

Grenada: a Small Country With a Robust Market for U.S. Foods

By Angel F. González Trápaga

Grenada, often referred to as “the Spice Island of the Caribbean,” is one of the smallest independent countries in the Western Hemisphere. Despite its size, Grenada’s food imports from the United States have been increasing since 1999. The country’s food and beverage imports for 2001 totaled \$34 million.

The United States supplied \$13.7 million worth—40 percent of the total and a 2.5-percent gain from the previous calendar year. The United States garnered more than 50 percent of Grenada’s 2001 imports of fresh fruits, poultry products, red meats (fresh, frozen and chilled), processed fruits and vegetables, and fruit and vegetable juices.

Further market opportunities exist for a wide variety of U.S. products, including beef, pork, poultry, dairy, produce, and alcoholic and nonalcoholic beverages.

The Market in Microcosm

Grenada is a parliamentary democracy based on the British model. English is the official language; many older persons also speak a colloquial French dialect.

Grenada is also a developing nation. Its economy, the fastest growing in the East Caribbean, is based principally on tourism and agricultural production. In 2001, Grenada’s population was nearly 103,000, with a per capita GDP (gross domestic product) of \$4,750.

The nation consists of three islands: Grenada, Carriacou and Petit Martinique. About 95,000 people live on Grenada,



7,000 on Carriacou and 900 on Petit Martinique. St. George’s, on the southwest coast of Grenada, is the capital and main commercial center, and home to 35,000 people.

Eighty-five percent of the nation’s inhabitants are of African descent, and the rest are a combination of East Indian and European descent (mainly English, French, Portuguese and Scottish).

Grenada offers an inviting climate for tourism in more ways than one. The tourism industry, backed by the commitment of the government of Grenada, is the major source of foreign exchange earnings and the most promising sector for future economic growth.

With its year-round average temperature of 80 degrees Fahrenheit, 45 picturesque white sand beaches, turquoise waters and countless secluded coves, Grenada is tailor-made for tourism. In addition to its unspoiled beaches, it offers beautiful mountain scenery, yachting and cruise liner facilities, a lively and hospitable culture and fair tourism infrastructure.

The Grenadian government strives to attract additional foreign investment for hotel construction. New hotels, renovations to several existing ones, new marinas and a five-star, 1,000-room resort at Levera with its own 18-hole golf course will likely lure even more tourists.

Grenada’s major tourist markets are the United States, the United Kingdom, other Caribbean countries (mainly Trinidad and Tobago, Barbados, St. Lucia, and St. Vincent and the Grenadines), Canada and Germany.

Importers anticipate that recovering economies and a new direct flight between London and St. George’s will further stimulate tourism and the services that support it.

U.S. Foods Popular

U.S. import dominance is due to its proximity and the quality, price and diversity of its high-value products. Grenadians are also receptive to U.S. foods and beverages because of the consistent flow of travelers between their country and the United States for education, business and pleasure, and their exposure to U.S. media. However, they are also price-conscious; lower priced products typically find better acceptance among locals.

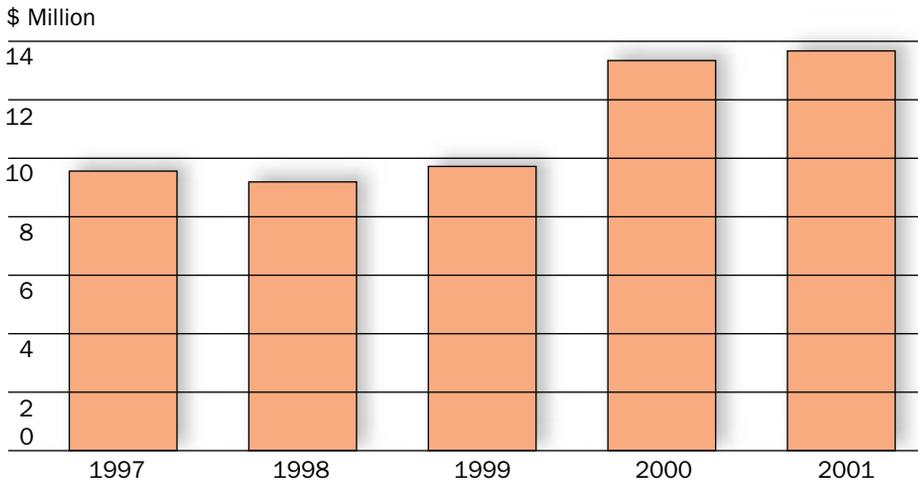
An estimated 60-70 percent of total food imports is destined for the retail sector, and the remaining 30-40 percent for the food service sector.

Reviewing Retailing

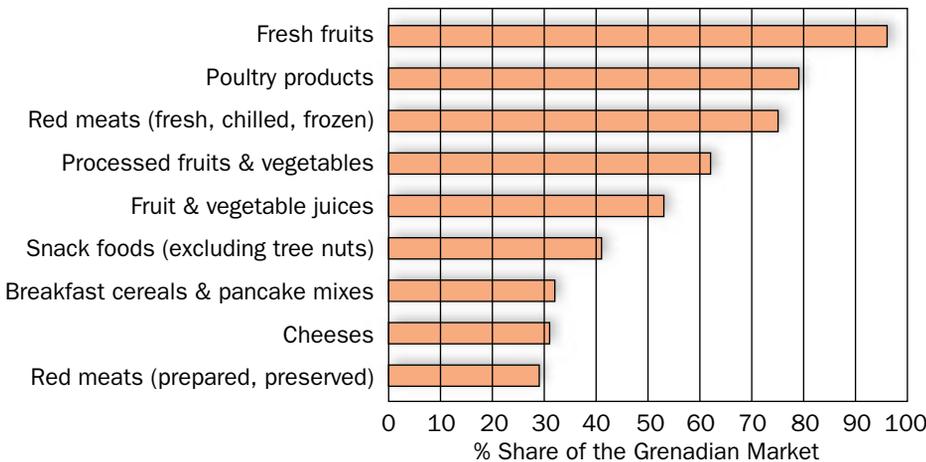
Grenada has eight large supermarkets, one club store, two gas marts and a handful of other convenience stores. It has about 3,000 mom-‘n’-pop shops. It also has several traditional markets which, subsidized by the government, sell local produce.

Supermarkets and C.K.’s Super Value, the only club store in the nation, import most of their food products. They buy 20-30 percent of their food supplies from other importers or distributors. By contrast, gas marts, other convenience stores and mom-‘n’-pop shops obtain food

U.S. Food and Beverage Exports to Grenada Have Grown Steadily



In 2001, the United States Garnered Over 50% of the Grenadian Market in Several Food Categories



products from local wholesalers and distributors.

Grenadian demand for convenience and value-added goods is growing. Customers increasingly demand low-fat and other healthy foods. The recent appearance of organic foods is due largely to demand by foreign students at St. George’s School of Medicine.

Most of Grenada’s supermarkets are located in St. George’s, mainly because of its large, concentrated population and the higher level of spending among those living in the main city.

Food Fair and Food Land, the two largest supermarkets, each have two retail stores. Food Fair and Food Land offer a wide variety of products and recently

added deli and bakery sections. In addition, they wholesale and distribute food products to smaller retail outlets. For example, occasionally, when importers run out of supplies, mom-‘n’-pop shops turn to supermarkets for staples.

Real Value, a high-end and modern supermarket in Grenada, sells mostly U.S. brands. It also carries kosher, ethnic and organic items.

Food Service, Domestic Demand and Tourist Attractions

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

Grenada has about 60 lodging facilities and 90 restaurants. Most hotels have restaurants that cater to guests.

Non-hotel restaurants target both local customers and tourists. During the peak vacation periods (December–April and July–August), 70–85 percent of restaurant customers are foreigners. Off-season, most patrons are local customers.

In 2001, Grenada hosted 360 cruise ship visits and 5,610 yacht arrivals. Stayover and cruise ship visitors numbered 270,722. Visitor expenditures totaled \$62.7 million.

Product Placement

Most importers receive weekly shipments of food products from U.S. suppliers. Importers usually represent certain brands and distribute them to different retail outlets, which explains why super-

markets do not import all their product needs directly.

In order of importance, here are the best ways for a U.S. supplier to introduce a product to the retail sector:

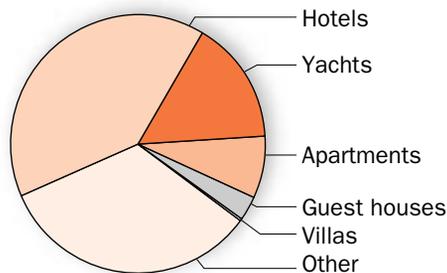
1. Supply samples.
2. Provide product literature.
3. Meet importers at the Food Marketing Institute and the Americas Food and Beverage trade shows.
4. Meet importers in their offices.

About 60-80 percent of C.K.'s food purchases are direct imports, mostly from the United States. It also purchases some products from local distributors and a few from local manufacturers.

Because of their small purchasing volumes, gas marts and other convenience stores usually do not import directly, but instead obtain their food products from local importers and distributors. Such importers and distributors constitute the best way for U.S. suppliers to reach this segment of the market. U.S. suppliers could also send product samples to the managers of these stores. If a manager is interested in a product, he or she will request it from a local importer or distributor.

Grenada's HRI (hotel, restaurant and institutional) sector imports directly and also buys from local importers, retailers and manufacturers. Because of the small volumes that HRI outlets typically

Hotels Dominate Grenada's Tourism Accommodations



2001 Highlights:

- Grenada has 1,734 hotel rooms
- Stayover and cruise ship visitor arrivals were 270,722
- Cruise ship calls totaled 360
- Yacht arrivals were 5,610
- Visitors' expenditures totaled \$62.7 million

require, the best way for them to obtain food products is through local importers, which usually wholesale and distribute.

Some hotels and restaurants sporadically import U.S. food products directly. In these cases, the U.S. supplier must be able to ship small volumes or consolidate the shipment.

It is not uncommon for local importers to run out of certain food products. In these instances, HRI outlets buy products from supermarkets.

There are several ways to successfully enter the HRI market. First, conduct market research. A visit to the islands is highly recommended to get a feel for the market. Next, contact local importers that distribute to the HRI sector.

U.S. suppliers that can guarantee small-volume shipments may also try contacting hotel food and beverage managers and the restaurant owners or chefs.

Import Challenges and Procedures

The Grenadian government protects local agricultural production with import licenses. Protected food products include

whole chicken, eggs, fresh produce and high-proof spirits.

The government also controls prices on all products except soft drinks, alcohol, cereals, produce, some dairy products, fresh and frozen seafood and condiments. Wholesale price control margins range from 5 to 15 percent, and retail margins from 10 to 29 percent.

The Grenada Marketing and National Importing Board, a state trading enterprise, regulates importation of certain commodities. Brown sugar, white sugar, whole milk powder and rice packed in sizes of 10 kg. or larger (1 kilogram=2.2046 pounds) must be sold directly to the board, which distributes the products to importers and retailers.

Grenadian customs officials require the following documentation for 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. Even when duty-free, imports have a 5-percent tax surcharge. ■

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For details, see FAS Report Nos. C13007 and C13008. To find them on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



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