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Caribbean Basin

Retail Food Sector

British Virgin Islands

2004

Approved by:

Paul Hoffman, Director
Caribbean Basin ATO

Prepared by:

Nicole Smith, Agricultural Marketing Assistant

Report Highlights:

The U.S. has 84 percent market share of the \$16 million in food and beverage market in the British Virgin Islands. Due to this high percentage, the BVI consumer has the benefit of easily accessible high value and high quality products. A long historic relationship, as well as proximity to the U.S. Virgin islands and Puerto Rico, has made U.S. food products preferred and most commonly visible on supermarket shelves in the BVI.

Includes PSD Changes: No
Includes Trade Matrix: No
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[C1]

Section I. Market Summary

Country Snapshot

The British Virgin Islands (BVI), part of the Leeward Island chain, are located in the Caribbean Sea about 50 miles east of Puerto Rico. Known as "Nature's Little Secret," 16 inhabited and more than 20 uninhabited islands consist largely of rolling green hills and white sandy beaches and have a total area of 59 square miles. The total population is around 21,730 (2003 est.). The capital of BVI, Road Town, is located on the island of Tortola, which lies just 8 miles east of St. Thomas in the U.S. Virgin Islands. Tortola is the largest island at 21 square miles, and serves as the center for commerce and government. Apart from Tortola, the main inhabited islands of the BVI are Virgin Gorda at 8 square miles, Anegada at 15 square miles and Jost Van Dyke with 3.4 square miles. BVI also consists of a number of privately owned islands, several of which serve as vacation resorts.

Each of the islands can be easily accessed from one another, and from the U.S. Virgin Islands, by inter-island flights, small boats, and regular ferry service. The islands have several ports, including Port Purcell and West End in Tortola, St. Thomas Bay in Virgin Gorda and Great Harbor in Jost Van Dyke. No direct flights are available to the islands from the mainland United States, Europe, or South America, yet inter-island flights are accessible from the three airports located on the islands. The largest airport, the Terrence B. Lettsome Airport, is located on Beef Island, situated on the east end of Tortola. At this airport, several airlines offer flights to San Juan, Puerto Rico, St. Thomas, U.S. Virgin Islands, and a number of other Caribbean destinations. Two smaller airports, located on Virgin Gorda and Anegada, offer flights to the Beef Island airport as well as charter flights to other points throughout the Caribbean.

The BVI has long been a British Dependent Territory, and remains so today. The United Kingdom governs over a significant portion of the islands, including the territory's external affairs, defense, internal security, and the administration of the courts. A governor, appointed by the British crown, controls these areas of responsibility. The territory does have some autonomy, as it is responsible for its own internal self-government and is governed by a democratically elected Parliament and Cabinet. BVI is an associate member of both the Organization of Eastern Caribbean States (OECS) and the Caribbean Community and Common Market (CARICOM). Membership in these organizations ease trade between member Caribbean nations by offering duty-free access, facilitating bilateral and multilateral co-operation, and allowing goods, services, people and capital to move throughout the Caribbean nation members without tariffs and restrictions.

The BVI economy is largely based on tourism, which generated approximately 45% of national income for the country in 2003. Due to close ties to the U.S. economy, tourism on the islands suffered in 2002 because of the U.S. economic slump after the events of 9/11, yet has increased since then. Apart from tourism, livestock raising is the most important agricultural industry on the islands. Poor soils limit the islands' ability to produce its own food, which results in most foods being imported. Yet despite the islands' poor soils, the BVI do produce and export some agricultural goods, including rum, fresh fish, and some fruits. Less than two percent of the economy is based on agriculture, and the rest is comprised of the service sector, mainly the offshore banking industry.

Despite its political ties to the United Kingdom, the BVI has been closely related to the U.S. economy for many years. Proximity has also resulted in the creation of very close economic and cultural ties to both Puerto Rico and the U.S. Virgin Islands. The U.S. dollar serves as the currency in BVI.

Market Overview

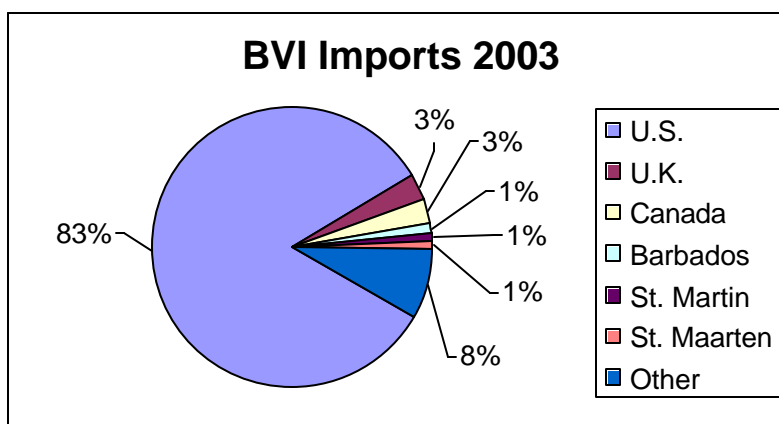
The BVI retail market is composed of approximately twenty supermarkets and grocery stores, as well as several smaller mom & pop stores. Most of the major supermarkets and grocery stores are located in Tortola, with a few located in Virgin Gorda. Both the supermarkets and grocery stores import some of their food products direct from U.S. suppliers. The three major food importers-distributors on the island own the main grocery stores and supply others, so many of the retail stores receive products directly from these importer-distributors, who in turn import most products from the United States. Road Town Wholesale, the largest wholesaler in the BVI, has four grocery stores, known as Rite-way. The other main importers also

have several retail stores: K-Marks has three grocery stores, and Bobby's has two. Roughly 45 mom & pop shops, called "suprettes" in the BVI, are currently in business, and can be found throughout the islands. Local wholesalers and larger retail stores supply the food needs of these smaller retail stores. Yacht provisioning is also a big business in the BVI, and these wholesalers and retailers supply this industry as well.

The U.S. Virgin Islands are playing an increasingly important role in the food and beverage distribution in the BVI. Proximity has created cultural and economic ties between the U.S. Virgin Islands and the BVI. Retailers, especially smaller stores such as suprettes, as well as individual consumers, purchase products from the U.S.V.I. Products bought in the U.S.V.I. are quality U.S. products, and are available cheaper than products imported into the BVI. Puerto Rico also provides a market for BVI shoppers and small retailers, many who travel between the islands to purchase products. The increasing role of Puerto Rico, and mainly the U.S.V.I. wholesalers, is creating competition for the BVI wholesalers/importers.

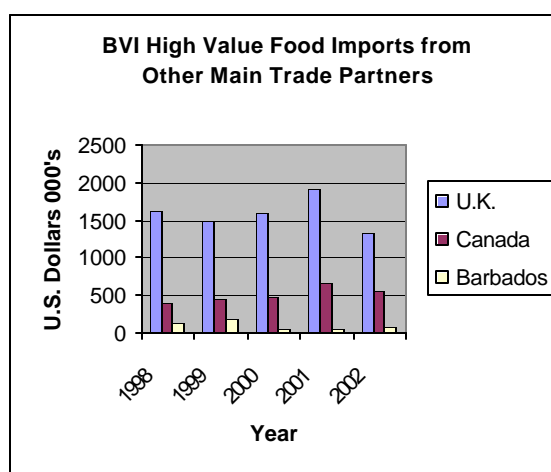
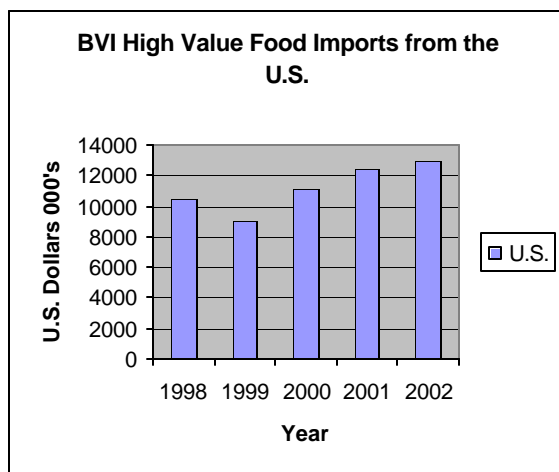
BVI's total food and beverages imports were \$82 million in 2003. Retail stores in the BVI target both the local population as well as tourists, yet tourism represents a significant portion of sales for these stores, usually about 40-70 percent. Retail contacts cite a significant drop in sales between the high and low tourist seasons.

The United States is by far the nation's biggest trading partner in terms of food and beverage products. The leading 83 percent market share in 2003 is attributed to proximity, quality, and competitive pricing of U.S. food and beverage products. The second largest trading partner is the United Kingdom and Canada, each which provide about 3% of imports to the islands. Barbados, St. Maarten, and St. Martin each provide approximately 1% to the island. Other trading partners include other Caribbean and South American countries, including Colombia, Dominica, and St. Vincent & the Grenadines, although these amounts are small in comparison to the amount of imports from the US.



Source: BVI Development Planning Unit

The U.S. food and beverage exports to the BVI are clearly a much higher percentage than all other trading partners combined. Also, U.S. food and beverage exports to the islands have been increasing steadily since 1999. The United States' ability to adapt to the island's food needs, offering high quality food products at relatively low prices, has enabled this increasing trend. Other main trading partners have experienced relatively no change over the last years.



Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Market Trends

- Low fat and healthy foods are becoming more and more popular in the BVI due to the growing health conscious population.
- U.S. products foodstuffs are advertised in the islands, due to the presence of cable television, making U.S. products popular.

Advantages	Challenges
Locals consider U.S. food products high quality.	Importers and retailers usually purchase food products in small volumes.
BVI must import most of its food needs due to a small and declining agricultural sector.	
The United States leads the food and beverage market due to the proximity to BVI and ease of shipment.	
Tourists are mainly from the United States, and Americans prefer U.S. food products.	

Section II. Road Map for Market Entry

A. SUPERMARKETS AND GROCERY STORES

Entry Strategy

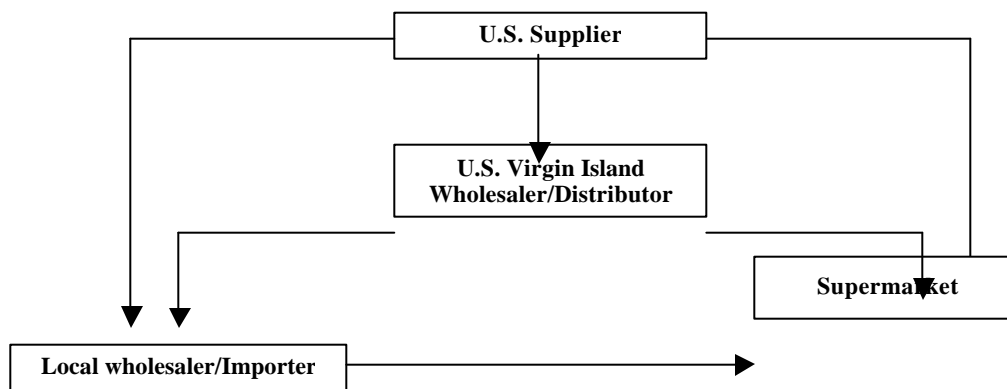
The best way for a U.S. supplier to introduce a new product into the BVI retail market is first by calling the company directly. If the buyer is interested in the product, they may request that the supplier send product literature and samples. If interested, many retail buyers then would like for the U.S. supplier to meet with their local importer/distributor. Importers also attend U.S. trade shows to meet U.S. companies interested in the BVI food market. The Food Expo in Puerto Rico is among the most popular trade shows for BVI importers. Additionally, as more and more retailers are turning to the U.S.V.I. to as their wholesalers, U.S. suppliers may go through these companies to introduce new products.

Market Structure

Roughly 80 percent of supermarkets' food products are imported directly. They also wholesale and distribute major brands to their own and other retail outlets, as well as to the food service industry. Grocery stores import a smaller percent of their food needs, while other importers and distributors supply them with the remaining amount. Some supermarkets, grocery stores, and also BVI wholesalers/importers, import

food products through wholesalers in the U.S. Virgin Islands. Locally grown and manufactured foods sold in the BVI retail market are limited and include produce, water, and seafood.

Product Flow for Imported Products:



Company Profiles

Retail Name and Type	Ownership	No. of Outlets	Location	Purchasing Agent
Bobby's Supermarket	Local	2	Tortola	Local Wholesaler & Direct Importer
K-Marks	Local	3	Tortola	Local Wholesaler & Direct Importer
Riteway Food Markets	Local	4	Tortola	Local Wholesaler & Direct Importer
Supa Valu Ltd.	Local	2	Tortola, Virgin Gorda	Local Wholesaler & Direct Importer
Buck's Food Market	Local	1	Virgin Gorda	Local Wholesaler & Direct Importer
Rosy's Enterprises	Local	1	Virgin Gorda	Local Wholesaler & Direct Importer

Tortola has three supermarkets and two others are located in Virgin Gorda. While these supermarkets cater to both local customers and tourists, tourism sales generally represent a larger percentage. These stores have a wide variety of products available, including a large selection of fresh produce. Both Tortola and Virgin Gorda also have several grocery stores. These stores have a similar selection of goods as the larger supermarkets, but on a smaller scale.

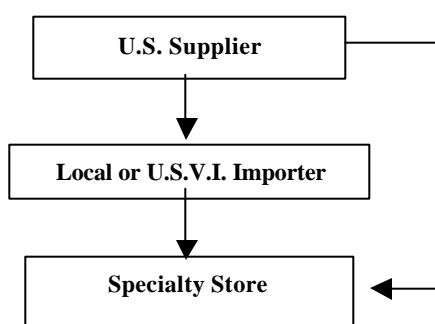
B. CONVENIENCE STORES

Entry Strategy

Convenience stores in the BVI are mainly specialty stores, as the food and beverage retail stores are either larger grocery stores or smaller mom & pop stores. These specialty stores range in products; two stores sell only beverages, focusing on alcoholic beverages, while another specialty shop sells a wide variety of spices. The specialty stores vary on the percentage of direct imports, depending on the product they are selling. The best way for a U.S. importer interested in introducing a product to a specialty store is by contacting the store directly. The owner may then ask for product literature or samples, or request that the supplier work with local wholesaler/distributors.

Market Structure

Product Flow for Imported Products:



Company Profiles

Retail Name	Ownership	No. of Outlets	Location	Purchasing Agent
TICO's	Local	1	Tortola	Local/USVI Wholesaler, Local Retailer
Caribbean Cellars	Local	1	Tortola	Local/USVI Wholesaler, Local Retailer
Sunny Caribee	Local	1	Tortola	N/A
Sailor's Ketch	Local	1	Tortola	N/A
Ms. Penguin's	Local	1	Tortola	Local/USVI Wholesaler, Local Retailer

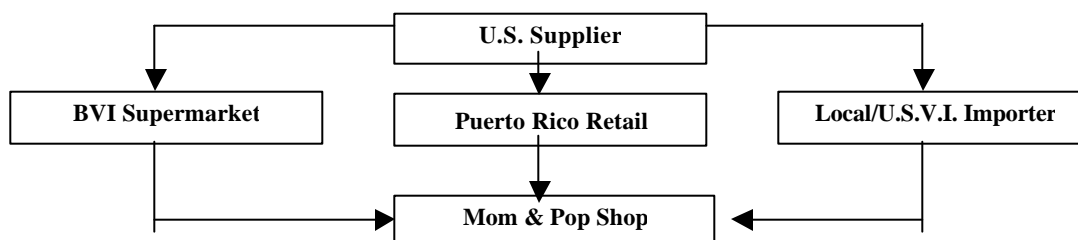
C. TRADITIONAL MARKETS AND MOM & POP SHOPS

Entry Strategy

Mom and pop shops do not import directly from the U.S., not because they are not interested in doing so, but because of high freight costs and their low quantities of imports. Many of these retail outlets get their product from local importers or larger retail outlets on the islands. Therefore, the best way to introduce a product is through a local importer or distributor. Also, many of the owners of these small suprettes travel to Puerto Rico to purchase supplies for their retail outlets.

Market Structure

Product Flow for Imported Products:



Sub-Sector Profile

BVI has about 45 mom & pop shops, located throughout the islands. On the majority of the smaller islands, these suprettes are the only retail outlets available. These small “suprettes” sell a small selection of food, mainly dry goods, and usually a wide selection of beverages. Some carry a small selection of produce. These stores have no scanners, and usually only one small cash register. They sell to both tourists and local customers, but the latter make up the majority of their sales.

Section III. Competition

Competition for food and beverage products is led by the United States, which supplies most of the nation’s total needs. The high quality and competitive prices of U.S. food products aids in forming the market for U.S. goods in BVI, along with the proximity of and close ties between BVI and the U.S. Virgin Islands and Puerto Rico. All of these factors give U.S. food and beverage exporters an advantageous position. The biggest competitors are France, which supplies a large amount of alcoholic beverages to the BVI through St. Martin, the U.K., Canada and other Caribbean countries such as St. Maarten, Barbados, Trinidad & Tobago and St. Vincent and the Grenadines. In the cases of the Caribbean competitors, proximity plays the main role.

The following products and countries compete with U.S. products:

- **Beef:** Argentina, France (via St. Martin)
- **Pork:** Brazil
- **Fresh Produce:** St. Vincent & Grenadine
- **Seafood:** Local producers
- **Dairy Products:** France (via St. Martin)
- **Alcoholic Beverages:** France, Australia, Chile
- **Non-Alcoholic Beverages:** Canada, Trinidad and Tobago, Dominica
- **Bottled Water:** Scotland, UK, local producers
- **Bakery Ingredients:** Canada, UK

The product competition with other nations varies among categories. The United States dominates the market in the categories shown in the following table. U.S. food products comprise more than eighty percent of the market share for fresh/chilled/frozen red meats, poultry meats, sugars/sweeteners/beverage bases, fresh vegetables, fruit & vegetable juices, and vegetable oils.

Top 10 U.S. Food Products in BVI Import Market for 2003			
U.S. High Value Food Product	Market Share	U.S. High Value Food Product	Market Share
Red Meats (Fresh/Chilled/Frozen)	100%	Vegetable Oils	80%

Poultry Meats	100%	Wine and Beer	46%
Sugars, Sweeteners, & Beverage Bases	100%	Rice	37%
Fresh Vegetables	99%	Red Meats (Prepared/Preserved)	21%
Fruit & Vegetable Juices	92%	Snack Foods (Excl. Nuts)	15%

Source: UN Trade Data

Section IV. Best Prospects

A. Products Present in the Market Which Have Good Sales Potential

Almost all U.S. goods are present on the islands, and due to cable television via satellite from the United States, the BVI Islanders are exposed to new products. All U.S. products have good sales potential in the BVI.

B. Products Not Present in Significant Quantities but Which Have Good Sales Potential

- "Healthy products"

C. Products Not Present Because They Face Significant Barriers

The BVI is an importing country, and depends heavily on its imports. Therefore, there are no food products which are restricted from entry.

Goods below are produced locally, yet on such a small scale that they are still heavily imported:

- Seafood
- Water
- Locally grown types of vegetables

Section V. Import Regulations

Importers are required to obtain an import permit from the Department of Agriculture for the importation of produce, including a phytosanitary certificate. Customs duties rates range from 5-20% on some imports. Some food products are duty free, and others are marked with a dollar value duty. The table below outlines some of the duties placed on goods imported into the BVI.

Top 10 U.S. Food Products in BVI Import Market for 2003	
U.S. High Value Food Product	Import Duty
Beef, fresh and fresh	5%
Chicken, frozen	Free
Milk, whole	5%
Butter	Free
Cheese	5%
Produce	5%
Breakfast Cereals	10%

Juice	10%
Beer, malt	U.S. \$1.10 per gal.
Wine	U.S. \$1.20 per gal.

Sources: BVI Customs Departments

Section VI. Contact Information

A. For more information on the British Virgin Islands and a list of importers for your U.S. product, please contact:

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

909 SE 1st Ave., Suite 720
Miami, FL 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
E-mail: cbato@cbato.net

Paul Hoffman, Director
E-mail: cbato@cbato.net
Omar González, Deputy Director
E-mail: omar@cbato.net
Graciella Juelle, Marketing Assistant
E-mail: grace@cbato.net

Please visit our website for more reports and information on The British Virgin Islands and other Caribbean Islands:

<http://www.cbato.fas.usda.gov>, click on "U.S. Exporters"

B. Other Sources of Information on The British Virgin Islands:

BVI Chamber of Commerce and Hotel Association
PO Box 376, Road Town
James Frett Building
Tortola, British Virgin Islands
Tel: (284) 494-3514
Fax: (284) 494-6179

BVI Customs Department
Tel: (284) 494-3475

BVI Ports Authority
Port Purcell
P.O Box 4, Road Town
Tortola, British Virgin Islands
Tel: (284) 494-3435
Fax: (284) 494-2642

BVI Tourist Board

Caribbean Office
P.O. Box 134
Road Town, Tortola, BVI
Tel: 284-494-3134
Fax: 284-494-3866
email: bvitor@bvitouristboard.com

Department of Agriculture
Paraquita Bay
Road Town, Tortola
British Virgin Islands
Tel: (809) 495-2110
Fax: (809) 495-1269
Contact: Mr. Austin Percibel

Department of Information and Public Relations
Government Central Administration Building
33 Admin Drive
Road Town, Tortola
British Virgin Islands
Tel: (284) 468-3701, ex. 2139
Fax: (284) 494-6877
Email: gis@bvigovernment.org

Development Planning Unit
BVI Government
Central Administration Complex
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Office of the Comptroller of Customs
Road Town, Tortola
British Virgin Islands
Tel: (809) 494-3475
Fax: (809) 494-6660
Contact: Mr. V. Hodge

Trade and Investment
Central Administration Complex, West Wing, 1st Floor
Tel: (284) 494-3701 ext. 2008
Fax: (284) 494 5676
Email: trade@bvigovernment.org