

Market Overview

The United States is the largest supplier of food products to the Caribbean Basin. In 2014, the United States exported a record high \$985 million worth of consumer-oriented products to the region. With 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. Additionally, the proximity and certain commonalities such as language, between the United States and the Caribbean have turned the U.S. into a major trading partner. These are the top export categories: poultry meat & products, dairy products, prepared food, beef & beef products, and snacks. In addition, the U.S. exported \$40 million USD worth of fish products in 2014, a record in trade between the U.S. and the Caribbean Basin.

Tourism is expected to remain stagnant, however, the largest resort in the Caribbean is under construction in the Bahamas (the Baha Mar gaming resort). This project will boost the HRI sector of the Bahamas and the Caribbean. A total of 35-45% of consumer-oriented agricultural exports to the Caribbean are directed towards the HRI sector. Since most of the hotels in the region (excluding Granada) are foreign owned, this favors the demand for U.S. food products because most of these resorts have the connections and economies of scale to make direct imports from the U.S.

Besides the HRI sector, a considerable percentage of consumer-oriented agricultural exports (55-65%) are destined for the retail sector. The Caribbean has an interesting mix between local 'mom and pop stores' as well as foreign supermarket chains, such as PriceSmart and Save-A-Lot.

Opportunities and Advantages

- The Caribbean Islands are a great market for U.S. companies because U.S. exporters, particularly south Florida consolidators, service the market very well and are better positioned to supply the Caribbean than competitors.
- With little arable land and food production, the islands of the Caribbean must import most of their food needs
- Exposure to U.S. media as well as language, cultural, and commercial ties with the U.S. all contribute to consumers having a positive attitude toward U.S. products.

Market Challenges

- The nature of individual island markets requires special effort from US exporters: dealing with several small accounts; consolidation of small orders; complying with different import requirements for select products; ascertaining different market characteristics in every island.
- Other competitors are also targeting the Caribbean as a possible export market. Various trade agreements between the Caribbean and other regions/countries result in increased competition for U.S. agricultural products.

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http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporters%20Susta_Miami%20ATO_Caribbean%20Basin_12-9-2015.pdf

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