

# COUNTRY PROFILE



## JAMAICA AND THE USA

The United States of America (USA) is Jamaica's most important trade partner. It is the leading destination for exported goods and is also Jamaica's major source of imports. The two countries have a strong cultural affinity as the largest Jamaican diaspora population – an estimated 965,355 persons according to a 2010 census can be found in the USA, in the states of Florida, Georgia and New York. The USA is Jamaica's largest trade partner, importing \$498 million worth of Jamaican goods and exporting \$1.8 billion to the Jamaican market resulting in a trade deficit.

- The USA provides Jamaica with its largest share of tourist arrivals representing 64.4 per cent of the market in 2016, with the majority coming from the northeast and Southern regions.
- Business relations between Jamaica and the USA are strong as more confidence in the market increases the flows of investment into the services sector. Keen interest is developing in emerging sectors like Business Process Outsourcing.
- With the largest diaspora population, remittances from the USA contribute to a number of households across Jamaica adding foreign exchange to the market valued over US\$1 billion.

**Table 1: Key Business Indicators US & Jamaica**

| Indicator            | 2012   | 2013      | 2014       | 2015       | 2016       |
|----------------------|--------|-----------|------------|------------|------------|
| Trade Balance (US\$) |        | -\$1,351m | -\$1,712m  | -\$1,406m  | -\$1,382m  |
| Tourist Arrivals     |        | 1,271,262 | 1,296,457  | 1,344,149  | 1,406,058  |
| FDI (US\$)           | N/A    | \$23.7m   | \$171.1m   | \$13.7m    | -          |
| Migration            | 20,705 | 19,400    | 19,026     | 17,642     | NA         |
| Remittances (US\$)   | N/A    |           | \$1,288.2m | \$1,394.2m | \$1,473.2m |

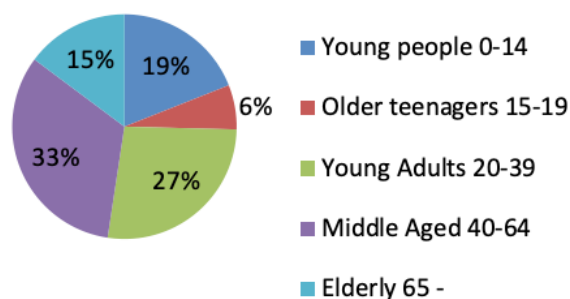
## MARKET ACCESS

Most Jamaican products are afforded duty-free access to the USA through the Caribbean Basin Economic Recovery Act of 1983 (CBERA) and the Caribbean Basin Trade Partnership Act of 2000 (CBPTA). Ineligible products include: textiles and apparel, petroleum products and certain leather apparel among others.

## DEMOGRAPHY

As the third largest country in the world (by population) the USA presents a great opportunity for consumption of a variety of Jamaican products and services across demographic segments. For example, the largest demographic group in the USA are middle-aged Americans 40-64 years. However, millennials (18-34) have recently overtaken the baby boomers as the largest generational group to reach 75.4 million. The largest earning group is the 45 to 54 group earning median income of US\$73,857 per annum.

### Population



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## KEY DEMAND DRIVERS AND TRENDS

- Socially conscious buyers in the millennial group
- Pre-packaged products for convenience marketing - catering to those with an on-the-go lifestyle
- Organically grown products and products with natural ingredients

## MARKET STATISTICS

Jamaican exports to the US market consist of: aluminium ores, slag and ash, beverages sauces, spirits and vinegar, certain roots and tubers, vegetables, fruit, nuts, precious or semi-precious stones and coffee. Current trends indicate the potential for an increase in exports of food and beverages to the US based on steady demand. Additionally, non-food goods like essential oils and cosmetic products, specifically Jamaican black castor oil can be competitive in the USA market. There is also the opportunity to push Jamaican exports beyond the diaspora to the mainstream markets. Sales of food and drink in the USA reached US\$948 billion and are projected to grow 3.9 per cent up to 2020. Forecasts from industry analysts note, however, that despite increased consumer spending, food sales are relatively inelastic and are not expected to see the growth which is in other high change sectors (BMI Research, 2017).

### FRESH PRODUCE

The US market for fresh produce (fruit and vegetables) continues to be robust despite changing preferences in other food segments like meats and processed foods. Sales of vegetables value US\$66.7 billion and are expected to grow above 4 per cent up to 2020. Dried and preserved vegetables have the largest market share, 36 per cent followed by other vegetables at 33 per cent, root vegetables and mushrooms 11 per cent, potatoes 10 per cent and leaf and stem vegetables 9 per cent (BMI Research, 2017). The domestic market is supported by \$10 billion in imports, primarily from Mexico which has a 61 per cent market share with leading products being tomatoes, sweet peppers and asparagus (Trade Map).

Fresh and preserved fruit sales reached \$49 billion in 2016 and are forecast to grow, on average, by 5 per cent up to 2020. Citrus products, fresh apples and bananas account for 48 per cent of the market, other fruits 41 per cent, canned fruit and fruit-based products 7 per cent, and dried fruits and nuts 3 per cent (BMI Research, 2017). Domestic consumption includes \$16 billion of fruit imports from Mexico, Chile and Guatemala and other countries. Leading products are: bananas, avocados and cashew nuts (Trade Map).

**Tubers:** Known as superfoods, yams and sweet potatoes have become increasingly popular in the USA. Per capita consumption of sweet potato grew to 7.5 pounds in 2014 due to strong marketing of its health benefits, primarily high beta carotene. Comparably, yams have had a boost in the last decade through the African and Caribbean influx and are a holiday treat served at Thanksgiving and Christ-

mas. Jamaica is the largest exporter of yams to the USA controlling 31 per cent of the US\$70 million import market as of 2016 (Trade Map).

**Peppers:** The US market for bell and chili peppers is very robust with per capita consumption of 10.6 pounds for bell peppers and 7.2 pounds for chili peppers. Despite strong domestic production from California which has 60 per cent of national output, imports are high. The import market in 2016 for fresh peppers stood at US\$1.5 billion which includes organic, greenhouse and traditional farmed bell and chili peppers. Leading suppliers and, hence, Jamaica's competitors are Mexico, Canada and Peru with a combined 90 per cent market share (Trade Map).

### BEVERAGES

The beverage market is developed and competitive with numerous players and products. Soft drinks sales are nearly double that of alcoholic drinks, with an estimated \$88 billion in sales for 2016. The industry is led by multinationals Coca Cola, PepsiCo and Dr Pepper Snapple. Key insights on consumer demands highlight the top choices in beverages are: natural, healthy, organic, energy boosting and convenient (BMI Research, 2017).



The carbonated soft drinks (CSD) sub market is facing declining sales due to changing demands by consumers. Sales have fallen from at \$36 billion in 2012 to \$32 billion in 2016. Waning interest in CSD is due to the shift in focus to low sugar products, like flavoured waters. Fruit and vegetable juices are the smallest sub market in the beverage industry with sales averaging \$3.1 billion. Beverages like soft drinks are facing increased scrutiny for high sugar content and unhealthy preservatives.

Coffee, teas and other hot drinks now represent the largest sub market of the beverage industry. Coffee is one of the most highly consumed beverages in the US; it is a \$27 billion market accounting for 31 per cent of all non-alcoholic beverage sales. Domestic consumption is high with 64 per cent of the adult population drinking at least one cup per day. Specialty coffee brands are increasingly popular, growing at 20 per cent per annum in independent shops and brewed by households.



Additionally, the USA is the third largest import market for tea in the world behind Russia and Pakistan, valued \$483 million for 131,071 tons. The tea industry has been sustained by the varieties offered either hot or cold with some 56 per cent of Americans drinking tea daily in a \$9 billion market; key regions being in the south and north-east. The millennial market and increased awareness of health and wellness have driven demand for green, black specialty teas, fruit and herbal along with white and red teas. Ready to drink teas have been a sustained trend owing to the convenience of consumption.

## SEAFOOD

The USA is the world's largest importer of seafood valued \$16.3 billion in 2016. The domestic market is heavily supplied by imports, accounting for 90 per cent of market share, with key source markets of Canada, China, Chile, India and Indonesia (Trade Map). Despite the high imports, American consumers have gradually been consuming less sea food, on average 14.5 pounds per capita as of 2014. This relatively low per capita consumption is due to low consumption in states outside of the southern and western states. Top consumed seafood products are shrimp (27%), salmon (16%), canned tuna (15%) and tilapia (9%). (USDA, 2015) To date, Jamaican exports in seafood to the USA are lobsters, valued US\$1.2 million in 2016 for 10 tons.

## PREPARED FOODS

The US market for bakery products has rebounded to achieve sales of \$38 billion in 2016, with flat growth forecasted up to 2020. American consumers enjoy sweet treats despite the growing health consciousness across some segments. The industry is led by buns (46 per cent), crispbreads and biscuits and cakes and puddings (33 per cent) followed by savoury pastries (21 per cent). (BMI Research, 2017) With imports of \$4.6 billion, the US is the world's largest market for baked goods. Canada and Mexico account for 67 per cent of the market, with products led by sweet biscuits and frozen pastries. (Trade Map)

At around \$24.5 billion for 4.1 million tons in 2016, the market for sauces, condiments and dressings are a lucrative market for Jamaican products. The mature market is forecast to grow at 2 per cent up to 2021 reaching \$26 billion in sales. This includes cooking ingredients, dips, table sauces and other sauces to be used in the preparation of foods. Leading product categories by value are: dips 15 per cent, herbs and spices 13 per cent and salad dressings 11 per cent (Euromonitor, 2017).

Kraft Heinz, McCormick, Frito Lay are industry leading brands with strong recognition in the market. However cheaper private label brands are heavily consumed, meeting consumer tastes and budget accounting for just over 13 per cent of sales. Imports of \$1.1 billion are sourced from across the globe, with Canada, Mexico and Italy market leaders, and top products: other sauces, mixed condiments and seasonings and soy sauces.

The growing preference for new food flavours drives interest in choice, with emphasis on ethnic flavours. The key trend in consumption of sauces and condiments is the stay at home population. Those individuals who prefer to eat at home and prepare meals are those most likely to use specialty dressings and other food additives. Low sodium products are considered most attractive due to consumer health claims, while maintaining a distinct flavour. Traditional staples in sauces like ketchup and mayonnaise are experiencing flat or declining growth while the ethnic and spicy foods are leading to strong growth in herbs and spices.

## COSMETICS

The personal care market is the largest in the world. It is big business in the USA where an estimated \$49 billion was spent in 2016 on products ranging from makeup, hair and skin care to others. Within this large consumer goods industry, hair care products are especially profitable, leading the market with 24 per cent market share, followed by skin care 23.7 per cent and cosmetics 14 per cent. Key trends in this industry are the demand for natural products and multicultural campaigns driven by the millennials market segment (BMI Research, 2017). The afro/natural hair /ethnic hair care products segment have provided a resurgence for traditional home-used ingredients like castor oil, coconut oil, aloe vera and honey.

## TOP TRADED PRODUCTS

Jamaica's current product mix is heavily concentrated in the food and beverage products, while the higher value products are minerals and mineral fuels. Food and beverage products are in demand from consumers through traditional retail segments, while the food service segment such as restaurants and hotels offer opportunities for manufacturers to export in bulk. The table below outlines some of Jamaica's top commodity exports and the import market size in USA. The largest potential market is that of beer, valued at \$5 billion followed by green coffee beans, valued at \$4 billion.

| Product                       | 5-year Average (US\$000s) | Value (US\$ 000s) | Quantity (Tons) |
|-------------------------------|---------------------------|-------------------|-----------------|
| Aluminium oxide               | 615,459                   | 385,146           | 1,002,279       |
| Aluminium ores                | 463,054                   | 236,367           | 6,285,308       |
| Rum                           | 120,092                   | 132,823           | 28,033          |
| Coffee beans                  | 4,827,675                 | 4,531,827         | 1,417,053       |
| Yams                          | 63,718                    | 69,416            | 42,660          |
| Sauces                        | 831,733                   | 945,340           | 466,208         |
| Beer                          | 4,401,216                 | 5,080,570         | 3,915,324       |
| Baked goods                   | 2,341,586                 | 2,863,764         | 878,465         |
| Aluminium Hydroxide           | 144,728                   | 161,810           | 223,670         |
| Preparations for animal feeds | 574,591                   | 529,565           | 392,836         |

## DISTRIBUTION CHANNELS

The US retail sector is becoming more consolidated with large companies scaling up further by acquiring or merging with smaller companies. The acquisition of Whole Foods by Amazon is just one of many moves – serving to merge online retail and brick and mortar stores. Despite the convenience of online and its growth, consumers still make the trip to the supermarket and hypermarkets for one-stop shopping.



Grocery shopping remains one of the most important touchpoints for consumers who now make 51 per cent of purchases online. Through 2016, only 5 per cent of US consumers preferred shopping online. Across the states there are key industry players who feature prominently and have strong brand experience as key retail points. Convenience stores and online platforms are driving change in the market and gradually taking share away from traditional brick and mortar stores.

| Company/Brand            | Type                               | Stores           |
|--------------------------|------------------------------------|------------------|
| CVS                      | Drug store, health and wellness    | 7,800            |
| Kroger                   | Supermarkets, drug stores          | 2,775            |
| Rite Aid                 | Drug store, health and wellness    | 4,750            |
| Walgreens Boots Alliance | Drug store, health and wellness    | 4,561            |
| Target                   | Hypermarket                        | 1,790            |
| Walmart Stores           | Hypermarket                        | 5,352            |
| Supervalu                | Hypermarket                        | 2,012            |
| Publix                   | Supermarkets                       | 1,155            |
| Ahold Delhazie           | Supermarkets                       | 2,000 (estimate) |
| Safeway                  | Supermarkets                       | 1,326            |
| 7-Eleven                 | Convenience stores                 | 8,378            |
| Dollar General           | Variety stores                     | 14,000           |
| Winn-Dixie Stores        | Supermarkets, neighbourhood stores | 595              |

### Resources:

- BMI Research
- Euromonitor
- International Trade Centre
- USDA Agricultural Marketing Resource Centre

For more information on the USA market and exporting contact:

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