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Caribbean Basin

HRI Food Service Sector

British Virgin Island

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Report Highlights:

The market for food and beverage products in the British Virgin Islands was worth approximately U.S. \$16 million in 2002. Known as "Nature's Little Secret" for its many islands, cays, and rolling hills, the BVI is a popular tourist destination. Forty-five percent of this small economy is dependent on tourism, and as 78 percent of tourists to the islands are from the United States, a large market for U.S. food and beverage products exists on the island. The United States is the island's main supplier of food and beverage products accounting for 83 percent of imports.

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Includes Trade Matrix: No
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[C1]

Section I. Market Summary

Country Snapshot "Nature's Little Secret"

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.

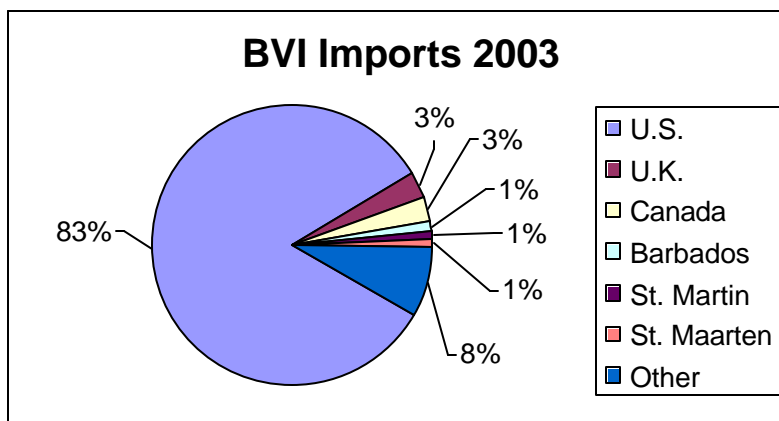
The BVI economy is largely based on tourism, which generated approximately 45% of national income for the country in 2003. Due to close ties to the U.S. economy, tourism on the islands suffered in 2002 because of the U.S. economic slump after the events of 9/11, yet has increased since then. Apart from 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

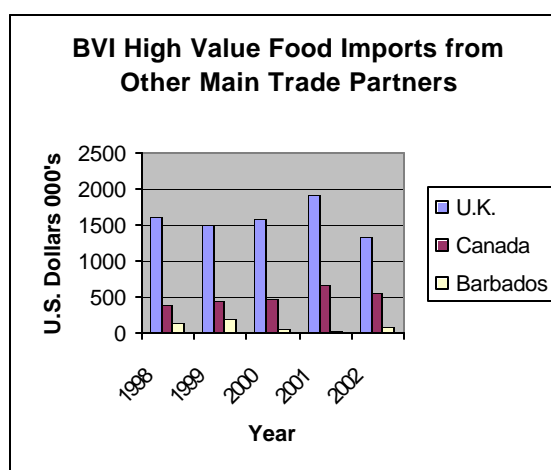
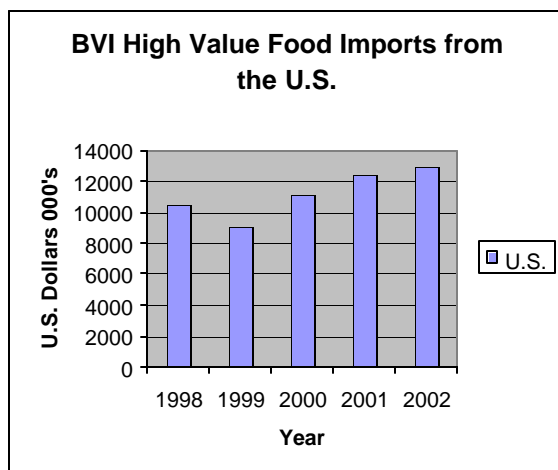
The market for food and beverage products in the BVI was worth approximately U.S. \$16 million in 2002. Almost all of the foodstuffs used in the BVI must be imported, as relatively no agriculture is grown on the islands, and little is manufactured. The United States is the islands' main supplier of food and beverage products accounting for 83 percent of imports. Proximity plays a role in this advantage, as the BVI has long had close ties to both the U.S. Virgin Islands and Puerto Rico. The high quality and competitive prices of U.S. products also contributes to the U.S.'s leading market share.

Although the U.S. has a clear majority of the BVI food and beverage market, the nation does import some products from other trading partners. 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. The amount of domestic food products has remained negligible over the past five years.



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

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.

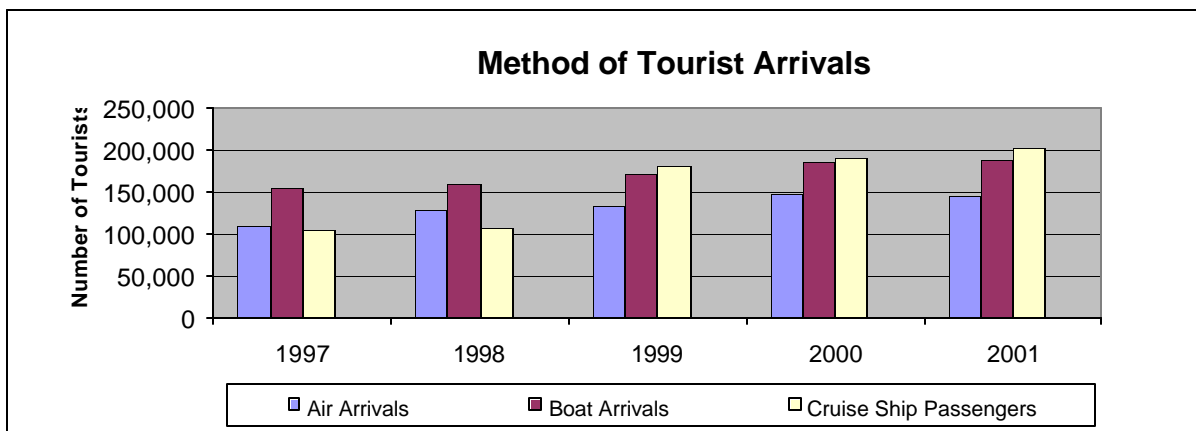


Source: BVI Development Planning Unit

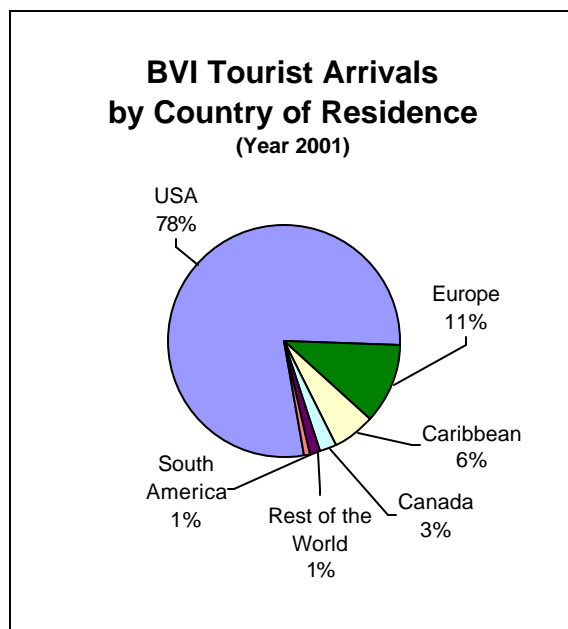
Tourism and HRI

The amount of food imports to the island is highly dependent on tourism. The tourism industry plays a key role in the BVI, accounting for 45% of the local economy in 2002. All of the islands of the BVI attract a large number of tourists each year, and the BVI economy is based largely on these foreign visitors. One quarter of all BVI residents are employed by some aspect of the tourism sector. The main islands, Tortola, Virgin Gorda, and Anegada, have a mix of local residents and tourists, while some of the smaller islands are available for private tourist functions and have a much smaller local population.

BVI tourism is unique compared to other Caribbean destinations because of the number of tourists that arrive and vacation on yachts. From 1997-2001, visitors arriving in the BVI by boat, not including cruise ship passengers, have outnumbered those arriving by air. The nearly forty islands, rocks, and cays of the BVI, along with easily navigable waters, white sandy beaches, warm trade winds, and laid back culture, have encouraged the growth of sailing in the BVI. The country is world renowned for its yachting industry, and has been dubbed the “Sailing Capital of the Caribbean.” Due to the increasing numbers of yacht vacationers in the BVI, the yachting and yacht provisioning industries have become key aspects of the BVI tourism economy and HRI sector. The number of visitors brought to the islands via cruise ships has also been steadily increasing.



Source: Caribbean Cellars 2004 Product Expo



While the BVI receives visitors from almost every corner of the world, U.S. tourists overwhelmingly represent the majority of visitors to the islands. Because of the close economic ties to the U.S., the number of overall tourists decreased with the 2002 U.S. economic slump, but has since been increasing steadily. A strong market exists among tourists for U.S. food products, as most American tourists prefer U.S. food products. Besides the U.S., visitors to the BVI also come from Europe and other Caribbean nations, including the U.S. Virgin Islands and Puerto Rico.

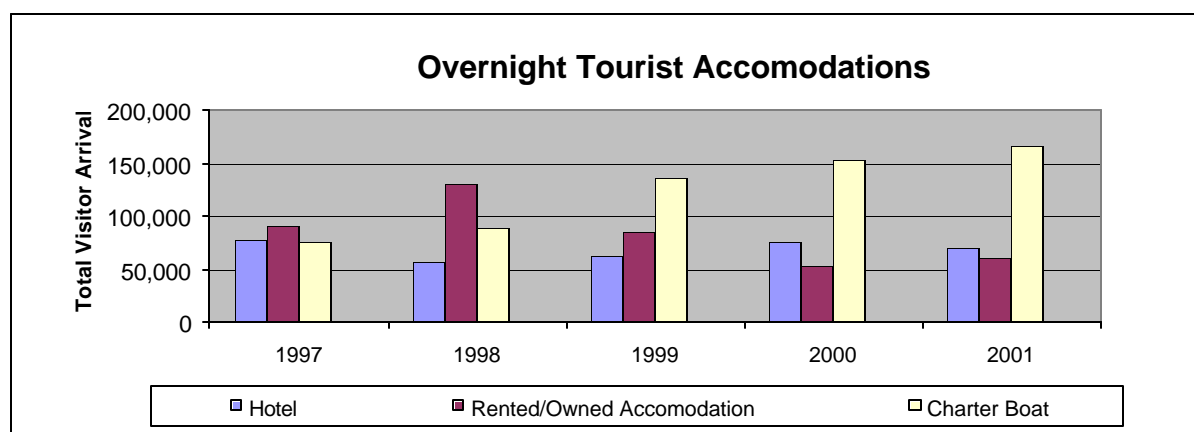
Source: Caribbean Cellars 2004 Product Expo

Tourist arrivals in the BVI are not evenly distributed among the islands. Tortola has three areas of entry for visitors, Beef Island Airport, Road Town, and West End, and this island receives a clear majority of visitor arrivals, 436,433 in 2001. Virgin Gorda and Jost Van Dyke also attract a number of visitors, 59,706 and 38,580 in 2001, respectively. Tourism

to the smaller islands differs by island; for example, Anegada received 492 visitors in 2001.

Upon arrival in the BVI, tourists have a number of accommodation options available. Each of the larger islands, as well as most of the smaller islands, has a selection of hotels. Thirteen of BVI's sixteen inhabited islands have accommodations. The BVI's room capacity totals 1,331 hotel rooms spread across 46 properties, and approximately 497 rooms in the 106 small inns, guesthouses, and villas (BVI Tourist Board). Hotels & resorts constitute 70 percent of the nation's accommodations followed by small inns and villas with 25 percent. The BVI also has two campgrounds, which constitute the remaining 5 percent of accommodations on the islands. The majority of accommodations are located on Tortola, with 25 hotels and around 40 guesthouses and villas, and Virgin Gorda, with 11 hotels and 25 villas and guesthouses. Anegada has three small hotels and several small villas, and the remainder of the accommodations are spread throughout the smaller islands of the BVI, such as Jost Van Dyke, Cooper Island, Guana Island, and Necker Island.

While hotels, villas, and inns are one main source of housing tourists in the BVI, a greater number of overnight visitors spend their nights on chartered boats. As outlined above, the number of tourists arriving to the islands by boat has surpassed the number arriving by air in recent years. Visitors arriving on the island via yachts tend to rely solely on the yachts for accommodations during their vacations rather than spending nights in on island accommodations. In 2001, the number of visitors staying on chartered boats outnumbered the amount of visitors staying in hotels and visitors staying in rented/owned accommodations combined.



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

While the number of overnight visitors staying in hotels remained nearly constant over this five-year period, the number of chartered boat arrivals has continued to increase over time. The increase of yacht vacationers has brought about changes to the tourism and HRI sectors as well. Tourists staying in hotels typically dine in the hotels' restaurants or local restaurants, and those staying in the smaller villas and inns may visit local restaurants or cook their own meals within the accommodation. Yachting vacationers

have several dining options; visitors may eat all meals on the yacht or may go ashore to eat at local and/or hotel restaurants. Companies geared towards provisioning for these chartered boats are increasing in number on the island, and retailers and wholesalers are now also marketing their services to this type of vacationer.

Guests of all types take advantage of the variety of restaurants on the island. Roughly 250 restaurants are in business in the BVI, as well as many smaller beach bars. Many of the larger hotels have restaurants targeting hotel guests, and the remainder are independently owned restaurants on Tortola and Virgin Gorda that serve the local population as well as tourists.

Advantages	Challenges
U.S. tourists represent 78 percent of total tourists visiting the BVI.	Importers and hotels usually purchase food products in small volumes.
BVI has been importing most of its food needs due to the small local agricultural sector.	Significant changes exist between high and low tourist seasons.
The United States leads the food and beverage market.	
Local consumers are knowledgeable about U.S. brand-name products mainly because of cable TV.	

Section II. Road Map for Market Entry

A. Entry Strategy

The HRI sector in the BVI obtains the majority of its food and beverages from local wholesalers-importers and retailers. The main wholesale companies in the BVI are located in Tortola, and several of these companies have offices and retail outlets in Virgin Gorda. The smaller islands get their food products, usually by ferry, from one of the two larger islands. Because of small volumes, the best way for the HRI sector to obtain imported food products is through a local importer, as these companies usually wholesale and also distribute.

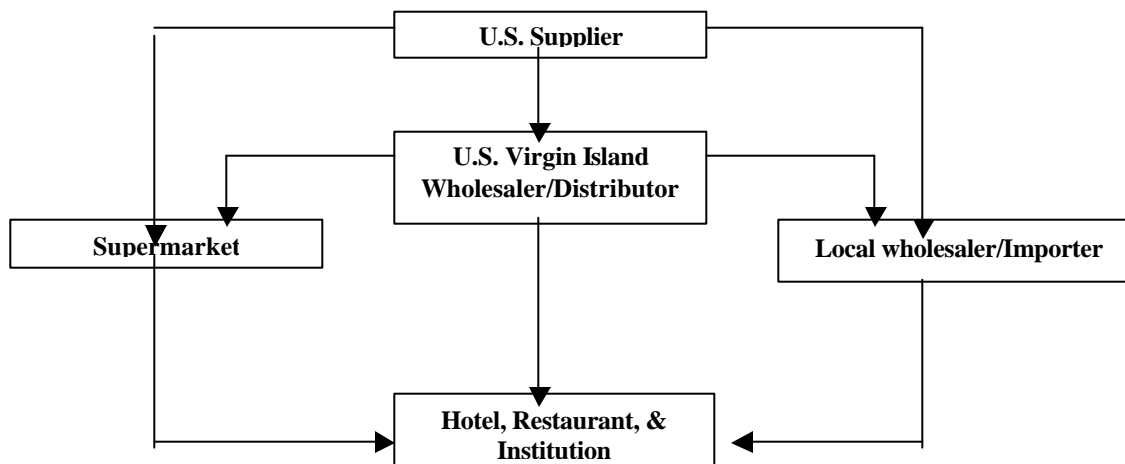
It is common for local importers and retailers to run out of certain food products. For this reason, a small but increasing number of hotels and restaurants are importing from wholesalers in the U.S. Virgin Islands, which are becoming a key supplier of the BVI market. These wholesalers are able to provide the high quality U.S. products desired, with low cost shipping methods, and can often provide the smaller quantities required in the BVI.

To successfully enter the BVI HRI sector, U.S. exporters should first contact the hotel management and/or restaurant owners and chefs. Usually, if the restaurant is interested in the product, they will request product literature and samples. Afterwards, they will likely ask the supplier to work through their food importer or distributor, whether local or through the U.S.V.I., as quantities desired are often too low to permit direct importation.

B. Market Structure

Local importers, who import the majority of the sector's food needs from the U.S., represent a large portion of the food distribution to the BVI HRI sector. Hotels and restaurants may also get foodstuffs from supermarkets and smaller retail outlets. Wholesalers in the U.S.V.I. are becoming more frequently used and are significant competition for the local wholesalers.

Product Flows for Imported Products:



C. Sub-Sector Profiles

1. Hotels and Resorts

Name	Location	Rooms	Purchasing Agent
Long Bay Beach Resort	Tortola	150	
Prospect Reef Resort	Tortola	137	Local Importer
The Sugar Mill	Tortola	24	Local Importer and U.S.V.I. Wholesaler
Little Dix Bay Hotel	Virgin Gorda	97	U.S.V.I. Whoelsaler
Nail Bay Resort	Virgin Gorda	40	Local Importer
Briars Creek Estate	Virgin Gorda	33	
Anegada Reef Hotel	Anegada	26	Local Importer
Neptune’s Treasure	Anegada	9	Local Importer

The above list constitutes only a sample of the hotels, resorts, villas, and guesthouses located on the three largest islands of the BVI. It is difficult to cite an average size of the hotels in the BVI, as accommodations range from two-person guest villas to resorts with 150 rooms and everything in between. The larger resorts, as well as many of the smaller hotels and some of the villas, have restaurants that serve hotel guests, other island guests and locals. Both local and international cuisines are served in most hotels.

2. Restaurants

BVI has a relatively large number of independent restaurants; hundreds of restaurants are located in Tortola, and there are roughly twenty-two in Virgin Gorda. These restaurants, located outside of guest accommodations, cater to both the local and tourist populations. All types of cuisines are available through these restaurants, but popular foods are West Indian, U.S., and international. The smaller islands do not have independent restaurants; most are located within hotels and other accommodations. There are no fast food chains located in the BVI.

Most restaurants do not import food products directly. They buy all of their food needs from local or U.S.V.I. wholesalers. A very small percentage of products are occasionally bought from local producers. Local products usually include vegetables and seafood.

3. Institutional

Institutions in the BVI play a minimal role in food imports. The nation has one hospital, located in Tortola, and several schools which all buy their food products mainly from local manufacturers and producers. Items can be purchased less expensively and at lower quantities by using local wholesalers.

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 & The Grenadines
- **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
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E-mail: omar@cbato.net
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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
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British Virgin Islands
Tel: (809) 495-2110
Fax: (809) 495-1269
Contact: Mr. Austin Percibel

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Fax: (284) 494-6877
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