

# COUNTRY PROFILE



## JAMAICA AND THE UK

Jamaica has maintained its relationship with the UK post-independence (1962) as a member of the Commonwealth of Nations. This shared history has signified the importance of the UK to the Jamaican economy and Jamaican society.

As a result, thousands of Jamaican nationals have immigrated to the UK and influenced that country's culture in the areas of food and drink and the arts. An estimated 137,000 of second and third-generation Jamaicans now reside in the UK according to the UK Office of National Statistics. The Jamaican High Commission estimates that, through migration and population growth as of 2007, approximately 800,000 persons of Jamaican descent reside in the UK.

- The UK is one of Jamaica's top export partners and a leading destination for food and drink products. In 2016, exports valued US\$49.8 million, which included rum, cane sugar, vermouth, baked goods and fresh produce.
- Tourist arrivals from the UK are consistent with total growth as 206, 470 visitors travelled to Jamaica in 2016, an increase of 3.8 per cent over the previous year.
- FDI from the UK has not seen as strong results as other traditional markets. UK companies have looked to Europe, USA and Asia for their internationalization.

- Historically, high net migration and population growth have led to the UK having the second largest Jamaican diaspora behind the USA (third largest being Canada, using official statistics).
- The large diaspora has been responsible for the distribution of high remittances to Jamaica,

### Key Indicators 2012-2016:

Indicator	2012	2013	2014	2015	2016
Trade Balance		\$14,624m	\$15,902m	\$11,203m	
FDI	N/A	\$0.2m	\$1m	-	-
Tourist Arrivals	145,231	151,315	171,216	199,002	206,470
Remittances	N/A	\$326.8m	\$347.1m	\$331.4m	\$303.5m
Net Migration	3,005	2,874	2,372	1,782	-

### MARKET ACCESS

Jamaican goods and services can readily access the UK market through the provisions of the EU-CARIFORUM Economic Partnership Agreement, which has been in place since 2008. Previously, preferential access was granted under the Lomé Conventions. Loss of access to the UK due to the expected impact of its impending 'BREXIT' from the European Union as a single trading bloc, is not anticipated.



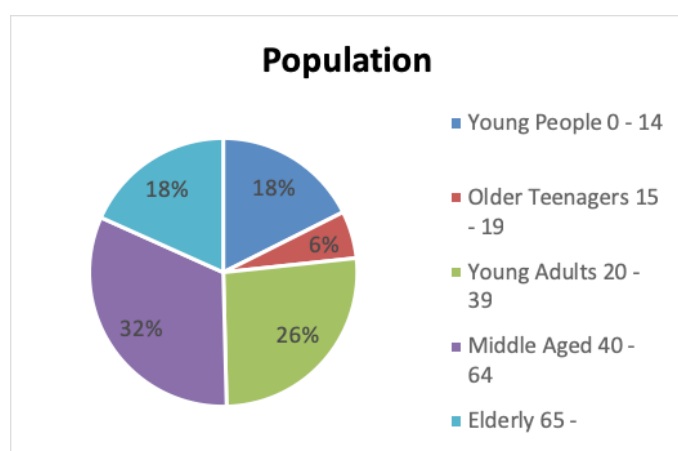
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## DEMOGRAPHY

The combined population of England, Northern Ireland, Scotland and Wales is 65 million. England constitutes 84 per cent of the population, with 55.2 million persons followed by Scotland (5.4 million), Wales (3.1 million) and Northern Ireland (1.8 million). The UK population is growing, having reached its highest reported number in 2016, this is perpetuated by immigration and an ageing population.

Middle aged and older Brits are the largest demographic in the UK – 32 million citizens with diverse spending power. Median household income in the UK rose in 2016 to £26,300 as incomes rose over the past decade and spurred growth of consumption. A depreciated pound and uncertainty in the market could affect spending on goods and services outside of staples, like food and housing.



## KEY DEMAND DRIVERS AND TRENDS

- Competition in the market means consumers are always on the lookout for new products
- While discount stores are gaining market share, there is still substantial demand for specialty products and luxury goods
- Value added and convenience foods for active consumers, millennials and single households present an opportunity
- Healthy products with clean labels whose benefits can be proven based on the proven effects of the ingredients

## OPPORTUNITIES

Unlike most of its traditional markets, the UK is the only top destination to which Jamaica does not export its mineral products. Since 2010 the key earners have been rum and sugar along with sauces, yams, sweet potatoes and ackee.

## BAKED GOODS

The UK market for baked goods is estimated at £6.9 billion with British household spending on average £248 per annum. The baked goods market, excluding bread, is segmented into buns, crispbreads and biscuits 49 per cent, cakes and puddings 32 per cent and savoury pastries 17 per cent (BMI Research, 2017).

Imports of bread and baked goods into the UK continue to grow except for rusks. The £1.7 billion market is led by pizzas, quiches and similar products at £465 million, 258 million kg, pastries £373 million, 215 million kg, while 153 million kg of sweet biscuits valued £339 billion (Trade Map).

## SAUCES

The UK imports £598 million of sauces primarily from EU countries. The category of mixed sauces and condiments is the largest valued £430 million, 346,125 tons (Trade Map). The sauces market is growing as consumers continue to shift from ketchup to other sauces, with added flavour. Hot sauces are doing well in the market growing 7 per cent over 2015 into 2016, while ketchup and brown sauces experienced a decline (Telegraph, 2016). Brits traditionally consume brown sauces, horseradish, and Worcestershire sauce. While some of the most popular hot sauces – Mr Singh's and Sauce Shop – are made with ingredients from Trinidad and Tobago and Jamaica.

## COFFEE

UK coffee sales have been growing thanks to the rapid increase in coffee shops across the country to approximately £1.6 billion in 2016, representing 23 per cent since the start of the decade (BMI Research, 2017).



UK imports of coffee are led by green beans at a value of £439 million for 192,000 tons of coffee processed in the country. Following in volume is roasted coffee valued at £277 million for 47,000 tons and then coffee extracts (which includes pre-packaged instant coffee) valued at £281 million for 46,000 tons of (Trade Map).

British consumers are estimated to consume 55 million cups of coffee per day, almost one cup per person (British Coffee Association, 2016). The number of UK coffee shops have been increasing rapidly over the past decade and are expected to reach a saturation point

by 2020. In 2015, there were 20,000 outlets with many found in high streets (Allegra World Coffee Portal, 2015).

Despite the rapid growth of coffee shops, at home consumption is still prevalent, with 51 per cent of consumers preferring to brew at home. Ground coffee and single serve pods are more popular among the millennial generation while instant coffee is consumed by most households (Mintel, 2015).

Key trends in the marketing of coffee are the sourcing and quality, specialty coffee, with a cupping score above 85 and ethnically sourced and traded coffee, featuring labels like 4C, Fairtrade, UTZ certified etc.

## TEA

The UK is traditionally a tea-consuming nation, ranked third globally for per capita consumption of 4.28 pounds annually (Quartz, 2014). However, with the growing popularity of coffee, tea is now second to coffee in the hot beverage market with sales of £1.1 billion in 2016 (BMI Research, 2017).

Tea imports are primarily black teas, valued £245 million for 111,000 tons while green teas are £22 million for 4,000 tons (Trade Map). Traditional black teas have been losing market share to the infusion/herbal teas like mint and fruit teas, while the purported health benefits of green tea have supported its growth. Unlike coffee, tea is heavily consumed at home, with only 14 per cent of consumption in shops and other locations. This affords the opportunity for direct to household marketing, competing with mega brands like Tetley, Lipton, Twinning's, Typhoo and Yorkshire. Along with niche products from India, the Americas and the EU (CBI, 2016).

## COSMETICS

The overall UK market for personal care products is at a historic high of £31 billion in sales, growth of 34 per cent since 2010. This amount includes spending on hairdressing/personal grooming, small electric appliances for personal care, toiletries and other similar products (BMI Research, 2017).

The Cosmetic, Toiletry and Perfumery Association of the UK reports the industry size of £9.38 billion, spread across: fragrances, colour cosmetics, skincare, haircare and toiletries. The largest segment is in toiletries at a value of £2.167 billion, a narrow margin above skincare at £2.16 billion (CPTA, 2016).

The UK market is supplemented by imports from France, USA, Germany and China. Imports of skincare products are the largest market, valued £1.7 billion with a volume of 196,761 tons. Perfumes are the second largest market having passed fragrances for manufacturing in 2014 to reach £786 billion in 2016. While hair care products have grown 28 per cent in years, to £512 billion in 2016, moving 1.7 million tons of product (Trade Map).

The growing trends in the market are in natural ingredients with a "green" approach, along with products for men which target grooming and skincare.

## NATURAL INGREDIENTS

The natural ingredients market in the UK is highly lucrative due to the convergence between the beauty and food and beverage industries. The fragrance import market is valued at £675 million for products used in the manufacture of food and beverage and non-food manufacturing sectors (Trade Map).

The emergence of nutricosmetics and numerous functional food and drinks has led to an influx of new products targeting health conscious consumers who prefer sustainably produced products with identifiable source ingredients. These can be essential oils, botanical extracts and vegetable oils (CBI, 2016).

UK imports of essential oils are valued at £210 million for 13,000 tons, attaining the highest unit values for all products in the category of cosmetics, perfumes and other ingredients for manufacturing. Essential oils, including popular flavours and fragrances like citrus and peppermint, are used in the manufacture of food, beverages, pharmaceuticals and cosmetics (Trade Map).

The growing trend in the market for sustainable products with 100 per cent natural ingredients boosts the opportunity for countries like Jamaica with available plants for oils and extracts.

From Jamaica's top export commodities, the largest market in the UK is for baked goods, £1.2 billion in imported products from the EU and Americas. The smallest market, for yams, is led by Ghana which satisfies 70 per cent of the market and is also more price competitive.

## TOP TRADED PRODUCTS

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Product	5-year Average (UK£ 000s)	Value (UK£ 000s)	Quantity (Tons)
Aluminium oxide	43,923	51,066	179,238
Aluminium ores	10,564	6,137	19,804
Rum	65,080	70,009	23,191
Coffee beans	344,399	439,230	192,482
Yams	7.885	9,013	10,993
Sauces	384,961	430,500	314,954
Beer	442,163	532,609	1,101,073
Baked goods (excl. sweet biscuits)	1,131,695	1,259,842	696,080

Product	5-year Average (UK£ 000s)	Value (UK£ 000s)	Quantity (Tons)
Aluminium Hydroxide	29,920	32,379	41,389
Preparations for animal feeds	304,409	351,207	624,325

## DISTRIBUTION CHANNELS

The UK grocery retail sector is highly competitive with a mixture of hypermarkets (a combined supermarket and department store), supermarkets, discount and convenience stores giving consumers a range of choices across all formats. The largest retailer is Tesco, which operates across all segments, with at least 30 per cent market share. The attractiveness of the UK grocery retail sector has attracted US, German and other companies from the EU, increasing competition and sophistication in the market. Price competition, owing to a depreciated pound and pressure from discount retailers, has led to growing improvements from the big retailers, including online shopping and quick delivery.

Company/Brand	Type	Stores
Tesco	Supermarkets, convenience stores, hypermarkets, other	3,433
Asda Group (Walmart)	Hypermarkets, supermarkets	631
J. Sainsbury	Supermarkets, convenience stores	1,304
Wm Morrison Supermarkets	Supermarkets, convenience stores	498
Marks & Spencer Group	Supermarkets, convenience stores	571
Waitrose	Supermarkets	346
The Co-operative Group	Supermarkets, convenience stores	2,774
Spar	Supermarkets	2,434
Iceland	Supermarkets	842
Lidl	Discount stores	650
Adli	Discount stores	659
Costcutter	Supermarkets, convenience stores	1,700
Farmfoods	Supermarkets	300

### Resources:

- BMI Research
- Centre for Promotion of Import from Developing Countries
- The Guardian
- Telegraph
- Trade Map

For more information on the UK market and exporting contact:

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