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Panama

Food Processing Ingredients

2018 Food Processing Ingredients Report for Panama

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Report Highlights:

The value of Panama's food processing ingredients market is valued at \$110 million annually with U.S. products holding 60 % of the market share. Panama's food and beverage industries constitute one of the main manufacturing and export sectors of the economy, and the U.S. –Panama Trade Promotion Agreement (TPA) is helping facilitate investment opportunities in this area.

Post:

Panama



MARKET FACT SHEET: PANAMA

Executive Summary

Panama enjoyed a strong economy in 2017. Based on the World Economic Forum's Global Competitiveness Report 2017-2018, Panama ranked No. 42 out of 138 countries and is among the 10 most competitive economies in Latin American and the Caribbean. Real Gross Domestic Product growth rate is estimated to reach 5.4% in 2018, the highest in Latin America. Panama's economy is based on services (83%) were agriculture contributes to only a 3%. U.S. exports of bulk agricultural products to Panama hit \$144.8 million in 2017.



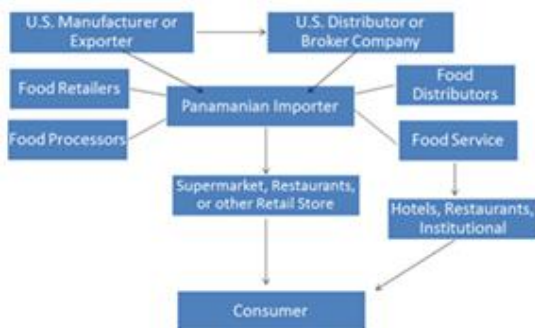
LOGISTIC ASSETS



Imports of Agricultural Products

In 2017, Panama ranked 28th among the leading 35 country markets with an estimated value of US \$647.9 million on consumer oriented product imports. U.S. products are considered to be high in quality and are well accepted overall. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. The majority of consumer food imports in Panama are purchased through a local importer, distributor or wholesaler.

Structure of Imports for the food sector



TOP 10 U.S. CONSUMER - ORIENTED PRODUCTS EXPORTS TO PANAMA

Jan - Dec 2017 (in millions of dollars)



Source: U.S. Census Bureau Trade Data

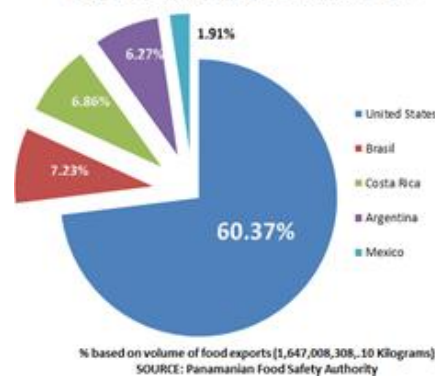
Food Processing Industry

The food processing ingredients market in Panama has an estimated value of US\$110 million, with U.S. products having a 60% market share. The food processing industry has experienced a steady growth of over 10% during the last couple of years, due to the increase in tourism and foreigners relocating to Panama.

Food Retail Industry

Retail sales of U.S. consumer oriented products was US \$376.7 million in 2017. High growth categories include savory snacks, processed meats and seafood, sauces and condiments, ready meals, processed fruits and vegetables, dairy products, and snack foods. Panama's grocery market is dominated by supermarkets, traditional (Mom & Pops) hypermarkets and independent food stores. Other popular retail formats in Panama include membership club stores, and wet markets located nationwide concentrate on domestic produce. The largest and most popular market is the "Mercado de Abastos", located in Panama City.

Top 5 Food Exporters to Panama 2017



SECTION I. MARKET SUMMARY

Panama’s food processing industry has experienced a 10% growth of over the 5 years, due to increasing demand of the tourism sector and growing expatriate community.

U.S. exports of bulk agricultural products to Panama totaled 144.8 million in 2017. With 140 food-processing companies, the value of Panama’s food processing ingredients market is valued at \$110 million per year with U.S. products holding 60 % of the market share. These include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, among others. This sector, according to official figures and the Union of Industrialists of Panama (SIP), has an estimated annual growth for 2017 at 2.0%. Panama’s beef, pork and chicken sectors ended 2017 with a 24.7%, 10.0% and 14.5% growth rate respectively. The production of beverages, liquor in particular, are on track to grow by 3% in the coming year. Furthermore, the production of processed milk and sugar has been improving over the last few years. When the U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012, nearly 56 percent of U.S. agricultural exports became duty-free upon entry-into-force, with most remaining tariffs phased out over 15 years. For more information, please refer to:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Panama%20City_Panama_12-29-2017.pdf

Table 1. Panama: Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
<ul style="list-style-type: none"> ✓ The U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. Almost half of current trade received immediate duty-free treatment. 	<ul style="list-style-type: none"> ❏ U.S. food products are not geared for the “traditional” market (over 35,000 mom & pop stores, in Panama City) which sells items packaged in small sizes.
<ul style="list-style-type: none"> ✓ Importing products from the U.S. is easier now thanks to the U.S. - Panama SPS and TBT Agreement entered into force in 2007. 	<ul style="list-style-type: none"> ❏ The U.S. faces varying competition according to product type, including snacks, processed foods, fruits, grains, oils, meat and dairy products.
<ul style="list-style-type: none"> ✓ U.S food ingredients are well known and regarded as high-quality. 	<ul style="list-style-type: none"> ❏ Domestic producers manufacture more affordable products according to local taste preferences.
<ul style="list-style-type: none"> ✓ Growth in the food processing industry. 	<ul style="list-style-type: none"> ❏ Processed foods still seen as inferior to fresh foods by many consumers.
<ul style="list-style-type: none"> ✓ Local processors are increasing their production capacity and food quality to meet higher export standards for foreign markets and domestic demand. 	<ul style="list-style-type: none"> ❏ Panama has FTAs in force with 12 countries, which leads to more competition between the United States and other countries.
<ul style="list-style-type: none"> ✓ Consumers demand for innovative, low fat, healthy, and organic products. 	<ul style="list-style-type: none"> ❏ Price-sensitive market.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

The outlook for imports of food processing ingredients is favorable and the market is very receptive to U.S. products. Having a local distributor is a key aspect of the product entry strategy. Customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good transportation infrastructure and telecommunication systems, state of the art modern ports and excellent access to shipping and air transport.

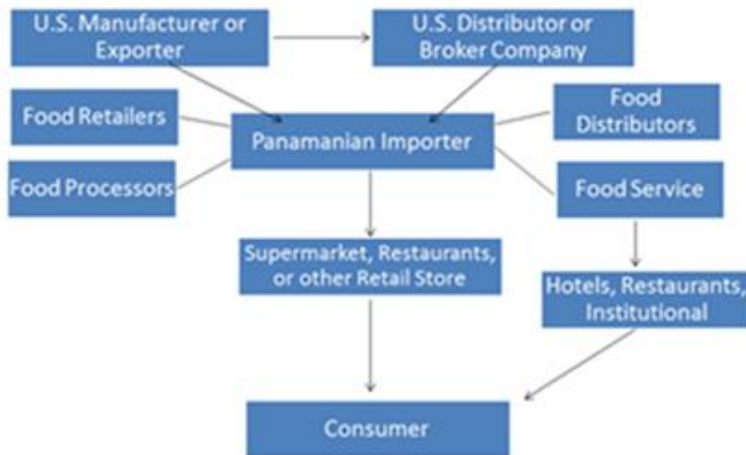
Due to its open economy, Panama has few market access problems. U.S. products enjoy a high quality image. There are no import barriers for food processing ingredients; and the TPA reduced import duties to zero for 87% of the products in the tariff schedule, with the exception of some food and agricultural products, on which duties will reduce gradually over the course of the next ten years.

B. Market Structure

One of the more common market entry options is to appoint an agent or distributor. Another option is to find a local partner who can provide market knowledge and contacts.

In Panama, there are large distributors with the capacity to reach many markets without the need of using intermediaries. Some of these are the major supermarket chains: Super 99, Supermarket Rey, Price Smart wholesale, Riba Smith, Xtra and Machetazo. Others options for direct customer contact facilitated by widespread Internet use. Direct mail is also widely used, as its participation in trade and general commercial shows, at local and international levels.

Table 2. Panama: Market Structure



C. Company Profiles

Table 3. Top 15 Food Processors in the Panamanian Market (total market 140)

Name	Description of Processing Activity	Brands
Productos Toledano	Distribution of agricultural industry products, chicken and eggs	Toledano
Empresas Melo, S.A.	Value added products, chicken, seafood and vegetables	Melo
Carnes de Coclé, S.A.	Processing and sale of meats and cold meats	First Choice Meat
Productos Kiener, S.A.	Production, distribution and sale of meat products (spicy sausages, cold meats, sausages)	Kiener
Sociedad de Productos de Primera	Food Processing Dairy and Foodstuff products (cheese, milk, eggs)	Bonlac
Lavery Panama, S.A.	Production of food products (cheese, margarine and butter)	Cremoso, Helmet
Industrias Panama - Boston, S.A.	Process and refines oils, butter and lard	Pabo, Cascade, Yo Soy, Supreme
Proluxsa	Production of food products (vinegar, soy sauce, condiments, juices)	Proluxsa
Productos Alimenticios Pascual	Production of crackers, cookies, candy, snacks, pasta and distribution of food products	La Suprema, Roma, Maria, Sándwich de Pascual, otros.
Gold Mills de Panama	Flour processor (creams, syrup, pastas)	Gold Mills
Harinas de Istmo, S.A.	Flour production for bread and bakery industry	Harina del Istmo
Riba - Smith, S.A.	Food Retail, food imports and food production	Riba- Smith
Industrias Alimenticias Ricas Viandas	Production of bread, desserts and sweet bread	Rimith
Bimbo de Panamá, S.A.	Production of bread, bakery and corn bread.	Bimbo, Rapiditas Wraps
Sarasqueta y Compañía, S.A.	Grains production	

Table 4. List of Panamanian Food Processing Associations

Asociación de Productores de Ganado Lechero	www.aprogalpa.com
Asociación Nacional de Ganaderos	www.anagan.com.pa
Specialty Coffee Association of Panama	http://scap-panama.com/
Asociación Nacional Molineros de Arroz	www.analmo.org
Asociación Nacional de Avicultores de Panamá	www.anavip.org

D. Sector Trends

Panamanian consumers are demanding more convenience and healthy food products. This trend has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches and pears), organic foods, healthy food products such as gluten free, low carb, low sodium, low sugar, low fat, processed fruits and vegetables (especially canned fruits), and snack foods (including corn chips, popcorn, cookies and candies). Processed canned fruits and vegetables, especially mixed fruits, mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans generate strong import demand, because most of the food products found in the supermarkets are not processed locally.

Manufacturing is all carried out by the private sector, according to the following end-user groups:

Beverage Industry	Dairy Industry	Meat Processing	Bakery	Seafood	Agro Ind.
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***Meat Processing Industry: Poultry** is the top meat staple of the local diet and processing is very advanced. **Pork** is Panama’s second favorite meat. Panamanian Imports of **Bovine meats** (fresh and chilled). The Food Service sector is supplied by imported processed meats, mainly from the United States, and cured hams from Spain and Italy. **Seafood products** represent the country’s leading export group, and most processing is performed. There are more than 200 **bakeries** just in Panama City. Following their U.S. counterparts, many supermarkets have also installed in-store bakeries. **Agro Industry**, bananas, fresh fruits and sugar, coffee and corn are the main agricultural exports.

SECTION III. COMPETITION

The processed food sector in Panama is price sensitive, so companies try to keep prices low in order to stay competitive. Market competition comes from large local food processors that carry increasingly modern and developing lines of Panamanian food products. Companies like Riba Smith, Bimbo de Panama and Nestle are local competitors for U.S. exporters, but also represent opportunities in terms of imports of ingredients for processing.

Large multinational companies have a competitive advantage over smaller domestic producers in certain product categories such as frozen foods, soups, specialty canned and preserved products, and well-known condiments and flavors that cater to the international pallet. Because of this, companies able to meet the demands of this competitive processed food sector must have the means to invest in technology and innovation to not only meet consumer demands but also maintain low, competitive prices.

SECTION IV. BEST PRODUCT PROSPECTS

Panama is the third largest market in Central America for U.S. agricultural products. U.S. total exports of agricultural products to Panama totaled \$695 million in 2016. Leading domestic categories include corn (\$84 million), soybean meal (\$79 million), prepared food (\$55 million), dairy products (\$40 million), and pork & pork products (\$36 million).

The top U.S. processed food exports to Panama in 2017 included food preparations, non-alcoholic beverages, snack foods, processed prepared/dairy products, chocolate and confectionery, prepared/preserved meats and beer and wine. A high demand for soybean meal is driven by the domestic poultry and pork producers. All soybean meal imports are from the United States.

Table 5. Best Products Prospects

**U.S Exports of Agricultural & Related Products to Panama
CY 2013-2017 and Year to Date Comparisons
(In millions of dollars +)**

Product	2013	2014	2015	2016	2017
Dairy Products	50.0	49.2	38.8	39.6	45.2
Poultry Meat & Prods. (ex eggs)	26.0	27.3	29.9	31.1	34.2
Pork & Pork Products	30.0	27.4	31.1	35.9	32.0
Wheat	42.0	34.0	35.8	27.1	30.8
Condiments & Sauces	13.0	11.4	14.0	14.0	18.0
Vegetables Oils (ex. soybean)	8.0	8.4	7.7	7.1	7.1
Soybean Oil	8.0	8.0	4.5	6.6	6.9
Sugar, Sweeteners, Bev. Bases	6.0	2.7	5.6	9.4	3.6

*Source: U.S. Census Bureau Trade Data

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. EMBASSY IN PANAMA

U.S. Department of Agriculture (USDA) Foreign Agricultural Services (FAS)	AgPanamaCity@fas.usda.gov http://panama.usembassy.gov/fas.html (507) 317-5297/ 317-5801/ 317-5163 fax
Economic Section, U.S. Department of State	PNM-ECU@state.gov (507) 317-5000
U.S. Commercial Service	www.buyusa.gov/panama/en/ (507) 317-5242