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Global Agricultural Information Network

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Peru

Food Processing Ingredients - 2017

Opportunities for U.S. Food Ingredients

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Report Highlights:

Peru's food processing industry is a dynamic sector of the national economy. U.S.-origin food processing ingredient exports to Peru are forecast at \$202 million in 2017. Peruvian government stimulus measures will likely spur domestic consumption and growth in the sector, despite an overall economic slowdown. This report provides a road map for exporters wishing to enter the market, and who want to gain an understanding of the key channels of distribution for food ingredients and important growth areas for industrially processed food, beverages, and edible fishery products.

Post:

Lima

Executive Summary:

Peru's GDP growth slowed down in 2017 due to natural disasters, low domestic demand, and a slowdown in the construction sector caused by the Odebrecht corruption scandal. However, government investment and a reconstruction initiative will stimulate the economy. As a result, the Central Bank of Peru's September 2017 report forecasts that GDP growth will be 2.8 percent in 2017, compared to four percent in 2016. Moreover, it forecasts high domestic demand in 2018-2019 which will fuel opportunities for growth in the food manufacturing sector.

The Central Bank of Peru estimates a 1.6 percent GDP growth in the manufacturing sector in 2017. The food industry in Peru accounts for almost 27 percent of the industrial GDP and sales are forecasted to reach \$14.3 billion in sales by the end of 2017.

Local food manufacturers have tapped into consumer demand for quality food at affordable prices. They are also successfully tailoring products to meet increasing consumer demand for healthier food products. Food product manufacturers source both domestic and imported product ingredients. Some manufacturers are now producing food products for distribution through vending machines to meet time-starved consumers' demand. Several larger processors import directly from the United States. Small processors rely on local distributors to import their ingredients.

The growth of Peru's food processing industry is directly linked to the development of its food retail and food service sectors. It is expected that in 2018 the improving economy will cause these sectors to rebound from recent slowdowns. As supermarket and hypermarket operators continue to expand their networks throughout the country, they will likely also expand their private label brands into new product categories. The two criteria retailers use when looking to launch new products are quick rotation and profit per unit. Retailers have the advantage of being able to give their private label lines good shelf positioning and to promote them through their magazines, catalogues, websites, and social media.

Almost 80 percent of all food is purchased through small independent grocery stores known as bodegas. In low-and-middle-income households, there is a higher presence of daily-purchases at these stores to acquire ingredients needed to prepare the daily meals. These include meat, rice, vegetables, fruit, seasonings, dairy products, and fresh artisanal bread, among others. These customers are primarily looking for convenience (in terms of proximity of the store), small-sized packages, and the ability to buy on credit.

Peruvians prefer fresh food over packaged food, particularly when it comes to vegetables, fruit, meat, and bread. However, packaged rice, pasta, snacks and cookies all have a strong presence in the market. Despite their strong preference for fresh ingredients, Peruvians are also looking for convenience as it is becoming more difficult to prepare large and elaborate meals at home. As a result, some packaged food categories can be expected to see increased demand. The most successful will be those which are perceived as more natural and healthy while also offering traditional Peruvian flavors.

FAS Lima forecasts that U.S.-origin processed food products and ingredients exports to Peru will reach \$202 million in 2017, a decrease of \$13 million or 6 percent compared to 2016. The main driver for this fall is linked to reduced imports in the fats and oils (89 percent) category, due to competitive pricing from Argentina, and food preparations (23 percent), influenced by the changes on sourcing location by big food corporations. Strong performance in other sectors cushioned this fall in 2017 including baby

food (up 151 percent), processed fruit (up 181 percent), processed/prepared dairy (up 81 percent) and prepared/preserve meats (up 50 percent).

Advantages and Challenges Facing U.S. Products in Peru

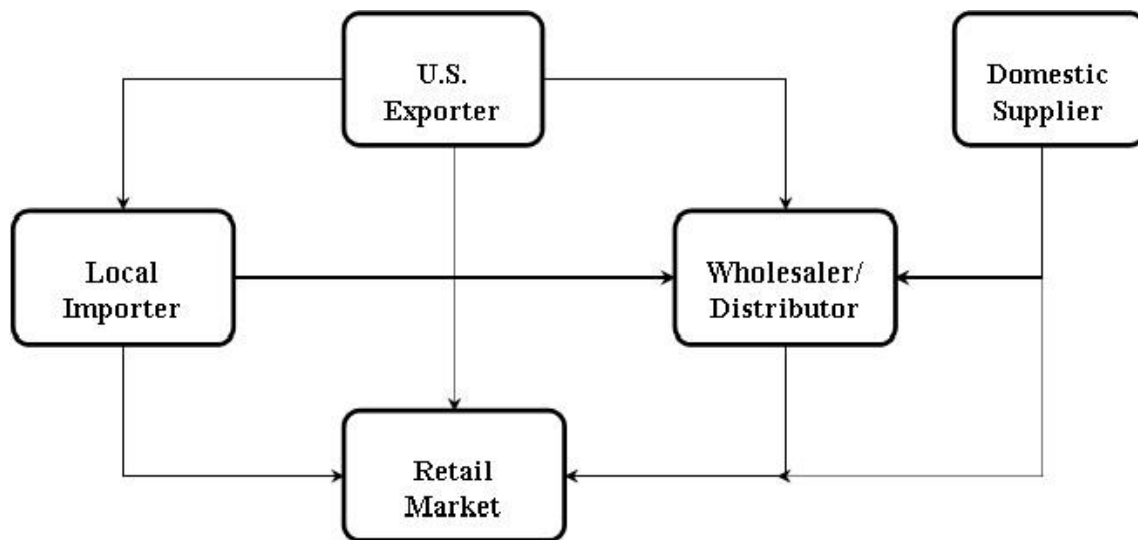
Advantages	Challenges
<ul style="list-style-type: none"> • The U.S.-Peru Trade Promotion Agreement (PTPA) grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products. • An active supermarket industry that is promoting increased demand for high-value food products. • Growth of foodservice in Lima, with a demand for affordable products. • Appreciation for U.S. food quality and culture. • Perception of modern retail outlets as cleaner, convenient and time saving. • Increased health consciousness among the Peruvian population. • Middle-class expansion. 	<ul style="list-style-type: none"> • Consumers prefer to buy fresh produce in traditional markets. • Supermarkets, the main source of imported food products, account for only 25 percent of the retail food market share in Lima and 16 percent in the provinces. • New local food brands are appearing in the market at very low prices. • Provincial supermarkets are supplied by Lima-based companies. • Lack of brand awareness among some consumers. • Government organized food promotion campaign called “Buy Peruvian.” • Traditional markets dominate retail sales in secondary cities. • Domestic producers manufacture more affordable product according to local taste preferences.

Section II. Road Map for Market Entry

1. Entry Strategy

- U.S. exporters should contact the local food processing company, or indirectly establish ties through brokers, agents, or representatives.
- Personal visits are highly recommended. The U.S. exporter should know its local partner well before signing contractual agreements.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.
- It is recommended that U.S. exporters work with chefs and local importers to conduct marketing activities in the high-end food service sector.
- Processed food products must be approved by health authorities and receive a registration number before being placed on the market.

2. Market Structure



- Local processed food products cover 70 percent of the market demand.
- Small processors outsource the import of food processing ingredients to local distributors/representatives or subsidiaries. Large processors import directly.
- Specialized importers usually provide food ingredients to the Peruvian market. Some of these are also producers or wholesalers/distributors.
- Distribution channels can be different between local and imported products and are constantly changing.
- International franchises import 75 percent of their food ingredients directly. They also source locally.

C. Company Profiles

Table 2: Profiles of Major Food Processing Companies

Company Name, Products	2017 Est. Sales (\$ Million)	End-Use Channels	Production Location	Procurement Channels
Alicorp S.A. Cooking ingredients, sauces, dried goods, canned fruit, prepared meals, ice cream	2,058	Retail HRI Traditional market	Lima Trujillo	Direct Importers
Gloria S.A. Dairy products, canned fish, pork products, fruit juices	1,485	Retail HRI Traditional Market	Lima Arequipa Cajamarca	Direct Importers
San Fernando S.A. Poultry, pork and their by-products.	790	Retail HRI Traditional Market	Lima	Direct Traders
Nestle Peru S.A. Breakfast cereals, confectionary, dairy products, smashed potatoes, instant beverages, bakery goods (<i>pannetonne</i>)	678	Retail HRI Traditional Market	Lima	Direct Importers
Molitalia S.A. Flour, pasta, ketchup, semolina	261	Retail HRI Traditional Market	Lima	Direct Importers
Perales Huancaruna S.A. Coffee Processor	178	Retail HRI Traditional Market	Amazonas	Direct
Redondos S.A. Poultry and by-products	330	Retail HRI Traditional Market	Lima	Direct Importers
Laive S.A. Dairy products, pork products, fruit juices	225	Retail HRI Traditional Market	Lima	Direct Importers
Molinera Inca S. A. Flour and other grain mill products	148	Retail HRI Traditional Market	Trujillo	Direct Importers

Kraft Foods Peru S.A Cookies, instant desserts and beverages, mayonnaise and ketchup, coffee	197	Retail HRI Traditional Market	Lima	Direct Importers
Industrias del Espino S.A. Oils, fats	202	Retail Wholesaler	San Martin	Direct
Panadería San Jorge S.A. Bakery goods (cookies and <i>pannetonne</i>) Flour and other grain mill products	92	Retail HRI Traditional Market	Lima Trujillo	Direct Importers
Industrias Teal S.A. Cookies, candies, pasta, flour, <i>pannetonne</i> , chocolate	81	Retail Traditional Market	Lima	Direct Importers
Cogorno S. A. Flour, pasta and other grain mill products	69	Retail HRI Traditional Market	Lima	Direct Importers
Ajinomoto del Perú S.A. Condiments, seasonings	97	Retail HRI Traditional Market	Lima	Direct
Compañía Nacional de Chocolates de Perú S.A. Confectionary chocolate	74	Retail Traditional Market	Lima	Direct Importers
Anita Food S.A. Noodles, pasta	88	Retail Traditional Market	Lima	Direct
Machu Picchu Foods S.A.C. Coffee, cocoa, chocolate	115	Wholesaler	Lima Ica	Direct
Sociedad Suizo Peruana de Embutidos S.A. Pork and beef products	62	Retail HRI Traditional Market	Lima	Direct
Panificadora Bimbo del Perú S.A. Bakery goods	59	Retail HRI Traditional Market	Lima	Direct Importers
Corporación ADC S.A.C. Flour, noodles, bakery goods, animal feed, pulses, semolina	53	Retail Traditional Market	Tacna	Direct
Central de Cooperativas Agrarias Cafetaleras Coffee, Cacao, Honey Bee, Tea, anise, chamomile, animal feed	75	Retail HRI Traditional Markets	Cuzco	Importers

Molino El Triunfo S.A. Flour, semolina, noodles	56	Retail Traditional Market	Lima	Direct Importers
Braedt S. A. Cheese and pork products	49	Retail HRI	Lima	Direct Importers
Derivados del Maíz S. A. Corn, potato and sweet potato products as ingredients	44	Retail Traditional Market	Lima	Direct Importers
Confiperu S. A. Confectionary	44	Retail Traditional Market	Lima	Direct Importers
Industrial Alpamayo S.A. Oils, fats	51	Retail HRI Traditional Market	Lima	Direct
Ameral S.A.A. Oils, chocolate, confectionery, condiments, seasonings	30	Retail HRI Traditional Market	Lima	Direct Importers
Mead Johnson Nutrition Peru SRL	63	Retail HRI Traditional Market	Lima	Direct

Sources: FAS Lima office research.

Table 3: Profiles of Major Beverage Companies

Company Name, Products	2017 Est. Sales (\$ Millions)	End-Use Channels	Production Location	Procurement Channels
Union de Cervecerias Peruanas Backus & Johnston S.A.A. (Corporacion Backus) Beer and soft drinks	1,318	Retail HRI Traditional market	Lima La Libertad Lambayeque	Direct Importers
Corporacion Jose R. Lindley S.A. Beer	824	Retail HRI Traditional market	Arequipa	Direct Importers
Ajeper S.A. Soft drinks, bottled water	229	Retail HRI Traditional market	Lima	Direct Importers

Compañía Cervecera AmBev Perú S.A.C Beer and soft drinks	190	Retail HRI Traditional Market	Lima	Direct
Cervecería San Juan S.A.A. (Corporacion Backus) Beer	176	Retail HRI Traditional Market	Lima	Direct
Embotelladora San Miguel del Sur S.A.C. Soft Drinks	63	Retail HRI Traditional Market	Arequipa	Direct
Embotelladora Don Jorge S.A.C. Soft Drinks	39	Retail HRI Traditional Market	Lima	Direct
Santiago Queirolo S.A.C. Alcoholic Beverages	31	Retail HRI Traditional Market	Lima, Ica	Direct
Destilerias Unidas S.A. Alcoholic beverages	28	Retail HRI Traditional Market	Lima	Direct

Sources: FAS Lima office research.

D. Sector Trends

Peru's food manufacturing industry has benefited from the nation's strong economic performance over the past decade. A demanding middle class forced food processors to innovate and adapt to broader consumer segmentation. Food manufacturers target mom and pop stores as the primary channel to reach a wide range of consumers. Despite the growth of supermarket chains throughout the country, Lima is still the main market with a space limiting constraint for future growth. Food product features need to be aligned with consumers' preference for convenience, low prices, and daily purchases. There is some interest from international companies in developing joint ventures with local processors in order to be more competitive in the market. This is still an underutilized business model.

U.S. food ingredient suppliers should focus in the following potential food categories:

Baked Goods: Sales of baked goods in 2017 are forecast at \$2.1 billion, up one percent compared to 2016. The bread category, especially artisanal breads (75 percent market share), drives the sector. Despite consumers' preference for artisanal bread, industrially produced bread is making significant inroads due to supermarket expansion. Panificadora Bimbo del Peru is the leading local producer of industrial bread.

Dairy Products: Evaporated and condensed milk lead this category, accounting for 76 percent of the \$2 billion in total sales in 2017. Manufacturers use raw milk to produce shelf-stable evaporated milk.

However, competition has intensified due to powdered milk imports. Other subcategories have grown in recent years. Shelf-stable milk sales are projected at \$481 million and yogurt sales will reach \$413 million (up two percent) in 2017. Food retail expansion is driving growth in these two sub-categories.

Ready-to-drink products are favored by consumers looking for healthy products. With a 75 percent market share, Gloria S.A leads sales in this sector.

Dried Processed Food: Dried processed food sales are expected to reach \$716 million in 2017. Total sales are up three percent compared to the previous year. Pasta and rice remain the key product offerings. Rice is the most consumed food in Peru with a per-capita consumption of 10kg per year (almost 275,000 MT). It is sold through all distribution channels. Pasta ranks second with a consumption of 208,000 MT (\$354 million), up two percent. Costeño Alimentos and Alicorp (Peru's largest food processor) hold 53 and 42 percent of market share in rice and pasta category respectively. Supermarket expansion in Peru's interior is helping expand the reach of packaged rice outside of Lima.

Edible Oils: This category is forecast to reach \$103 million in sales in 2017, four percent above 2016 levels. Vegetable oils account for 71 percent of total sales in the edible oils category. U.S.-origin edible oils exports to Peru are expected to grow 4 percent reaching \$3.8 million in 2017. Imported oil is locally refined and bottled for the retail market. Alicorp is the leading producer with a 47 percent market share.

Cookies and Snack Bars: Cookies and snack bar sales in 2017 are forecast at \$217 million, up 1.5 percent compared to 2016. Sweet cookies dominate the market. Consumers demand snacking-style products or meal replacements. Alicorp and Kraft Foods Peru enjoy a combined market share of 70 percent. Supermarket/ hypermarket private labels specialize in affordable cookies. However, it is expected that independent small grocers and other grocery retailers will remain by far the most important distribution channels in this category.

Chocolate Confectionary: Projected 2017 sales are at \$194 million, up two percent from 2016. Regulations require that products must contain at least 35 percent cocoa and 18 percent cocoa butter to be labeled as chocolate. Nestle and Molitalia, targeting younger consumers, hold a market share of 65 percent. U.S. exports in this category are estimated to reach \$11 million in 2017.

Sauces, dressings and condiments: This dynamic category is dominated by sauces, principally mayonnaise, ketchup and mustard. It is forecasted to reach \$80 million in sales in 2017. Alicorp is the leading manufacturer for this subcategory with its brand Alacena. Another subcategory is cooking ingredients led by Ajinomoto del Peru S.A. that offers soy sauce and stock cubes. Cooking ingredients sales are projected to reach \$67 million in 2017. Tomato pastes and purees account for 18 percent of market share in this category with \$32 million in sales forecast for 2017.

Processed Food (meat and seafood): Preserved seafood accounts for 60 percent of this category in Peru. Convenience drives canned food (namely fish products) sales. Total 2017 sales are forecast at \$440 million, up 2.5 percent from 2016. Easy to store and quick to prepare, canned food offers time-starved consumers a quick meal. Domestic processed canned/preserved fish/seafood is subject to

intense local competition, forcing overall unit prices down. Local producers/distributors GW Yichang & Cia and Molitalia (with a combined 37 percent market share) dominate the market.

Processed meats are locally produced. Chilled processed meat, including hot dogs, hams and other cold meats, dominate this category. Braedt S.A. and San Fernando are the top manufacturers in this sector, capturing 40 percent of total sales, which are projected to reach \$182 million, in 2017.

Breakfast Cereals: Breakfast cereals sales, at \$86 million, are up four percent in 2017. Sales are driven by middle-income consumers adopting cereals as their breakfast food. Breakfast cereals are popular with health-conscious consumers. Consumption of cereals is a traditional breakfast item in Peru. This preparation primarily consists of oats, and in more recent years native grains such as quinoa or kiwicha are being mixed in.

Beer and Wine: Beer, with a market share of 90 percent, is Peru's drink of choice. Middle and high-income consumers continue increasing purchases of premium products. Brewers' sales projections for 2017 are \$3 billion, up 1.7 percent from 2016. Bottled beer is preferred over canned beer, with the 625 milliliter (ml) bottle size accounting for 95 percent of sales. Supermarkets are receptive to all packaging formats and sizes, including affordable and easier to transport/handle canned beer.

Peru's wine market in 2017 is estimated at about 60 million liters, up some 2 million liters compared to 2016. Consumer palates today are sophisticated, demanding better-quality wines. The average price point of imported bottled wine is increasing as consumers experiment with premium wines. Consumption of low-priced imported wine is decreasing. Red wine consumption is expected to increase three percent by total volume sales.

Processed Fruit and Vegetables: Peru has Latin America's lowest per capita consumption of ready-to-eat meals. Peruvians prefer more affordable, fresh food products, perceiving these to be more nutritious than frozen products or ready-to-eat meals. Fresh products are cheaper and seem more convenient for large families, which are common in the countryside. However, due to expansion of the convenience store sector, experts foresee higher distribution through this channel. Processed fruit and vegetables 2017 sales are estimated to reach \$78 million, up one percent compared to 2016.

Ready-To-Eat Meals: Peruvians usually cook their meals on a daily basis, using fresh ingredients purchased that day in traditional grocery retailers. However, changing lifestyles are encouraging young consumers to turn to ready-to-eat products. More women are entering the labor force each year and demanding products that will make life easier and reduce the time needed to cook. Despite shelf stable meals accounting for 76 percent of this category, the frozen ready meals category might have better performance in the medium-term, based on convenience store channel growth. Domestic companies have started to develop private labels for different retailers. The total category is expected to reach sales of \$10 million in 2017.

III. Competition

Table 4: Peru, Competitive Situation (2017)

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (excluding cheese) (\$200 million)	New Zealand: 38% USA: 27% Chile: 10% Ireland: 5% Bolivia: 4%	New Zealand is a major supplier of dairy ingredients, especially HS 0402.21 and 0402.10.	- Only two local companies are major producers of evaporated milk and yogurt.
Cheese 4,600 MT (\$22 million)	USA: 41% Argentina: 17% Chile: 7% Netherlands: 6% Uruguay: 5%	MERCOSUR members Argentina and Uruguay enjoy tariff preferences, especially under HS 0406.90.	- Local homemade cheeses are commonly sold. - Gourmet cheeses are not made locally.
Snack Foods (excluding nuts) 28,000 MT (\$68 million)	Mexico: 24% Colombia: 22% Brazil: 8% USA: 7% Chile: 6%	Tariff preferences are applied to neighboring countries.	- Local producers are major food processors. They import food ingredients for snacks and snacks in bulk.
Processed Fruits and Vegetables 65,000 MT (\$90 million)	Chile: 32 % Netherlands: 18% USA: 13% Greece: 7% China: 6%	- Chilean products are more affordable due to proximity and tariff preferences. - EU products are viewed as good quality. - Netherlands has increased its potato preparations exports due to fast food growth.	- Local processors are major exporters, but their local supply is limited.
Fresh Fruits 82,000 MT (\$65 million)	Chile: 82% USA: 13% Argentina: 5%	- Chile is the main supplier because of proximity, price and duty free entrance. - Argentina supplies pears and apples from January to October.	- U.S. Export window of opportunity: November to February. - Local fruit sold in retail markets is of lower quality.
Fruit and Vegetable Juices 4.1 million liters (\$7.2 million)	USA: 28% Brazil: 13% Israel: 12% Turkey: 11% Argentina: 7%	- Although the United States controls the bulk of fruit and vegetable juice imports, Brazil enjoys a 70 percent market share in frozen orange juice.	- Local brands are well positioned in the market at competitive prices.

Wine and Beer 17.9 million liters (\$36 million)	Argentina: 30% Mexico: 21% Chile: 21% Spain: 11% Italy: 14%	- Argentine and Chilean wines benefit from proximity, recognized quality, and pricing advantages. Mexico and Italy are main beer suppliers	- Major local breweries (market share of 95 percent) are well positioned, price competitive, and belong to international companies. - Local wine is well positioned and price competitive, but does not satisfy demand.
Red Meats (Fresh/Chilled/Frozen) 25,000 MT (\$62 million)	USA: 39% Chile: 18% Brazil: 12% Argentina: 9% Uruguay: 6%	- Neighboring countries export lower price cuts. Chile, benefitting from proximity and pricing, holds 90 percent of the imported pork market.	- U.S.-origin meat is seen as being superior in quality. - Peru imports three times more offal than meat. - Local meat production does not satisfy demand.
Red Meats (prepared, preserved) 4,500 MT (\$21 million)	USA: 72% Bolivia: 14% Spain: 7% Italy: 3% Denmark: 2%	Bolivian manufacturers have customized bovine meat production according to local demand making inroads with fast food franchises. Poultry meat products lead the category.	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease over the next 5 years.
Poultry Meat 46,000 MT (\$55 million)	Brazil: 49% USA: 32% Argentina: 16% Bolivia: 2% Chile: 1%	- Brazil diversifies its supply including offal, turkey and chicken cuts - Argentina is supplying poultry cuts.	- TRQ for U.S. chicken leg quarters. - Local poultry producers are major suppliers with good distribution channels.

Source: SUNAT, FAS Lima office research.

Note: Calculations based on latest full calendar year (January-December) data.

Source: SUNAT, FAS Lima office research.

IV. Best Product Prospects

Products Present in the Market That Have Good Sales Potential

Product/ Product Category	2017 Market Size est.	2017 Imports	2011-16 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Cheese (HS 0406)	27,750 MT	4,940 MT \$24 million	8%	0406.10, 0406.20, and 0406.40: 0% 0406.30 and 0406.90: 0%	- Competitors: Argentina (17% market share) and Chile (7% market share). - Strong preference for EU cheese at high-end HRI and Retail Sectors	- U.S. cheeses are used in the food processing sector, but have potential in the HRI and Retail Food Sectors. - The United States is the main supplier with a market share of 41 percent. - PTPA: 17 years linear; 2,500 MT quotas with 12 percent increase per annum.
Confectionary – Non Chocolate (HS 1704)	29,000 MT	17,100 MT \$43 million	0%	0%	- Competitors: Mexico and Colombia 39 and 28% market share respectively. - Strong local competition. Major owners are foreign companies	- United States 4 percent of total imports. Total imports estimated from the United States \$1.8 million in 2017
Confectionary – chocolate (HS 1806)	22,500 MT	5,860 MT \$25 million	8%	0%	- Chile is the largest supplier (16% market share). - Local industry is competitive.	- The United States' strength is in chocolate for the retail sector. Holds 15 percent of market share.

Food Preparations (HS 2106.90)	N/A	21,000 MT \$189 million	10%	0%	- Local production is strong. Foreign companies are present in Peru.	- United States is the largest supplier and holds 20 percent of market share. - In 2017 imports from the U.S. are projected to grow 2 percent.
Prime and Choice Beef (HS 0202.30)	Total Beef and Offal Market: 295,000 MT	1,500 MT \$10 million	9%	0%	- Competition with quality beef cuts from Uruguay, Paraguay, Brazil and Bolivia	- Consumers' increased purchasing power is driving demand for high quality U.S. beef. - United States holds 43 percent market share of imported beef.
Edible Beef Offal (Liver) (HS 0206.22)	14,000 MT	4,500 MT \$5.0 million	-6%	0%	Local production covers most of the market size	- The United States holds 77 percent of import market. - Government has initiated a campaign against child anemia.
Fruit & Vegetable Juices (HS 2009)	N/A	42,000 hl \$7.2 million	18%	0%	- Brazil is the second largest supplier with a market share of 24 percent. Mainly frozen juices.	U.S. is the largest supplier holding almost 34 of market share. - Healthy products is gaining terrain among consumers. - Growth of convenience store sector.

Pet Foods (HS 2309.10)	52,000 MT	19,200 MT \$27.5 million	13%	0%	<ul style="list-style-type: none"> - Growing local pet industry. - Major competitors: Argentina (30% market share), Brazil (24% market share and Colombia (8% market share) 	<ul style="list-style-type: none"> - The United States holds a 27 percent import market share of premium category. - premium category holds 25 percent of market size.
Turkey (HS 0207.27)	36,000 MT	9,200 MT \$12 million	18%	0%	<ul style="list-style-type: none"> - Major exporter is Brazil (79% market share) - Strong local poultry industry. 	<ul style="list-style-type: none"> - Peruvians are major consumers of turkey during the Christmas and New Year's holidays. - The food retail sector is growing in Lima and in the interior. - USAPEEC has initiated a market penetration plan. U.S. holds 21 percent of import market share.
Poultry Meat Cuts (HS 0207.14)	1.5 Million MT	27.100 MT \$27 million	23%	TRQ: 22,211 MT 0%	<ul style="list-style-type: none"> - Strong local competition. - Frozen presentation is not common. - Brazil is the second largest supplier (44% market share) 	<ul style="list-style-type: none"> - Peru is a major poultry consumer. - TRQ: 6 percent increase per annum. Active presence of USAPEEC in the region. - Food service channel is growing.

Bread, pastry, cookies (HS 1905)	N/A	10,700 MT \$25 Million	19%	0%	- Ecuador with a 22 percent import market share is the main supplier. - Strong local competition.	- United States holds 8 percent of import market share. Frozen presentation is becoming attractive for HRI and Food Retail.
Soups & Broths (HS 2104)	N/A	1,150 MT \$2.5 million	-5%	0%	- Strong local competition.	- United States is the largest supplier in this category holding 38 percent of import market share. Convenience stores sector is growing.
Sauces (HS 2103)	N/A	7,350 MT \$17 million	57%	0%	- Strong local competition.	- United States imports are projected to grow 12 percent in 2017 the U.S. is the top import supplier in this category, holding 31 percent of import market share.

Nuts and almonds (HS 0802)	N/A	1,400 MT \$11 million	26%	0%	- Chile is very competitive in almond and walnut production, holding a 37 percent of market share.	- Importers recognize that the quality of U.S. nuts and almonds is better than competitors. - U.S. exports are expected to grow 18 percent in 2017. The U.S became the largest supplier, holding 62 percent of import market share.
Wine (HS 2204)	50 million liters	8 million liters \$26 million	1%	0%	- Argentina (40% market share), Chile (29% market share), and Spain (15% market share). - Niche market for U.S. wines.	- Niche market for quality wines. - Peru's wine consumption is growing to 1.5 liters / person. - HRI sector is growing and demanding high value products.

Note: HS = Harmonized Tariff System. TRQ = Tariff Rate Quota. Latest full calendar year data.

Sources: SUNAT, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers.

Category C: Products not Present Because They Face Significant Barriers

None.

Section V. Post Contact and Further Information

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For additional information, see www.fas.usda.gov. See also our Exporter Guide, Food and Agricultural Import Regulations and Standards (FAIRS), FAIRS Export Certificate and HRI Food Service Sector GAIN reports.

