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## **Caribbean Basin**

### **Food Service - Hotel Restaurant Institutional**

#### **The Bahamas**

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**Report Highlights:**

Performance indicators show strong improvements in The Bahamas' tourism sector with large investments expanding the country's tourism infrastructure. Opportunities for U.S. suppliers have seldom been better in The Bahamas HRI food service sector as evidenced 2014 U.S. trade data for consumer-oriented products to The Bahamas on pace through October to surpass the 2012 record level of \$210 million.

**Post:**  
Miami ATO

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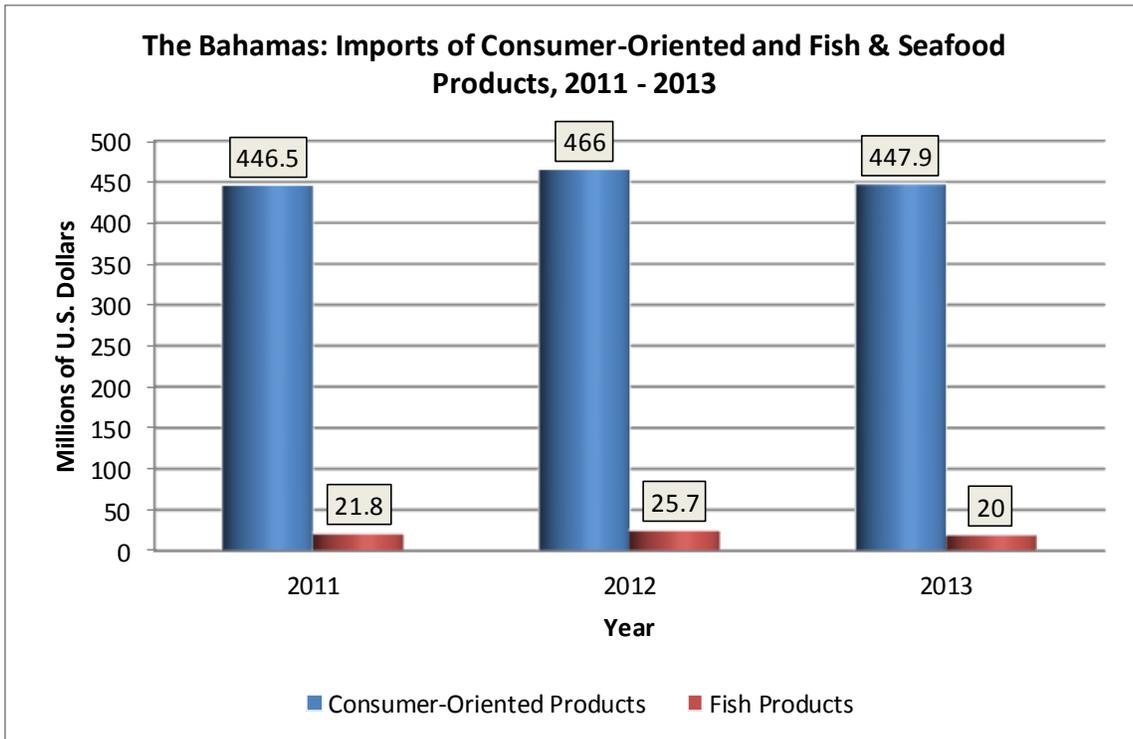
## Section I. Market Summary

Combined the 700 islands and 2,000 cays that make up The Bahamian archipelago have an area slightly smaller than that of the state of Connecticut. Although only about thirty of the islands are inhabited, 321,834 people (Jul. 2014 est.) make their home in The Bahamas. The majority of the population resides on the island of New Providence around the nation's capital, Nassau, and in Freeport, on Grand Bahama Island. The Bahamian per capita gross domestic product (GDP) purchasing power of parity (PPP) of \$32,000 is among the highest in the Caribbean (2013 est.).

With less than one percent arable land and permanent crops agriculture accounts for only 2.1 percent of the national GDP. Tourism and tourism related construction and manufacturing, the country's largest economic sector, account for approximately 60 percent of GDP and employ over half of the Bahamian workforce. In 2013, 1.36 million stop-over visitors and 4.7 million cruise ship passengers visited The Bahamas. Nearly 80 percent of all tourists visiting The Bahamas are from the United States. Financial services are the second most important sector of the economy, which together with business services account for approximately 35 percent of GDP.

The Bahamian economy has begun to rebound, albeit slowly, from the global recession. Tourism, the main economic driver of The Bahamas, is showing signs of improvement. Preliminary numbers for 2014 (Jan-Jul) indicate a 3.5 percent increase in stop-over arrivals and a 2.4 percent increase in cruise ship passengers when compared to the same period in 2013. This upswing in tourist numbers is good news to many investors who have bet big on The Bahamas' tourism sector. Multiple large scale tourism infrastructure projects promise to secure The Bahamas' position as one of the premier tourist destinations in the world. Baha Mar, a \$3.5 billion tourism development project on New Providence, is expected to open its doors in 2015. Albany, a \$1 billion private resort/vacation home community (also on New Providence), is being completed in 2014. Several other new hotel projects and refurbishments on Grand Bahama, Bimini, and San Salvador were recently completed or are also underway. A \$410 million comprehensive redevelopment of Nassau's Lynden Pindling International Airport (LPIA) has recently been completed as well, greatly facilitating tourist traffic to and from The Bahamas. The country's economy and its continued growth are largely dependent on the tourism sector regaining its strength.

The lack of arable land for farming to support the food consumption of the local population and tourists has led to the importation of over 80 percent of the Bahamas' agricultural needs. In 2013, The Bahamas' consumer-oriented food imports were valued at \$447.9 million. Of this amount, approximately 60 to 70 percent is channeled toward the retail sector, while the remaining 30 to 40 percent is directed toward the hotel, restaurant, and institutional (HRI) food service sector.



Source: Global Trade Atlas

The hotel sub-sector makes up roughly 65 percent of the total HRI market, followed by the restaurant sub-sector at 32 percent, and the institutional sub-sector at 3 percent. There are over 300 hotels, and nearly 15,000 hotel rooms in the Bahamas. Moreover, there is a wide array of restaurants located on the larger islands of The Bahamas. New Providence and Grand Bahama alone, boast more than 430 restaurants. The total number of foodservice outlets in The Bahamas is estimated to be just shy of 500. In addition, there are over 20 companies that provide institutional catering services in The Bahamas. While there is no data available on the value and growth of the individual HRI sub-sectors, according to Euromonitor International, the Bahamas’ total consumer food service sector was valued at \$157.4 million dollars in 2013 and is expected to expand by an average growth rate of 2.4 percent through 2018. Chained foodservice establishments account for 60 percent of the market and independents for the remaining 40 percent.

<b>Overview of the Market Advantages and Challenges Facing U.S. Exporters in The Bahamas</b>	
<b>Advantages</b>	<b>Challenges</b>
With little arable land and food production, The Bahamas must import most of its food needs.	Economic well-being is highly dependent on tourism, particularly from the United States. Hence, The Bahamian economy remains very susceptible to factors that may disrupt tourism (i.e. world economy, terrorism, more active hurricane seasons, etc.).
The United States supplies	New product introductions can be difficult due to the

approximately 90 percent of food products imported for the HRI sector.	extensive establishment of major brands already in the market.
Nearly 80 percent of stop-over tourists are from the United States, fueling demand for U.S. products in food service establishments.	The 2008 trade agreement between the Caribbean and the EU has set the stage for increased competition from Europe. CARICOM is also negotiating a free trade agreement with Canada. The expansion of the Panama Canal, which is expected to be completed in 2015, may also pave the way for greater competition from Asia.
Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	In an effort to promote the use of local agricultural and food products, the Bahamian government uses a licensing system on the import of goods such as poultry and fresh produce.
The regulatory environment at present is fairly open to U.S. products.	
Proximity is a big plus. US exporters, particularly south Florida consolidators, service the market very well and are in many ways better positioned to supply The Bahamas than competitors.	

## Section II. Road Map for Market Entry

### A. Entry Strategy

U.S. exporters interested in entering the HRI food service market in the Bahamas should begin by contacting local importers (which also typically serve as wholesalers/distributors). Local importers have wide market access for imported products, have relatively large warehouse facilities which are computerized and mechanized, and possess their own fleets of trucks and vans for distribution. Most importers carry a full line of fresh, frozen, and dry products, while a few of the importers specialize in providing fresh produce, seafood, and alcoholic beverages.

Food and beverage importers are primarily located on the islands of New Providence and Grand Bahama. While there are approximately 30 importers of food and beverage products on these two islands, a handful of major importers dominate the distribution chain in the Bahamas' HRI sector. In fact, one company in particular, Bahamas Food Services (owned by SYSCO in the United States), is the dominant player in The Bahamian food service market.

Due to the geographic proximity of the United States, U.S. food products represent the majority of the foreign food products imported into the Bahamas. Bahamian importers are experienced in dealing with U.S. companies and have extensive knowledge of the U.S. food export system. Importers hold U.S. products in high regard with respect to quality, price, and packaging.

Personal supplier visits are the preferred method of contact, followed by e-mail. Another preferred method is through various trade shows that are well attended by Bahamian importers, as well as by restaurant and hotel management. Among the most frequented shows are the Americas Food and

Beverage Show and the National Restaurant Association Show (NRA). Chefs also attend some of these shows, presenting another opportunity to enter the market. It is common for larger hotel properties to import products directly, as well as purchase from a distributor, due to the specific request of a head chef. In some cases the head chef will refer a potential U.S. supplier to their local importer. Negotiations can either be made with the importer or the purchasing manager depending on the circumstances. An important deciding factor for the food service industry is quality of product and reliability of supply when orders are placed.

## B. Market Structure

Local importers are the key to flow of imported food and beverage products to the Bahamian HRI food service sector. Smaller restaurants and hotels rely heavily on local importers for almost all of their supply. Restaurants and hotels located in the outer islands, known as the “Out Islands” or “Family Islands,” depend on timely shipments from importers via “mail boats” or, at times, by air. Through local importers, these establishments can source smaller quantities of a variety of items.

The larger hotels and resorts purchase roughly 40 percent of food and beverage needs through local importers, while 60 percent is purchased directly from U.S. suppliers. Some hotels have positioned offices in south Florida to facilitate their purchasing operations. Moreover, the chained food service establishments located in the Bahamas typically import directly from U.S. buying offices.

In addition to these traditional import/distribution routes, food service operators may follow less traditional routes as well given the fragmented nature of The Bahamas’ geography and its proximity to South Florida. The most common example is for select food service operators to periodically fly to South Florida to pick up specialty supplies. In some cases food service operators featuring local seafood have been known to have arrangements with local fishermen where they supply the boat and fuel to local fishermen who in turn supply them their catch at market prices.

## C. Sub-Sector Profiles

### 1. Hotels and Resorts

The Bahamas: Number of Hotels & Hotel Rooms, 2013

ISLAND	No. of Hotels	No. of Hotel Rooms
Paradise Island	16	5,144
Nassau ( New Providence)	45	3,817
Grand Bahama	23	1,603
Abaco	42	921
Bimini	10	810
Exuma	28	755
Andros	43	393
Other	105	1,393
Total	312	14,836

Source: Research & Statistics Department, Ministry of Tourism

The popularity of large resorts has risen in recent years, bringing the construction of new properties and

the renovation and expansion of older properties. In addition, there has been a trend of several large resorts offering optional all-inclusive packages.

Selected Hotels and Resorts in the Bahamas:

<b>Name</b>	<b>Location</b>	<b>Number Of Rooms</b>	<b>Purchasing Agent</b>
Atlantis Resort	Paradise Island	2,317	Direct Import/ Local Importers
British Colonial Hilton	Nassau	288	U.S. Buying Office/ Local Importers
Meliá Nassau Beach	Cable Beach	726	Direct Import/ Local Importers
RIU Palace	Paradise Island	379	Local Importers
Sandals Royal Bahamian Resort	Cable Beach	404	U.S. Buying Office/ Local Importers
SuperClubs Breezes	Cable Beach	391	Local Importers
<b>Opening in 2015</b>			
Baha Mar Casino & Hotel	Cable Beach	1,000	U.S. Buying Office/ Local Importers
Rosewood at Baha Mar	Cable Beach	200	U.S. Buying Office/ Local Importers
SLS Lux at Baha Mar	Cable Beach	300	U.S. Buying Office/ Local Importers
Grand Hyatt at Baha Mar	Cable Beach	707	U.S. Buying Office/ Local Importers
Luxury Marina Hotel (Resorts World Bimini)	Bimini	350	U.S. Buying Office/ Local Importers

Despite the great buying power of the larger hotels, local importers, which also serve as wholesalers/distributors, remain an important source due to both the ever-changing needs and limited storage space for dry and refrigerated goods of these establishments. 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 from the United States.

Much the same as the Atlantis resort changed landscape of Paradise Island and bolstered the Bahamian economy when it opened its doors in 1998, the Baha Mar project promises to have a similar effect. The gaming resort development is being billed as the largest tourism project under development in the Western Hemisphere and the largest single-phase resort development in the history of the Caribbean. The \$3.5 billion, 1,000 acre development is located 5 miles west of Nassau along a half mile stretch known as Cable Beach. When Baha Mar opens its doors in 2015, it will add over 2,200 hotel rooms to The Bahamas' 15,000 room inventory, a 15 percent boost. Once fully operational, the project is expected to attract an additional 430,000 stop-over visitors during its first year (an increase of roughly 30 percent from current levels), inject \$1 billion into the local economy, and account for 12.8 percent of The Bahamas' GDP on average.

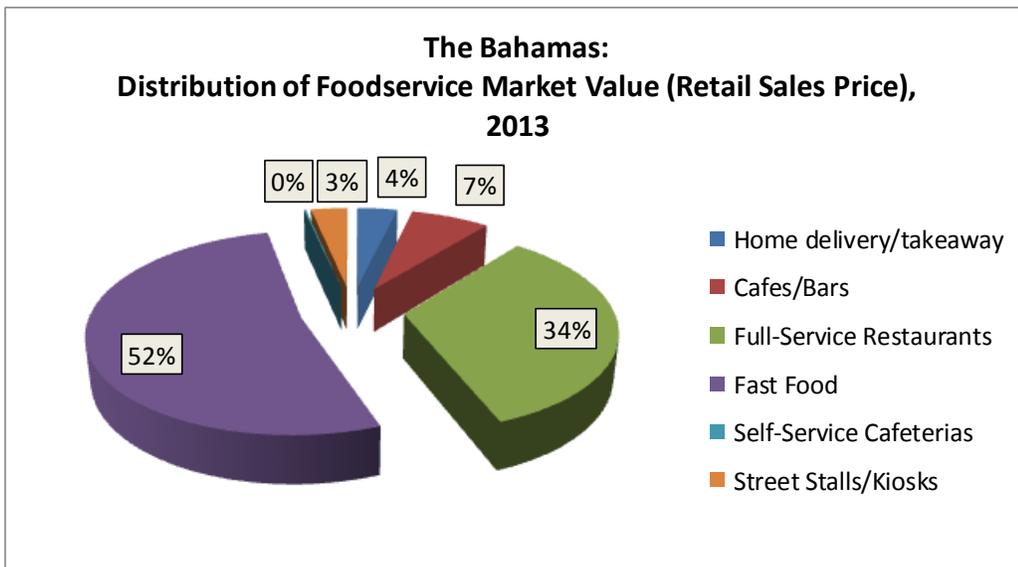
## 2. Restaurants

There are over 300 restaurants located in New Providence and around 130 located in Grand Bahama Island. Most restaurants turn to local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply, while the majority of the seafood, bottled beverages, and seasonal fruits and vegetables tend to be bought directly from vendors on the island. For the most part, customers do not inquire about the brands used in their dishes; nevertheless they expect the quality of products to be on the same level as those offered in U.S. restaurants.

### Selected Restaurants in The Bahamas:

<b>Name</b>	<b>Location</b>	<b>Type of Cuisine</b>	<b>Purchasing Agent</b>
Cally's Restaurant	Port Lucaya	Greek	Local Importer
Flying Fish	Freeport	Eclectic	Local Importer
Cappuccino's Italian Restaurant	Freeport	Italian	Local Importer
The Poop Deck	Nassau & Cable Beach	American/Bahamian	Local Importer
Twin Brothers	New Providence and Eleuthera locations	Bahamian	Local Importer
Café Martinique	Atlantis, Paradise Island	French	Local Importer
Nobu	Atlantis, Paradise Island	Japanese	Local Importer
Mesa Grill	Atlantis, Paradise Island	Southwestern	Local Importer
Olives	Atlantis, Paradise Island	Mediterranean	Local Importer
Café Matisse	Nassau	Italian/Bahamian	Local Importer
Capriccio Ristorante	Cable Beach	Italian	Local Importer
Via Japan Sushi Bar & Grill	Nassau	Japanese	Local Importer
Via Restaurant & Bar	Nassau	Italian	Local Importer

Nassau and Freeport offer a wide variety of restaurants, ranging from upscale to fast-food, and cuisine that reflects American, Bahamian, and international cultures. Local chains of restaurants mainly consist of Chinese and Bahamian cuisine and seafood. The independent restaurants in Nassau, which are located outside hotels, do not experience much decline in clientele in the low season (which lasts from September to December) due to the fact that local residents also frequent these establishments. Even centrally located restaurants have only around 60 percent tourist clientele. The increase in per capita GDP and employment of women in the workforce has facilitated the spread of fast food eateries across urbanized areas. Kentucky Fried Chicken, McDonald's, Burger King, Wendy's Domino's Pizza, Dunkin Donuts, and Subway, typically import directly from U.S. buying offices. Shopping center developments near resorts like Atlantis and Grand Lucaya also provide prime locations for independently owned restaurants. These restaurants have about 70 percent tourist clientele and rely heavily on local importers to provide their food and beverage supplies.



Source: Derived from Euromonitor data

According to Euromonitor International, in 2013 fast food restaurants accounted for the largest percentage of consumer food service sales in the Bahamas with 52 percent of the market, followed by full-service restaurants with 34 percent, cafes and bars with seven percent, home delivery/takeaway with four percent, street stalls/kiosks with three percent, and self-service cafeterias with less than one percent of the market.

### 3. Institutional

The institutional sector involves distribution to the prisons, hospitals, nursing homes, schools, and entertainment facilities such as arenas and stadiums. It accounts for less than 3-4 percent of the HRI trade and is supplied by the local importers and to a lesser extent, one wholesale club outlet in Nassau. Many of the local importers are involved in supplying the local banks, hospitals, and other institutions with a coffee program. In addition, there are over twenty companies that provide catering services in the Bahamas. These businesses mainly buy food products from local wholesalers and seafood from local fisheries. However, airline caterers that service carriers with flights to both Nassau and Freeport airports directly import food and beverage products from the United States.

### Section III. Competition

Very little competition exists for the U.S. manufacturer from local or other foreign countries. The only reason a U.S. manufacturer may find it difficult to export a product into The Bahamas is if there already is an established competing product in the market. Most major brands are already licensed and distributed. Non-U.S. items consistently seen in local stores include lamb from Australia and New Zealand, bottled and canned beverages from Canada and Trinidad, flour from Canada, wine from Italy and France, certain jams and cookies from the United Kingdom, and jams, pepper sauces, and other specialty items from the Caribbean. Little competition for dry goods exists; however at times importers have found lower prices for other products such as beef and pork products from Canada, dairy products from New Zealand, and produce from the Caribbean and Latin America.

With regards to local competition, there are approximately 20 food and beverage processors of notable size located in The Bahamas. Approximately 50 percent of these processors are manufacturers of soft drinks and producers of mineral water. The remaining 10 processors specialize in the production of fish and fish products, poultry, fruit and vegetable products, dairy products, and sugar products. No beef or pork is produced locally, and only one major poultry producer remains. Two local seafood companies meet most of the demand for some types of seafood like grouper, lobster, and shrimp. In regards to the supply of local produce, the fruit and vegetable crop is seasonal and inconsistent in quality and quantity. However, “protected” production of vegetables has had some success in recent years. In terms of beverages, local water and soft drink manufacturers in Nassau and Grand Bahama supply most of the demand for these products in their respective markets. All in all, local competition is minimal.

<b>Product Category &amp; Import Value US\$ Million (2013)</b>	<b>Major Supply Sources/Market Share Percent (2013)</b>	<b>Strengths of Key Supply Countries</b>	<b>Advantages and Disadvantages of Local Suppliers</b>
Red Meats, FR/CH/FR Imports: \$45.7	U.S. – 89.0 Australia – 3.1	<p>The United States has a dominant market share in all consumer-oriented and seafood product categories. Key U.S. advantages include:</p> <ul style="list-style-type: none"> <li>● Proximity</li> <li>● Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.</li> <li>● The United States is the source of over 80 percent of tourists visiting The Bahamas</li> </ul>	<p>Very limited land resources preclude most farm activity. Food processing is also quite limited.</p>
Poultry Meat Imports: \$36.9	U.S. – 84.6 Brazil – 13.8		
Dairy Products (excl. Cheese) Imports: \$27.5	U.S. – 75.7 Peru – 13.8 Ireland – 3.4		
Cheese Imports: \$15.1	U.S. – 96.5 Canada – 2.4		
Snack Foods (excl. nuts) Imports: \$16.4	U.S. – 82.2 U.K. – 14.5		
Fruit & Veg. Juices Imports: \$18.0	U.S. – 95.6 Thailand – 1.4		
Processed Fruit & Veg. Imports: \$27.4	U.S. – 80.8 Canada – 8.4 Belgium – 5.6		

Fish & Seafood Products Imports: \$20.0	U.S. – 71.0 Thailand – 7.9 D.R. – 6.8		
Red Meats, Prep/Pres Imports: \$38.7	U.S. – 93.3 Canada – 2.9		
Breakfast Cereals & Pancake Mix Imports: \$8.3	U.S. – 98.9 Mexico – 0.4		

Source: Trade numbers are from Global Trade Atlas

## Section IV. Best Product Prospects

### A. Products present in the market that have good sales potential:

Market opportunities exist for practically all high-value, consumer-oriented foods/beverages and seafood products in The Bahamas. Some of the most prominent growth categories include:

Product Category	2013 Market Size	2013 Imports (US\$ Millions)	5 Yr. Avg. Annual Import Growth (Percent)	Import Tariff Rate (Percent)
Dairy Products (Excl. Cheese)	*Total Market size data is unavailable. However, minimal local production suggests total market size is roughly equivalent to imports in most cases.	\$27.5	2	0-35
Cheese		\$15.1	5	10
Fish Products 1/		\$20.70	0	0-35
Snack Foods		\$16.4	2	30-60
Red Meats, Prep/Pres		\$38.7	2	0-25
Poultry Meat		\$36.9	5	10-30
Red Meats, fresh, chilled & frozen		\$45.7	3	0-25
Processed Fruit & Vegetables		\$27.4	3	10

1/- Deep water fish not found in more shallow Bahamian waters are gaining popularity.

Note: For precise tariff rates, refer to The Bahamas Tariff Schedule. See Section V.(C). for link.  
Source: Import data from Global Trade Atlas.

### **B. Products not present in significant quantities but have good sales potential:**

- Gourmet Foods
- Asian Products
- Tofu
- Products that contain no trans fats
- Sugar-Free products
- Fat-Free products
- Organic products

### **C. Products Not Present Because They Face Significant Barriers:**

In general, U.S. suppliers find it relatively easy to comply with Bahamian import regulations and encounter few if any restrictions. However, in an effort to promote the use of local agricultural and food products (even though quantities are relatively low), the Bahamian government uses a licensing system on the import of goods such as fresh produce and poultry. Usually, it is the importer who must personally visit the customs office to file applications for these permits each time an import is due to clear customs. Nonetheless, given the proximity and historical business ties, U.S. suppliers will find that the Bahamian regulatory environment is quite import-friendly.

## **Section V. Post Contact and Further Information**

### **A. For More Information, Please Contact:**

Caribbean Basin Agricultural Trade Office (CBATO)  
Foreign Agricultural Service  
United States Department of Agriculture  
909 SE 1st Ave, suite 720  
Miami, Florida 33131  
Phone: (305) 536-5300  
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CBATO reports of interest include our Caribbean Basin Exporter Guide (11/21/2014), Caribbean Environment for U.S. Agricultural Exports (6/6/2014), and Hotel Developments in The Bahamas Increase Demand for U.S. Foods (3/3/2014).

### **B. U.S. Government Internet Sources:**

Foreign Agricultural Service (FAS), USDA

This site provides extensive information on FAS programs and services, trade statistics, market research, trade shows and events, and much more.

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

U.S. Department of State

This site provides valuable information on travel & business in foreign countries, information on U.S. Embassies and Consulates around the world, and country background notes.

<http://www.state.gov>

Central Intelligence Agency

The CIA's on-line World Factbook provides useful and up-to-date guides for practically every country in the world.

<https://www.cia.gov/library/publications/the-world-factbook/>

More information on marketing U.S. products and services is available in the Country Commercial Guide for The Bahamas

[http://buyusainfo.net/docs/x\\_1176839.pdf](http://buyusainfo.net/docs/x_1176839.pdf)

### **C. Other Non-U.S. Government Internet Sources:**

The websites below are provided for the readers' convenience; USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained in such websites.

Tariff rates are available at The Bahamas Customs Department website:

<http://www.bahamas.gov.bs/customs>