USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/1/2008

GAIN Report Number: C18016

Caribbean Basin

Exporter Guide

Regional Exporter Guide

2008

Approved by:
Sarah Hanson
Caribbean Basin ATO

Prepared by:
Omar Gonzalez & Kay Logan

Report Highlights:
The Caribbean is an excellent market for U.S. food and beverage suppliers. With limited land, water and labor resources and no economies of scale for significant agricultural production, the region is and will remain highly dependent on food imports. The regulatory environment is also quite receptive to U.S. products. As a result, U.S. exports to the region have grown considerably in the past several years. In 2007, the United States exported a record high $637 million in consumer oriented and seafood products to the region, a 14 percent increase from 2006. However, difficult world economic conditions will surely temper growth in the foreseeable future.

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

NOTE: For purposes of this report, the Caribbean Basin refers to the Caribbean Basin Agricultural Trade Office's (CBATO) islands of coverage: Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Guadeloupe, Martinique, Grenada, Montserrat, Netherlands Antilles (Curaçao, Bonaire, Sint Maarten, Saba & St. Eustatius), St. Kitts & Nevis, St. Lucia, Saint Martin, St. Barthélemy, St. Vincent & the Grenadines, Trinidad & Tobago, and Turks & Caicos Islands.

SECTION I. MARKET OVERVIEW

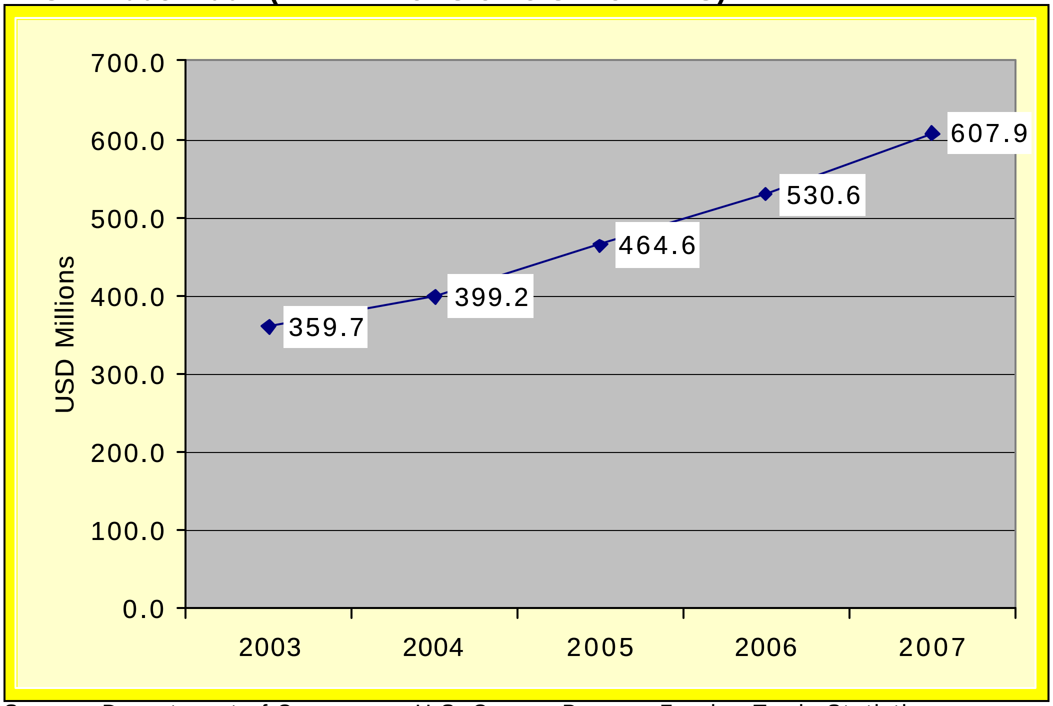
The Caribbean has seen continued economic growth over the past few years, but the rate of growth is beginning to slow. Growth in the region's gross domestic product (GDP) reached an impressive 6.9 percent in 2006, spurred mainly by Trinidad and Tobago's booming energy sector (UN's Economic Commission for Latin America and the Caribbean). In 2007, GDP growth for the region reached 3.9 percent. External factors such as a slowing U.S. economy, tightening global credit markets, and petro-induced inflation are beginning to impact the region's small economies.

To a large extent, overall economic well being in the Caribbean is linked to the tourism sector. Stop-over arrivals to the entire region increased by about 3 percent in 2007 to reach 19 million (Caribbean Tourism Organization). This represents the fifth consecutive year of tourism growth in the Caribbean following the downturn experienced in 2001 and 2002 due to the events of 9/11. However, given the external factors mentioned above, and the ever-present threat of overly active hurricane activity, continued expansion in tourism is suspect, at least in the short term.

Despite these factors which are beginning stump growth, the Caribbean remains an excellent market for U.S. suppliers. Due to an insufficient amount of arable land, scant water resources in some islands, no economies of scale, and a limited food-processing sector, the islands of the Caribbean must import the majority of their food needs. Moreover, anywhere from 60 to 90 percent (depending on the island) of the Caribbean's tourists are from the United States, which fuels a strong demand for U.S. products in Caribbean food service outlets. There is strong appeal among local residents for U.S. products as well. This is primarily due to the exposure to U.S. products through visits that many make to the United States and through television channels that are broadcast to the islands by major U.S. networks.

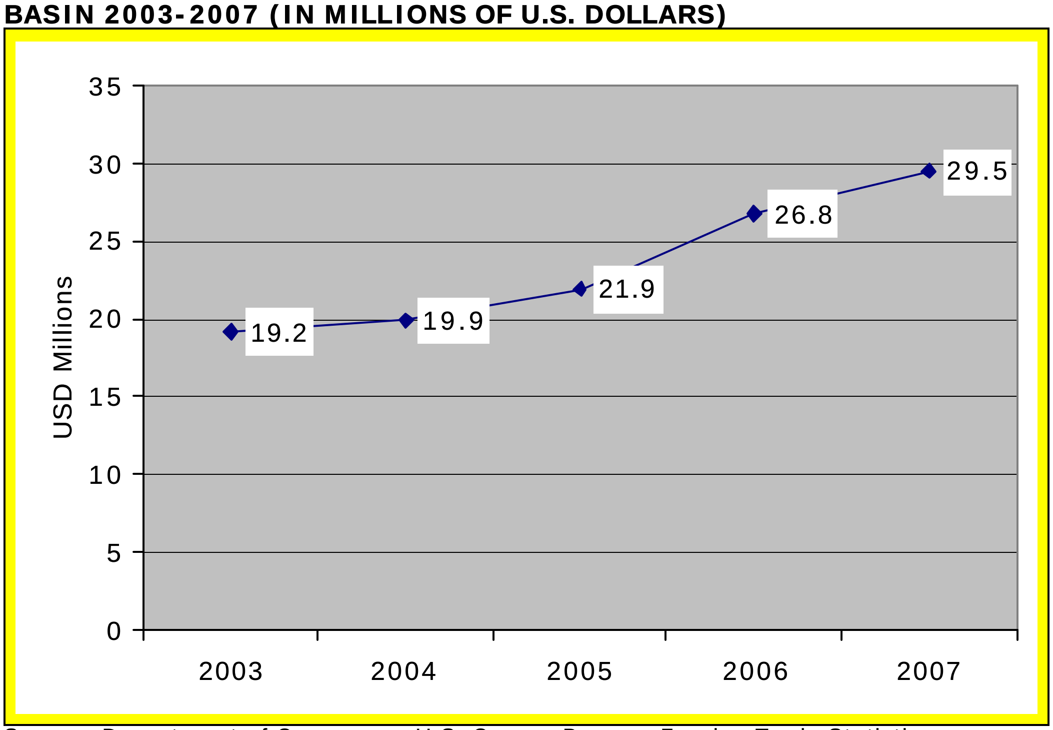
The United States is the largest supplier of food products to the Caribbean Basin. In 2007, the United States exported $608 million worth of consumer-oriented food products to the Caribbean Basin, a 15 percent increase from the previous year. It is important to note that consumer-oriented products account for nearly 60 percent of U.S. agricultural exports to the Caribbean Basin, with poultry, read meats, snacks, fresh fruits & vegetables, and dairy products rounding out the top five export categories. In 2007, the United Stated also exported $30 million dollars worth of seafood products to the region, a 10 percent increase from 2006.

CHART A. U.S. EXPORTS OF CONSUMER-ORIENTED PRODUCTS TO THE CARIBBEAN BASIN 2003-2007 (IN MILLIONS OF U.S. DOLLARS)



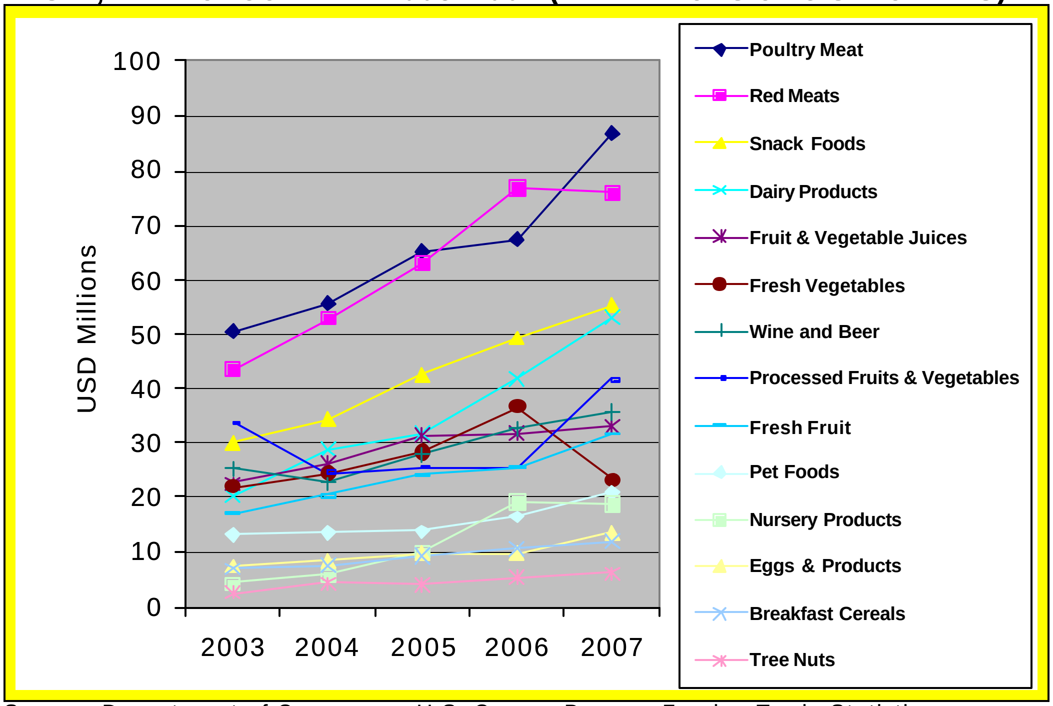
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

CHART B. U.S. EXPORTS OF SEAFOOD PRODUCTS TO THE CARIBBEAN BASIN 2003-2007 (IN MILLIONS OF U.S. DOLLARS)



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

CHART C. U.S. EXPORTS OF CONSUMER-ORIENTED PRODUCTS TO THE CARIBBEAN BASIN, BY PRODUCT TYPE 2003-2007 (IN MILLIONS OF U.S. DOLLARS)



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Caribbean importers have a long history of doing business with the United States. Their strong interest in U.S. suppliers and products is mainly due to the following: close proximity (for countries as far south as the Leeward Windward islands), long-standing reputation of high quality products, and superior quality of service. As a testament to the reputation of U.S. products in the Caribbean, many local importers have noted that they are able to source a variety of products from other countries, but few match the reliability in quality of their U.S. counterparts.

Advantages	Challenges
◆ With little arable land and food production, the islands of the Caribbean must import most of their food needs.	◆ In the higher income countries, with high U.S. market share, the key constraint is the likelihood of simply replacing one U.S. brand for another.
◆ Over 19 million stay-over tourists visit the islands on a yearly basis, fueling further demand for food products, particularly in the food service sector.	◆ In some markets, such as the French West Indies, a key constraint is breaking the traditional liaisons with Europe. Many Chefs are European trained and thus prefer European products.
◆ The huge investment in renovating and expanding tourism infrastructure (airports, hotels, etc.) will promote further tourism growth in the years to come.	◆ Overall, Caribbean economies remain very susceptible to any world events that may disrupt tourism (i.e. the world economy, terrorism, more active hurricane seasons, etc.).
◆ Proximity and ease of shipment works to the advantage of U.S. suppliers.	◆ In some cases there are cheaper transportation rates from Europe than from the United States.

◆ 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.	◆ Rising food prices and an overdependence on imports to satisfy food needs is prompting Caribbean officials to focus on boosting domestic production and diversifying food supplies, making for a more competitive environment.
◆ There is opportunity to continually add more value added products into the import mix, replacing the large proportion of staple imports.	◆ The retail industry in many island markets is still quite underdeveloped.
◆ The market for the high value products is increasing as income grows, women demand more convenience foods, and the younger generation is more open to new ideas from different parts of the world.	◆ There is a noticeable lack of effective venues in the region for promoting U.S. products.
◆ For the most part, the regulatory environment is fairly open to all types of U.S. products.	◆ Certain products, particularly meat and poultry, may be restricted in selected markets due to either EU or island-specific restrictions.

SECTION II. EXPORTER BUSINESS TIPS

Many of the orders that importers place are small but frequent, so they often do not order full containers from each supplier. Caribbean importers rely heavily on consolidators, particularly those located in South Florida, for shipment of mixed container-loads to their local ports. As a result, a crucial part of doing business with Caribbean importers is building a relationship with a consolidator in South Florida, and sometimes in New Jersey for purposes of shipping to Bermuda.

Since some resorts and larger supermarkets often order larger shipments directly from suppliers, the main resource for medium to smaller sized retail and food service businesses are local importer/wholesalers, making them a good target for smaller U.S. exporters. These importer/wholesalers will work with prospective U.S. suppliers to find the best means of product delivery, and meeting local standards and regulations. Local importers will usually stay informed of changing regulations and duties on food and beverage products.

Occasionally, items may be temporarily banned or duties may be increased if it is perceived that imports are competing unfairly with local production, or may pose a phyto or zoosanitary threat. For example, in selected islands, import licenses for chicken leg quarters have been restricted in response to complaints from local processors, and in the Bahamas, citrus fruit from Florida is prohibited due to the citrus canker outbreak. It is always a good idea for U.S. exporters to verify that their product is eligible for entry into a particular island prior to shipping.

Since Caribbean countries have had a long-term trade relationship with the United States, most recognize and accept the U.S. standards for food and agricultural products. Many countries also follow international standards (e.g. Codex Alimentarius standards) for imports from other countries. U.S. suppliers must be aware that EU standards may apply for some EU territories in the Caribbean. As always, good communication with local importers will help to secure the proper compliance with local food laws.

In most islands, food safety responsibilities fall under the Ministry of Public Health or its equivalent. The Ministry of Agriculture may also play a role with plant and animal products both in terms of public health and in terms of plant and animal health. Meat and poultry, dairy products, seafood, and produce typically require import approval and country of origin certification. For example, phytosanitary certificates from the country of origin must accompany imported fresh produce and plants. Health certificates must accompany live animals and animal products.

The majority of Caribbean countries accept standard U.S. labeling including the standard U.S. nutritional fact panel. However, islands such as Guadeloupe and Martinique require food and beverage labels in French. Enforcement of labeling and other product standards, which usually falls under the jurisdiction of a National Standards Institution, is carried out mostly at the port of entry but routine and random checks at the retail and wholesale levels are also conducted.

For more information on Caribbean Basin regulations and standards, see the following Foreign Agricultural Import Regulations and Standards (FAIRS) Reports: AA8002 (Aruba), BF8001 (Bahamas), BB8001 & BB8002 (Barbados), BD8001 (Bermuda), NA8002 (Netherlands Antilles), TD8001 & TD8002 (Trinidad and Tobago).

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

A. HRI Food Service Sector

While the tourism outlook remains somewhat uncertain, the region has seen strong investment in tourism infrastructure in recent years which certainly strengthens the long term potential of the hotel, restaurant, and institutional (HRI) food service sector. Overall, the Caribbean HRI food service sector accounts for 40 to 45 percent of consumer related agricultural imports. The percentage of Caribbean hotels and restaurants that are independently owned varies from approximately 90 percent in Grenada to 25 percent in the Bahamas (Nassau in particular). This characteristic impacts the flow of imports to the island. The independent restaurant or hotel owner is more likely to source their food and beverage products from local wholesalers, while larger chain restaurants and hotels have both the connections and the economies of scale to make direct imports from a U.S. agent their main source.

While corporate-owned resorts and hotels have boomed over recent years, individual-owned food service businesses are still strong on all Caribbean islands. Local individual-owned restaurants remain especially popular in countries such as Aruba and Barbados. Some of the world's most acclaimed chefs are working in the Caribbean. Using high quality ingredients, these chefs and their restaurants often are a valuable platform for U.S. food and beverage products. However, many chefs are European trained and thus breaking their preference toward European products can be challenging.

For more information on the HRI food service sector in the Caribbean Basin, visit www.cbato.fas.usda.gov. Under the "U.S. Exporter Assistance" heading, simply click on the island of your choice for a listing of available reports.

B. Retail Sector

About 55 to 60 percent of consumer related agricultural imports in the Caribbean is destined for the retail sector. Most of the products stocked on the shelves of Caribbean retail stores are imported.

As in the HRI sector, smaller retailers such as neighborhood 'mom and pop' stores will buy most if not all of their products from local import wholesalers. These retailers have a slower turnaround on product sales and have limited space for storage, which both lead to wholesale as a preferred option for sourcing food and beverage products.

In contrast, supermarket chains have both local and U.S. or foreign-based purchasing offices. They work closely with U.S. suppliers to find the best prices for products of interest. Again, a consolidator in South Florida is still crucial to the import of products to these outlets.

International retail chains in the Caribbean include: Carrefour, PriceSmart, and Cost-U-Less. While these retail outlets do quite well, 'mom and pop' stores will continue to supply a large share of consumers' needs for basic supplies. In addition, national and international convenience stores and gas marts are playing a growing role in consumer food purchases as well, contributing about 5-10 percent of total retail food sales.

An interesting market niche in the retail sector is yacht provisioning. Yachters (or 'yachtees' as they are known in some islands) often phone or fax in their orders to harbor stores or may venture into town to visit the local supermarkets who cater to their specific needs. This is especially prevalent in the British Virgin Islands, Antigua and Barbuda, and in Trinidad and Tobago.

The weak U.S. dollar is another factor working in favor of U.S. exports to the region. Caribbean importers are favoring U.S. food and beverage products over EU products. This is especially true in Caribbean countries with currency pegged to the U.S. dollar. Imports from the EU, at such a high exchange rate, are now much more costly to purchase.

For more information on the retail food sector in the Caribbean Basin, visit www.cbato.fas.usda.gov. Under the "U.S. Exporter Assistance" heading, simply click on the island of your choice for a listing of available reports.

C. Food Processing Sector

Caribbean food processors mainly consist of wheat flour mills, rice and pasta products, bakery products, and soybean products. Food processing in the Caribbean is quite limited and highly concentrated in the larger countries such as the Dominican Republic and Jamaica. In the CBATO's islands of coverage, the islands of Trinidad and Barbados offer opportunities for U.S. suppliers of food and beverage ingredients. Several factors are currently driving the growth of the food processing sector in these two islands. These include the relatively high standards of living and education, increased exposure to other regions of the world through travel and the Internet, rising number of women in the workforce, the pursuit for a healthier society, and an increase in foreign direct investment (FDI). Food processors within the region buy roughly 20 percent of raw materials and food ingredients from local suppliers and import 80 percent from international suppliers.

For more information on the food processing sector in the Caribbean Basin, see GAIN report C16001.

SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Market Opportunities for High-Value Consumer Foods/Beverages Include:

Product Category	2003* Market Size (Volume)	2003* Imports ($1,000 Sales)	5-Yr. Avg. Annual Import Growth	Import Tariff Rate**	Key Constraints Over Market Development	Market Attractiveness for USA
Fresh Fruit	Min. Local Production	20,368	34.5%	0-20%	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	As with practically all consumer-oriented products, demand should continue strong, albeit tempered by overall economic conditions.
Soybean Oil	Min. Local Production	5,170	15.4%	0-20%	The retail market is still a niche market, subject to the health of the economy.	Demand for soybean products is likely to increase as consumers gain a better understanding of these products.
Tree Nuts	Min. Local Production	4,402	30.7%	0-25%	The retail market is still a niche market, subject to the health of the economy.	As with practically all consumer-oriented products, demand should continue strong, albeit tempered by overall economic conditions.
Dairy Products	Min. Local Production	28,473	12.2%	0-20%	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Attractive to U.S. suppliers with market driven approach to business in the Caribbean.

Beef	Min. Local Production	43,588	6.9%	0-20%	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	As with practically all consumer-oriented products, demand should continue strong, albeit tempered by overall economic conditions.
Snacks & other Convenience Foods	Min. Local Production	35,547	-2.7%	0-20%	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	As with practically all consumer-oriented products, demand should continue strong, albeit tempered by overall economic conditions.

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

*This is the most complete, up-to-date trade data for the Caribbean Basin region.
**Import duties and competing imports vary from country to country in the Caribbean. For more detailed information and GAIN Reports by country, visit www.cbato.fas.usda.gov.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

A. For more information, please contact:

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Ave, Suite 720
Miami, Florida 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
Email: atocaribbeanbasin@fas.usda.gov
Web: www.cbato.fas.usda.gov

Sarah Hanson, Director
Email: sarah.hanson@fas.usda.gov

Omar González, Agricultural Marketing Specialist
Email: omar.gonzalez@fas.usda.gov

Graciela Juelle, Agricultural Marketing Assistant
Email: grace.juelle@fas.usda.gov

B. Useful U.S. Government Websites:

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

Caribbean Basin Agricultural Trade Office (CBATO), FAS/USDA
The CBATO website offers information on services available to U.S. exporters in the Caribbean, promotional activities, market research and more.
http://www.cbato.fas.usda.gov

US Department of Commerce
This is the U.S. Government's Export Portal, which provides a wealth of information on services and programs available to U.S. exporters. Comprehensive Country Commercial Guides are available for select markets by clicking on the *Market Research* link and then selecting the *Market Research Library* link.
http://www.export.gov

US Department of State
This site provides valuable information on travel & business in foreign countries, information on U.S. Embassies and Consulates around the world (www.usembassy.gov), 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/

C. Other Useful Sources of Information (Non-U.S. Government):

The websites listed 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 these websites.

CARICOM (Caribbean Community)
http://www.caricom.org

Caribbean Hotel Association (CHA)
http://www.caribbeanhotels.org

Caribbean Tourism Organization
http://www.onecaribbean.org

APPENDIX I. STATISTICS

The following trade statistics were obtained from several sources including the UN Trade Database and the Caribbean Trade Statistics Database. Many sources of statistical information were consulted due to the widespread nature of the Caribbean Basin Agricultural Trade Office's islands of coverage. Some variations, depending on the agency compiling data, will exist in the tables provided.

TABLE A. KEY CARIBBEAN BASIN TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	781.8/63% (Range: 33-91%)
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	730.7/60% (Range: 40-90%)
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	76.1/56%
Total Population (Millions) / Annual Growth Rate (%) [2/]	3.6 /1.77-.26%
Urban Population (Millions) / Annual Growth Rate (%)	N/A
Number of Major Metropolitan Areas [3/]	Varies by Country
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (ppp, U.S. Dollars)	Range: $3,400 to $69,900
Unemployment Rate (%)	Range: 0.6 to 23 %
Per Capita Food Expenditures (U.S. Dollars)	N/A
Percent of Female Population Unemployed [4/]	Range: 4.6 to 7%
Exchange Rate (US$1 = Caribbean country's currency)	Varies by Country

Footnotes

1/ Source: FAS' web-enabled UNTrade database, 2003 data.

2/ July 2007 estimate. This estimate refers to the Caribbean Basin Agricultural Trade Office's islands of coverage including: Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Guadeloupe, Martinique, Grenada, Montserrat, Netherlands Antilles (Curaçao, Bonaire, Sint Maarten, Saba & St. Eustatius), St. Kitts & Nevis, St. Lucia, Saint Martin, St. Barthélemy, St. Vincent & the Grenadines, Trinidad & Tobago, and Turks & Caicos Islands.

3/ Population in excess of 1,000,000

4/ Percent against total number of women (15 years old or above).

TABLE B. CONSUMER FOOD AND EDIBLE FISHERY PRODUCT IMPORTS

Caribbean Basin Imports
(In Millions of Dollars)

	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2001	2002	2003*	2001	2002	2003*	2001	2002	2003*
Consumer-Oriented Agricultural Total	1027.4	988.0	796.2	348.1	330.3	258.1	31.53%	31.06%	29.66%
Meat and Meat Preparations	131.8	122.3	83.9	65.9	55.8	35.6	49.95%	45.62%	42.39%
Dairy Products and Eggs	117.5	106.8	86.2	19.9	20.2	17.5	16.96%	18.92%	20.33%
Fish, Crustaceans and Mollusks	42.1	45.3	35.8	9.9	8.5	6.9	23.55%	18.80%	19.52%
Cereals and Cereal Preparations	152.7	135.1	119.6	79.3	75.4	63.2	51.92%	55.82%	52.87%
Vegetables and Fruit	151.6	151.2	126.9	72.0	67.4	53.3	47.46%	44.53%	42.00%
Sugar, Sugar Preparations and Honey	54.7	52.0	44.4	10.4	11.4	6.5	18.97%	21.89%	14.71%
Coffee, Tea, Cocoa and Spices	27.1	28.4	25.2	9.3	9.1	7.6	34.47%	31.90%	30.29%
Miscellaneous Edible Products and Preparations	228.2	219.5	163.4	68.9	69.2	54.8	30.21%	31.53%	33.51%
Beverages	121.5	127.4	110.7	12.5	13.5	12.5	10.30%	10.57%	11.33%

*This is the most complete, up-to-date trade data for the Caribbean Basin region
Source: Caribbean Trade Statistics Database, ECLAC/UN

TABLE C. TOP 10 SUPPLIERS OF CONSUMER-ORIENTED AGRICULTURAL IMPORTS AND FISH AND SEAFOOD PRODUCTS (In Thousands of Dollars)

	2001	2002	2003*
United States	625,429	288,759	392,887
United Kingdom	52,814	53,123	60,203
Netherlands	24,545	24,918	54,143
Trinidad and Tobago	53,587	46,851	51,562
New Zealand	24,796	24,765	28,367
Brazil	10,781	15,712	21,909
France	18,356	17,341	20,526
Jamaica	21,547	17,600	19,139
Argentina	3,958	5,726	17,846
Venezuela	4,379	2,589	15,727
World	1,104,209	732,931	970,798

**This is the most complete, up-to-date trade data for the Caribbean Basin region
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office