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Retail Food Sector

Annual Report

2008

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Report Highlights:

Retail food and beverage sales in Argentina are forecast to remain flat in 2009. The global financial crisis is expected to affect the local economy, primarily as a result of limited credit and lower agricultural commodity prices. Retailers indicate that they will continue with the opening of new stores, but at a slower pace, and focused on smaller formats. Most local importers of foods and beverages project similar or slightly smaller sales in 2009.

Includes PSD Changes: No
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INTRODUCTION

The Argentine food and beverage (F&B) market is expected to remain relatively flat in 2009. The global financial crisis and the reduction in world commodity prices are expected to affect Argentina's economy. After several years of high growth, most players project a slowdown of domestic consumption and investment.

In the past five years, the Argentine retail sector saw strong signs of recovery as a reflection of the expansion of the local economy. Following were the main trends in 2008:

- continued price increases (inflation rate estimated by some private economists at 20-25 percent);
- growth in sales;
- recovery in market share of larger supermarkets, vis-à-vis traditional stores and smaller supermarkets;
- increase in sales of brand names and high-value products;
- increased purchases of imported F&B (primarily in large supermarket chains);
- improved deli/gourmet sections in upscale stores;
- expansion of private label products;
- company credit cards offered by large retailers;
- sales to attract customers;
- continued marketing activities through brochures and in-store promotions;
- consumers' renewed interest in convenience, service, and quality;
- increase of product lines and supply of informal credit by kiosks and grocery stores;
- strong investment in new openings of supermarkets and wholesalers;
- smaller store formats, concentrating in proximity, a wider variety of product supply, premium brands and service; and,
- expansion primarily in the interior of the country (large and mid-size cities).

Contacts do not foresee significant changes in 2009, although consumers and retailers will be more cautious and conservative in their spending and investments. Retailers are expected to continue with their plans to open new stores, but focusing on smaller formats which carry mostly food products. Sales of less expensive private label products are forecast to increase. Purchase of imported products is expected to remain flat or even suffer marginal drop in 2009.

SECTION I. MARKET SUMMARY

- Argentine total F&B retail sales for 2008 are estimated at US\$25 billion.
- In 2007, hypermarkets, superstores, and warehouse stores (locally known as "hard discount stores" and mostly operated by large retailers) accounted for approximately 31 percent of the total F&B sales; and small supermarkets, grocery stores, and kiosks, about 69 percent. Currently, following consumers' needs, warehouse stores are incorporating more brand names and service.
- Hypermarkets and superstores are the retail formats which have most grown since 1990. They focus on low prices, promotional campaigns, and greater product variety.
- On the one hand, warehouse stores offer lower-price products, i.e. private labels and B-Brands and, on the other hand, grocery stores provide credit to less affluent consumers, are close-by, and provide personalized service.
- Several of the leading international retail companies are operating in Argentina: Wal Mart, Carrefour, Casino, and Jumbo. Coto and La Anonima are the only large retailers which still have local ownership. Ahold (Disco) was bought by Jumbo.

- Strong competition and concentration in Buenos Aires city and suburbs. However, during the past few years, hypermarkets and superstores have expanded into the interior of the country through the purchase of smaller chains and the inauguration of new stores.
- Customers previously focused on low prices and good value. However, during the past few years, as a result of salary increases and a higher purchasing power, the Argentine consumer has become more sophisticated. Customers value convenience, first brands, quality, variety, and proximity.
- Supermarket private labels products account for approximately 6 percent of the total supermarket sales. There is a wide variety of F&B products sold under private label. Practically all products under this category are manufactured locally.
- Brand names are back, as well as high-value food products, such as frozen foods and non-essential products (biscuits, snacks, confectionery, beverages).
- Large retail companies have great negotiating power, putting strong pressure on their suppliers. However, in the past few years, they became more flexible.
- F&B sales in hypermarkets and superstores account for approximately 70 percent of total sales.
- As an average, Argentines spend about 33 percent of their income in F&B.
- Although F&B imports have been gradually recuperating, in 2008 they will be at about 80 percent of what they were in 2001 before the crisis.
- Approximately 70 percent of all imported F&B are sold through hypermarkets, superstores and supermarkets. Overall, imported products include those "commodities" which are not domestically produced, such as canned palm hearts, tuna fish and pineapple, corn, peas and tomatoes. There are also some fruits (bananas, kiwifruit), and a few confectionery products, some sauces, dried fruits and nuts, wine and other alcoholic beverages, isotonic beverages, among others, especially those of premium brands.

Value of Retail Sales of Imported Food and Beverage vs. Domestic Products (in US\$ billion)

| Retail Sales/Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------|------|------|------|------|------|------|
| Imported F&B - CI&F | 0.24 | 0.30 | 0.35 | 0.39 | 0.43 | 0.62 | 0.78 |
| Imported F&B - retail price | 0.7 | 0.9 | 1.1 | 1.2 | 1.3 | 1.8 | 2.4 |
| Domestic F&B - retail price | 9.3 | 13.4 | 14.1 | 16.8 | 17.5 | 22.6 | 25.0 |
| Imp/Total F&B Retail Sales % | 7.2 | 6.3 | 7.0 | 6.7 | 7.0 | 8.0 | 9.6 |

2008 FAS estimate

Trends in Distribution Channels

- Large investment in the retail sector. Practically all retail formats are increasing in number: warehouse stores (incorporating product variety and service), supermarkets, supercenters, wholesalers, traditional grocery stores, and shopping malls.
- Concentration through new openings, mergers and acquisitions is expected to continue growing moderately. Carrefour owns Norte, and Dia, with almost 30 percent of total supermarket sales. Jumbo purchased Disco (including their warehouse formats "Vea" and "Plaza Vea"), owned by Ahold. Together, they account for over 22 percent of total supermarket sales. Coto accounts for 16 percent of total sales.

- Wholesale clubs (Sam's and Makro's Kargo) closed their stores in the late 1990s, as the format did not "catch on".
- Large retailers have modern centralized warehouses.
- With the growth in sales of small grocery stores, wholesalers have increased their market share. There are 5-6 solid local companies that offer good service. Almost all of these companies are investing heavily.
- Large retail chains face fierce competition among themselves, and against smaller supermarkets and grocery stores, which prompts them to implement promotional campaigns based on low prices and discounts, improve service, and offer a wide variety of products.
- The upper/middle-high socioeconomic strata usually buy in hypermarkets since they value variety and service. They also make small purchases of fresh products in nearby smaller stores. The middle class usually shop in small supermarkets and warehouse stores. Lower-income consumers typically shop in traditional grocery stores.
- Supermarkets sell primarily non-perishable products, carbonated and alcoholic beverages, cold cuts, dairy products, and cheese. Between 30-40 percent of meats and poultry are sold in supermarkets and the balance in traditional/specialized stores. Supermarkets have a relatively small market share of fruits, vegetables and bread sales, although they are incorporating more fresh products.
- Due to a major concern about incorporating healthier eating habits, consumption of functional F&B, and low-calorie and fat-free products (especially, dairy products, sandwich bread, flavored water, and fruit juices) increased significantly during the past couple of years.
- Internet sales are expanding dramatically as it becomes more and more popular among consumers with higher and middle purchasing power. Sales in 2007 totaled more than US\$400 million.
- Home and office delivery by retailers has regained popularity after becoming more restricted, during the past few years, as service had lost importance in the local price-driven market.
- With a higher purchasing power and a lower unemployment rate, value has become increasingly important among the majority of consumers.
- Superstores purchase imported F&B directly and through local importers, agents, and/or representatives.
- Large supermarkets buy imported F&B directly. In most hypermarkets, approximately 7 percent of the F&B are imported.
- F&B are imported primarily from Brazil, Ecuador and Chile because of lower freight costs and zero or low tariffs for most goods.
- Buenos Aires city and suburbs represent roughly 45 percent of the country's F&B sales. The balance is distributed in the rest of the country, primarily in 10 large cities.

Number and Type of Food & Beverage Retail Outlets (Estimated 2007)

| Type of Store | Number of Outlets |
|--|--------------------------|
| Hypermarkets | 125 |
| Superstores | 1,450 |
| Warehouse Stores | 580 |
| Small Supermarkets or Independent grocers | 130,000 |

| | |
|--|---------|
| Grocery Stores (incl. mom- &-pop and specialty food stores) | 500,000 |
| Convenience Stores | 5,500 |
| Total | 637,655 |

Source: FAS

Trends in Services Offered by Retailers

- Store credit cards.
- Incorporation of home meal replacement services, such as hot and frozen meals.
- A few hypermarkets offer some ethnic and kosher food, and organic products. They also have a special area devoted to imported products which is expanding.
- Home and office delivery. Kiosks and convenience stores mainly provide office delivery.
- A limited percentage of more affluent consumers do their shopping by phone and the Internet. However, this service is becoming more and more popular
- During the past few years, there were some openings of other food and non-food businesses annexed to hypermarkets and superstores, such as movie theaters, food quarters, entertainment parks, etc.
- In addition, fast food restaurants were incorporated inside the stores.

Outlook for U.S. Exports of Food & Beverage Products

Below are the strengths and weaknesses of U.S. F&B in the Argentine market:

| ADVANTAGES | CHALLENGES |
|--|--|
| Argentine consumers think of U.S. products as high quality and reliable. | Mercosur preferential tariffs encourage inter-regional trade. Brazilian and regional competition is strong for many products. |
| Many Argentines have traveled and studied in the U.S., and know American culture and products. Exposure is also expanding through cable TV and the Internet. | Initial purchases by importers are usually small, which discourage U.S. suppliers and increase unit costs. |
| Most local retail chains want to carry a good variety of imported F&B on their shelves. | There is a large local supply of many F&B products. |
| Imported food from the U.S. and the E.U. is mostly considered gourmet. | Large foreign investment in the domestic food industry during the 1990's improved efficiency, quality, and competition. |
| U.S. F&B products are known for their efficiency, value and variety. | Higher distribution costs are incurred to reach interior of the country and smaller cities. |
| Significant investment by large retail chains focused on new store openings, especially in the interior of the country, permits good country coverage. | Local importers perceive a lack of flexibility and response from many U.S. exporters in supplying documentation needed to register new products. |
| Large retail chains have more opportunities to deal with foreign suppliers directly. | There are a larger number of U.S. companies that consolidate mixed |

| | |
|--|---|
| to deal with foreign suppliers directly. | containers. |
| There are good local cold chain facilities in Argentina. | Advertisement and marketing of locally manufactured products is very effective. |
| Local retailers have gained exposure to U.S. exporters and consolidators through FAS activities. | |
| A growing local F&B industry opens new opportunities to imported food ingredients. | |

SECTION II. ROAD MAP FOR MARKET ENTRY

A. HYPERMARKETS OR SUPERCENTERS, SUPERSTORES AND WAREHOUSE OUTLETS

Entry Strategy

The best method to import a product will depend upon the product, the importer, and retailers. However, successful trade depends upon the commitment of the exporter to devote the time and resources necessary for building a market for his/her product(s). In general, imported F&B come into Argentina through any of the following ways:

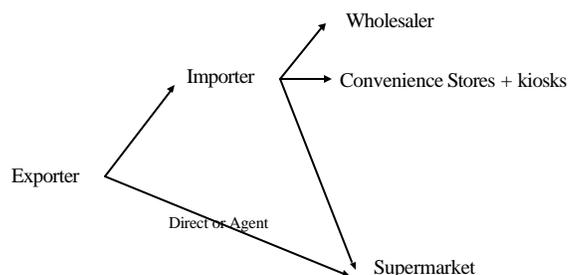
- Direct imports by supermarkets. Import or purchasing managers of large retail companies identify food products in international food shows, buying missions, etc. They establish a direct contact with the foreign supplier or local agent and import the products directly. Due to small initial volumes, it is common for them to use large wholesalers or consolidators in the U.S.
- Local agents, who work closely with large retail chains. Imports are done on behalf of supermarkets on a commission basis. They stay on top of the product to supervise its marketing and brand development.
- Local F&B importers, who import products at their own financial risk, and then market them in supermarkets and/or hotels, restaurants and institutional (HRI) establishments. There are a few of these who have been in the market for several years and have well-established brands. They mainly specialize in gourmet foods.

Local processors (mainly subsidiaries of multinational companies) such as Nestle, Kraft, Cadbury, Heinz, Mars, Danone, etc., who import and distribute products usually manufactured by their sister companies. Imports through this channel dropped significantly with the economic crisis, but some companies have reinitiated imports.

Market Structure

Distribution Channel Flow Diagram

Imported Foods & Beverages



Company Profiles (2007)

| Retailer/ Mkt. Share (%) | Ownership | Est. F&B Sales US\$ Million | No. of Outlets | Locations | Purchasing Agent Type |
|---|--------------|---|-------------------|---|----------------------------|
| Carrefour/ Norte/Dia (30) | French | 2,400 | 180 | National | Direct, agent, importer |
| Jumbo/ Disco/Vea/ Plaza Vea (22) | Chilean | 2,300 | 260 | National | Direct, agent, importer |
| Coto (16) | Local | 1,100 | 113 | Buenos Aires City & Province, & Prov. of Santa Fe & Entre Rios | Direct, agent, importer |
| La Anonima/ Quijote/Best (6) | Local | 550 | 120 | Primarily South of Argentina (Patagonia) | Direct, importer |
| Wal- Mart/Chango Mas (5) | US | 490 | 21 | Buenos Aires/ Large Cities | Direct, agent, importer |
| Libertad/ Leader Price (3) | French/Local | 300 | 14 | Center-North of Argentina | Direct, agent, importer |
| Eki (1.5) | US | 110 | 150 | Buenos Aires City & Province, & Province of Santa Fe | Direct, agent, importer |
| Toledo (0.4) | Local | 31 | 34 | S.E. Buenos Aires Province | Direct, agent, importer |

Source: FAS Buenos Aires based on data from private sources.

Argentina has mainly the following retail store formats:

- Hypermarkets (+5,000 sqm., +25 checkouts, driving distance, delivery)
- Supermarkets (400/5,000 sqm., 4/25 checkouts, walking distance, delivery)
- Small supermarkets or superettes (-400 sqm., less than 3 checkouts, proximity, delivery)
- Warehouse stores (270 sqm average, proximity, 2-3 checkouts, low prices, high percent of private label products and B-brands, increasing focus on first first brands, 500-1,500 products, delivery)
- Buenos Aires city and suburbs are covered by all four above formats.
- Larger cities (mainly provincial capitals) have primarily supermarkets and superettes, and several have hypermarkets.
- Smaller cities (less than 100,000 people) have primarily superettes and some supermarkets.
- There are approximately 580 warehouse stores in Argentina with annual sales in 2007 of \$485 million. In 2007, they accounted for 2 percent of grocery retail sales. This format has been expanding both in sales and number of outlets. Dia (owned by Carrefour) has two-thirds of stores (76 percent value-share in 2007). Eki has a 15 percent and Libertad a 7 percent market share). Stores are primarily located in Buenos Aires and suburbs, and Rosario and Cordoba Cities.
- During the past few years, local hypermarket and superstore chains offered a limited selection of imported products due to recession and devaluation. However, with the gradual recovery of the economy and a more stable "peso" (Argentine unit of currency), hypermarkets have managed to re-build their lines of imported F&B, targeting consumers with a higher purchasing power, mainly in stores located in the most affluent areas of Buenos Aires City and suburbs (where one third of the country's population lives, and almost half of the sales are done).
- Approximately 70 percent of the upper class, 50 percent of the middle class and about 20 percent of the lower class shop in hypermarkets and superstores.

Internet shopping

- A few retail chains provide Internet and phone sales service. However, sales of foods through the web are not yet widely popular. The main disadvantage for consumers is that they usually have to wait several hours for the order to be delivered to their homes and, in many cases, orders are incomplete due to products being out-of-stock.
- As reported in Euromonitor report, the number of Internet users in Argentina continue to increase. Strong Internet sales growth of 269 percent is forecast over the 2007-2012 period, as there is a greater presence of middle-income consumers purchasing products on-line who are gaining confidence in using this shopping tool. Internet retailing sales grew by 67 percent in constant value terms.
- According to the National Institute of Census and Statistics (INDEC, in Spanish), in September 2007, there were 2.8 million Internet connections in Argentina, which accounted for about 25 percent of households.
- Disco Virtual, the on-line service of Disco Supermarket (purchased by Jumbo-Cencosud), led Internet retailing with a share of 14 percent of total sales, due to its being the first on-line supermarket, the increasing assortment of products offered,

and its attractive deals for on-line purchases. It has proved popular due to its convenience and time saved.

- Coto Digital (on-line service of Coto Supermarket) reached an 11 percent share of total sales. Its success in Internet retailing was the result of its large customer base.
- Le Shop is the only pure Internet retailer.
- Carrefour and Wal-Mart, which are still not present in Internet retailing, are expected to launch shopping websites to take advantage of the low overhead costs and to avoid the cost of opening new stores, particularly as rents are currently very high.

B. CONVENIENCE STORES, GAS MARTS, KIOSKS

Entry Strategy

- The best method for new-to-market exporters is to enter the market through importers who have their own distribution networks, and to a lesser degree, through wholesalers.
- It should be noted that participation in trade shows, especially SIAL Mercosur, and other professional trade shows foster contact between U.S. suppliers and importers primarily from the Mercosur region.
- In general, a local representative is helpful in coordinating negotiations with retailers. Most food importers sell directly to this subsector.
- Selling to gas-marts owned by oil companies should be done via the purchasing managers. The owners of kiosks and convenience stores are the ones to take purchasing decisions.

Market Structure

Please refer to flow chart in Section II. A.

Company Profiles (2006)

| Retailer Name | Ownership | F&B Sales (\$ Million) | No. of Outlets | Locations | Purchasing Agent Type | Mkt. Share % |
|--|---------------|------------------------|----------------|------------|-----------------------|--------------|
| Repsol YPF (Full/Servi Compras) | Spanish | 48 | 1100 | Nationwide | Importer/distributor | N/A |
| Shell (Select) | British/Dutch | 5 | 900 | Nationwide | Importer/distributor | N/A |
| Petrobras (Spacio 1) | Brazilian | 18 | 700 | Nationwide | Importer/distributor | N/A |
| Esso Shops | U.S. | 1 | 700 | Nationwide | Importer/distributor | N/A |

Source: FAS Buenos Aires based on data published by private sources (data for 2008 unavailable)

- Gas mart chains or convenience stores (C-stores) started operation in the late 1980s as a separate division of oil companies. Their F&B sales account for approximately 65 percent of their total sales.
- There are approximately 5,500 C-stores and gas marts all over the country. They

are typically located within gas stations either in cities or on highways. They are open 24 hours a day and offer a wide variety of F&B products (approximately 2,000), such as frozen food, fast food, snacks, cookies, confectionery items, alcoholic and non-alcoholic beverages, dairy products, etc. They also include a gift area and an eating area with microwaves. Some gas marts have ATM machines, Internet access, WI-FI technology, and telephone booths.

- During the past few years, they have been incorporating promotions based on price/value.
- Curiously, C-stores do not compete with each other but primarily with kiosks in proximity.
- Customers of C-stores in cities, mostly teenagers, usually make impulse purchases (e.g. confectionery items), or because of their proximity and the fact that they are open 24 hours a day. Customers of C- stores on highways are primarily travelers.
- Twenty four-hour service and their relative security are some of the major attractive features of gas marts.
- C-stores represent a good channel for imported F&B since a high percentage of their customers belong to the more affluent stratum of society. Over 50 percent of C-store customers belong to middle class and 40 percent, to the upper/middle class.
- C-stores located in Buenos Aires City and suburbs account for more than half of the total sales of this format.

- Kiosks are smaller than gas marts. They primarily sell confectionery products, snacks, cigarettes, soft drinks, ice cream, etc. They do not have eating areas, and most of them are family-run. Some kiosks have become maxikiosks, with self-service shelves and a wider product variety.
- Kiosks account for approximately 10 percent of the total retail sales of F&B products.
- Kiosk customers belong to all socio-economic classes. Maxikiosks are popular among students, and workers, who purchase inexpensive food.
- Larger kiosks have incorporated vending machines.

- Most imported items sold in C-stores and kiosks are chocolates, alcoholic beverages, cigarettes, ice cream and confectionery products.
- The location of C-stores and kiosks in Argentina is mostly related to consumption patterns. Buenos Aires City and suburbs show a higher concentration of outlets, followed by major cities such as Córdoba, Rosario, Mendoza, Tucumán, Mar del Plata, Bahía Blanca, Santa Fe, Paraná, Neuquén, and Salta.

C. TRADITIONAL MARKETS - "MOM & POP" SMALL INDEPENDENT GROCERY STORES (including small supermarkets)

Entry Strategy

- The best method to enter the market is the same as for convenience stores (please refer to Section B).

Market Structure

Please refer to flow chart in Section II. A.

Subsector Profile

- In 2007, traditional stores accounted for about 69 percent of the total retail sales of F&B products, compared with approximately 35 percent in 2001, and 73 percent fifteen years ago. As a result of the economic crisis, sales in both grocery stores and small supermarkets grew fast. Many customers with a lower purchasing power preferred these due to their proximity, and the fact that they made smaller purchases, many times with short-term credit. Moreover, prices at grocery stores had become similar to those in supermarkets. However, during the past couple of years, consumers have begun to return to hyper and supermarket shopping, as a consequence of increased confidence in the economy, higher purchasing power, and convenience in terms of time and price.
- Customers of traditional stores primarily belong to the middle and lower-middle socioeconomic classes.
- The growing penetration of the upper-middle class in this format was due to a change in consumer behavior, shifting from monthly to bi-weekly or weekly purchases. As of mid 2003, more affluent consumers resumed monthly purchases in hypermarkets and superstores.
- During the past few years, their market share went up slightly due to recession and growing unemployment, with more people buying with credit, which is generally granted by the owners of small grocery stores. They have lately lost some market share in favor of hyper and supermarkets.
- Only a small percentage of imported F&B is sold through traditional stores.

SECTION III. COMPETITION

- Argentina is essentially a food-producing and exporting country.
- Of all retail F&B sold in 2007 only 7 percent was imported.
- Although volumes of imported F&B decreased significantly after devaluation in early 2002, supermarkets have been reincorporating imported U.S. consumer-ready food products and they have managed to rebuild their imported product line.
- Highly-rated hotels in Argentina continued importing some premium products because of their high quality and variety.
- Food products are imported mainly from Mercosur countries (primarily Brazil and Chile) due to three main reasons: proximity, reduced preferential import tariffs, and favorable exchange rate. Imported products also come from Ecuador, European countries (especially Spain, France, Italy, and Germany) and the United States.

The following table lists the advantages and disadvantages of both local and imported F&B products:

| | ADVANTAGES | DISADVANTAGES |
|------------------|---|---|
| Locally Produced | <ul style="list-style-type: none"> * established products * established brands * established manufacturers * adapted to local preferences * fresher/longer shelf-life * less expensive * wide distribution * strong marketing support | <ul style="list-style-type: none"> * not always the best quality * slower in introducing new novelty products * expensive slotting fees * limited selection |

| | | |
|----------|---|--|
| Imported | <ul style="list-style-type: none"> * quality * novelty * availability (in case of products with limited local production) * variety * good image * improved and more attractive packaging | <ul style="list-style-type: none"> * more expensive * shorter shelf-life (by the time it arrives) * different taste * poor or no marketing support * distribution limitations (run out of stocks) * import costs |
|----------|---|--|

The following is a brief description of the market per major retail product categories:

- Snack food of U.S. origin has a very good reputation, but its demand dropped significantly after the peso devaluation. The main market player in Argentina is PepsiCo, which holds over 70 percent of the Argentine snack food market. PepsiCo locally produces many U.S. brands. U.S. potato chips in cans are back in the market.
- Domestic production of breakfast cereals is also very significant. U.S.-owned companies established in Argentina (Kellogg's, Quaker and General Cereals) lead the market. However, some varieties are still imported, especially from Brazil. There are a few medium/large local companies as well. Consumption stopped growing after the economic crisis, and has been recovering during the past year.
- Argentina produces large volumes of beef. Thus, imports are not significant although some sweetbreads were imported from the United States until early 2002, when Argentina established new sanitary regulations banning imports. Imported pork accounted for approximately half the domestic demand until 2001. However, the economic crisis has forced its reduction to very low volumes. Product comes primarily from Brazil (currently suspended due to the Foot and Mouth Disease crisis). Although Argentina's poultry production and exports are increasing sharply, some very small volumes of inexpensive products are imported from Brazil.
- Argentina is self-sufficient in dairy production and exports high quality products to many markets. However, some imports of whey, special milks and specialty cheeses take place.
- There are large imports of preserved fish and seafood specialties (primarily canned tuna), coming from Ecuador, Thailand, and Brazil.
- Some fruits, which are not produced locally, are imported, such as bananas (Brazil and Ecuador) and kiwifruit (Chile and Italy). There are imports of canned fruits, especially pineapple from Thailand, S. Africa, and Indonesia. Canned palm hearts are also imported in significant quantities from Ecuador and Brazil.
- Argentine imports of tree nuts (primarily almonds) have recovered because of the economic rebound. Of what is imported, Chile dominates the market, followed by the U.S.
- Imports of soft drinks and mineral water are recovering to pre-crisis levels. There are large local manufacturers, including Coca Cola and PepsiCo, which compete strongly in the market. Beer imports are recovering quite strongly. The main suppliers are Mexico and the E.U. Wine imports almost disappeared after the devaluation but are recovering slowly. France, Spain and Belgium are the main suppliers
- Argentina has expanded its pet food production, especially after the opening of several manufacturing plants owned by foreign companies such as Procter & Gamble, Nestle/Purina, Heinz, Mars/Effem and Colgate Palmolive. However, some *premium* pet food is imported, primarily from Brazil and the U.S.

SECTION IV. BEST PRODUCT PROSPECTS

The best product prospects for U.S. F&B in the Argentine retail market are as follows:

| Product Type | Present in the Market w/Good Sales Potential | Not Present in Significant Quantities but w/Good Sales Potential | Not Present because They Face Significant Barriers | Barriers |
|-------------------------------|---|---|---|-----------------|
| Chocolate | X | | | |
| Canned Veggies. | X | | | |
| Fruit & Nut Prep. | X | | | |
| Sugar Confection. | X | | | |
| Fresh Citrus | | | | *** |
| Soups | X | | | |
| Sauces & Prep. | X | | | |
| Cookies/Snacks | X | | | |
| Isotonic Bvgs./ Energy Drinks | X | | | |
| Fresh Stone Fruits | | | | *** |
| Fr. Deciduous Fruits | | | | *** |
| Food Ingredients | X | | | |
| Convenience Foods | | X | | |

*** Please contact our office for current phytosanitary regulations

SECTION V. POST CONTACT AND FURTHER INFORMATION

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