, juices, canned products, fruits, vegetables, and dairy products account for the largest percentage of sales.

The majority of the 69,970 inhabitants (2001 est.) work in the areas of commerce and services, with tourism-gear employment encompassing most of the workforce. Today, probably less than 5 percent of the population is engaged in agriculture where production is limited to cotton, fruits, vegetables, sugarcane and some livestock. Agricultural production is mainly directed to the domestic market; the sector is constrained by the limited water supply and labor shortages that reflect the pull of higher wages in tourism and construction.

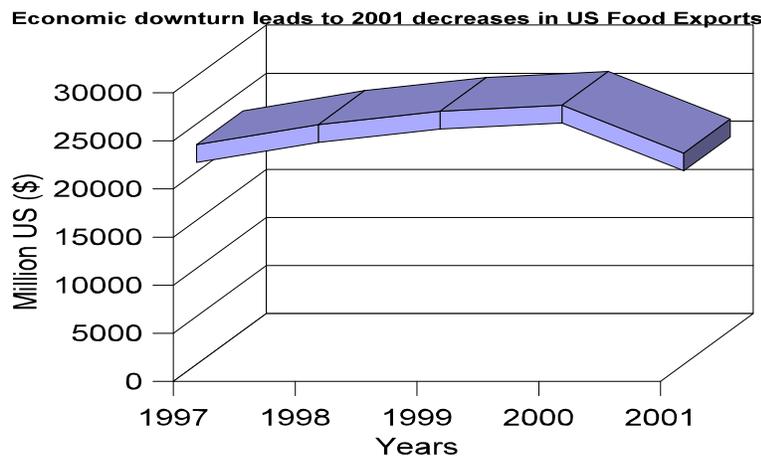
Antigua's numerous and beautiful beaches (Antiguans boast they have a different beach for every day of the year) helps distinguish this small island from the rest of the Caribbean. The majority of hotels, beach bars and restaurants are located north of the capital of St. Johns. As a result tourists tend to stay put and only travel outside the hotels for a quick day or night trip into St. John's.

In recent years tourism has undergone tremendous expansion, and the island is now popular with tourists of all types. Antigua attracts approximately 500,000 tourists per year including both air and sea arrivals (cruises and yachts). In 2001 Antigua welcomed 193,176 visitors by air of which 60,175 or 31 percent were U.S. tourists. Cruise ship passengers spend very little money on food purchases since all meals are provided for on the ship. Therefore, cruise passengers effect on the HRI sector are minimal. Unfortunately, declines in tourist travel during the 2000-2001 tourist season together with the effects of the U.S. economic downturn, have constrained the expansion of this sector. January through May comparisons of air arrivals indicate a 10 percent decrease in tourist travel for 2002.

UK	67,785.00
USA	60,175.00
Caricom and OECS States	16,501.00
Canada	12,839.00
Jamaica	4,445.00
Trinidad and Tobago	4,410.00
Guyana	4,095.00
Barbados	4,065.00
Italy	3,027.00
Germany	2,763.00
Other	13,071.00
Total	193,176.00

As a result, the food service market has experienced slow sales. Under these sluggish conditions chefs and food and beverage (f&b) managers struggle to meet tourist demands for variety and value prices without sacrificing the quality of the products. The downturn in the hotel and restaurant sales ripples into the business of importers, distributors, supermarkets and wholesalers. Thus, the Antiguan economy has been greatly affected; employment, GDP growth rate and investments have stagnated. Other economic sectors like construction and manufacturing depend on the successes of the tourism industry; without a promising recovery the Antiguan economy will continue on a downtrend.

The United States enjoys an estimated **55 to 65** percent share (approximately \$21 million) of the \$50 million plus food and agricultural commodity import market in Antigua. The majority of U.S. foods and beverages are imported by the distributors which channel their products through South Florida, primarily Miami. Products imported from Florida can be delivered in Antigua up to three times per week. Most Antiguan key players import directly from companies in Florida that act as manufacturer's representatives, distributors and consolidators. Customs generally works well with importers, allowing them to receive their goods the same day of arrival. Tariffs in most food products range from 10 percent to 55 percent; tariffs on poultry are 10 percent.



According to U. S. trade data:

- In 2001 U.S. agricultural exports to Antigua amounted to \$21 million, of which \$13.5 million were consumer oriented food products. Total (food and non food) U.S. exports amounted to \$96 million.
- In 2002 (January - June) Antigua purchased \$5.5 million U.S. food products compared to \$6.8 million during the same quarter in the year 2001. This figure represents an 18 percent decrease in food sales between both periods.
- The sale of fruit and vegetable juices, pet foods, nursery products, fresh vegetables, red meats, cereals, egg products and tree nuts actually increased in the 2001-2002 January through June comparisons.

Source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Advantages	Challenges
The United States supplies over half of all food products imported in Antigua and Barbuda.	Competition continues from traditional European and South American markets for dairy, alcoholic beverages, seafood, high-end specialty foods and dry goods.
Consumer attitudes towards imported food products are generally positive; U.S. products are known throughout the island for their quality.	The current economic downturn has led consumers to sacrifice preferences for brand names and quality in favor of lower prices.
Tourist preferences for products from their native countries strongly influence food purchasing decisions.	Food imports remain largely a function of tourism. When U.S. tourist arrivals decline, so do imports of U.S. foods.

Section II. Road Map for Market Entry

A. Entry Strategy

Hotels and restaurants look for consistency in quality, price and delivery and tend to be brand loyal. The three principal entry strategies for the food service sector in Antigua are (1) contacting importers/distributors, (2) chefs and/or food and beverage managers, and (3) U.S. buying offices or agents.

The importers vary in how they wish to be contacted by new companies, but are all well accustomed to doing business with U.S. suppliers. Most importers prefer receiving product catalogues with pricing and

To improve the odds of success in entering the market, U.S. suppliers should be flexible enough to handle small orders and be prepared to provide:

- < Samples
- < Catalogues
- < Competitive Pricing
- < Credit
- < Sales and advertising support for new brands

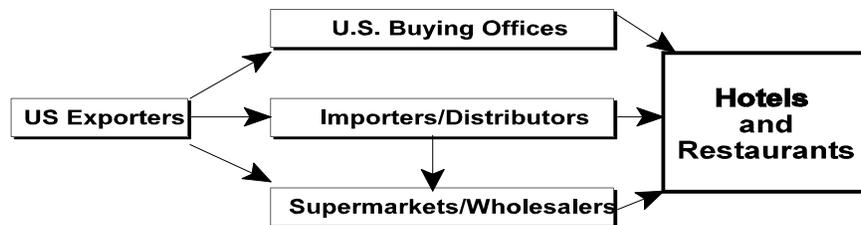
samples. Some importers prefer one-on-one meetings with product representatives. The Internet has increasingly become a tool for importers to research new food products. The three trade shows of choice in order of preference are the Food and Marketing Institute (FMI) show in Chicago, the Americas Food and Beverage show in Miami, and the National Restaurant Association (NRA) show in Chicago. U.S. exporters interested in meeting with Caribbean importers at trade shows should be ready to answer questions on smaller shipments, credit, sales and marketing support.

Companies can also bring their products directly to chefs and F&B managers in the hotels and restaurants, since they coordinate on purchasing decisions. If interested, chefs and F&B managers will then refer you to the local importers or the hotel or restaurants' agent.

Some of the larger hotels have exclusive contracts with buying offices in the United States. For example Horizon company, a hotel management company with buying offices out of Boca Raton, Florida operates four hotels in Antigua and Barbuda and serves as consolidator and agent for all food products purchased by these properties. These companies have vertical integrated contracts with farmers in the United States. Chefs and F&B managers have some leeway to purchase some products, such as local produce, but only if it is at a lower price.

B. Market Structure

Flow Chart:



Importers often wholesale and distribute their products to the hotels and restaurants. These companies typically buy their products directly from U.S. manufacturers, wholesalers and brokers which permits them to supply the Antigua food service sector with a wide range of products. They are usually well equipped with large warehouses, refrigerated storage and trucks. Companies like AS Bryden have overnight crews ready to unload and distribute their products throughout the island.

C. Sub-Sector Profile

1. Hotels and Resorts

Antigua and Barbuda has over 3,485 rooms in 47 hotels, 6 guest houses, and 39 villas, cottages and apartments. Hotel choices range from economy to exclusive and the majority are intimate one or two story inns. Prices range from \$90 to \$2,000 a night depending on the season; prices increase from 15 to about 35 percent per night during the high tourist months of November through April of every year.

Table 2. Top Ten Largest Hotels and Resorts

Name	Location	Number of Rooms	Purchasing Agent
Royal Antiguan	Deep Bay	282	U.S. Buying Office
Rex Halcyon Cove	Dickenson Bay	210	Importers/Distributors, and Local Producers
Sandals Antigua Resort	Dickenson Bay	191	U.S. Buying Office
Allegro Resort Pineapple Beach	Long Bay	180	Importers/Distributors, and Local Producers
St. James	Mamora Bay	178	U.S. Buying Office
Hawksbill	Five Islands	111	Importers/Distributors, Local Producers
Blue Waters Beach Resort	Blue Waters	78	Importers/Distributors, and Local Producers
Galley Bay	Five Islands	61	U.S. Buying Office
Tradewinds Hotel	Dickenson Bay	46	Importers/Distributors Local Producers

The hotel sub-sector is the leading market segment for the food service sector. Most hotels have at least one restaurant on property, usually either a fine dining restaurant, a casual beach grill, a family style/buffet breakfast or lunch eatery. Seven out of the ten largest hotels are all inclusive, and have two or three restaurants on the property as well as a mini mart or convenience store. Some of the larger, more sophisticated hotels purchase their products from their U.S. buying offices since it is difficult for local suppliers to provide hotels with all their

needs.

2. Restaurants

The 25 to 30 major restaurants in Antigua provide choices of U.S., Italian, French, Caribbean, Chinese, Indian and Middle Eastern cuisine represented in a variety of local beach bars, fast food, family style, casual and fine dining establishments. Restaurants are very receptive to using imported products in order to meet the needs of their international menus. The majority of restaurant owners are European or Caribbean expatriates and are staffed by both local and foreign employees.

The independent restaurants have been negatively affected by tourist preferences for all inclusive hotels. In general, tourists enjoy the greater portion of their meals at the hotel restaurants. Independent restaurants also face challenges since cruise ship passengers usually obtain all their meals on board, thus not spending their money at the local restaurants. At best, cruise ship passengers tend to prefer a quick treat while shopping at port.

Several smaller restaurants in Antigua cater to the local population. These restaurant located mostly in St. John's are often open only for lunch and serve a few standard dishes. Chinese and Middle Eastern restaurants are very popular with the locals.

Restaurants will purchase their fresh produce and some seafood locally. Restaurant owners have a good relationship with the local farmers and in many instances will give local production a priority over imported products.

Table 3. Popular Tourist Restaurants

Name	Number of Outlets	Location	Purchasing Agent
Big Banana	2	Redcliffe Quay	Direct Importer, Importer/Distributors, Wholesaler, Local
Hemingway's Caribbean Café	1	St. Mary's Street	Importers/Distributors, Wholesalers, Local
Le Bistro	1	Hodges Bay	Importers/Distributors, Wholesalers, Local
Commissioner Grill	1	Commissioner Alley and Redcliffe Quay	Importers/Distributors, Wholesalers, Local
The Beach	1	English Harbour	Direct Importer, Importer/Distributors, Wholesaler, Local

Although Kentucky Fried Chicken is the only fast food chain in Antigua, with two outlets in St. Johns, they have become a popular eating place for the locals. However, their success depends on the availability of disposable income.

Table 4. Fast Food Chain Profiles

Name	Sales	Outlet Type & Number of Locals	Location	Purchasing Agent
Kentucky Fried Chicken	N/A	Fast food, 2	High Street & Fort Road	U.S. Agent

3. Institutions

The government is in charge of awarding contracts for the food purchases of the different institutions in Antigua, i.e. hospitals, prisons, etc. The majority of contracts are awarded locally to some supermarkets and wholesalers. Due to government payment constraints importers/distributors will tend to avoid such contracts.

III. Competition

The United States accounts for the largest share of Antigua and Barbuda's food imports dominating an estimated 55 to 65 percent of the market. Competition for U.S. products is mainly in the areas of alcoholic beverages, dairy products, seafood, high end specialty foods, and dry goods.

The following countries compete with the United States in the product categories listed below:

Alcoholic Beverages:	Italy, France, Chile
Non-alcoholic beverages:	Trinidad, France, UK
Dairy Products:	Trinidad, Colombia, Holland
Beef:	Argentina
Poultry and Eggs:	United Kingdom (chicken wings), Antigua
Pork:	Trinidad, Antigua
Seafood/Fish:	Guyana (shrimp), Antigua
Dry Goods:	Caribbean, France, UK, Spain
Fresh Produce:	Antigua
High End Specialty foods:	Europe, UK

IV. Best Prospects

A. Products present in the market which have good sales potential

Market opportunities exist for a wide array of products.

- , Poultry Products
- , Red Meats
- , Fresh Fruits
- , Processed Fruit and Vegetables

- , Fruit and Vegetables Juices
- , Ice Cream
- , Wine and Beer
- , French Fries
- , Snack Foods
- , Dairy Products

B. Products not present in significant quantities but which have a good sales potential

- , Ethnic Food, such as Indian, Chinese and Hispanic
- , Low Fat/Health Foods
- , Mozzarella Cheese
- , Fish and Seafood Products**
- , Vegetable Oils

**** Antigua is unusual among the Caribbean islands for having a commercial fishing industry. However, constraints in exporting to other countries and fish contamination in Antigua are limiting its capabilities and forcing some companies out of business, leaving most restaurants with no choice but to purchase some imported seafood.**

C. Products not present because they face significant barriers

- Government initiatives to protect the country's limited agricultural production place temporary bans on imports of selected fresh produce items such as lettuces, tomatoes, and watermelons. For the most part these bans are short-lived.

V. Contact Information

A. For more information on Antigua and Barbuda, including key contacts, and information on other Caribbean islands please contact:

2. 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: cbato@cbato.net

Margie Bauer, Director

Email: cbato@cbato.net

Omar González, Deputy Director

Email: omar@cbato.net

Graciella Juelle, Administrative Assistant

Email: cbato@cbato.net

3. Please visit our website for promotional activities, trade statistics and more reports on the retail and food service sectors and on food import regulations for several Caribbean islands.

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

4. Basic country information may be found in the Central Intelligence Agency's World Fact book under Antigua and Barbuda

<http://www.odci.gov/cia/publications/factbook>

B. Other sources of Information on Antigua and Barbuda:

Embassy of Antigua and Barbuda
3216 New Mexico Avenue, NW
Washington, DC 20016
Tel. (202) 336-5122
Fax. (202) 362-5225

Antigua and Barbuda Consulate General
25 S.E. 2nd Avenue
Suite 300
Miami, Florida 33131
Tel. (305)381-6762
Fax. (305) 381-7908

Antigua and Barbuda Department of Tourism and Trade
610 Fifth Avenue
Suite 311
New York, NY 10020
Tel. (212)541- 4117
Fax. (212) 757-1607

Information Available on the World Wide Web:

- Antigua Net
<http://www.antiguanet.net/>
- Antigua Caribbean Vacation Guide
<http://www.antiguanice.com/>
- Official Website of the Antigua and Barbuda Department of Tourism
<http://www.antigua-barbuda.org>