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Caribbean Basin

Retail Foods

Trinidad and Tobago Retail Food Sector Report

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Report Highlights:
U.S. exports of consumer-oriented and seafood products to Trinidad and Tobago have increased nearly five-fold over the past decade, reaching an all-time-high of $166 million in 2011. The country's dynamic retail sector, through which roughly 70 percent of all imported foods are channeled, presents excellent market opportunities for U.S. exporters. Some of the most prominent growth categories in the retail sector include: breakfast cereals & pancake mix, red meats, dairy products, fresh fruit & vegetables, and pet foods.

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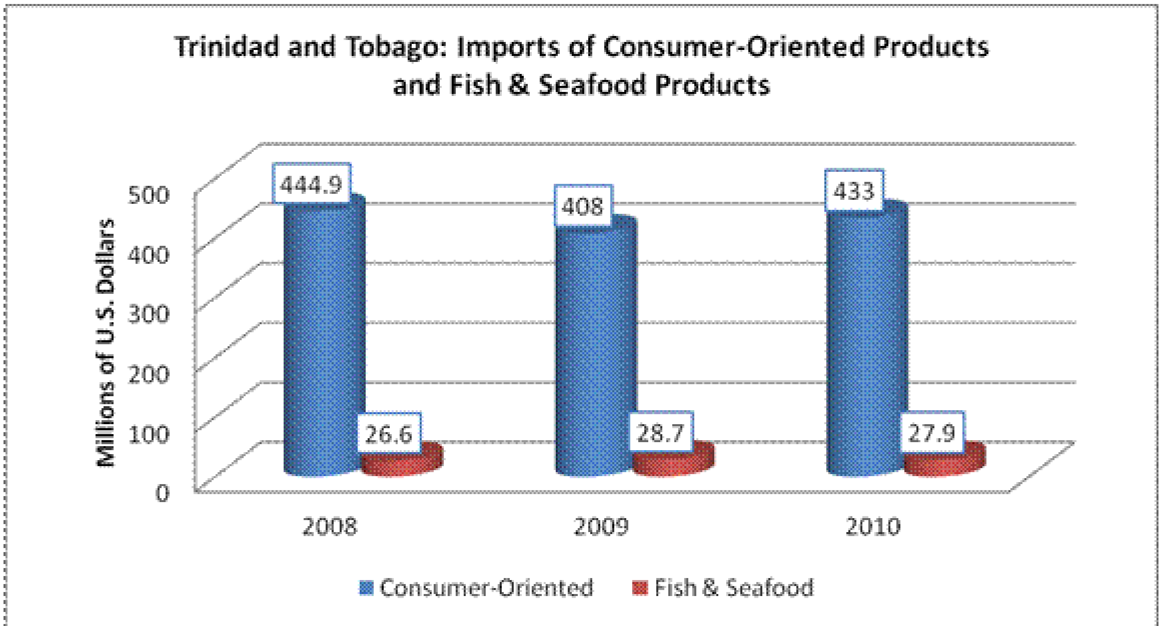
SECTION I. MARKET SUMMARY

The two-island republic of Trinidad and Tobago (T&T) is the southernmost country in the Caribbean archipelago, approximately seven miles off the northeastern coast of Venezuela. T&T has a total area of 5,128 square kilometers (1,980 square miles), slightly smaller than Delaware. T&T's 1.2 million people share a common culture, but trace their ancestry back to Africa, India, Europe, China, the Middle East and the Mediterranean. The majority of T&T's population lives on the island of Trinidad, a mixture of bustling metropolis, mountainous tropical forests, and plains. Contrasting with Trinidad's robust business sector, the island of Tobago is a small tourist destination known for its beautiful beaches and laid-back lifestyle.

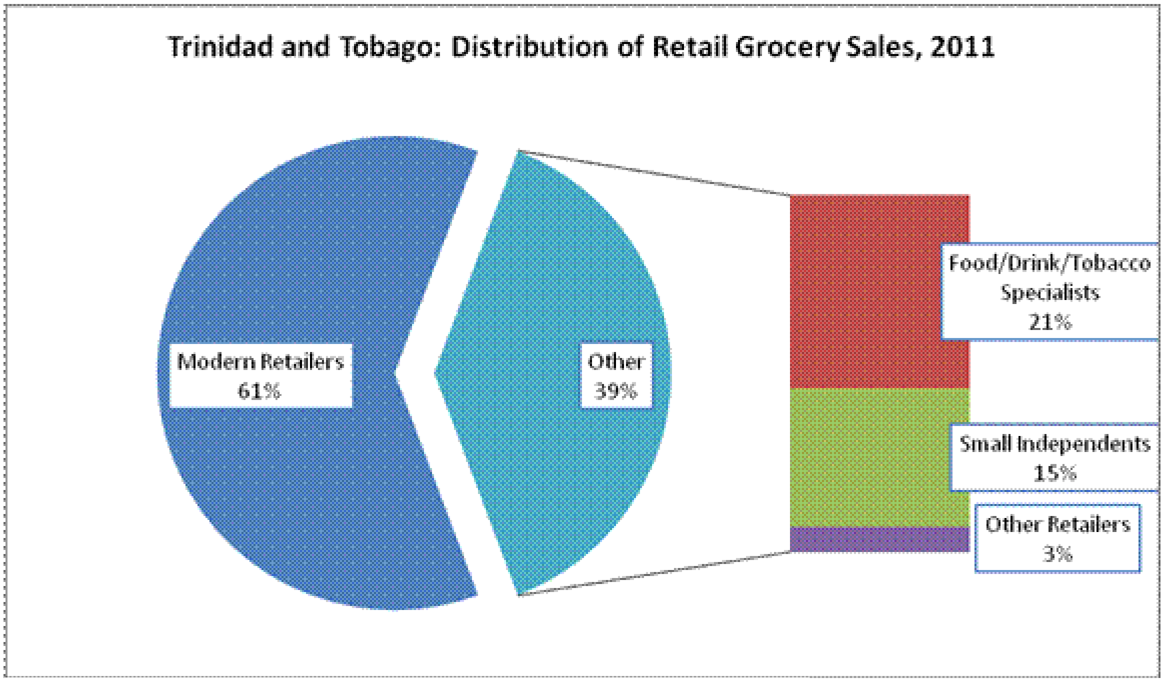
Considered a high-income country (according to World Bank criteria), T&T is one of the wealthiest and most developed countries in the Caribbean. GDP increased by over 2 percent in 2011, after having contracted as a result of the world recession. Unlike most of its Caribbean neighbors, Trinidad has a large industrial sector, which is primarily based on petroleum and natural gas production and processing. Financial services and manufacturing are also important contributors to the economy. Tourism, mainly concentrated on the island of Tobago, is a small yet growing sector which is being targeted for continued expansion.

Agricultural activity remains small (less than 1 percent of GDP), yet the Government of T&T is making efforts to revitalize the sector with the objective of boosting domestic food supplies. Given its limited agricultural production, T&T must import most of its food needs. In 2010, T&T imported $760 million in farm products, with approximately two thirds of these imports being consumer-oriented and seafood products. The remaining one-third of farm product imports are made up mostly of bulk and intermediate products which are utilized by over 300 processors to produce a variety of food and drink products, including wheat flour, poultry, pork, beverages, snacks, sauces, and condiments.



Source: Global Trade Atlas

Of the $461 million in consumer-oriented and seafood products imported into T&T (2010), an estimated 70 percent move through retail channels and 30 percent through the hotel, restaurant, and institutional food service sector. T&T's retail food sector is heterogeneous and dynamic. According to Euromonitor International, the sector is composed of approximately 84 modern grocery outlets (hypermarkets, supermarkets, discounters, gas marts and convenience stores), and over 2,800 mostly small, traditional retail operations. Total sales of the retail sector are estimated at $1.95 billion in 2011, with a 60-40 percent split between modern outlets and traditional ones.



Note: Based on Retail Value (Retail Sales Price), excluding Sales Tax.
Source: Derived from data from Euromonitor International.

Growth in retail grocery sales has been strong in recent years and the upward momentum is expected to continue in the coming years, possibly at a rate of about 3 percent per year. With a relatively robust economy and per capita GDP of $20,300 in 2011 (one of the highest in the Caribbean), continued strong consumer spending is anticipated. Following are some of the main trends taking place in the retail sector.

• Over the past five years many of the larger retailers have been refurbishing and expanding their existing stores. Modern facilities with wide aisles and checkout counters and in-house bakeries and delis are quite common.

• Some new players are also entering the retail the market. A large number of Chinese workers brought into T&T during a construction boom a few years back have stayed in T&T, and have ventured into the retail business. Many small Chinese retail outlets have sprung up in the past year, particularly in the central and southern regions of T&T.

• Over the past several years there has been a shift toward offering a broader range of imported products, particularly from the United States. The quality, convenience, and competitive pricing of U.S. products are just some reasons why this trend has taken place.

• There is a trend toward low fat and health foods, and to a lesser extent toward organic products. Many supermarkets are catering to health-mined customers by dedicating entire aisles to display healthy foods and drinks.

• More and more women are also entering the workforce. According to Euromonitor International, the number of women in the workforce has grown by an average of 2.75 percent over the past five years, compared to 0.35 percent average annual growth for men. This growth in female employment is translating into greater demand for easily-prepared foods, ready-to-eat meals, and convenience foods. A 2008-2009 household survey showed that microwave ovens are present in nearly three quarters of all T&T households.

- Modern pharmacies are beginning to carry food and beverage products as part of their product mix. Companies such as SuperPharm (nine stores), Kappa Drugs Ltd. (two stores), and Starlite Pharmacy (one store) are becoming a significant outlet for many consumer-oriented foods.

Advantages	Challenges
With limited agricultural production, T&T must import most of its food needs.	Despite its domestic agricultural limitations, T&T posses a relatively vibrant food processing sector. U.S. suppliers will encounter competition from T&T suppliers of wheat flour, poultry, pork, beverages, snacks, biscuits, sauces, among other products.
The United States supplies 38 percent of all imported food and seafood products in T&T, more than any other country.	Local importers/distributors already carry many major U.S. brands. It may be difficult for new products to compete with these brands and to find an importer who does not carry competing brands.
Exposure to U.S. 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.	The 2008 trade agreement between the Caribbean and the EU has set the stage for increased competition from Europe. The Caribbean Community (CARICOM) is also negotiating a free trade agreement with Canada. The expansion of the Panama Canal, which is expected to be completed in 2014, may also pave the way for greater competition from Asia.
The regulatory environment at present is fairly open to U.S. products.	As a member of CARICOM, T&T offers duty-free access to other CARICOM-member countries. This has a positive impact on the price-appeal of regional goods which can compete with U.S. products in select categories.
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 T&T than competitors.	Although T&T is one of the largest markets in the Caribbean, individual orders tend to be relatively small and favor mixed rather than full container loads.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Understanding how imported products flow into T&T is key to penetrating the market. There are two main avenues by which imported products are channeled to T&T retailers:

1. The first and most common way is through an importer/distributor. This is by far the preferred method,

particularly by smaller retailers who do not possess sufficient warehouse space to handle large volumes.

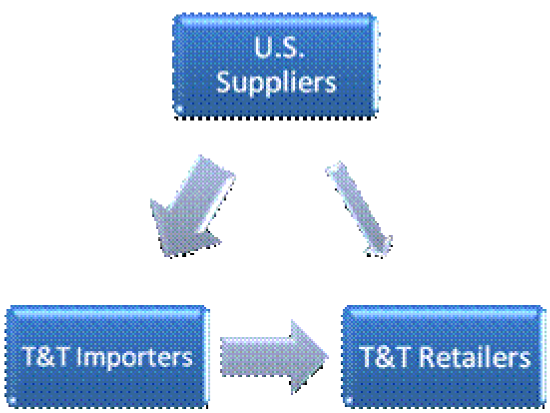
2. The second avenue entails direct purchases by T&T retailers, particularly the larger ones. Many of the larger chains such as Hi-Lo Food Stores, the nation's largest supermarket chain, have sufficient warehouse space, handle enough volume, and have the necessary international contacts to source products directly. Price Smart, a U.S.-style warehouse-shopping club, is another example of a retailer which imports products directly. However, direct purchasing is not always limited to large retailers. A growing trend involves small retailers (even individuals in some cases) traveling to South Florida to seek out bargains from grocery wholesalers and then shipping products back to T&T in mixed containers.

All retailers, whether they import directly or not, also purchase imported products through local importers/distributors. To successfully enter the Trinidad and Tobago retail food market, U.S. exporters should contact local importers/distributors and large retailers to gauge interest followed by sending product literature and samples. If feasible, traveling to T&T to meet with potential customers and see the market first-hand offers the best results. Alternatively, many local importers and retailers also travel to U.S. trade shows such as the Americas Food and Beverage Show in Miami, Florida. Good follow-up with prospective clients after the trade show is essential in order to develop a successful business relationship.

The Supermarket Association of T&T, with over 150 member supermarkets and importers/distributors, can also be an excellent resource for identifying and contacting many of the key players in the retail market. Contact information for the association is provided in Section V(C).

Product Flow of Imported Products

The following chart illustrates the two main ways in which imported U.S. products reach T&T retail food outlets.



Market Structure

A. Super stores, Supermarkets, Hyper Markets or Super Centers, Club and Warehouse Outlets

Company Profiles

Retailer Name & Outlet Type	Ownership	No. of Outlets	Location (City/Region)	Purchasing Agent Type
Hi-Lo Food Stores (Supermarket)	Local	19*	Island-wide (Trinidad)	Local Importer/Direct
Persad's D'Food King (Supermarket)	Local	7	Mostly in Southern Trinidad	Local Importer/Direct
Tru Valu (Supermarket)	Local	5	St. James, Diego Martin, Valsayn, Trincity (Trinidad)	Local Importer/Direct
PriceSmart (Club Warehouse)	Foreign: U.S.	4	Chaguanas, Port of Spain, Mausica, San Fernando (Trinidad)	Local Importer/Direct
J.T.A. Supermarkets	Local	4	San Fernando, Cuva (Trinidad)	Local Importer/Direct
NaiPaul's XTRA Foods (Supermarket)	Local	3	Chaguanas, Grand Bazaar, St. Augustine (Trinidad)	Mostly Local Importer
Penny Savers (Supermarket)	Local	2	Scarborough, Mt. Irvine (Tobago)	Mostly Local Importer

*Two stores operate under different names (Food Masters & LB's).

B. Convenience Stores, Gas Marts, Kiosks

Due to the limited storage space that convenience stores and gas marts have, these operations require frequent deliveries of small orders from local importers/distributors and local manufacturers/producers. The best way for a U.S. importer to introduce a product to this market segment is by contacting local importers/distributors.

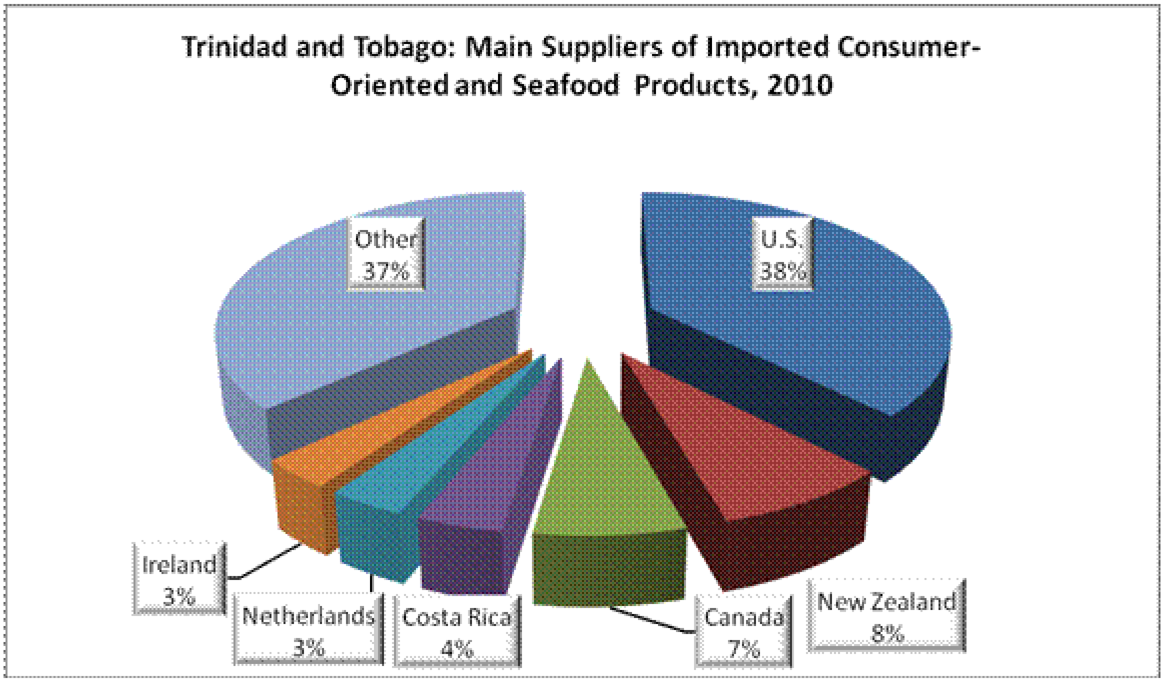
The Trinidad & Tobago National Petroleum Marketing Company (NP), with a network of over 200 service stations, is the country's sole marketer of petroleum fuels. NP's convenience stores are known as Quik Shoppes. Quik Shoppes located throughout the two islands have quick-service restaurants and also carry a wide range of products including grocery, beverages, and snack items.

C. Traditional Markets – "Mom and Pop" small Independent grocery stores and wet markets

"Mom and Pop" shops, independent grocery stores, and wet markets also source their products through local importers/distributors. Because of the small nature of their operations, traditional market storeowners like to buy from local importers/distributors that can provide them with reasonable prices and regular delivery and service. Most small independent grocery stores operate their stores out of their homes or small neighborhood outlets. These operations typically cater to the micro-community (people who live in and around a particular village or community). Customers receive personalized service and tend to be loyal.

The National Agricultural Marketing and Development Corporation (NAMDEVCO) also operators several farmers markets and wholesale markets throughout the country. NAMDEVCO is a government organization.

SECTION III. COMPETITION



Source: Global Trade Atlas.

At 38 percent, the U.S. share of the T&T market for imported consumer-oriented products dwarfs that of all other competitors. According to U.S. trade data, U.S. exports of both consumer-oriented and seafood categories posted record numbers in 2011, reaching $161.2 and $4.4 million, respectively. Quality products, competitive pricing, and proximity are among the key advantages enjoyed by U.S. suppliers. Nevertheless, U.S. suppliers do face competition in T&T. New Zealand, the number two supplier of imported products, is strong in dairy and lamb. Canada, which ranks third among all suppliers, has a relatively strong presence in many branded products, seafood, potato products and pork. Europe also competes in the market, particularly with branded products and dairy.

Competition from foreign countries will likely heat up in coming years. The 2008 trade agreement between the Caribbean and the EU has effectively begun reducing tariffs for a large share of agricultural goods from the EU over the next 25 years (see GAIN report C19001 - Caribbean Signs Trade Accord with EC, 1/22/2009). The Caribbean Community (CARICOM), of which T&T is a member, is also negotiating a free trade agreement with Canada.

U.S. suppliers also face competition from within T&T and from neighboring Caribbean islands. As mentioned earlier, T&T has a rather well developed food processing industry and there are a large number of consumer-oriented food and beverage products supplied locally.   Barbadian and Jamaican products are also popular in T&T. Local and regional suppliers are often more adept at catering to the unique “Trini” palate, which has influences from a variety of ethnic groups in the market.

The following table illustrates the respective country market shares in different product categories:

	Major Supply		**Advantages &**

Product Category & Total Imports (2010)	Sources (2010)	Strengths of Key Supply Countries	Disadvantages of Local Suppliers
Snack Foods ($21.9 million)	U.S.: 44.6% U.K.: 18.8% Barbados: 5%	In most product categories the United States is either the leading supplier or one of the top three suppliers. Competitive pricing, quality products and proximity are some of the key advantages of U.S. suppliers. Exposure to U.S. 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 some of the larger import categories (red meats and dairy) where the United States faces competition from New Zealand, Australia, Canada, and Europe, competitive pricing is a key factor.	With strong cultural influences from Asia, Africa, Europe, and the Middle East, the "Trini" palate is quite unique. Local and regional suppliers are often more adept at catering to consumer tastes and adapting to preferences of the many ethnic groups.
Breakfast Cereals & Pancake Mix ($6.5 million)	U.S.: 70.4% Mexico: 12.1% U.K.: 5.4%		
Red Meats, FR/CH/FZ ($40.6 million)	U.S.: 33.8% Australia: 21% New Zealand: 17.2%		
Red Meats, Prep/Pres ($18.5 million)	U.S.: 57.3% Brazil: 23.4% Canada: 12.6%		
Poultry Meat ($17.6 million)	U.S.: 93.8% Canada: 4.9% U.K.: 1.1%		
Dairy Products ($74.5 million)	New Zealand: 40.2% Ireland: 19.7% U.S.: 13.6%		
Eggs & Products ($12.7 million)	U.S.: 87.5% France: 8.3% Canada: 3.0%		
Fresh Fruit ($12.7 million)	U.S.: 59.6% St. Vincent & the Grenadines: 12.6% St. Lucia: 9.8%		
Fresh Vegetables ($28.7 million)	Netherlands.: 29.9% China: 24.6% U.S.: 22.7%		
Processed Fruit & Veg. ($39.1 million)	U.S.: 31.9% Netherlands: 15.0% Canada: 10.9%		

Fruit & Vegetable Juices ($17.6 million)	U.S.: 47.9% Belize: 29.1% Thailand: 4.3%		
Tree Nuts ($5.4 million)	U.S.: 40% India: 39.2% Vietnam: 15.7%		
Wine & Beer ($7.9 million)	St. Lucia: 39.9% France: 13.4% Jamaica:10.6%		
Pet Foods ($6.0 million)	U.S.: 93.6% Brazil: 2.7% Costa Rica: 1.3%		
Fish & Seafood ($27.9 million)	Canada: 33.8% U.S.: 14.1% Thailand: 13.9%		

Source: Trade data from Global Trade Atlas.

SECTION IV. BEST PRODUCT PROSPECTS

Products Present in the Market Which Have Good Sales Potential

Market opportunities exist for virtually all high-value, consumer-oriented foods/beverages and seafood products in T&T. Some of the most prominent growth categories are listed below. It should be noted that local manufacturers are reportedly lobbying for higher import duties for select poultry products, pork, and ice cream. Duties for most poultry and pork products could increase from 40 percent to 80 percent and duties for ice cream could increase from 20 percent to 60 percent. Until such increases take place (which is not a certainty), export opportunities for these and practically all other product categories remain strong.

Product Category	Market Size	Imports (2010, millions of US$)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate (%) 1/	Key Constraints Over Market Development	Market Attractiveness for USA
Breakfast Cereals & Pancake Mix	n/a	6.5	9.3	0-20	Some local and regional competition	T&T possesses one of the strongest economies in the Caribbean. Per capita income and disposable income are relatively high.
Red Meats FR/CH/FZ	n/a	40.6	13.2	0-40	Possible increase in pork duties; Possible CARICOM FTA with Canada	
Red Meats Prep/Pres	n/a	18.5	18.0	0-20		

					could undermine U.S. meat sales, particularly for pork	The United States has experienced Record-setting growth in its consumer-oriented and fish product exports to T&T in recent years. T&T consumers have a strong preference for U.S. Products. The United States is the leading supplier in practically all major product categories.
Poultry Meat	n/a	17.6	36.2	0-40	Local competition, impending increase in poultry duties	
Dairy Products	n/a	74.5	8.8	0-40	Strong competition from New Zealand for commodity cheese; some local and regional competition; possible increase in ice cream duties	
Fresh Fruit	n/a	12.7	11.0	15-40	n/a	
Fresh Vegetables	n/a	28.7	5.7	0-40	n/a	
Pet Foods (Dog & Cat)	n/a	6.0	20.7	20	n/a	

1/ - Refers to CARICOM's Common External Tariff (CET), which is applied by Trinidad and Tobago. Exemptions may apply to specific tariff lines, meaning that rates other than the CARICOM CET may be applied for select products. For definitive information on actual applied rates, it is recommended that U.S. exporters contact Trinidad and Tobago's Customs and Excise Division (see Section V for contact information).
Source: Trade data from Global Trade Atlas.

Products Not Present in Significant Quantities but that Have Good Sales Potential

- Healthy food products (e.g. low-fat foods, granola bars, organic products)
- Herbal products (e.g. tea)
- Non-Caribbean & specialty produce (e.g. raspberries, strawberries, Brussels sprouts, asparagus, artichokes
- Pickled products
- Ethnic food products and ingredients, particularly Halal products and sauces/condiments for Indian cuisine.

Products Not Present Because They Face Significant Barriers
n/a

SECTION V. POST CONTACT AND FURTHER INFORMATION
A. FOR MORE INFORMATION PLEASE CONTACT:

Caribbean Basin Agricultural Trade Office (CBATO)
Foreign Agricultural Service
U.S. Department of Agriculture
909 SE 1st. Ave., Suite 720
Miami, FL 33131
Tel: (305) 536-5300
Fax: (305) 536-7577

E-mail: atocaribbeanbasin@fas.usda.gov
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B. OTHER U.S. GOVERNMENT 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 T&T.
http://www.buyusainfo.net/docs/x_9864695.pdf

C. NON-U.S. GOVERNMENT SOURCES:

The Supermarket Association of Trinidad and Tobago
St. Augustine, Trinidad
Tel: 1 (868) 663-2622
Email: info@supermarketassociationtnt.com
Website: http://supermarketassociationtnt.com/Main/ *

* The website above is 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 website.

For information on import duties, contact:

Research & Policy Unit
Customs & Excise Division
Ministry of Finance
Nicholas Court, Abercromby Street
Port of Spain, Trinidad
Tel: 1 (868) 625-3311 to 19 ext. 260
Fax: 1 (868) 623-8557
E-mail: policyunit@customs.gov.tt

D. LINKS TO OTHER USEFUL REPORTS:

Food and Agricultural Import Regulations and Standards (FAIRS) - T&T Country Report
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Miami%20ATO_Trinidad%20and%20Tobago_12-28-2011.pdf

Food and Agricultural Import Regulations and Standards (FAIRS) - T&T Export Certificate Report
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Miami%20ATO_Trinidad%20and%20Tobago_12-28-2011.pdf

Export Guide-Caribbean Basin
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Miami%20ATO_Caribbean%20Basin_12-27-2011.pdf