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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

Sales in the Caribbean Hotel, Restaurant, and Institutional (HRI) food service sector increased by 11 percent in 2022. Given the region's tourism industry growth, expanding infrastructure, and geographical proximity, among other factors, opportunities for U.S suppliers in the market remain strong in the face of climate-related challenges.

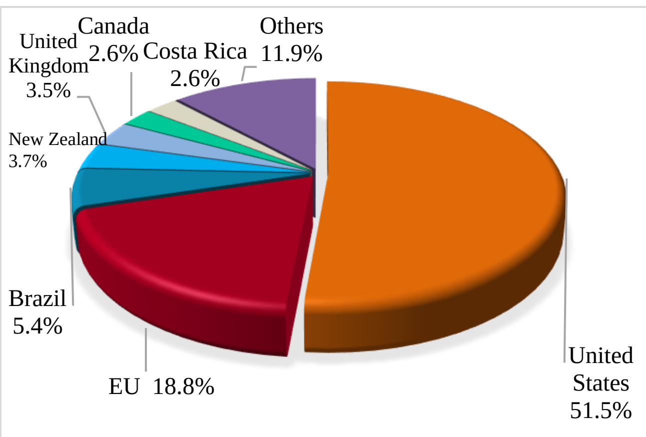
Market Fact Sheet: Caribbean

Executive Summary

The Caribbean HRI, food service sector is growing, not just due to the tourism sector nearly approaching pre-COVID figures, but also due to the shift in consumer preferences for food and beverages which has a considerable influence on developing trends and new business opportunities.

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 $2.99 billion in 2022, with the United States capturing 51.5 percent of the market.



Food Processing Industry

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

Food Retail Industry

An estimated 85 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 $9.8 billion in 2022.

Quick Facts CY 2022

Imports of Consumer-Oriented Products
$2.99 billion

Top 10 Growth Products

1. Poultry Meat & Products
2. Dairy Products
3. Bakery, Cereal & Pasta
4. Beef & Beef Products
5. Food Preparations
6. Non-Alcoholic Beverages
7. Fresh Fruits
8. Eggs & Egg Products
9. Fresh Vegetables
10. Pork & Pork Products

Food Industry by Channels (USD billion) 2022

Imports of Consumer-Oriented Products*	$ 2.99
Grocery Retail Annual Sales	$ 9.98
Consumer Food Service Annual Sales	$ 1.87

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

GDP/Population
Population: 4.9 million (December 2022 estimate)
GDP: $500 million (British Virgin Island, 2017 est.) - $35.1 billion (Trinidad and Tobago, 2021 est.)
** Based on reporting countries export statistics (excludes freight, insurance & import duties.).*

Top Markets by GDP per capita
Bermuda $80,300, Cayman Island $67,500, Aruba $38,900

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. -The Caribbean is a popular tourist destination.	- Chefs' preferences toward sourcing locally -Food inflation influencing dining toward more affordable options. -Food insecurity is growing in the region.
Opportunities	***Threats***
U.S. tourists account for roughly 50 percent of all tourists visiting the region, bolstering demand for U.S. foods.	The risk of extreme weather events can disrupt travel plans and make islands less attractive to visit.

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 mix of independent states, overseas departments or dependencies of European countries, and islands that are part of a European kingdom. The region has 4.9 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.

At first glance, the region with its fragmented island geography, a combined land mass of only 36,850 sq. km (roughly 1.5 times the size of the State of Maryland), and a population of under 5 million, could easily be overlooked as a market for U.S. food service products. However, with limited agricultural production and food processing, in addition to roughly eight million stop-over tourists and 14 million cruise ship passengers visiting the region annually, the demand for food products is considerable. In 2022, the Caribbean imported $2.99 billion in consumer-oriented agricultural products from the world, with $1.5 billion (51.5 percent) coming from the United States. An estimated 20-30 percent of these imports are channeled to the region’s HRI food service sector.

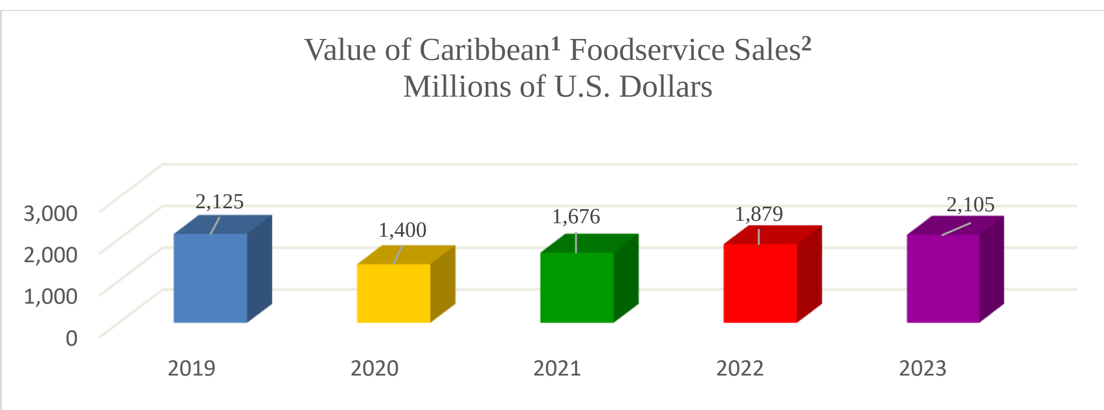
The food service industry plays a significant role in the region’s economy although there has been a noticeable shift in consumer behavior since the Covid-19 pandemic with more people opting to eat at home. Tourism is a main driver of most economies in the Eastern Caribbean which, according to the World Bank, accounts for 50 percent of regional Gross Domestic Product (GDP) and approximately 40 percent of employment. According to the International Monetary Fund (IMF), the growth seen by tourism-dependent countries in 2022 is expected to decline in 2023 as a result of global economic factors.

[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.

The following table shows tourist inflows both pre and post pandemic outbreak, while the graph illustrates the subsequent impact these reduced tourist numbers are having on the region's food service sector.

	TOTAL Stop-Over Visitors In Selected Caribbean Markets					
	Period 2023	**2020**	**2021**	**2022**	**2023**	**% change 2022/2023**
Anguilla	Jan - Jun	23,198	4,503	39,950	56,702	41.9%
Antigua & Barbuda	Jan - Jul	90,046	80,509	154,099	176,355	14.4%
Aruba	Jan – Jul	259,093	506,795	637,331	722,444	13.4%
The Bahamas	Jan – Jul	378,988	383,731	901,864	1,179,085	30.7%
Barbados	Jan – Jun	156,880	30,395	277,954	311,379	12.0%
Bermuda	Jan – Jun	23,393	20,358	60,926	87,144	43.0%
British Virgin Islands	Jan - May	n/a	16,530	77,527	130,120	67.8%
Bonaire	Jan - Jul	66,600	111,300	99,500	102,014	2.5%
Cayman Islands	Jan - Jun	119,119	5,275	113,594	235,370	107.2%
Curacao	Jan – Jul	127,281	122,707	275,799	323,808	17.4%
Dominica	Jan – Jun	18,368	4,634	21,140	33,448	58.2%
Grenada	Jan - Jul	37,378	15,159	69,510	102,519	47.5%
Guyana	Jan-May	86,400	158,347	105,905	124,973	18.0%
St. Kitt & Nevis	Jan - Jun	28,014	7,474	38,711	59,913	54.8%
St. Lucia	Jan – Jul	93,358	89,922	209,929	234,424	11.7%
Sint Maarten	Jan - Feb	n/a	99,213	63,640	81,464	28.0%
St. Vincent & the Grenadines	Jan - Jun	18,609	2,878	27,854	41,997	50.8%
Trinidad & Tobago	Jan – Jul	92,428	4,413	115,234	183,529	59.3%

Source: https://tourismanalytics.com/caribbean.html



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.

The HRI food service sector registered an estimated $2.1 billion in sales in 2022.

Advantages	Challenges
With little arable land and food production, the islands of the Caribbean must import most of their food needs.	Weather conditions such as hurricanes, heatwaves, and tropical storms require the HRI food service business to adapt and implement strategies to ensure food availability, quality, and logistics.
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 Caribbean market experiences seasonal variations that can impact the availability and affordability of certain ingredients. Some restaurants need to adjust menus and sourcing strategies.
The United States has a dominant market share in the vast majority of Caribbean islands (estimated at 51.5 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 ongoing Ukrainian war is also impacting the food supply.
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

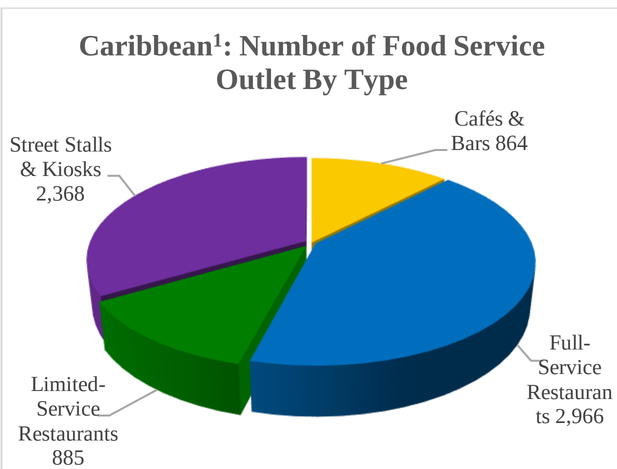
The best method for U.S. suppliers to enter the Caribbean HRI food service market is through local importers/distributors. Generally speaking, local importers/distributors have broad access to food and beverage supply channels, possess adequate warehouse facilities, carry a large inventory of products, 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 although 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 or other specialty goods 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.

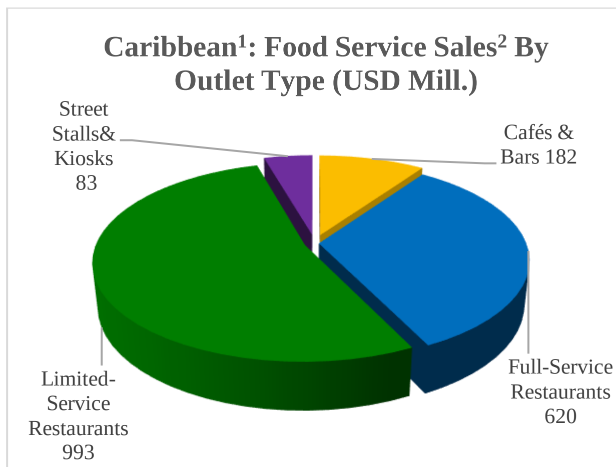
Hotels and resorts under the umbrella of large, well-known brands may rely on U.S. buying offices and/or established hospitality supply chain organizations such as AVENDRA. Select importers in different islands may belong to these supply chain networks and thus have access to large hotel customers. However, 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 South Florida (e.g., SYSCO, Cheney Brothers, US Foods, and Gordon Food Service among others).

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 (https://www.nationalrestaurantshow.com/) and the Americas Food and Beverage (AFB) Show (https://www.americasfoodandbeverage.com/) in Miami. The CBATO and Foreign Agricultural Service (FAS) partner organizations often organize Caribbean buying delegations to these shows. 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

According to Euromonitor International, the Caribbean HRI food service sector is made up of approximately 7,083 outlets, with full-service restaurants and stalls & kiosks accounting for three quarters of the sector. With only 12 percent of all outlets, limited-service restaurants (mainly fast-food chains) account for over half (53 percent) of the sector's sales. Approximately 89 percent of all outlets are independently owned, and the remaining 11 percent are part of a chain. The following charts illustrate how the HRI food service sector is structured.





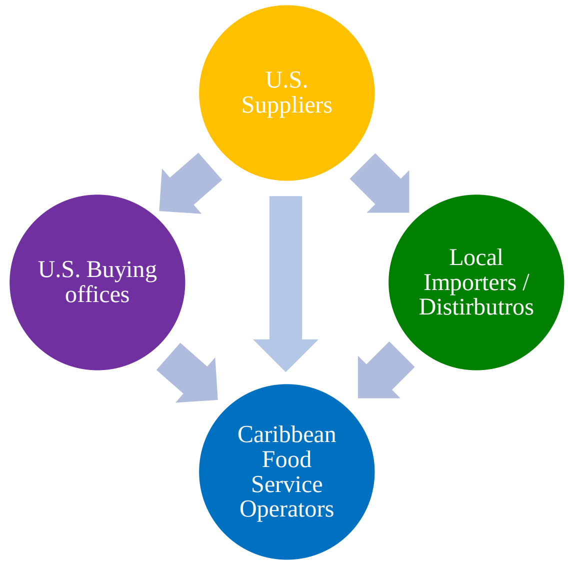
1- Includes all markets covered by the CBATO, except BES Islands, Montserrat, Saint Barthélemy, St. Martin, and Turks and Caicos Islands.

2- Retail sales price (excludes taxes).

Source: Euromonitor.

C. Distribution

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. products are exported 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 to the right 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.



D. 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. Many hotels host their own food and wine festivals. 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, local importers and distributors remain an important supplier for them due to both the ever-changing needs of their customers and limited storage space for dry and refrigerated goods. Moreover, by using large 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 resort 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. Some markets may offer construction incentives to encourage and support new projects.

Restaurants:

With its many cultural influences and trends from around the world, the region boasts an incredible diversity of cuisines including the growing trend of incorporating vegan options into menus by creating delicious plant-based dishes from scratch.

Chefs from practically every corner of the planet can be found in the region's nearly 3,000 full-service restaurants. 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 host their own culinary festivals that highlight the dishes of local and international chefs. Some of these events attract world-class chefs and celebrities looking for innovative products. Two of the most notable events include the Cayman Cookout (https://caymancookout.com/) in the Cayman Islands and the Caribbean Food and Wine Festival (http://caribbeanfoodandwinefestivaltci.com/) held in Turks and Caicos Islands.

Limited-service restaurants (fast food eateries and delivery/takeaway outlets) represent over 50 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. Like in other parts of the world, the restaurant industry often witnesses the opening and closing of new establishment driven by fads and trends. However, traditional restaurants have proven their resilience and continue thrive in the market.

Institutional:

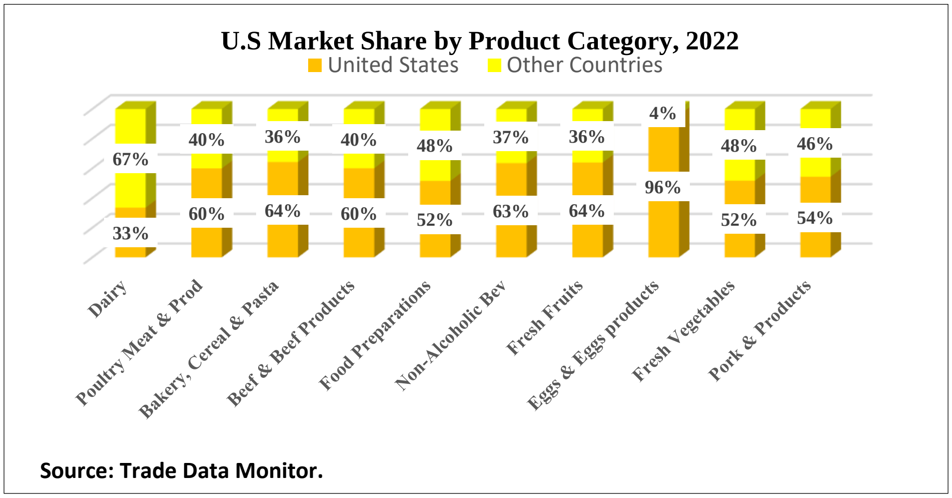
Catering represents an important niche within the region's HRI food service sector, yet airline catering, snack bars and eateries in the dozens of airports in the region, schools, hospitals, military and marine catering (to offshore oil rigs) are often overlooked. Local/regional companies that specialize in these business areas usually service this sub-sector. In some islands, airports are undergoing remodeling to provide an enhanced range of dining options.

III. Competition

The United States has a 51.5 percent market share of the Caribbean's import food market. In 2022, U.S. exports of consumer-oriented products to the Caribbean totaled $1.5 billion. The next closest competitor is the EU with $562.9 million in exports (18.8 percent), followed by Brazil with $162.4 million (5.4 percent), New Zealand with $110.1 million (3.7 percent), and the United Kingdom with $105.9 million (3.5 percent).

Due to food inflation, some distributors are increasingly inclined to favor European products. This preference stems from the perception that European products provide better quality at competitive prices and offer a wide variety of healthy options. Despite this, distributors continue to rely on U.S. vendors.

The top five import categories of consumer-oriented products to the region were poultry meat & products (excluding eggs), dairy products, bakery goods/cereals/pasta, beef and beef products and food preparations. These five categories represented $692.1 million or forty six percent of total consumer-oriented product imports. U.S. market share in the top 10 categories of imported consumer-oriented products is shown in the following chart.



IV. Best Product Prospects

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

Nevertheless, some organizations actively promote local food production by providing guidance, resources, and assistance to farmers and fisheries with the commitment to buy.

B. Top Consumer-Oriented Products Imported from the World, 2020-2022 (USD 000's)

	2020	2021	2022
Dairy Products	315,774	346,676	381,094
Poultry Meat & Prods. (ex. eggs)	183,443	225,846	290,983
Soup & Other Food Preparations	168,545	189,284	242,753
Bakery Goods, Cereals & Pasta	175,536	174,296	204,773
Beef & Beef Products	135,801	168,844	198,554
Fresh Vegetables	96,330	107,038	141,504
Non-Alcoholic Bev. (ex. juices, coffee, tea)	100,132	116,111	140,884
Pork & Pork Products	88,490	110,741	119,120
Processed Vegetables	94,630	102,188	138,763
Fresh Fruit	91,743	102,582	122,254

Source: Trade Data Monitor.

C. Top Consumer-Oriented Products Imported from the United States, 2020-2022 (USD 000's)

	2020	2021	2022
Poultry Meat & Prods. (ex. eggs)	111,307	133,236	174,485
Dairy Products	97,231	101,926	127,594
Bakery Goods, Cereals, & Pasta	110,527	107,730	131,525
Beef & Beef Products	71,821	96,086	119,248
Food Preparations	84,935	89,217	125,094
Non-Alcoholic Bev. (ex. juices)	64,695	70,610	89,441
Fresh Fruit	55,117	64,397	78,148
Pork & Pork Products	44,553	54,334	64,749
Eggs & Products	44,857	49,941	77,812
Fresh Vegetables	42,161	47,316	73,141

Source: Trade Data Monitor.

D. Products Not Present in Significant Quantities But Which Have Significant Sales Potential

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

E. 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 may temporarily ban the importation of select produce items to protect local farmers during harvest time. Certain poultry products 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