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Caribbean Basin

Retail Food Sector

Report

St. Lucia

2003

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Report Highlights:
St. Lucia imported approximately $80 million in total food products with 65 percent destined for the retail sector. An estimated 40 percent of these food products sold in the island come from the United States. This report provides U.S. exporters with information on how to successfully access the St. Lucia retail market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11], C1

I. MARKET SUMMARY

Country Snapshot

St. Lucia, the second largest of the Windward Islands, is located in the middle of the Eastern Caribbean. It is approximately 1,300 miles southeast of Florida, just over 20 miles south of the French island of Martinique and a similar distance from St. Vincent and the Grenadines. St. Lucia is 616 sq km, with a combination of high mountains, rain forests, lowlands, and beaches. The capital city of Castries is located in the Northwestern part of the island. The population of St. Lucia is approximately 150,000 (60,000 of which live in Castries) with a GDP per capita of $4,400 (2001 estimate).

Market Overview

Agriculture, primarily banana farming, had traditionally been St. Lucia's principal source of livelihood. However, changes in the EU import preferences and increased competition from Latin American markets forced the island to diversify its economy. The government of St. Lucia began creating incentives to push the tourism and offshore banking sectors. Today, agriculture represents only 7.9 percent of GDP while the services and industry sectors represent 72.5 percent and 19.6 percent, respectively. Tourism is probably the single largest contributor to economic activity in St. Lucia. Tourism also offers numerous opportunities for improvements and developments in the areas of agriculture, manufacturing and services.

Because of constraints and limitations with local production, St. Lucia imports the majority of its food needs. St. Lucia's total food imports exceed an estimate of US $80 million annually. The food retail sector accounts for 65 percent of total food imports; the remaining 35 percent is channeled into the food service sector. An estimated 40 percent of the food products sold in the island come from the United States; approximately 25 percent of food products sold come from other Caribbean islands and about 10 percent from the United Kingdom.. Staples such as fresh fruits, poultry, processed fruits and vegetables, fresh vegetables and red meats account for the largest percentage of sales.

Table 1. U.S. Market Share of Food Products Exported to St. Lucia

Agricultural Products	Percentage Share %
Fresh Fruit	98
Poultry Meat	74
Processed Fruits and Vegetables	67
Fresh Vegetables	67
Red Meats, Fresh/Chilled/Frozen	61

Source: UN Trade Data 2001

U.S. pork and poultry products face some local competition because the St. Lucia Department of Agriculture has imposed limitations on the quantity of products that can be imported in order to protect local production. For example, for a local company to be able to import products such as pork or chicken they must first purchase 20 percent of their needs locally. However, local suppliers are not consistently able to meet the demands of the retail and food service sectors. Importers and producers have an amicable agreement to ensure demand is met.

U.S. food products and brand names are known throughout the island for their quality and competitive prices. European and Caribbean brand names are also well known throughout the island because of past and current economic and cultural ties to St. Lucia. As a result, St. Lucian's have generally positive attitudes towards imported food products, but are also quick to express their desires to protect local agricultural production. Still, according to food importers, price is the determining factor when making purchasing decisions. The preference for lower prices over brand names varies according to the economic situation impacting the island. Given the current economic downturn there has been a growing tendency to sacrifice quality in favor of lower prices.

The majority of food products exported to St. Lucia are channeled through South Florida, particularly Miami. St. Lucia's key players use Florida based companies that act as manufacturer representatives and consolidators to import their food products. Products are shipped on a weekly basis to St. Lucia. Importers generally have good working relationships with Customs, an aspect that facilitates trade.

According to U.N. Trade Data

- In 2002 St. Lucia imported $31.3 million food products from the United States.

Trends in Services

- In an attempt to increase sales, discount cards and coupons have been incorporated into supermarkets' marketing strategies.
- To attract more customers, supermarkets offer other services such as the opportunity to pay utility bills at their stores.
- Higher-end supermarkets are allocating space for delis and bakeries.
- Trends towards healthy foods are slowly making an impact in St. Lucia. Demand for products such as sugar-free juices and low-fat yogurt are increasing

Retail Profile

Advantages	Challenges
St. Lucia imports most of its food needs.	**The Government of Saint Lucia has imposed import requirements in order to protects local production of pork and poultry.**
U.S. products and brand names are known throughout the island for their quality and competitive prices.	**New labeling requirements (scheduled to be enforced in January 2003) might require certain products to be relabed.**
The United States supplies approximately 40 percent of all food products.	**Free Trade Agreement with CARICOM countries has increased trade from the Caribbean to Saint Lucia. Competition also continues from traditional European markets.**

II ROAD MAP FOR MARKET ENTRY

A. Supermarkets

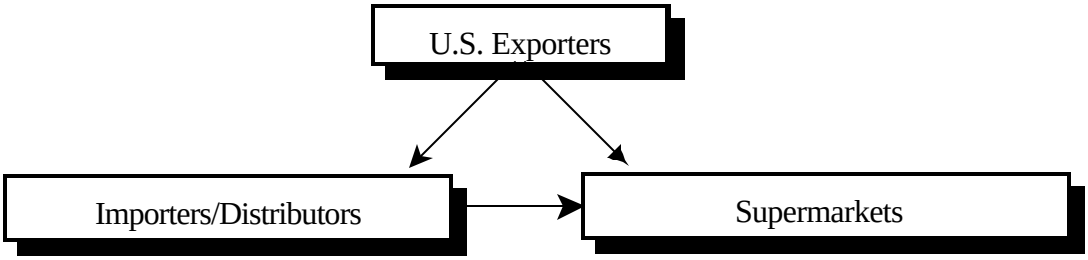
Entry Strategy: The two major supermarket chains, JQ's and Julian's, are direct importers and distributors of food products and will occasionally act as wholesalers selling to the gas marts and mom and pop stores. A number of the independent supermarkets also act as wholesalers for customers who buy in large quantities. At the same time, some supermarkets purchase around 25 to 45 percent of different goods from the local importers and distributors. The supermarket chains are always in the market for new products. Directly contacting the supermarkets and importers are good avenues for accessing St. Lucia's retail industry.

The importers and supermarket chains will occasionally attend trade shows in the United States and Europe. However, they will attend these sporadically and prefer meeting with exporters in a more personal setting. Importers primarily visit the National Restaurant Association (NRA) show in Chicago and the America's Food and Beverage(AF&B) show in Miami (AFB).

It is recommended that U.S. companies interested in doing business in St. Lucia travel to the island to explore first-hand the opportunities available. U.S. companies should be ready to provide samples, pricing and credit information. U.S. companies should also be willing to handle smaller shipments to companies (usually located in Florida) that consolidate food products for St. Lucian importers. Finally, U.S. exporters should keep in mind possible conflicts with other products already represented in the island by one of the importers.

Market Structure:

Flow Chart:



St. Lucia has a well established and competitive retail industry. Outlets include two major supermarket chains (located throughout St. Lucia), approximately 30 smaller supermarkets, over 80 mom and pop stores, and close to 20 gas marts. Retail outlets are well located throughout the island in both rural and urban areas providing St. Lucian's with a wide variety of choices for their food purchases.

St. Lucian importers sell both to the retail and food service sectors. However, because the major supermarket chains import directly, and importer's share of the market depends on their ability to provide competitive prices and exclusive brands. The St. Lucian retail industry is not particularly loyal to a specific importer, they will purchase according to the importer's product selection and prices relative to other suppliers.

The higher-end supermarkets, which target the upper and upper-middle income groups, are located in the main cities and offer a wider variety of products and services such as a bakery and/or deli. The other supermarkets offer less variety, more generic brands, and pocket-friendly prices.

Some of the major importers have small retail stores, such as Chef Choice Meats which owns a small store by the same name, Bryden's owns *Bryden's Meats and More*, and Peter and Company also owns a small retail outlet called *Wet and Cold*.

Table 2. Supermarket Profiles

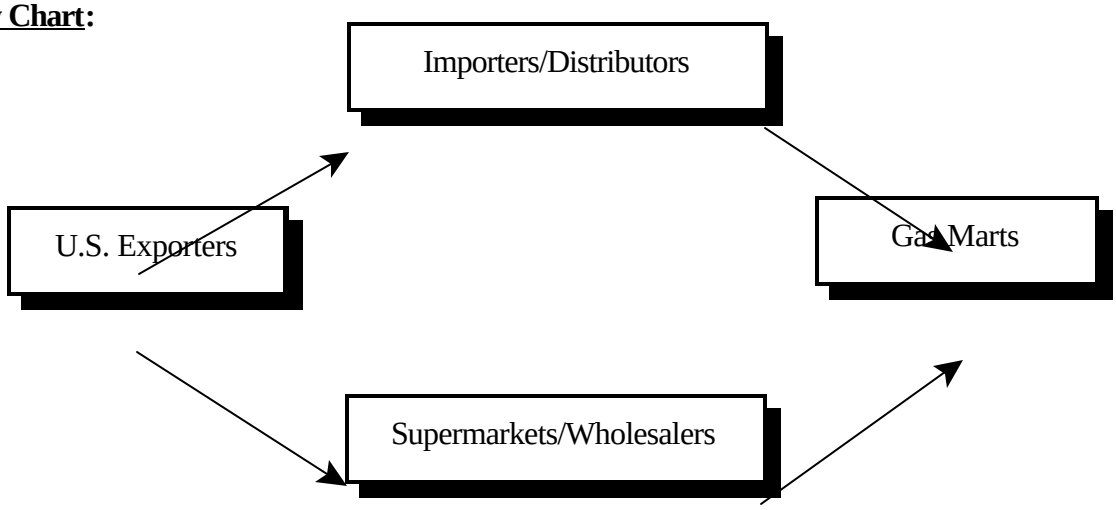
Name of Retailer	Ownership	Number of Outlets	Type of Purchasing Agent(s)
JQ's	Local	10	Direct Importer, Importer/Distributors
Julian's	Local	6	Direct Importer, Importer/Distributors
Lera's Enterprises	Local	1	Importer/Distributors, Local
Windtrades Supermarket	Local	1	Importer/Distributors, Local

B. Gas Marts

Entry Strategy: Gas Marts purchase from 95 to 100 percent of their products from the local importers and distributors. The best method for a U.S. company to introduce new products into the gas market is through one of the local distribution chains or by visiting and sending samples to the local managers. If the managers are interested in the product, they will in turn request it from the local importers and distributors.

Market Structure:

Flow Chart:



In the mid 1990's there was a surge in gas marts in St. Lucia. However, the economic downturn has forced some of them to close during the past year. Gas marts are located throughout the island in both rural and urban areas. Gas Marts face strong competition from local convenience stores and smaller supermarkets, which are also strategically located throughout the island.

Company Profiles:

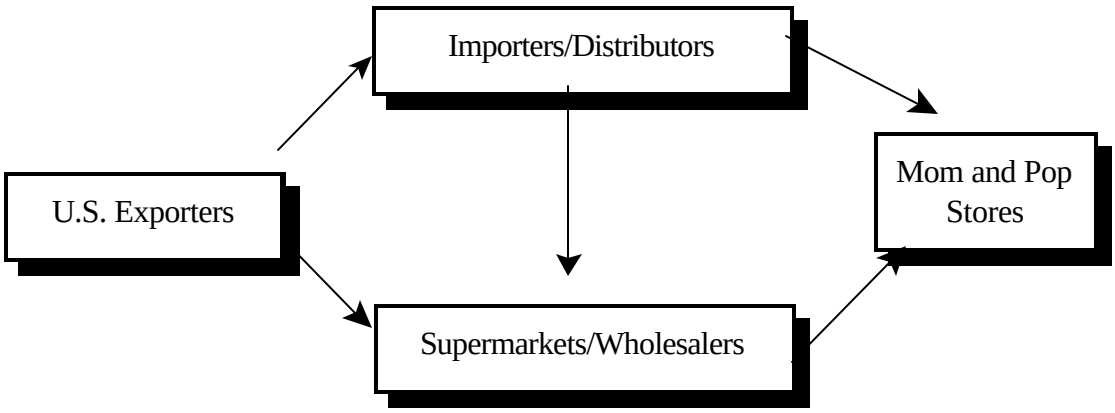
Name of Retailer	Ownership	Number of Outlets	Location	Type of Purchasing Agent (s)
Shell	Local (franchise)	10-15	Throughout St. Lucia	Importers/Distributors, Supermarkets/Wholesalers
Texaco	Local (franchise)	10-15	Throughout St. Lucia	Importers/Distributors, Supermarkets/Wholesalers
Glace Motors	Local	1	Castries	Importers/Distributors, Supermarkets/Wholesalers

C. Mom and Pop Stores

Entry Strategy: Mom and Pop Stores in Saint Lucia are located in both rural and urban areas. They provide basic staples, canned foods and bottled beverages. Mom and Pop stores rarely, if ever, import directly; the most effective way for a U.S. exporter to introduce a product into this market is through the local wholesalers.

Market Structure:

Flow Chart:



Traditional customers are low to middle income class consumers whose tight daily budgets preclude large purchase at bigger and more sophisticated stores. In some sectors of the country, Mom and Pop store sales are being negatively affected by the opening of small retail stores from the two main supermarket chains.

III. COMPETITION

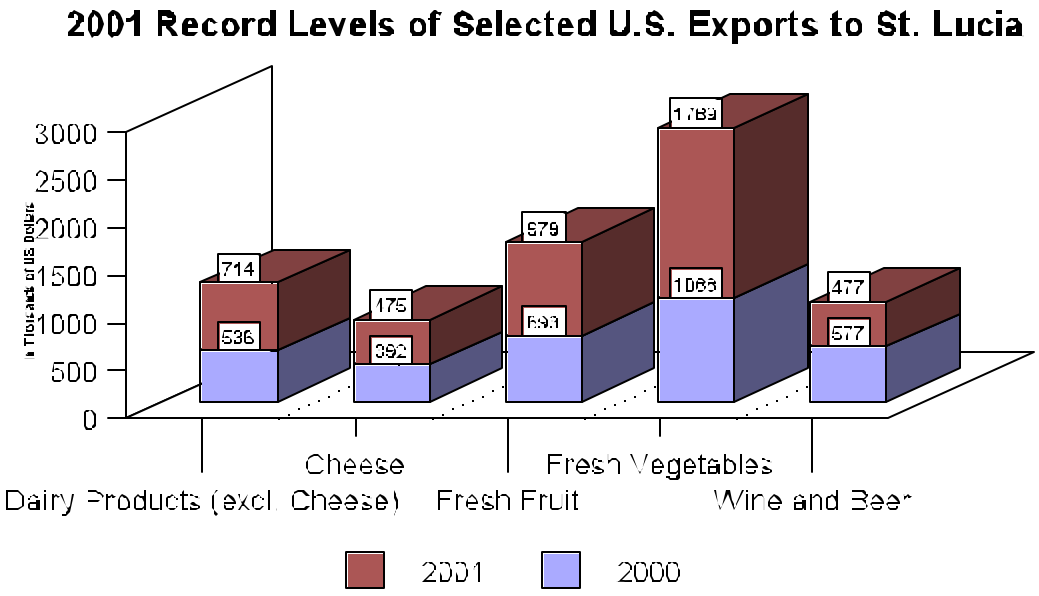
The United States accounts for 40 percent share of St. Lucia's food imports. Competition for U.S. products is mainly in the areas of non-alcoholic beverages, beef (specifically lamb), poultry (specifically chicken wings) dairy products, and seafood.

The following countries compete with the United States in the product categories listed below:

Alcoholic Beverages:	UK
Non-Alcoholic Beverages:	UK, Caribbean, Australia, Chile, and France
Dairy Products:	Europe, Peru
Beef:	Australia, New Zealand, UK (lamb), Argentina, Brazil
Poultry and Eggs:	U.K. (chicken wings), France (duck), St. Lucia
Pork:	St. Lucia
Dry Goods:	UK
Fresh Produce:	St. Lucia
High End Specialty Foods:	Europe, UK

IV. BEST PROSPECTS

A. Products present in the market which have a good sales potential:



Market opportunities exist for a wide array of products

- Poultry
- Wine and Beer
- Pulses
- Processed Fruits and Vegetables
- Fruit and Vegetable Juices
- Breakfast Cereals
- Red Meats
- Dairy Products (including cheese)
- Seafood

B. Products not present in significant quantities but which have a good sales potential

- Low Fat/Health Foods

C. Products not present because they face significant barriers

- Government initiatives to protect the country's poultry and pork agricultural production place restrictions on the quantity of products an importer may purchase from abroad. However, local suppliers are not consistently able to meet the demands of the retail and food service sectors, which, in turn, allows importers to purchase these products from abroad.

V. CONTACT INFORMATION

A. For more information on St. Lucia, including key contacts, and other Caribbean islands please contact:

1. Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Avenue, Suite 720
Miami, Florida 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
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Email: omar@cbato.net
Grace Juelle, Administrative Assistant
Email: grace@cbato.net

2. Please visit our website for more reports on St. Lucia and other Caribbean islands.

http://www.cbato.fas.usda.gov

3. Basic country information may be found in the Central Intelligence Agency's World Fact Book under Saint Lucia.

http://www.odco.gov/cia/publication/factbook

B. Additional Sources of Information on St. Lucia:

Saint Lucia Tourist Board
820 2nd Avenue, 9th Floor
New York, NY 10017
Tel. (212) 867 - 2950
Fax (212) 867 - 2795

Consulate General of Saint Lucia
1101 Brickell Avenue
North Tower, Suite 1602
Miami, Florida 33131
Tel. (305) 523 - 6380

Fax (305) 532-6383
Email consulate@stluciacg.com

Ministry of Agriculture, Forestry and Fisheries
5th Floor Stanislaus Building
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Fax (758) 453-6314
Email: adminag@candw.lc

Saint Lucia Bureau of Standards
Heraldine Rock Building, 4th Floor
John Compton Highway, CP 5412
Castries, Saint Lucia
Tel. (758) 453-0049
Fax (758) 452-3561
Website: http://www.slbs.org.lc

Information Available on the World Wide Web

- Official Website of the Department of Tourism
  www.stlucia.org

- Official Website of the Government of Saint Lucia
  www.stlucia.gov.lc

- Saint Lucia Department of Statistics
  www.stats.gov.lc