USDA United States Department of Agriculture
Foreign Agricultural Service

GAIN Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** September 28, 2022

Report Number: C12022-0002

Report Name: Food Service - Hotel Restaurant Institutional

Country: Caribbean Basin

Post: Miami ATO

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Omar Gonzalez

Approved By: Candice Bruce

Report Highlights:

The resumption of travel amid a waning COVID-19 pandemic is breathing much-needed fresh air into the Caribbean Hotel Restaurant Institutional (HRI) food service sector. Yet in 2021 sector sales still fell short of pre-pandemic levels. While opportunities for U.S. food service suppliers are improving in the region, the sector faces several challenges that are likely to temper the pace of its recovery.

Market Fact Sheet: Caribbean

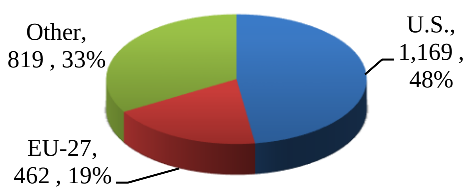
Executive Summary

The Caribbean HRI food service sector has been awaiting the end of the COVID-19 pandemic and a return to a normal influx of tourists to the region. However, new COVID variants that resulted in an uptick of COVID cases and travelers having to contend with COVID testing and quarantine requirements has also made for slower-than-hoped-for tourist arrivals. Nonetheless, as COVID travel restrictions are being scaled back and tourists return to the region in greater numbers, the outlook for the sector, while still facing challenges, is slowly improving.

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 $2.45 billion in 2021, with the United States capturing 47.7 percent of the market.

Caribbean: Imports of Consumer-Oriented Products by Source, 2021 (USD Millions)



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. Given very limited agricultural activity, food processing is also minimal in most countries.

Food Retail Industry

An estimated 70-80 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 $9.7 billion in 2021.

Quick Facts CY 2021

Imports of Consumer-Oriented Prod.: $2.45 bill.

Top 10 Growth Products

1. Dairy Products	6. Beef & Beef Prod.
2. Poultry & Prod.	7. Non-Alc. Bev.
3. Processed Vegetables	8. Pork & Pork Prod.
4. Soups & Other Prep.	9. Fresh Vegetables
5. Bkry Prod, Crls, Pasta	10. Fresh Fruit

Food Industry by Channels (USD billion) 2021

Imports of Consumer-Oriented Products*	$2.45
Grocery Retail Annual Sales	$9.7
Consumer Food Service Annual Sales	$1.7

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

GDP/Population

Population: 4.9 million (July 2022 estimate)
GDP: $557 mill (Dominica, 2017 est.) - $24 bill (Trinidad and Tobago, 2019 est.)
Real GDP per capita: $9,900 (Dominica) 2020 est, - $81,800 (Bermuda), 2019 estimate.

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.	Many European Chefs present in the region are unfamiliar with U.S. products.
Opportunities	***Threats***
U.S. tourists account for roughly 50 percent of all tourists visiting the region, bolstering demand for U.S. foods.	Prolonged impact of COVID-19 pandemic.

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.

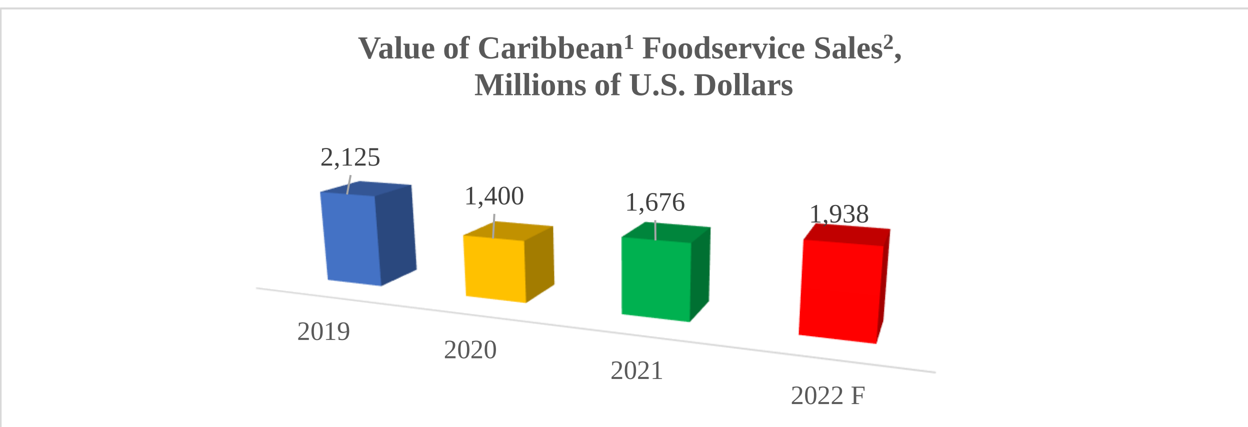
At first glance, the region with its fragmented island geography, a combined land mass of only 36,850 sq. km (roughly 1.5 times the size of the State of Maryland), and a population of under 5 million, could easily be overlooked as a market for U.S. food service products. However, with limited agricultural 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 2021, the Caribbean imported $2.45 billion in consumer-oriented agricultural products from the world, with $1.2 billion (48 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 sector has been struggling to regain its footing since the COVID-19 lockdown of March 2020, which saw the region's tourism industry, the lifeblood of the vast majority of Caribbean markets, greatly restrained by the pandemic. According to IMF statistics, after a 9.4 percent contraction in the tourism-dependent countries' GDP in 2020, growth is estimated to have reached only 2.8 percent in 2021. This growth level is expected to only inch upward in 2022 and remain relatively flat in 2023. With greater uncertainty in the world economy, higher inflation, and slow employment recovery, recovery in the Caribbean becomes more difficult as well. The United States and the EU, the region's main trade partners and source of tourists, are experiencing lower than expected growth which only complicates matters even further. This could impact the Caribbean's prospects for a more robust bounce back. 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.

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.

TOTAL Stop-Over Visitors In Selected Caribbean Markets YTD						
	Period	**2019**	**2020**	**2021**	**2022**	**% change 2022/2019**
Anguilla	Jan - Mar	30,135	23,198	4,503	15,062	-50.0
Antigua & Barbuda	Jan – Jul	184,451	90,046	80,509	154,099	-16.5
Aruba	Jan – Jul	679,113	259,093	506,795	637,331	-6.2
The Bahamas	Jan – Jun	1,071,023	378,988	383,731	698,672	-34.8
Barbados	Jan – Jun	373,015	156,880	30,395	208,812	-44.0
Bermuda	Jan – Jun	127.969	23,393	20,358	60,955	-52.4
British Virgin Islands	Jan - Feb	54,003	n/a	16,530	26,225	-51.4
Cayman Islands	Jan - May	232,474	119,119	5,275	88,010	-62.1
Curacao	Jan – Jul	275,019	127,281	122,707	275,799	0.3
Dominica	Jan – Mar	23,296	18,368	4,634	7,979	-65.7
Grenada	Jan - Mar	45,162	37,378	15,159	25,146	-44.3
Montserrat	Jan - Mar	4,301	4,097	196	614	-85.7
St. Kitt & Nevis	Jan - Mar	41,086	28,014	7,474	18,125	-55.9
St. Lucia	Jan – Jun	219,608	93,358	89,922	170,784	-22.2
Sint Maarten	Jan - Apr	195,064	n/a	99,213	140,274	-28.1
St. Vincent & the Grenadines	Jan - Apr	23,140	18,609	2,878	10,407	-55.0
Trinidad & Tobago	Jan – Jul	234,573	92,428	4,413	114,700	-51.1
Turks & Caicos Islands	Jan - Mar	140,971	122,034	51,639	138,762	-1.4

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.

While tourism and overall economic activity have yet to return to pre-pandemic levels, the situation is on the mend. The HRI food service sector registered and estimated $1.67 billion in sales in 2021, a 20 percent gain from 2020. With travel restrictions being rolled back and traveler confidence slowly improving as well, activity in the food service sector should continue its upward momentum and thus demand for consumer-oriented products should rise accordingly.

Advantages	Challenges
With little arable land and food production, the islands of the Caribbean must import most of their food needs.	The COVID-19 pandemic's effect on Caribbean tourism continues to weigh down HRI food service sector.
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 HRI food service sector is highly dependent on tourism. Hence, the sector is very susceptible to any factors that may disrupt tourism (e.g., the COVID-19 pandemic, the world economy, terrorism, more active hurricane seasons, etc.).
The United States has a dominant market share in the vast majority of Caribbean islands (estimated at 48 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 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

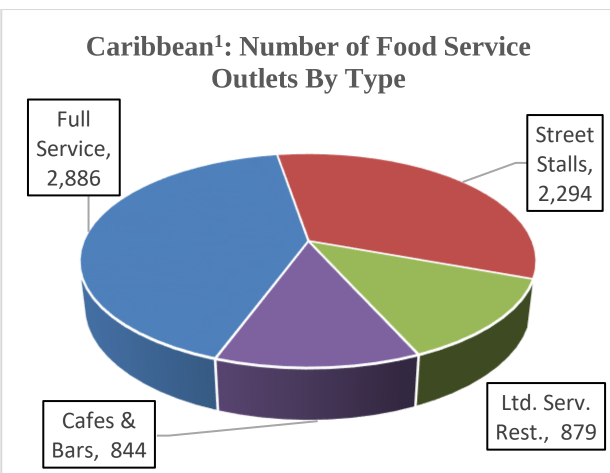
The best method for U.S. suppliers to enter the Caribbean HRI food service market is through local importers/distributors. Generally speaking, local importers/distributors have broad access to food and beverage supply channels, possess adequate warehouse facilities, carry a large inventory of products,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

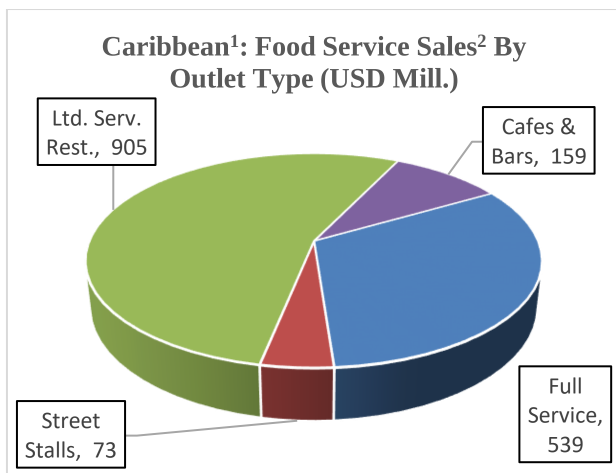
Hotels and resorts under the umbrella of large, well-known brands may rely on U.S. buying offices and/or established hospitality supply chain organizations such as AVENDRA. Select importers in different islands may belong to these supply chain networks and thus have access to large hotel customers. However,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

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. The Taste of the Caribbean chef competition (https://chtataste.com/), organized by the Caribbean Hotel and Tourism Association, is also an excellent opportunity for meeting food service professionals from the region. This prestigious event attracts chef teams from throughout the region and it offers an excellent platform for showcasing U.S. products to many of the region's best chefs. It takes place in Miami in June of each year. 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 6,906 outlets, with full-service restaurants and stalls & kiosks accounting for three quarters of these. With only 13 percent of all outlets, limited-service restaurants (mainly fast-food chains) account for over half (54 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.





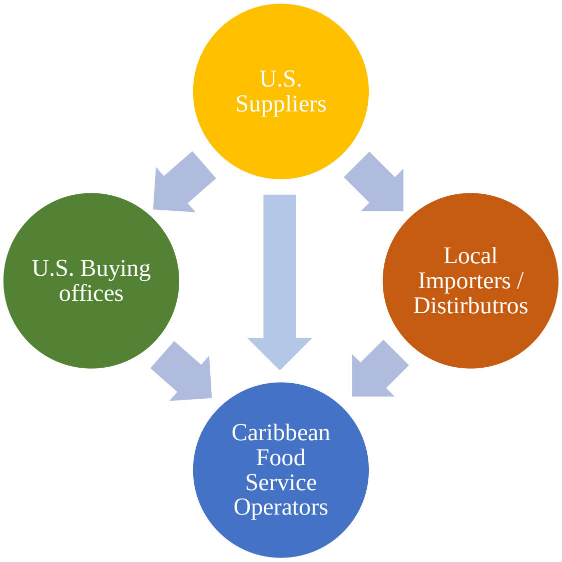
1- Includes all markets covered by the CBATO, except BES Islands, Montserrat, Saint Barthélemy, St. Martin, and Turks and Caicos Islands.

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. exports are shipped 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. 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 due to both the ever-changing needs and limited storage space for dry and refrigerated goods. 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. 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.

Restaurants:

With its many cultural influences from around the world, the region boasts an incredible diversity of cuisines. 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 have their own culinary festivals that highlight the dishes of local and international chefs. Some of these events attract world-class chefs and celebrities. Two of the most notable events include the Cayman Cookout (https://caymancookout.com/) and the Caribbean Food and Wine Festival (http://caribbeanfoodandwinefestivaltci.com/) held in Providenciales, Turks and Caicos Islands.

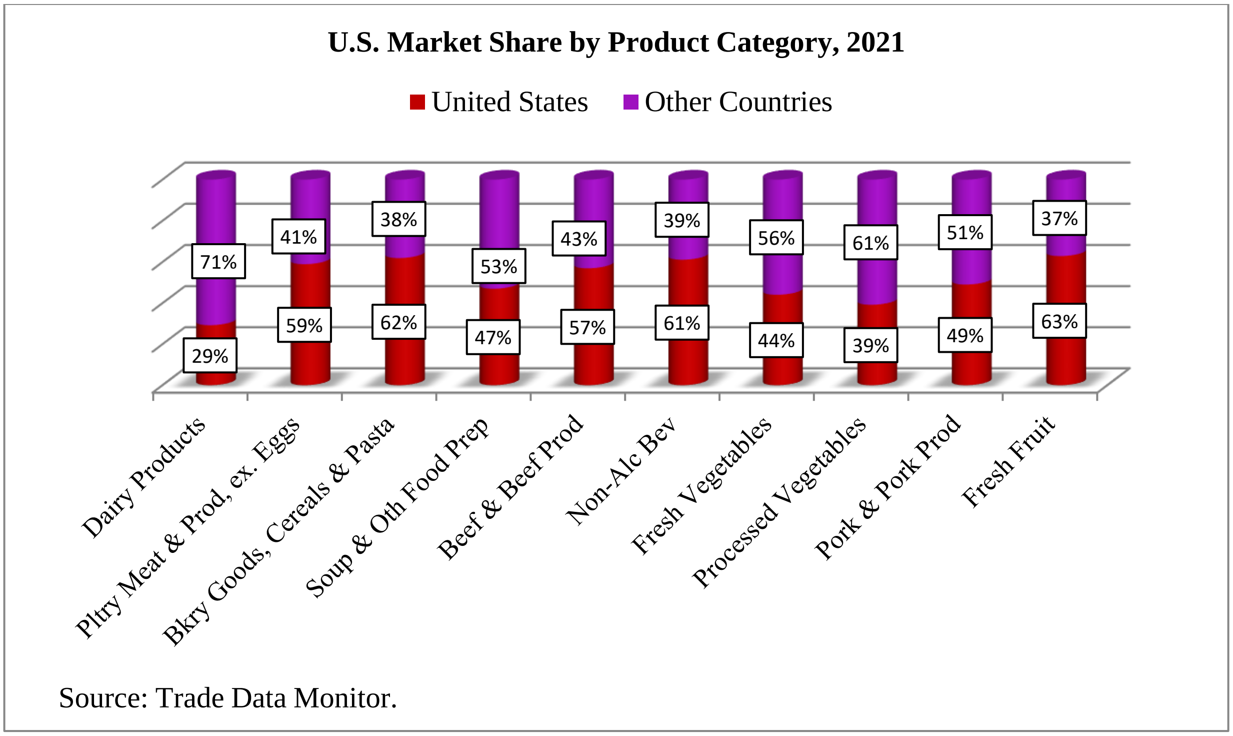
Limited-service restaurants (fast food eateries and delivery/takeaway outlets) represent over 50 percent of total HRI food service sales in the Caribbean. There is a plethora of both international and local fast-food chains throughout the region. Some of the most prominent ones include: McDonald's, Burger 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.

Institutional:

Catering is 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, and marine catering (to offshore oil rigs) are areas that are often overlooked. Local/regional companies that specialize in these business areas usually service this sub-sector.

III. Competition

The United States has a 48 percent market share of the Caribbean's import food market. In 2021, U.S. exports of consumer-oriented products to the Caribbean totaled $1.2 billion. The next closest competitor is the EU with $462.7.2 million in exports (18.9 percent), followed by Brazil with $135.0 million (5.5 percent), the UK with $105.3 million (4.3 percent), and New Zealand with $99.8 million (4.1 percent). The top five import categories are dairy products, poultry meat & products (ex. eggs), processed vegetables, soup and other food preparations, and bakery goods/cereals/pasta. These five categories alone represent nearly half of consumer-oriented product imports.



IV. Best Product Prospects

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

B. Top Consumer-Oriented Products Imported from the World, 2019-2021 (USD 000's)

	2019	2020	2021
Dairy Products	334,830	315,774	346,676
Poultry Meat & Prods. (ex. eggs)	204,114	183,443	225,846
Processed Vegetables	208,494	190,928	208,825
Soup & Other Food Preparations	175,757	168,545	189,284
Bakery Goods, Cereals & Pasta	180,478	175,536	174,296
Beef & Beef Products	149,923	135,751	168,601
Non-Alcoholic Bev. (ex. juices, coffee, tea)	112,619	100,132	115,069
Pork & Pork Products	91,399	88,490	110,392
Fresh Vegetables	106,804	96,330	106,932
Fresh Fruit	86,342	91,743	102,582

Source: Trade Data Monitor.

C. Top Consumer-Oriented Products Imported from the United States, 2019-2021 (USD 000's)

	2019	2020	2021
Poultry Meat & Prods. (ex. eggs)	145,403	129,610	151,087
Dairy Products	118,156	103,073	108,129
Bakery Goods, Cereals, & Pasta	119,171	110,541	107,817
Beef & Beef Products	96,380	72,065	96,186
Food Preparations	67,767	70,674	75,603
Non-Alcoholic Bev. (ex. juices)	79,928	66,463	73,447
Fresh Fruit	52,414	55,120	64,644
Pork & Pork Products	51,295	44,612	54,261
Eggs & Products	43,217	44,857	49,928
Fresh Vegetables	44,604	42,563	47,252

Source: US Census Bureau Trade Data.

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 they 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.

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service, U.S. Department of Agriculture
909 SE 1st. Ave, Suite 720
Miami, Florida 33131
T: (305) 536-5300; F: (305) 536-7577
Email: atocaribbeanbasin@usda.gov
FAS Website: www.fas.usda.gov

Attachments:

No Attachments