



Market and Trade Data

Trinidad and Tobago: A Tiny Market Replete With Retail Opportunities

By Kay Logan

The two-island republic of Trinidad and Tobago is the southernmost country in the Caribbean archipelago. It has a total area of 1,980 square miles, slightly smaller than that of Delaware. Although Trinidad and Tobago's 1.3 million people share a common culture, individuals trace their ancestries back to Africa, Europe, the Middle East, India and China.

Trinidad and Tobago experienced its tenth straight year of economic growth in 2004. GDP (gross domestic product) reached \$11.48 billion that year – a 5.7-percent increase from 2003. Unlike most of its Caribbean neighbors, Trinidad has a large industrial sector, based primarily on petroleum and natural gas production and processing; most of the republic's population lives on this island. The agricultural sector remains a small but vital part of the national economy. Tourism, concentrated on Tobago's beautiful beaches, is a small but growing sector, although it does not play as large a role in the economy as on most Caribbean islands.

Retail Developments and Trends of Note

The two-island republic benefits from one of the highest per capita incomes in the Caribbean region (\$10,500 in 2004). The islands'

flourishing middle class and the growing number of women in the workforce are boosting demand for consumer-ready and convenience foods.

Trinidad and Tobago has a dynamic and developing retail food sector. Trinidad and Tobago's retail market is composed of over 500 chain food stores (supermarkets, grocery stores and gas marts), with sales estimated at \$617 million in 2004.

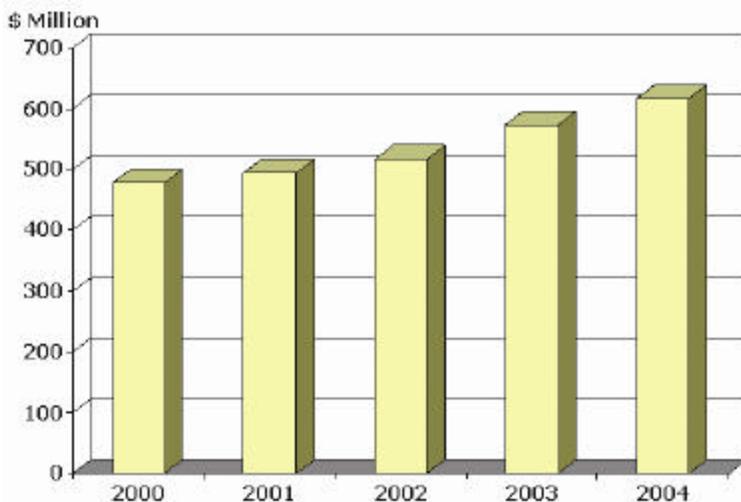
While the total number of retail food stores declined from 2000 through 2004, total retail food sales have climbed. Increasing competition among stores and the pressure to enhance customer satisfaction have given rise to a number of noteworthy trends.

Aiming for a "one-stop shopping experience," many supermarket chains have begun to consolidate, renovate and remodel their stores. Larger stores with wider aisles and checkout counters, and in-house bakeries and delis, are becoming quite common.

Another major trend is the shift toward offering a broader range of U.S. imports, spurred by the quality, convenience and competitive prices of these products. There is a large trend toward low-fat and health foods. Many supermarkets are conveniently located near workout facilities, and many people visit the supermarket to buy power drinks, fresh fruits and vegetables after putting time in at the gym. Supermarkets now devote entire aisles to low-fat and health food products.

To meet consumer desires and obtain the ingredients needed by a thriving food processing industry, Trinidad and Tobago relies heavily on agricultural imports. In 2004, Trinidad and Tobago's total agricultural imports were \$352 million, of which consumer-oriented, fish and seafood products comprised roughly 57 percent. Approximately 70 percent of the country's consumer-oriented imports goes to its retail sector.

In 2000-2004, Retail Food Sales in Trinidad and Tobago Rose Nearly 30 Percent



The U.S. Market Position

The United States leads among exporters to this market, supplying more than 40 percent of the country's food and beverage imports in a typical year.

Like any market, Trinidad and Tobago offers an array of advantages counterbalanced with challenges to U.S. suppliers. Strong political, economic and cultural ties with the United States give U.S. food and beverage products a competitive advantage. Frequent television advertisement of U.S. food and beverage products maintains their popularity with Trinidad and Tobago consumers. In general, U.S. prices are competitive with those of local and international products.

The biggest competition U.S. exporters face is from domestic producers: Trinidad boasts one of the largest food processing industries in the Caribbean, and has especially strong poultry production. Trinidad and Tobago is also a large supplier of seafood. In addition, U.S. products must compete not only with the country's robust food processing industry, but also with other foreign suppliers. Given Trinidad and Tobago's many ties with the United Kingdom and Canada, products and brands from these countries are prevalent, and some may enjoy an edge among consumers.

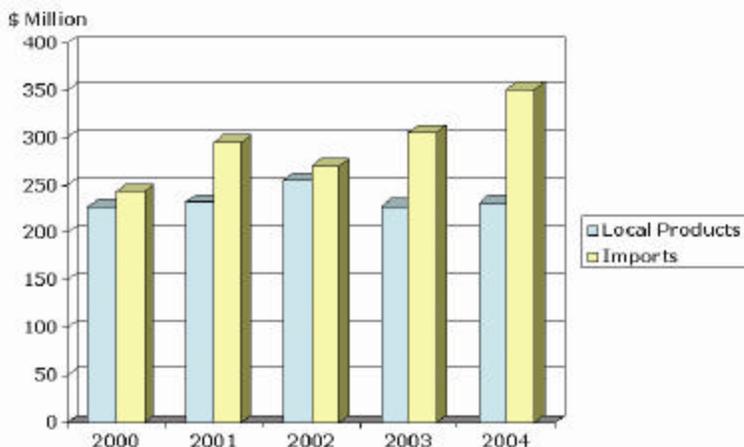
In addition, local wholesalers already carry many major U.S. and international brands. It may be difficult for new products to compete with established brands, and it may be hard to find a local importer who does not already carry competing brands. With the strong cultural influences of India, Africa and Europe, the domestic palate is unique. Exporters need to be able to cater to these distinct tastes.

Trinidad and Tobago has excellent trade and communication infrastructure and a fairly modern, efficient distribution system. But although the country is one of the Caribbean's largest retail markets, it follows the regional trend toward small individual orders and mixed rather than single-product container loads.

More Provisos and Considerations

Trinidad and Tobago has relatively liberalized import policies that encourage trade. However, legislative and protectionist measures restrict access for certain goods. The government of Trinidad and Tobago imposes high tariffs on selected items that may be produced locally or regionally. And as a member of CARICOM (the Caribbean Community, a common market of 15 members and 5 associates that includes most Caribbean states), it extends duty-free market access

Trinidad and Tobago's Food and Beverage Imports Outpace Domestic Production



to fellow members.

All food and beverage imports are subject to CARICOM's CET (common external tariff). Since 1999, CET levels for most products have been reduced to a range of 0-20 percent. However, CET rates for certain products run as high as 40 percent. In addition to import duties, a 15-percent VAT (value-added tax) is collected on retail sales of most products, whether imported or domestic. In response to high and rising food prices, the Supermarkets' Association of Trinidad and Tobago has renewed its calls for removing duties and the VAT on food items.

Retail Big—Supermarkets, Grocery Stores and Wholesale Food Clubs

Supermarkets in Trinidad and Tobago import 70-80 percent of their food products. To successfully enter the Trinidad and Tobago retail food market, U.S. exporters should contact local importers, distributors and large retailers. During the Christmas season, some supermarkets import fresh fruits such as grapes and apples directly from U.S. suppliers. Hi-Lo Food Stores, the nation's largest supermarket chain, has its own distribution network and therefore can import directly some U.S. food and beverage products. Moreover, PriceSmart, a U.S. warehouse shopping club, imports 60-65 percent of its products directly.

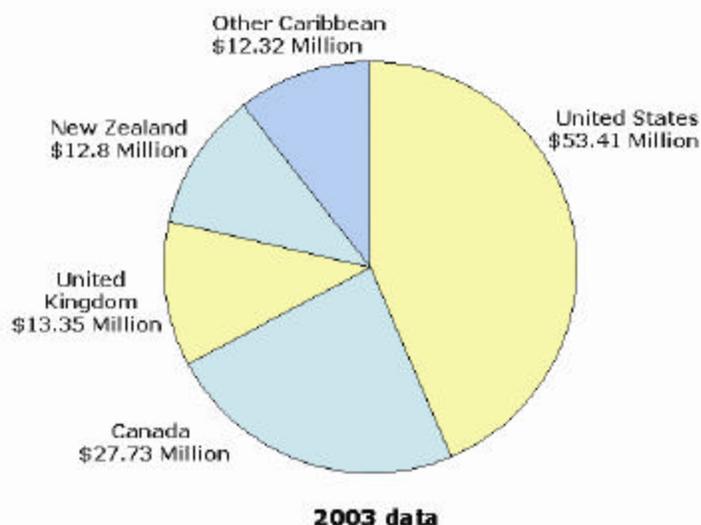
But since most supermarkets do not have warehousing capabilities, local importers and distributors remain essential to retail importing. U.S. suppliers interested in entering the retail food market should start by sending product literature and samples to local importers, distributors and large retailers. Additionally, many local importers, as well as retailers, travel to trade shows such as the Americas Food and Beverage Show in Miami, FL. Good follow-up with prospective clients after a trade show is essential in forging successful business relationships.

Retail Small—Convenience Stores and Gas Marts

Due to their limited storage space, convenience stores and gas marts require frequent deliveries of small orders from local importers, distributors, local manufacturers and producers. The best way for a U.S. supplier introduce a product to this sub-sector is by contacting local importers.

The Trinidad & Tobago National Petroleum Marketing Company, with a network of 215 service stations, is the country's sole marketer of petroleum fuels. The company's convenience stores, Quik Shoppes, are located throughout the two islands. Quik Shoppes have quick-service restaurants and carry a wide range of grocery, beverage and snack items.

The United States Leads Among Foreign Food Suppliers to Trinidad and Tobago



Traditional Retail—Mom-‘n’-Pop Shops, Independent Grocery Stores and Wet Markets

The best method for entering the traditional retail market, comprised of mom-‘n’-pop shops, independent grocery stores and wet or street markets, is through local importers and wholesalers. Traditional retail storeowners like to buy from local importers and wholesalers because their prices are low, and the storeowners can retail their goods at prices competitive with those of supermarket chains. Most small, independent grocery stores operate out of their homes, and thus enjoy a rent-free advantage over other types of food stores. These operations typically cater to people who live nearby. Customers receive personalized service, and tend to be loyal.

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For more information on this market, visit the Caribbean Basin Agricultural Trade Office Web site: www.cbato.fas.usda.gov

U.S. Product Prospects

Products already present in the Trinidad and Tobago retail food market that still have good sales potential for U.S. exporters include:

- Fruit juices
- Beef
- Turkey (especially around the Christmas Holiday)
- Pork
- Fresh produce (e.g., apples, grapes, citrus and broccoli)
- Cake mixes
- Soups
- Cheeses

There has been a wide trend toward packaged and cooked foods in Trinidad and Tobago. Supermarket managers have noted the sales potential of goods such as powdered coconut milk, packaged roti (a local delicacy similar to a wrap), and pre-seasoned meat products. With a growing Muslim community, there is also high demand for *halal* meats.

Products not present in significant quantities but that have good sales potential include:

- Healthy food products and nutraceuticals (e.g., vitamins, low-fat foods and granola bars)
- Herbal products (e.g., tea)
- Non-Caribbean produce (e.g., raspberries, strawberries and black mushrooms)
- Pickled products
- Ethnic food ingredients, sauces and condiments (items used in Indian, Thai, Japanese and Italian cuisines are in especially strong demand)

The products below have good sales potential. Their access is restricted by high tariffs, yet they have niche markets to fill:

- Ice cream
- Beer and wines
- Specialty fresh produce (e.g., brussels sprouts, asparagus and artichokes)
- Processed fruits and vegetables
- Wheat flour

The following products are not present because they face significant barriers:

- Citrus
- Honey
- Margarine
- Avocados
- Selected poultry products

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