



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/16/2003

GAIN Report Number: C13007

Caribbean Basin HRI Food Service Sector Report Grenada 2003

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Report Highlights:

Grenada, often referred to as "The Spice Island of the Caribbean," receives twice as many tourists annually as their local population. Approximately \$14 million worth of food and beverage products were imported from the United States in 2001. Market opportunities exist for a wide variety of U.S. products, including: beef, pork, poultry, dairy, produce, and alcoholic & non-alcoholic beverages. This report provides U.S. exporters with the information they need to successfully enter Grenada's Hotel, Restaurant, and Institutional (HRI) food service sector.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11]
[C1]

Section I. Market Summary

Country Snapshot

The nation of Grenada consists of three islands: Grenada (133 sq. miles), Carriacou (120 sq. miles) and Petite Martinique (486 acres). It is located in the Eastern Caribbean between Trinidad and Tobago to the south and St. Vincent and the Grenadines to the north. It is just 100 miles north of Venezuela and 158 miles southwest of Barbados. The island is the southernmost of the Windward Islands and is bordered by 45 picturesque white sand beaches with turquoise waters and countless secluded coves. Grenada has a pleasant climate with a year-round temperature of 80 degrees Fahrenheit.

Total population in 2001 reached 102,000 with a Gross Domestic Product (GDP) per capita of \$4,750. About 95,000 people live in Grenada, 7,000 in Carriacou, and 900 in Petit Martinique. Eighty-five percent of the inhabitants are from African descent and the rest are a combination of East Indian and European descent (English, French, Portuguese, and Scottish). Grenada, with its French and British legacy, took full independence from Britain in 1974. Now it has a parliamentary democracy based on the British model. Everyone speaks English, the official language, and older generations also speak French patois. St. George's, located on the southwest coast of Grenada, is the capital, the main commercial center, and the seat of the government. Approximately 35,000 people live in St. George's.

Grenada is a developing Caribbean island nation with a steady annual economic growth since 1999. It shares a common currency with seven other members of the Organization of Eastern Caribbean States (OECS). The East Caribbean (EC) dollar is linked to the U.S. dollar at approximately \$2.72 to \$1 U.S. (rates may vary). Its economy, the fastest growing in the region, is based principally on tourism and agricultural production.

Market Overview

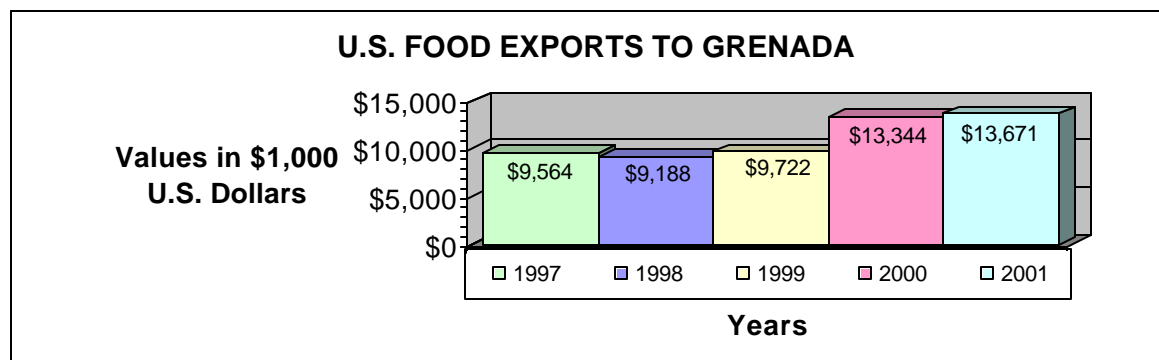
Most of Grenada's food imports are from the United States due to its proximity to the island and the quality, price, and diversity of U.S. high-value products. Grenadians are very receptive to U.S. food products as a result of a consistent flow of American tourists, education, business, and pleasure travel to the U.S., and its exposure to U.S. media through cable television. Many popular U.S. brands are already very well known and established in the marketplace. Grenada is a price-conscious market, so lower priced products have better acceptance by locals.

In 2001, Grenada's total market for food imports was \$34 million. The U.S. accounted for the largest share of imports, with a 40 percent market share. Other trading partners include the United Kingdom, Canada, Brazil, and other Caribbean countries such as Trinidad & Tobago and Barbados. Agricultural products are imported both for the domestic and tourist markets, which should continue to generate demand for quality international products as the tourism industry continues to expand. An estimated 30 to 40 percent of total food imports is destined for the food service sector. The remaining 60 to 70 percent is used by the retail food sector.

The Grenadian government protects local agricultural production with import licenses. Protected food products include whole chicken, eggs, fresh produce, and high proof spirits. At the same time, all products except soft drinks, alcohol, cereal, produce, some dairy products, fresh & frozen seafood and condiments are government price controlled. Wholesale price control margins range from 5 to 15 percent and retail margins range from 10 to 29 percent. The Grenada

Marketing & National Importing Board (GMNIB), a state trading enterprise, regulates the importation of certain commodities. Brown or white sugar, full cream powder milk, and rice - packaged in 10 kg sizes or larger - have to be sold directly to the board. Then GMNIB distributes the products to importers and retailers.

Grenadian customs officials require the following documentation for the entry of imports: commercial invoice, bill of lading, packing list, certificate of origin, and certificate of value. Customs clearance usually takes 48 hours but for perishable products it could take less time. Tariffs for food products range from 5 to 80 percent. Imports, even when duty free, have a 5 percent tax surcharge.



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

Food exports from the United States to Grenada have been increasing since 1999. In 2001 total exports were \$14 million. This represents a 2.5 percent increase from the previous year. Importers anticipate the market will continue steady growth as a result of an improving economy and a new direct flight from London to Grenada scheduled to begin in the summer of 2003.

Tourism and HRI

The tourism sector, backed by the commitment of the Government of Grenada, is the most promising sector for the future growth of the island's economy and the major source of foreign earnings. Grenada is well placed for tourism, having beautiful mountain scenery, unspoiled beaches, yachting and cruise liner facilities, a lively and hospitable culture, several modern hotels, and fair tourist infrastructure. It is often positioned as a prime honeymoon and adventure tourist destination.

2001 TOURISM HIGHLIGHTS

- Grenada offers 1,734 hotel rooms.
- Stay-over and cruise ship visitor arrivals totaled 270,722.
- Total visitors from stay-over arrivals were 123,351.
- Total visitors to Carriacou were 6,887.
- Cruise ship visits totaled 360 calls.
- Yacht arrivals totaled 5,610 calls.
- Total expenditure by visitors was \$62.7 million.

Data Source: Grenada Hotel & Tourism Association Ltd. and Grenada Board of Tourism.

The winter months of December to April are the peak periods for vacation travel to Grenada, together with July and August when Carnival festivities are held. Peak months for cruise arrivals are from December to April.

Grenada - % Total Arrivals by Country	
USA	26.12%
United Kingdom	23.10%
Caribbean countries	22.02%
Canada	4.41%
Germany	2.97%
Rest of the World	21.38%
TOTAL	100%

Data Source: Grenada Board of Tourism

Tourism continues to be a principal contributor to Grenada's economic development. Grenada's major markets are the United States, the United Kingdom, the Caribbean, Canada and Germany. Visitors from other Caribbean countries are mainly from Trinidad & Tobago, Barbados, St. Lucia and St. Vincent & the Grenadines.

With over 60 lodging facilities and approximately 90 restaurants (including those in hotels and resorts), the food service sector is an essential component of Grenada's economy. Most of Grenada's tourist accommodations are in the southwest, near Grand Anse Beach. Lodging options range from small apartments with basic kitchenettes to spacious suites close to the beach. Hotels and resorts tend to be small and intimate with friendly managers and an attentive staff. Most hotels have at least one restaurant, which cater to the hotel guests.

Non-hotel restaurants target both local customers and tourists. During the tourist season, approximately 70 to 85 percent of these restaurants' customers are foreigners. During the off-season, these restaurants primarily serve local customers.

Grenadians traditionally eat most of their meals at home. However, this is beginning to change as the economy expands, and more women enter the workforce. The combination of increased disposable income (as a result of more dual-income families), and the time constraints professional women face in caring for the family and having a full-time job, has caused an increase in the consumption of meals away from home.

Advantages	Challenges
Many tourists who visit the islands are American and they prefer U.S. food products.	CARICOM trade agreement facilitates trade between Grenada and other member Caribbean nations.
Most food imports are from the United States due to its proximity to the island and the high quality of U.S. products.	The tourism industry and therefore Grenada's economy is vulnerable to unforeseen external shocks (i.e. September 11).
Grenadian tourism sector is growing. The government is constantly attracting foreign investment for the Tourism Industry.	The Grenada Marketing & National Importing Board regulates the importation of bulk brown or white sugar, full cream powder milk and rice.
Grenada imports most of their food needs due to their small and seasonal local food production, and inconsistent quality of products.	Grenada has import licenses to protect local and regional manufacturers. Whole chickens, eggs, fresh produce, and high proof sprits are restricted.
The HRI sector demands a wide range of food and beverage products and is also very open to introduce new products.	Importers and the HRI food sector usually purchase food products in small volumes.
A new direct flight from London to Grenada, scheduled to begin in the summer 2003, is expected to increase tourism to the island.	Importers are switching from U.S. poultry and pork because of lower prices and perceived comparable quality from Brazilian products.

Section II. Road Map for Market Entry

A. Entry Strategy

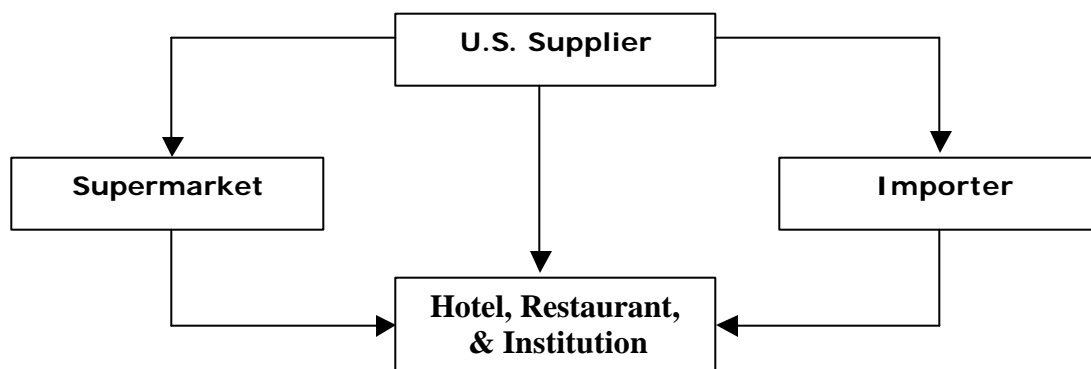
Grenada's HRI sector imports directly and also buys from other local importers, retailers and manufacturers. Because of small volumes, the best way for the HRI sector to obtain food products is by a local importer, which usually wholesales and also distributes. Some hotels and restaurants sporadically import food products directly from the United States. This will depend on the U.S. supplier's ability to ship small volumes or their ability to consolidate the shipment. It is not uncommon for local importers to run out of certain food products. In these instances, the HRI sector obtains their products from supermarkets.

Due to the different distribution channels used by the HRI sector, there are several ways to successfully enter the market. First, U.S. suppliers should conduct market research. A visit to the islands is highly recommended to get a feel of the market. The next step should be to contact local importers who distribute HRI food products. Be prepared to provide them with product literature and product samples. If the product suits their needs, importers will want to meet the U.S. supplier in the island to close the business.

U.S. suppliers that can guarantee small volume shipments may also try to contact hotel Food and Beverage (F&B) managers and the restaurant owners or chefs. They will ask for product samples and prefer to meet with the U.S. supplier to discuss the product's features.

B. Market Structure

Product Flow for Imported Products:



Food distribution to Grenada's HRI sector is ruled by local importers who import most of the sector's food needs. Major importers are well-versed in doing business with American companies. Although many hotels and restaurants are willing to import directly, just a few of them can do so as a result of their small purchasing volumes. When products are not available through importers, the HRI sector relies upon supermarkets to obtain their food supplies.

Almost all of the U.S. food products being imported to Grenada are shipped from South Florida, for the most part Miami. U.S. suppliers send weekly shipments of both 20 and 40 ft. full container loads. The exporters in Miami routinely consolidate smaller shipments.

Hotels and restaurants buy local food products like fresh fruits and vegetables, fish, and poultry, in traditional markets. Market Square, located in St. George's, is the largest of these markets.

C. Sub-Sector Profiles

1. Hotels and Resorts

Name	Location	Rooms	Purchasing Agent
Allamanda Beach Resort & Spa	Grand Anse	50	Local Importer
Blue Horizons Cottage Hotel	Morne Rouge	32	Local Importer
Calabash Hotel	L'Anse Aux Epines	30	Local Importer
Coyaba Beach Resort	Grand Anse	70	Local Importer
Flamboyant Hotel	Grand Anse	60	Local Importer
Grenada Grand Beach Resort	Grand Anse	236	Local Importer
La Source	Point Salines	100	Local Importer
Mariposa Beach Hotel	Morne Rouge	45	Local Importer
Renaissance Grenada Resort	St. George's	186	Local Importer
Rex Grenadian	Point Salines	212	Local Importer
Siesta Hotel	Grand Anse	39	Local Importer
Spice Island Beach Resort	Grand Anse	68	Local Importer

The table above lists the nation's biggest hotels and resorts, but a wide variety of hotels, apartments, guesthouses and villas are available in Grenada. Accommodation ranges from luxury hotels, through affordable family friendly hotels, self-catering apartments and intimate guesthouses. The Grenadian government strives to attract additional foreign investment for hotel construction. New hotels, renovations to several existing ones, new marinas and a major 5-star hotel at Levera that will include 1,000 rooms, together with an 18-hole golf course, are expected to increase the amount of tourist arrivals.

Some of Grenada's hotels and resorts offer different type of meal plans. La Source is the nations only all-inclusive resort. Spice Island Beach Resort offers a modified American plan including breakfast and dinner. Others like Allamanda Beach Resort & Spa and Siesta Hotel serve continental breakfast.

Grenada's Accommodation Allocation in 2001	
Hotels	40.1%
Yachts	15.5%
Apartments	7.9%
Guest Houses	3.1%
Villas	0.1%
Other	33.3%
TOTAL	100%

Data Source: Grenada Board of Tourism

The hotel sector is the primary market segment for food service. During high season their typical occupancy is approximately 90 percent. During the low season it could drop as low as 50 percent. Other room options include apartments, guesthouses, and villas. The yacht sector is also very important. Grenada is located outside of the Hurricane belt providing safe anchorage and smooth sailing all year round. In addition, the island annually hosts a variety of water-based activities including regattas and races.

2. Restaurants

Name	Location	Type of Cuisine	Purchasing Agent
Aquarium Beach Club & Rest.	Point Salines	International	Local Importer
Beach House Rest. & Bar	Point Salines	Contemporary	Local Importer & Direct
Boatyard Restaurant	L'Aunce Aux Epines	Steak/Seafood	Local Importer
Brown Sugar Restaurant	Gran Anse	Grenadian	Local Importer
Canboulay Restaurant	Morne Rouge	Contemporary	Local Importer
Chef's Castle	Gore & Halifax St.	Burgers/Pizza/Local	Local Importer
Coconut's Beach Restaurant	Gran Anse	Seafood/French Creole	Local Importer
Deyna's Tasty Foods	Melville St.	Grenadian	Local Importer
Kentucky Fried Chicken	Grand Anse	Fast Food	U.S. Agent
Nutmeg Bar & Restaurant	Carenage	Int./West Indian	Local Importer
Red Crab	L'Aunce Aux Epines	Seafood	Local Importer
Rudolf's Restaurant	Carenage	Int./West Indian	Local Importer

Grenada offers a wide variety of upscale, family style, and casual restaurants. The table above lists some of the more popular ones. International, seafood, contemporary, and West-Indian cuisines are the most trendy. Kentucky Fried Chicken, with two convenient locations, is the only fast-food chain on the island.

The overwhelming majority of restaurants do not import food products directly from the United States. They buy approximately 80 to 100 percent of their food needs from local wholesalers. A small percentage of products, usually less than 15%, are bought from local manufacturers. Local products usually include fresh juices, fruits, vegetables, fish, and liquor. The Beach House is one of the few restaurants that import products directly.

The majority of Grenada's restaurants advertises to and serves both tourists and local customers. The tourist season determines the customer mix. Restaurants receive more tourists between December and April. July and August are also popular months for tourism due to festivals and the island's Carnival.

3. Institutional

Institutions in Grenada play a very minor role in food imports. The nation has three public hospitals, one prison, and various public schools. They all buy their food products from local manufacturers and producers. Only a small amount of products are acquired from local importers and are usually low priced items.

Section III. Competition

Grenada's principal trading partners are the United States, the United Kingdom, Canada, Brazil and other Caribbean countries such as Trinidad & Tobago and Barbados. Although the United States is still the leading supplier of beef, poultry, and pork, Grenada is increasingly importing

pork and poultry products from Brazil due to low prices and the perception of higher quality than the U.S. counterparts.

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

- **Beef:** Brazil and Argentina.
- **Poultry:** other Caribbean countries and Brazil.
- **Pork:** other Caribbean countries, Canada, and Brazil.
- **Fresh Produce:** other Caribbean countries.
- **Seafood:** other Caribbean countries.
- **Dry Goods:** other Caribbean countries, U.K., Canada, Denmark, Italy and Holland.
- **Dairy Products:** U.K., Canada, Holland, Denmark, and New Zealand.
- **Alcoholic Beverages:** other Caribbean countries, U.K., Chile, and Argentina.
- **Non-Alcoholic Beverages:** other Caribbean countries and U.K.
- **Specialty Foods:** U.K., France, and Canada.

Despite this competition, U.S. products dominate the market in many categories. In 2001 the United States had more than 50 percent market share for fresh fruits, poultry products, red meats (fresh/chilled/frozen), processed fruits and vegetables, and fruit and vegetable juices.

Top 10 U.S. Market Share of Food Products Exported to Grenada (Calendar Year 2001)			
<i>Products</i>	<i>Market Share</i>	<i>Products</i>	<i>Market Share</i>
Fresh Fruits	96%	Snack Foods (Excl. Nuts)	41%
Poultry Products	79%	Mixed Container Loads	37%
Red Meats, Fresh/Chilled/Frozen	75%	Breakfast Cereals & Pancake Mix	32%
Processed Fruits & Vegetables	62%	Cheese	31%
Fruit & Vegetable Juices	53%	Red Meats, Prepared/Preserved	29%

Data Source: U N Trade Data

Section IV. Best Prospects

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

Market opportunities exist for a wide array of retail products:

- Poultry products
- Beef
- Pork
- Fruits and vegetables- canned and frozen
- Dairy products
- Wine

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

Grenadians are more concerned with price than with brand names. They are also increasingly demanding healthy foods. The following food products have good sales potential:

- Organic products
- “Healthy products”

C. Products Not Present Because They Face Significant Barriers

Grenada's government protects local agricultural production by imposing import licenses to certain food products. The following products are restricted:

- Whole chickens
- Eggs
- High proof spirits
- Locally grown types of fresh fruits and vegetables

Section V. Contact Information

A. For more information on Grenada 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

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Please visit our website for more reports and information on Grenada and other Caribbean Islands: <http://www.cbato.fas.usda.gov>, click on "U.S. Exporters"

B. Other Sources of Information on Grenada:

Ministry for Agriculture, Lands, Forestry & Fisheries

Ministerial Complex

Botanical Gardens, Tanteen

St. George's, Grenada, W.I.

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Grenada Hotel & Tourism Association

Le Marquis Complex, Morne Rouge
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Web site: <http://www.grenadahotelsinfo.com>

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