

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Peru**

### **Food Service - Hotel Restaurant Institutional**

### **Opportunities Abound for U.S. Origin Food in the World's Leading Culinary Tourist Destination**

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**Report Highlights:**

Peru's international recognition as a gastronomic hub has created opportunities to introduce complementary food products into the market. Peru is a perfect option for foodie tourism in the region. FAS Lima forecasts Peru's hotel, restaurant and institutional (i.e., HRI) sector growing 1.1 percent in 2017. This report provides a road map for exporters wishing to enter the Peruvian food service market and who want to understand the key distribution channels for foods and beverages destined for food service.

**Post:**

Lima

## SECTION I. MARKET SUMMARY

The international recognition of Peru's gastronomy continues in 2017. Three Peruvian restaurants, Maido, Central, and Astrid & Gaston are in the top 10 list of the Latin America's 50 Best Restaurants in 2017 occupying the first, second, and seventh position respectively. Recognized as the World's Leading Culinary Destination five times in a row (2012-2016), Peru is a perfect option for foodie tourism in the region.

Peru's government and private sector capitalize on this recognition, using it for international advertising. Tourism is a strong hotel-restaurant-institutional (HRI) sector driver. The government is aggressively promoting Peru as a cultural and gastronomic destination and tourism is the third largest income generator after mining and agriculture sectors. Tourism is a source of foreign exchange, and a major service sector employer. According to the Ministry of Foreign Trade and Tourism (MINCETUR) some 4.5 million foreigners are expected to visit Peru in 2017, generating nearly \$4.8 billion in revenues; food service soaks up to 18 percent of total foreign tourist revenue. Peru has over 20,000 hotels with almost a half-million beds. High-value U.S. consumer-oriented products (e.g., wines, cheese, beef and pork) are being served in Peru's more sophisticated restaurants and hotels. Demand for U.S. food products and ingredients has benefitted from the [U.S.-Peru Trade Promotion Agreement \(PTPA\)](#). U.S. food and agricultural product exports to Peru have doubled since the PTPA entered into force, reaching \$1.2 billion in calendar year 2016. Exports are expected to surpass the \$1 billion mark in 2017.

In addition to the growth of independent restaurants, other formats such as food chains have created opportunities in Peru's the food service sector. The expansion of shopping centers is allowing fast food chains and restaurants to reach new consumers. Sixteen new projects are projected for the period 2016-2018 (five projected to start operations in 2017) with an investment of almost \$860 million. Fast food and casual dining restaurants leverage the popularity of shopping centers to open outlets in Lima and the provinces. FAS Lima estimates that 25 percent of all food service sales occur at shopping centers, catering to younger, time-crunched consumers.

The National Statistics Institute (INEI) reports that currently 33 percent of consumer's food expenditures are allocated towards restaurant meals. Demand for restaurant meals is forcing the foodservice category to become more competitive. Roughly 14,000 restaurants open yearly in Peru. MINCETUR estimates that the country has 200,000 full service restaurants. Lima alone has 66,000 restaurants. According to INEI, restaurant growth has been slower in 2017 compared to 2016, due to and economic slowdown and ingredient scarcity during the first and second quarters of the year caused by flooding in the northern part of Peru. FAS Lima forecasts that Peru's hotel-restaurant-institutional (HRI) sector will gross \$8.1 billion in 2017, a 1.1 percent increase over last year

The best prospects for U.S.-origin food products reside in supplying high-end hotels and restaurants. Casual dining and family-style restaurants, along with coffee shops and fast food chains (averaging eight percent growth over the past five years), also offer opportunities.

Advantages	Challenges
<ul style="list-style-type: none"> <li>• Recognition of U.S. food quality and an appreciation for U.S. culture.</li> <li>• Food service products benefit from the PTPA with low or no tariffs.</li> <li>• Fast food chains are expanding the number of locales in Lima and its suburbs, as well as in major cities such as Arequipa, Trujillo, Chiclayo, and Piura.</li> <li>• Peru is actively promoting tourism.</li> <li>• With culinary tastes increasingly sophisticated, demand for high-quality food products is growing.</li> <li>• Strong foreign franchise investment interest in Peru’s HRI sector.</li> <li>• Market opportunities for health food products.</li> <li>• Government food programs (<i>Qaliwarma</i>) are expanding.</li> </ul>	<ul style="list-style-type: none"> <li>• Less favorable economic conditions continue to weigh on domestic economic activity, leading to a considerable short-term slowdown in growth.</li> <li>• Cultural misperception about the healthiness of frozen products.</li> <li>• Peruvians prefer meals made using fresh products.</li> <li>• The limited number of five-star hotels hinders U.S. product market penetration.</li> <li>• U.S. exporters need to tailor products and ingredients to local tastes and expectations.</li> <li>• Limited infrastructure coupled with low quality service, discourages tourists from staying longer or repeat visits.</li> <li>• Peru is opening its market to rival foreign food service product providers.</li> <li>• Stiff competition from the region and other countries through multiple trade agreements.</li> </ul>

## Section II. Road Map for Market Entry

Despite Peru’s economic slowdown, strong demand continues for imported food products and ingredients. FAS Lima attributes the increase in demand to a combination of strong consumption by middle class consumers, population growth, and tourism. U.S. food products are known for their quality, consistency, and practicality.

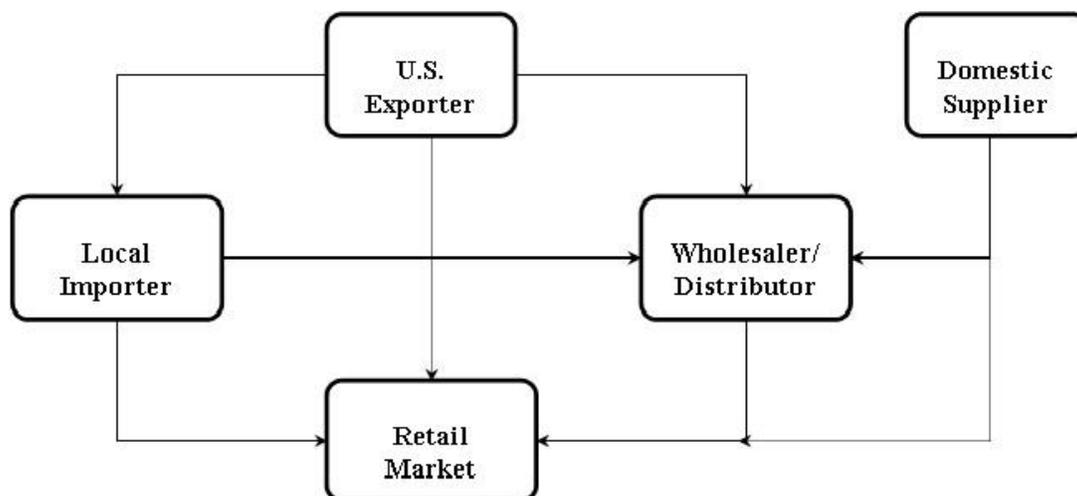
### A. Entry Strategy

- Determine if the product can be imported (see, FAIRS Country Report – Peru 2017).
- Determine the product’s category and competitiveness.
- U.S. exporters can gain access to the Peruvian food service market through large importers, wholesalers/distributors, or specialized importers. Most food service companies buy imported goods from local intermediaries.
- Visits to Peru are recommended. The import partner should be well known by the exporter before signing contractual agreements. Maintain contact with import partners.
- Exporters should provide support to food service customers by participating in technical

seminars, product demonstrations, and local trade shows whenever possible.

- Exporter must research food import regulations to facilitate the registration and import of food products and minimize port of entry risks (see, FAIRS Country Report – Peru 2017).
- The import partner should be able to provide updated information on consumer trends, market developments, trade, and business practices.

## B. Market Structure



- Food service institutions largely source domestic food ingredients; Peruvians prefer locally produced affordably priced fresh food products.
- Food service importers supply the retail market.
- Almost 95 percent of food service businesses purchase through intermediaries.
- International franchises (e.g., KFC, Pizza Hut, Burger King, McDonalds), along with the local fast food chain, Bambos, import some of their food ingredients directly.
- Local and imported products are distributed directly to food service outlets or through sub-distributors, a practice common in secondary cities.

## C. Sub-Sector Profiles

### 1. Hotels and Resorts

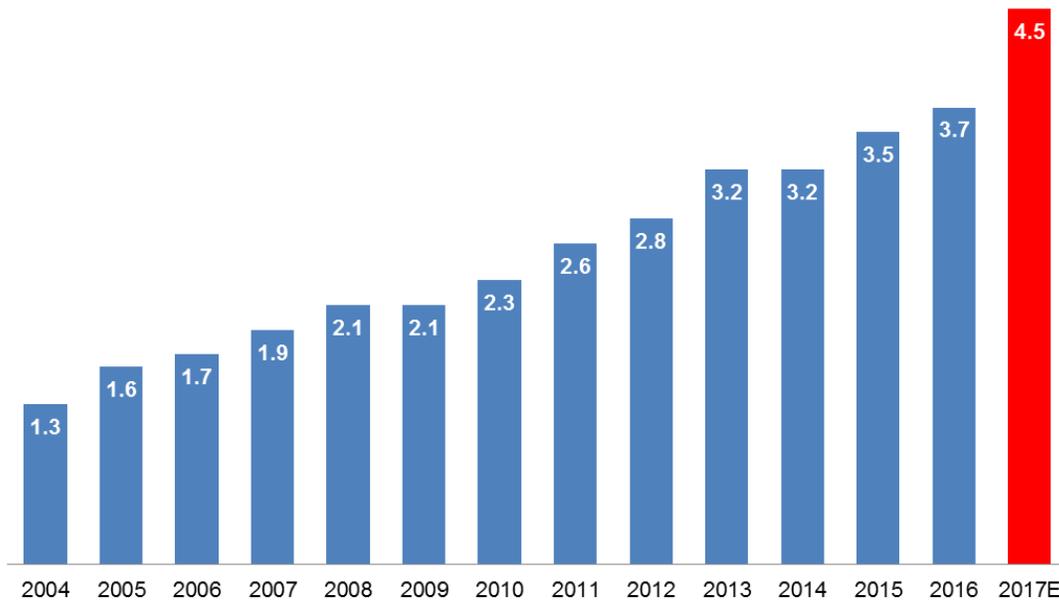
**Table 1: Peru, Accommodations by Category (2017)**

Category	Number of Outlets	Number of Rooms	Number of Beds
Five-star	52	6,231	11,728
Four-star	102	7,849	15,035
Three-star	887	26,028	48,565
Two-star	1,504	31,897	55,099
One-star	405	7,115	11,963
Not Categorized	18,426	194,499	330,875
<b>Total</b>	<b>21,376</b>	<b>273,619</b>	<b>473,265</b>

Source: Ministry of Foreign Trade and Tourism

Peru's 4.5 million foreign visitors are forecast to bring in \$4.8 billion in revenue in 2017, contributing significantly to the economy at a time when revenue from the mining sector is slowing. Currently, the tourism sector trails mining and agricultural exports as Peru's third largest foreign currency revenue generator. The latest available 2017 (January-August) data indicates that tourism numbers are up 6.8 percent. FAS Lima estimates that food service soaks up to 16 percent of total foreign tourist revenues. South Americans are the largest group of visitors to Peru, at nearly 60 percent. About 19 percent of visitors are from the United States.

## Foreign Visitors Arrival to Peru - Millions



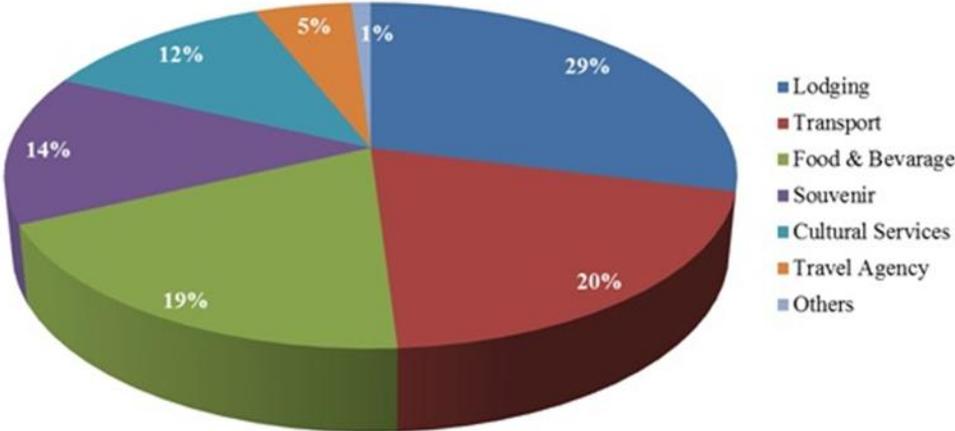
Source: Ministry of Foreign Trade and Tourism (MINCEUR)

The Government of Peru has a national strategy to promote the country as a tourist destination and increase the number of foreign visitors to 7 million by 2021. However, the lack of tourism infrastructure remains as an impediment to faster growth in the sector. According to the Ministry of Foreign Trade and Tourism (MINCETUR), there is still plenty room for hotel investments in Peru in the long-term. MINCETUR forecasts that in the next five years hotel investments will double over 2010-2016 investments, reaching \$1.2 billion. Lima remains the principal market for future projects accounting for 70 percent of total investment. However, new projects are also beginning to target the northern and southern part of the country. About 70 percent of the investment outside of Lima is in Cuzco, Arequipa, and Piura. The government strategy aims to add almost 8,300 more hotel rooms by 2021. International hotel brands are betting on the Peruvian market's growth. Hilton and J.W. Marriott announced that they will open between 10 and 15 new hotels as a result of the influx of foreign visitors for business purposes.

Consumer foodservice in the hotel sector is growing due to increased tourism. High-end hotels (i.e., four- and five-star) are a niche market for U.S. food products. These hotels use higher proportions of imported food products. Foreign imports account for about 15 percent of the food served in high-end

hotels. Half of all Peruvian high-end hotels are located in Lima. Hotels are developing strategic alliances with international chains and major investor groups. Beef, pork, wine, distilled spirits, and frozen products are potential categories to be developed through this channel.

### Foreign Tourist Expenditure



Source: Ministry of Foreign Trade and Tourism (MINCETUR)

### 2. Restaurants

The restaurant sector’s performance slowed down during the first quarter of the year. In addition to the economic downturn, heaving flooding and landslides caused by the costal El Nino phenomenon hampered the transport of crops, particularly fresh fruits and vegetables, into Lima pushing up food prices. Towards the second quarter there were signs of improvement but at a slower pace than in 2016. FAS Lima forecasts Peru’s HRI sector growing 1.1 percent in 2017. Despite slower growth in 2017, the competitive foodservice category will keep incorporating new restaurants to the market in 2018.

High-end restaurants, casual dining eateries, coffee shops, and fast food chains represent niche market opportunities for U.S. exporters. These establishments absorb 15 to 25 percent of all imported food products. The most frequently imported food ingredients include sauces, meats, processed fruits and vegetables, cheeses, and specialty products such as beef products, pork products, wines, and spirits.

Table 2: Peru, Restaurant Company Profiles (2017)

Company Name	Sales (\$million)	Brands	Location	Purchasing Agent
DELOSI	\$332 million	KFC, Starbucks, Pizza Hut, Burger King, Pinkberry, Chili's, Doggis, Olive Garden	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
NG Restaurants S.A.	\$125 million	Bembos, Chinawok, Don Belisario, Popeyes, Dunkin Donuts, Papa Johns	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Franquicias Pardo SAC	\$69 million	Pardo's Chicken, Juicy Lucy, Planet Chicken	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Local
McDonalds (Operaciones Arcos Dorados de Perú S.A.)	\$42 million	McDonalds (fast food) – 54 outlets	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Grupo Norky's	\$100 million	115 outlets	Lima, Trujillo, Huancayo, Huanuco, Ica, Arequipa, Pucallpa, Puno, Piura, Chiclayo, Cajamarca,	Local
Grupo Roky's	\$78 Million	97 outlets	Lima, Ica, Trujillo, Chiclayo, Piura	Local
Cinco Millas S.A.C.	\$10 million	Astrid & Gaston, Madame Tusan, Chicha, La Mar, Panchita, Tanta, Papachos, Los Bachiche, Los Valientes	Lima, Trujillo, Piura, Cuzco, Arequipa	Local

Source: FAS Lima office research.

The number of foodservice outlets continues to grow rapidly in Peru due to the expansion of shopping centers in Lima and cities located in the provinces where the cost of real estate is significantly lower than in Lima. Retail penetration in Peru is still low compared with other countries in the region; therefore, growth in this environment is expected to continue. Well-known U.S. brands have confirmed their intent to enter Peru, including Taco Bell and Little Caesars. Even though Lima remains the most important market for fast food chains, some companies are targeting other cities as consumer habitats have started to change. Following this trend, Delosi, the largest fast food operator in Peru, initiated an ambitious plan to open 28 locations per year in 2016. Fast food chicken is Peru's favorite quick meal option. In low-income areas there is often one street-side chicken restaurant per block.

New franchises reportedly will be launched over the medium-term. The franchisee Delosi and NGR Restaurants are seeking to expand into healthy food and Mexican-style food, among others. The booming Peruvian cuisine scene is driving the significant expansion of the high-end restaurant sector. This trend has been instrumental in the development of new restaurant formats. U.S. food and agricultural products are perceived to be of high quality and have found a niche market in high-end restaurants.

### 3. Institutional

The institutional sub-sector continues to suffer from the ravages of the economic downturn in 2017 caused by a slowdown in the mining sector, which accounts for 65 percent of total sector sales. Large caterers remain potential buyers of U.S. food products. These caterers supply the country's airports and mining companies. SODEXO and APC Corporación S.A. are Peru's largest caterers. These companies account for half of the market. Institutional sales reached \$648 million in 2016 and are forecasted to grow by 1 percent in 2017.

**Peruvian Government Programs:** To address child malnutrition in low-income families, the Government of Peru sponsors programs aimed at improving nutritional standards for children attending public schools. *Qaliwarma* is the national food assistance program that provides a nutritionally balanced lunch supplement to approximately four million school children (age 3 and up). The program is country-wide, reaching public schools in Peru's cities all the way to indigenous communities in the Amazonian area. The *Qaliwarma* program is a public-private initiative co-managed by the Ministry of Development and Social Inclusion and the private sector. Currently, there are Program suppliers that are sourcing U.S. products (canned goods) for the Program.

**Table 3: Peru, Major Food Service Sector Suppliers (2017)**

Company Name	Sales (\$million)	Type of Company	Food Supply	Imported Food Products
Alicorp S.A.	1,978	Processor, importer, distributor	Pasta, wheat flour, margarine, food ingredients, mayonnaise, breakfast cereals, cookies, jelly, ice cream, sauces, pet food	Wheat, wheat flour, edible oils, soy cake, sauces
Gloria S.A.	1,298	Processor, importer, distributor	Dairy and pork products, juices, canned seafood	Dairy ingredients, juices, lactose and other sugars
Corporación José R. Lindley S.A.	746	Processor, importer.	Sodas, juices	Canned fruit, gelatin
Nestle Peru S.A.	377	Processor, importer, distributor	Dairy products, soups and broths, infant formula, instant coffee and chocolate, breakfast cereal,	Dairy ingredients, chocolate, infant formula, food preparations, baked goods, chicory extract,

			cookies, chocolates, bakery goods	sauces, soup preparations
G.W. Yi Chang & Cia S.A.	135	Importer, distributor	Canned fruits, canned seafood, chocolate, wine and spirits	Canned fruits, canned seafood, chocolate, wine and spirits
Laive S.A.	102	Processor, importer	Dairy and pork products	Cheese, butter and pork products
Kraft Foods Peru S.A.	90	Processor, importer, distributor	Cookies, juices, cheeses	Cheese, sauces, bakery and dairy ingredients, chocolates
Unilever Andina Peru S.A.	75	Processor, importer	Sauces, soups	Sauces, soups
Perufarma S.A.	69	Importer, distributor	Chocolate, confectionary, wine and liquors	Chocolate, confectionary, wine and liquors
Sociedad Suizo Peruana de Embutidos	49	Processor, importer	Sausages, cheese	Pork products, poultry, edible offal, cheese
Mayorsa S.A.	190	Wholesaler, importer	Peas and lentils, popcorn, canned fruit, starch	Peas and lentils, popcorn, canned fruit, starch.
Makro Supermayorista	350	Wholesaler importer	Dry foods, frozen products	Dry foods, frozen products
Sigdelo S.A.	38	Fast food chain	Hamburgers, pizza	Cheese, meat preparations, sauces, French fries, condiments
Braedt S.A.	33	Processor, importer, distributor.	Pork products, cheese	Pork products, cheese, dairy ingredients, condiments
Arcor del Peru S.A.	30	Processor, importer, distributor	Chocolate, confectionary, bakery goods, canned fruit	Chocolate, confectionary, canned fruit, bakery goods, and bakery ingredients
Diageo Perú S.A.	22	Importer, distributor	Liquors	Liquor
Drokasa Perú S.A.	17	Importer, distributor	Wine and liquors	Wine and liquors
Halema S.A.	15	Processor, importer	Processed meats, meats and edible offal	Meats and edible offal
Agro Corporación S.A.C.	15	Processor, importer	Processed meats, meats and edible offal	Meats and edible offal
Oregon Foods S.A.C.	15	Importer, distributor	Processed meats, meats and edible offal, fresh	Meats and edible offal, fresh fruit

			fruits	
Servicios Frigoríficos S.A.	10	Processor, importer, distributor	Processed meats, meats and edible offal	Meats and edible offal
L.S. Andina S.A.	7	Importer, distributor	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods
KMC International S.A.C.	4	Importer, distributor	Microwave popcorn, soups, baked goods	Microwave popcorn, soups, baked goods
Destilería Peruana S.A.	6	Processor, importer	Wholesalers, retailers, food service	Liquors
L C e Hijos S.A.	6	Importer, distributor	Wine and liquors	Wine and liquors
Industrias Molitalia S.A.	4	Processor, importer, distributor	Chocolates, pasta, confectionary, sauces	Wheat

Note: Total food imports are distributed between the three food sectors: HRI, retail and food processing.  
Source: FAS Lima projections.

### Section III. Competition

**Table 5: Peru, Free Trade and Cooperation Agreements (2017)**

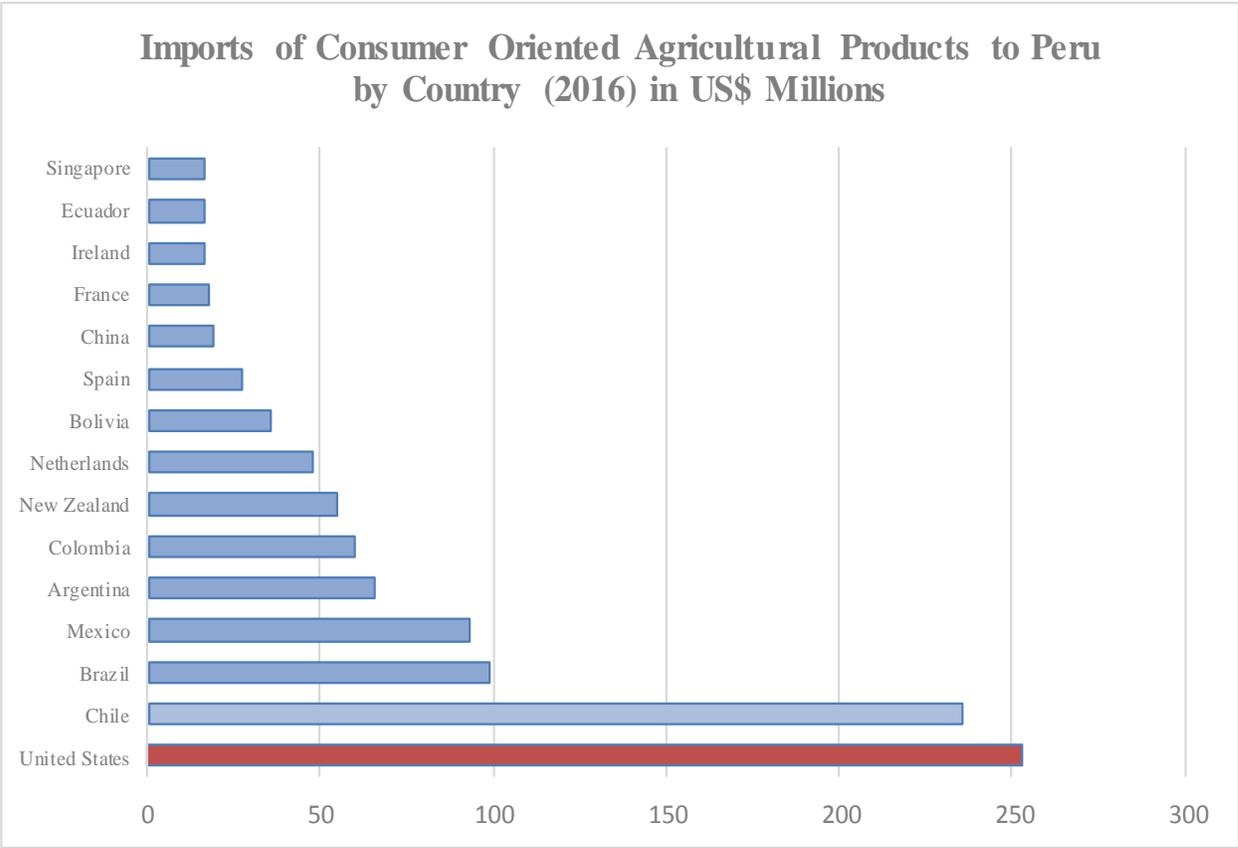
Country	Type	Status
Asia-Pacific Economic Cooperation - APEC	multilateral economic and trade forum	In force
Andean Community of Nations (Bolivia, Ecuador and Colombia)	Free Trade Agreement	In force
MERCOSUR (Argentina, Brasil, Uruguay, Paraguay)	Economic Complementation Agreement	In force
Cuba	Economic Complementation Agreement	In force
Chile	Free Trade Agreement	In force
Mexico	Trade Integration Agreement	In force
<a href="#">United States</a>	Free Trade Agreement	In force

Canada	Free Trade Agreement	In force
Singapore	Free Trade Agreement	In force
China	Free Trade Agreement	In force
South Korea	Free Trade Agreement	In force
European Free Trade Association (EFTA): Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Slovakia, Slovenia, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, UK, Czech Republic, Romania, Sweden.	Free Trade Agreement	In force
European Union	Free Trade Agreement	In force
Thailand	Third Protocol	In force
Japan	Economic Partnership Agreement	In force
Costa Rica	Free Trade Agreement	In force
Panama	Free Trade Agreement	In force
Venezuela	Economic Complementation Agreement	In force
The Pacific Alliance	Regional Trade Bloc	In force
Honduras	Free Trade Agreement	In force
Trans-Pacific Partnership (TPP)	Free Trade Agreement	Pending Ratification
Guatemala	Free Trade Agreement	Pending Ratification
Brazil	Free Trade Agreement	Pending Ratification
El Salvador	Free Trade Agreement	Under Negotiation
Turkey	Free Trade Agreement	Under Negotiation
India	Free Trade Agreement	Under Negotiation
Australia	Free Trade Agreement	Under Negotiation

Source: FAS Lima

**U.S.-Peru Trade Promotion Agreement (PTPA):** The U.S.-Peru Trade Promotion Agreement has been instrumental in boosting bilateral trade in food and agricultural products between the United States and Peru. Seven years after entering into force (February 1, 2009), trade between the two partners is at record highs. From 2009 to 2016, U.S. exports of food and agricultural products to Peru more than doubled, from \$530 million to \$1.2 billion. U.S. consumer-oriented product exports account for 18 percent of U.S. food exports to Peru, totaling \$232 million in 2016. U.S. food and agricultural product exports to Peru are expected to grow by three percent in 2017.

- The U.S.-Peru Trade Promotion Agreement strengthens U.S.-origin food and agricultural products’ competitiveness within the Peruvian market. High-end consumers are familiar with the quality of U.S. products.
- FAS Lima foresees exports of U.S.-origin consumer-oriented products to Peru becoming as important as U.S. bulk commodity exports in the next few years.



Source: FAS Lima

**Table 6: Peru, Competitive Situation (2017)**

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
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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.

## Section IV. Best Product Prospects

### Category A: 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%	<ul style="list-style-type: none"> <li>- Competitors: Argentina (17% market share) and Chile (7% market share).</li> <li>- Strong preference for EU cheese at high-end HRI and Retail Sectors</li> </ul>	<ul style="list-style-type: none"> <li>- U.S. cheeses are used in the food processing sector, but have potential in the HRI and Retail Food Sectors.</li> <li>- The United States is the main supplier with a market share of 41 percent.</li> <li>- PTPA: 17 years linear; 2,500 MT quotas with 12 percent increase per annum.</li> </ul>
Confectionary – Non Chocolate (HS 1704)	29,000 MT	17,100 MT \$43 million	0%	0%	<ul style="list-style-type: none"> <li>- Competitors: Mexico and Colombia 39 and 28% market share respectively.</li> <li>- Strong local competition. Major owners are foreign companies</li> </ul>	<ul style="list-style-type: none"> <li>- United States 4 percent of total imports. Total imports estimated from the United States \$1.8 million in 2017</li> </ul>

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%	<ul style="list-style-type: none"> <li>- Brazil is the second largest supplier with a market share of 24 percent. Mainly frozen juices.</li> </ul>	<ul style="list-style-type: none"> <li>U.S. is the largest supplier holding almost 34 of market share.</li> <li>- Healthy products is gaining terrain among consumers.</li> <li>- Growth of convenience store sector.</li> </ul>
Pet Foods (HS 2309.10)	52,000 MT	19,200 MT \$27.5 million	13%	0%	<ul style="list-style-type: none"> <li>- Growing local pet industry.</li> <li>- Major competitors: Argentina (30% market share), Brazil (24% market share and Colombia ( 8% market share)</li> </ul>	<ul style="list-style-type: none"> <li>- The United States holds a 27 percent import market share of premium category.</li> <li>- premium category holds 25 percent of market size.</li> </ul>
Turkey (HS 0207.27)	36,000 MT	9,200 MT \$12 million	18%	0%	<ul style="list-style-type: none"> <li>- Major exporter is Brazil (79% market share)</li> <li>- Strong local poultry industry.</li> </ul>	<ul style="list-style-type: none"> <li>- Peruvians are major consumers of turkey during the Christmas and New Year's holidays.</li> <li>- The food retail sector is growing in Lima and in the interior.</li> <li>- USAPEEC has initiated a market penetration plan. U.S. holds 21 percent of import market share.</li> </ul>

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"> <li>- Strong local competition.</li> <li>- Frozen presentation is not common.</li> <li>- Brazil is the second largest supplier (44% market share)</li> </ul>	<ul style="list-style-type: none"> <li>- Peru is a major poultry consumer.</li> <li>- TRQ: 6 percent increase per annum. Active presence of USAPEEC in the region.</li> <li>- Food service channel is growing.</li> </ul>
Bread, pastry, cookies (HS 1905)	N/A	10,700 MT \$25 Million	19%	0%	<ul style="list-style-type: none"> <li>- Ecuador with a 22 percent import market share is the main supplier.</li> <li>- Strong local competition.</li> </ul>	<ul style="list-style-type: none"> <li>- United States holds 8 percent of import market share. Frozen presentation is becoming attractive for HRI and Food Retail.</li> </ul>
Soups & Broths (HS 2104)	N/A	1,150 MT \$2.5 million	-5%	0%	<ul style="list-style-type: none"> <li>- Strong local competition.</li> </ul>	<ul style="list-style-type: none"> <li>- United States is the largest supplier in this category holding 38 percent of import market share. Convenience stores sector is growing.</li> </ul>
Sauces (HS 2103)	N/A	7,350 MT \$17 million	57%	0%	<ul style="list-style-type: none"> <li>- Strong local competition.</li> </ul>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>

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 (January-December) 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 B: Products Not Present in Significant Quantities, but with 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 the U.S.
Peaches, Cherries and Nectarines (HS 0809)	8,500 MT	5,000 MT \$5 million	7%	0%	- Chile has 98 percent of import market share.	- Interest in U.S. peaches and nectarines. - Duty free access.

Apples and Pears (HS 0808)	75,000 MT	67,000 MT \$50 million	7%	0%	- Chile has 83 percent of import market share.	- Export window opportunity: Nov-Feb. - Recognized quality of U.S. apples and pears. - US apples exports are forecasted to grow 70% in 2017.
Grapes, Raisins (HS 0806.20)	10,000 MT	5,450 MT \$14 million	-2%	0%	- Chile has 63 percent of import market share.	- Export window opportunity: Sept-Dec. U.S. exports are forecasted to reach 2 million in 2017.
Citrus (HS 0805)	130,000 MT	4,100 MT \$5 million	90%	0%	- Strong local competition.	- United States holds 84 percent of import market - Export window opportunity: Jan-March.
Pork Meat (HS 0203)	160,000 MT	8,500 MT \$19 million	21%	0%	- Strong local competition; production level of 160,000 MT. - Chile has 54 percent of import market share.	- U.S. pork benefits from PTPA implementation. - Beef importers can also import pork. Best quality and competitive prices.
Sausages (HS 1601)	18,000 MT	410 MT \$2 million	1%	0%	- Strong local competition.	- High-end gourmet offers best possibilities for U.S. product. - The United States holds a 66 percent of import market share - Fast food restaurants are the main channel.

Ham, processed HS 1602.41	115 MT	71 MT \$1 million	3%	0%	- Competitors: Italy (62% market share) and Spain (33% market share).	- High-end gourmet offers best possibilities for U.S. product.
Beer (HS 2203)	200 MM liters	15 million liters \$12 million	13%	0%	- Strong local competition. - Local breweries produce and import new brands. - Mexico with a 76 percent import market share is the top supplier.	- Niche market for U.S. premium craft beers - Per capita consumption increasing to 40 liters. - Duty free entrance. - Culinary development.

Note: TRQ = Tariff Rate Quota. Latest full calendar year (January-December) 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 Contacts and Further Information

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For further information, see [www.fas.usda.gov](http://www.fas.usda.gov). See also FAS Lima's Exporter Guide and Food and Agricultural Import Regulations and Standards (FAIRS) reports.

Ministry of Foreign Trade and Tourism (MINCETUR) – Minister: Eduardo Ferreyros

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