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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

Fueled largely by growing tourism in recent years, the Caribbean's $2.1 billion food service sector has grown by an average of 4.2 percent annually over the past 3 years. However, the COVID-19 pandemic has brought this upward trend to an abrupt end in 2020. As the region gradually reopens it doors to tourism and seeks to embark on a path, albeit slow, to economic recovery, opportunities for U.S. suppliers should begin to emerge as well.

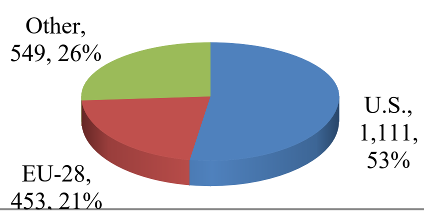
Executive Summary

Sun, sand, and beautiful beaches attract millions of visitors to the Caribbean each year. The region's hotel, restaurant, and institutional (HRI) food service sector relies heavily on this influx of tourists for its wellbeing. In 2019, the sector capped off three years of consecutive growth. However, in 2020 the sector is struggling to recover from the effects of the COVID-19 pandemic. The Caribbean is hoping for a strong rebound in tourist activity during the upcoming tourist season, which is set to get underway in December 2020.

Imports of Consumer-Oriented Products

Practically all foods must be imported, as domestic production is quite limited. Total imports of consumer-oriented agricultural products totaled $2.1 billion in 2019, with the United States capturing 53 percent of the market.

Caribbean: Imports of Consumer-Oriented Products by Source, 2019 (USD Millions)



Food Processing Industry

Given very limited agricultural activity, food processing is also minimal in most countries. Locally produced agricultural goods include tropical fruits, vegetables, root crops, spices, dairy, poultry, pigs, goats, and sheep.

Food Retail Industry

An estimated 70-80 percent of imported foods and beverages are channeled through the retail sector. This sector includes traditional grocery stores to more modern, upscale supermarkets. Total grocery retail sales (excl. sales tax) are estimated at $8.9 billion in 2019.

Quick Facts CY 2019

Imports of Consumer-Oriented Prod.: $2.1 bill.

Top 10 Growth Products

1. Fresh Vegetables
2. Prepared Foods
3. Snack Food NESOI
4. Condiments & Sauces
5. Dairy Products
6. Pork & Pork Products
7. Beef & Beef Products
8. Wine & Beer
9. Eggs & Products
10. Fresh Fruit

Food Industry by Channels (USD billion) 2019

Imports of Consumer-Oriented Products*	$2.1
Grocery Retail Annual Sales	$8.9
Consumer Food Service Annual Sales	$2.1

**Based on reporting countries export statistics (excludes freight, insurance & import duties.).*

GDP/Population

Population: 4.6 million (July 2020 estimate)
GDP: $167 million - $42.85 billion
GDP per capita: $8,100 - $99,400

Sources: Trade Data Monitor, U.S. Census Bureau Trade Data, Euromonitor Intl., CIA World Factbook.

Strengths	Weaknesses
Proximity; well-established relationships between U.S. suppliers and Caribbean buyers.	Many European Chefs present in the region are unfamiliar with U.S. products.
Opportunities	**Threats**
U.S. tourists account for roughly 50 percent of all tourists visiting the region, bolstering demand for U.S. foods.	Prolonged impact of COVID-19 pandemic.

I. Market Summary

For purposes of this report, the terms "Caribbean" and "Caribbean Basin" refer to the 25 markets[1] covered by the Caribbean Basin Agricultural Trade Office (CBATO) in Miami, with the exception of Cuba.

The Caribbean Basin is a large and highly fragmented region of the Americas. It is a mix of independent states, overseas departments or dependencies of European countries, and islands that are part of a European kingdom. The region has 4.6 million inhabitants, of which two thirds are concentrated in five markets: Trinidad and Tobago, Guyana, Guadeloupe, Martinique and The Bahamas. The population is incredibly diverse, and is made up of descendants from original native tribes that inhabited the region and people of African, European, Indian, Middle Eastern, and Chinese descent, among others.

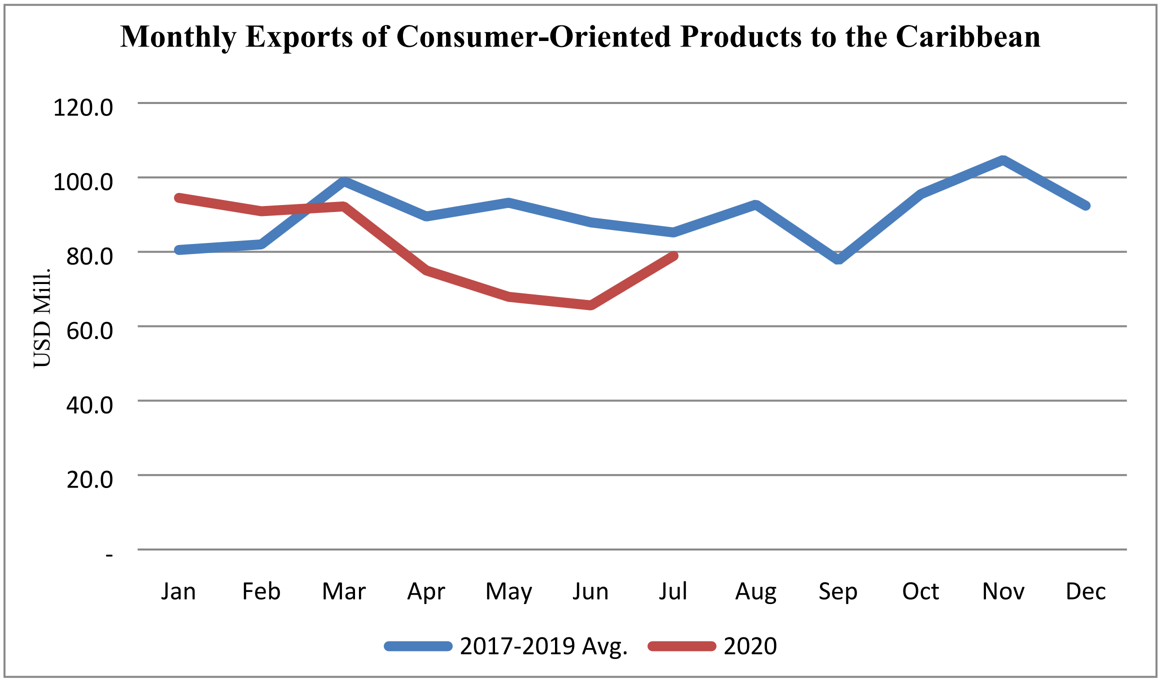
The economy of Trinidad and Tobago, by far the largest in the region, is based mainly on oil and natural gas. In Guyana, where one of the largest new discoveries of oil in the world was recently made, the country is also banking on oil to propel its economy forward and serve as a catalyst for much needed development. In practically all other countries in the region, tourism is the driving force behind most island economies. Approximately eight million stop-over tourists and 14 million cruise ship passengers visit the region annually. With very limited domestic agricultural production and food processing in most countries, the region relies heavily on imports of food products to meet the demands of its local population and tourists alike. In 2019, the Caribbean imported $2.1 billion in consumer-oriented agricultural products from the world, with $1.1 billion (53 percent) coming from the United States. An estimated 20-30 percent of these imports are channeled to the region's hotel, restaurant, and institutional (HRI) food service sector. According to Eurominotor International data, from 2017 to 2019 the sector exhibited an estimated four percent average annual growth rate in sales value.

The COVID-19 pandemic has had a huge impact on the region's HRI food service sector. March 2020 brought about lockdowns throughout the region and an abrupt halt to tourist arrivals, bringing practically the entire HRI sector to a standstill. As a result, many people in the sector lost their jobs or were furloughed, especially those employed at hotels and resorts. At varying degrees, countries slowly began allowing restaurants and other food service outlets to operate with take-out and delivery. At a minimum, this allowed many food service operations to remain in business. Initially, some hotels and resorts were able to unload much of their perishable food supplies through retail channels in order to cut their losses. Many importers/distributors of food products, particularly those that were specifically focused on servicing the HRI sector, were forced to turn to online sales and delivery to local households to sustain their operations.

Beginning in May 2020, markets throughout the Caribbean gradually began reopening. However, the reopening has been uneven throughout the region, as governments have based their reopening plans on their individual situation in relation to the pandemic.

1- The CBATO's region of coverage consists of the following 25 markets: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands (BVI), Caribbean Netherlands or BES Islands (Bonaire, Sint Eustatius and Saba), Cayman Islands, Cuba, Curaçao, Dominica, Grenada, Guadeloupe, Guyana, Martinique, Montserrat, Saint Barthélemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Sint Maarten, Trinidad and Tobago, and Turks and Caicos Islands.

As a result of the reopening, preliminary numbers indicate that U.S. exports of consumer-oriented products to the region have begun to rebound (see graph below). However, in the absence of a long-term solution, the recovery of the Caribbean's HRI food service sector is likely to remain constrained by the pandemic.



Source: U.S. Census Bureau Trade Data.

Advantages	Challenges
With little arable land and food production, the islands of the Caribbean must import most of their food needs.	The COVID-19 lockdown has financially weakened the Caribbean food service sector and has even forced several operators out of business. Until the pandemic subsides, it will weigh down any prospects of a sustained recovery for the sector.
U.S. exporters, particularly south Florida consolidators, service the market well and are in many ways better positioned to supply the Caribbean than competitors.	The HRI food service sector is highly dependent on tourism. Hence, the sector is very susceptible to any factors that may disrupt tourism (i.e. the COVID-19 pandemic, the world economy, terrorism, more active hurricane seasons, etc.).
The United States has a dominant market share in the vast majority of Caribbean islands (estimated at 53 percent overall).	In some markets, such as the French West Indies, a key constraint is breaking the traditional ties with Europe. Chefs in many islands are trained in Europe and thus prefer European products.
The regulatory environment at present is open to U.S. products.	Some products, particularly meat and poultry, may be restricted in certain markets due to EU or island-specific regulations.

II. Road Map for Market Entry

A. Entry Strategy

The best method for U.S. suppliers to enter the Caribbean HRI food service market is through local importers/distributors. Generally speaking, local importers/distributors have broad access to food and beverage supply channels, possess adequate warehouse facilities, carry a large inventory of products, and service many HRI accounts. While most importers/distributors service both the retail and HRI markets, specialized HRI importers/distributors exist on a few islands. Thus, U.S. suppliers can achieve maximum sales volume by working with local importers. Food service operators buy most of their product needs from local importers. Sometimes Caribbean food service operations may circumvent this channel by importing directly from U.S. suppliers. For instance, high-end restaurants may fly in fresh seafood from Boston or other specialty goods from elsewhere during the December-April tourist season. Even products that are not of U.S. origin are often shipped from the United States, since U.S. suppliers carry a wide variety of international specialty foods. Wines and liquors tend to be imported and distributed by companies dedicated exclusively to these types of products.

Hotels and resorts under the umbrella of large, well-known brands may rely on U.S. buying offices and/or established hospitality supply chain organizations such as AVENDRA. Select importers in different islands may belong to these supply chain networks and thus have access to large hotel customers. However, most of the trade of U.S. food service products flows to Caribbean importers via well-known U.S. food service suppliers, especially those in the South Florida (e.g. SYSCO, Cheney Brothers, US Foods, and Gordon Food Service among others). In fact, Bahamas Food Services, the leading food importer/distributor in The Bahamas, is owned by SYSCO.

Meeting Caribbean food service buyers can be accomplished in several ways. Many of them often travel to U.S. trade shows, such as the National Restaurant Association (NRA) Show in Chicago and the Americas Food and Beverage Show in Miami. The CBATO and Foreign Agricultural Service (FAS) partner organizations often organize Caribbean buying delegations to these shows. The Taste of the Caribbean chef competition, organized by the Caribbean Hotel and Tourism Association, is also an excellent opportunity for meeting food service professionals from the region. This prestigious event attracts chef teams from throughout the region and it offers an excellent platform for showcasing U.S. products to many of the region's best chefs. It takes place in Miami in June of each year. Contact the CBATO for more information on Caribbean buying missions to these events or lists of Caribbean food service buyers. Contact information is provided in Section V.

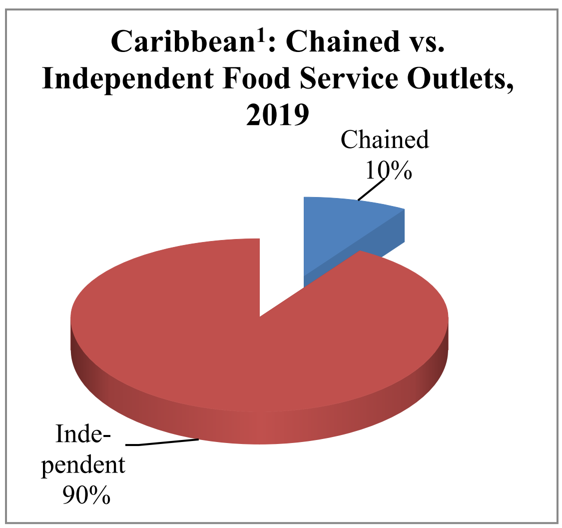
B. Market Structure

U.S. consumer-oriented products are shipped on a weekly basis to the Caribbean, mostly in the form of mixed containers. For the most part, U.S. exports are shipped to the region from South Florida ports. U.S. exports to Bermuda (which technically is not part of the Caribbean) are predominantly shipped from the northeastern region of United States, namely from the New York/Newark area and Philadelphia. The flow chart below illustrates how U. S consumer-oriented products make their way from U.S. suppliers to food service outlets in the Caribbean. Although some food service operators will buy direct from U.S. suppliers, the overwhelming volume of food and beverages sold in the region is channeled through local importers/distributors.

According to Euromonitor International, the Caribbean HRI food service sector is made up of nearly 7,500 outlets, with full-service restaurants, cafes and bars accounting for 56 percent of these. With only 12 percent of all outlets, limited service restaurants (mainly fast food chains) account for 42 percent of the sector's sales. The following charts illustrate how the HRI food service sector is structured.

Caribbean[1]: Breakdown of Food Service Outlets by Type, 2019

Outlet Type	No. of Units	Value RSP[2] ($ Mill)
Full Service Restaurants	3,250	826.4
Street Stalls & Kiosks	2,423	102.7
Cafes & Bars	952	294.3
Ltd. Service Restaurants	864	900.5
Self Service Cafeterias	3	0.6
TOTAL	7,492	2,124.3



1- Includes all markets covered by the CBATO, except BES Islands, Montserrat, Saint Barthélemy, St. Martin, and Turks and Caicos Islands.

2- Retail sales price (excludes taxes).

Source: Euromonitor.

C. Sub-Sector Profiles

Hotels & Resorts:

Given the large number of tourists visiting the islands annually, hotel and resort eateries play an important role in the overall food service sector of the region. Large mega resorts such as Atlantis (4,000 rooms) and Baha Mar (2,000+ rooms) in The Bahamas offer multiple restaurants, cafes, indoor and poolside bars, etc. Despite the great buying power of these larger establishments, as mentioned earlier local importers/distributors, remain an important supplier due to both the ever-changing needs and limited storage space for dry and refrigerated goods. Moreover, by using local importers for perishable products such as fresh produce, these establishments do not need to worry as much about spoilage as they would by importing directly. The same holds true for moderate sized hotels, resorts, and smaller boutique hotels. International hotel and resorts chains present in the region include: Marriott, Hilton, Hyatt, Four Season, Sandals, RIU, Rosewood, SLS, Holiday Inn, Radisson, Crowne Plaza, Sheraton, and Wyndham, among others.

Restaurants:

With its many cultural influences from around the world, the region boasts an incredible diversity of cuisines. Chefs from practically every corner of the planet can be found in over 3,000 full service restaurants throughout the region. From Michelin star fine dining establishments, to casual chain eateries (e.g. Tony Roma's, Outback Steakhouse, Texas de Brazil, TGI Fridays), to popular beachside restaurants, the Caribbean is renowned for its culinary diversity. Many islands have their own culinary festivals that highlight the dishes of local and international chefs. Some of these events attract world-class chefs and celebrities. Two of the most notable events include the Cayman Cookout (https://caymancookout.com/) and the Caribbean Food and Wine Festival (http://caribbeanfoodandwinefestivaltci.com/) held in Providenciales, Turks and Caicos Islands..

Limited service restaurants (fast food eateries and delivery/takeaway outlets) represent over 40 percent of total HRI food service sales in the Caribbean. There is a plethora of both international and local fast food chains throughout the region. Some of the most prominent ones include: McDonald's, Burger King, Wendy's, Pizza Hut, Little Caesars, Church's Chicken, Quiznos, Subway, KFC, Taco Bell, Pollo Tropical, Denny's, Chefette (Barbados), Royal Castle (Trinidad), Pizza Boys (Trinidad), Wok N' Roll (Trinidad), Donut Boys (Trinidad), among others. Most restaurants rely on local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply.

Institutional:

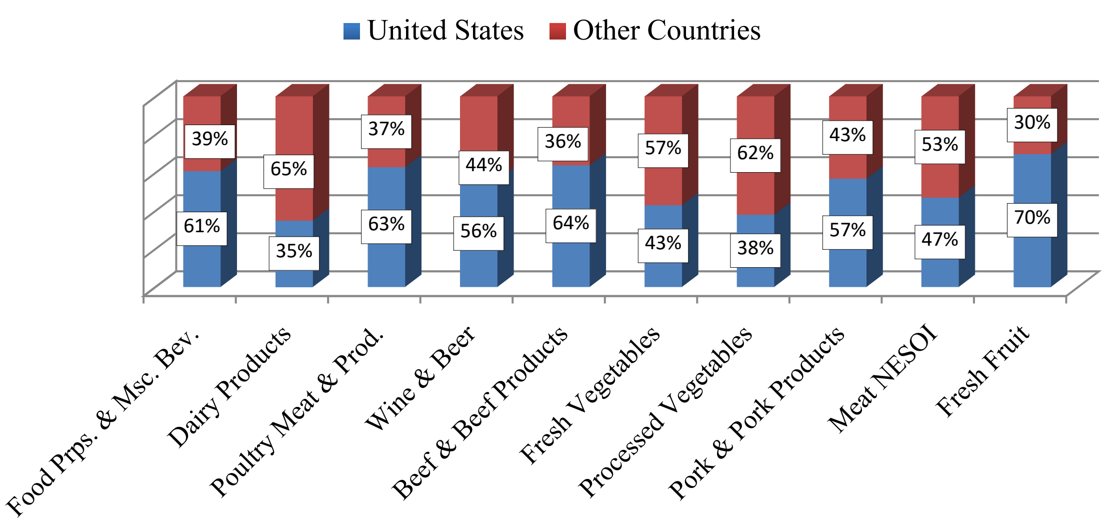
Catering is an important niche within the region's HRI food service sector. Yet airline catering, snack bars and eateries in the dozens of airports in the region, and marine catering (to offshore oil rigs) are areas that are often overlooked. Local/regional companies that specialize in these business areas usually service this sub-sector.

III. Competition

The United States has a 52.6 percent market share of the Caribbean's food market. In 2019, U.S. exports of consumer-oriented products to the Caribbean totaled $1.1 billion. The next closest competitor is the EU with $453.3 million in exports (21.4 percent), followed by Brazil with $104.1 million (4.9 percent), New Zealand with $101.6 million (4.8 percent), and Costa Rica with $59.3 million (2.8 percent).

The top five import categories are food preparations and miscellaneous beverages, dairy products, poultry meat & products (ex. eggs), wine & beer, and beef & beef products. These five categories alone represent over half of consumer-oriented product imports. With only a few exceptions, the United States has the leading market share in practically all product categories.

U.S. Market Share by Product Category, 2019



Source: Trade Data Monitor, based on reporting countries export statistics.

IV. Best Product Prospects

As mentioned earlier, given limited domestic production and processing of food products, the Caribbean is dependent on imports of the full range of food and beverage products. The HRI food service sector is an important demand driver of imported foods.

A. Top Consumer-Oriented Products Imported from the World, 2019

	USD
Food Preparations & Miscellaneous Beverages	327,570,929
Dairy Products	317,103,717
Poultry Meat & Products (excluding eggs)	203,572,748
Wine & Beer	181,535,597
Beef & Beef Products	149,526,498
Fresh Vegetables	103,560,044
Processed Vegetables	99,560,003
Pork & Pork Products	90,620,215
Meat NESOI (Not elsewhere specified or indicated)	89,136,341
Eggs & Egg Products	74,666,013

Source: Trade Data Monitor, based on reporting countries export statistics.

B. Top Consumer-Oriented Products Imported from the United States, 2019

	USD 000's
Poultry Meat & Products (excluding eggs)	145,403
Dairy Products	122,062
Prepared Food	110,848
Beef & Beef Products	96,380
Snack Foods NESOI	88,772
Wine & Beer	61,926
Fresh Fruit	52,428
Non-Alcoholic Beverages (excluding juices)	51,403
Pork & Pork Products	51,295
Fresh Vegetables	44,604

Source: US Census Bureau Trade Data.

C. Products Not Present in Significant Quantities but which have significant Sales Potential

N/A. The Caribbean imports virtually all types of food products.

D. Products Not Present Because They Face Significant Barriers

The number of restricted products is minimal. Bermuda prohibits the importation of any of the following dairy products: raw milk, pasteurized milk, ultra-pasteurized milk, ultra-heat-treated milk, and manufactured milk. A few governments may also prohibit the importation of select produce items for plant quarantine purposes (e.g. citrus from Florida) or they may temporarily ban the importation of select produce items to protect local farmers during harvest time. Certain poultry items also face high import duties in Barbados, which effectively keeps them out of that market.

V. Key Contacts and Further Information

If you have questions or comments regarding this report, or need assistance exporting to the Caribbean, please contact the Caribbean Basin Agricultural Trade Office in Miami, Florida. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

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Attachments:

No Attachments