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Report Highlights:

This report provides information to U.S. exporters of agricultural and related products on how to do business in Panama. Panama is an attractive market for exporting U.S. agricultural food products. Its culturally diverse population, geographical location, and love for American food and culture provide for increasing export opportunities for U.S. high value food and beverage products. In 2019, U.S. agricultural and related products exports to Panama reached an estimated \$610.7 million. Panama has an ambitious public infrastructure plan and an expanding services sector that benefits from the country's emerging role as a regional hub for trade.

Market Fact Sheet: Panama

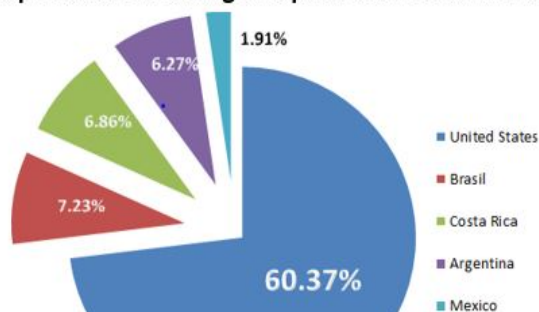
Executive Summary

Panama enjoyed a strong, growing economy in 2019. Based on the World Economic Forum’s Global Competitiveness Report 2019, Panama is the best place to retire in 2019 and ranked 3rd in the [Best Countries Open for Business ranking](#). Its Gross Domestic Product (GDP) growth rate reached 3.7% in 2019. Panama’s economy is based predominately on services (82%); agriculture accounts for only a small portion of the economy (2.4%).

Imports of Consumer-Oriented Products

Panama is the 27th largest market for U.S. consumer-oriented products that reached \$357.4 million in exports in 2019. U.S. products are seen as high quality and well accepted. The customs clearance process in Panama is relatively fast.

Top 5 Food & Beverages Exporters to Panama 2018



% based on volume of food exports
Source: Panamanian Food Safety Authority

Food Processing Industry

The food processing industry grew 10% over the last couple of years due to an increase in tourism and foreigners relocating to Panama.

Food Retail Industry

Supermarkets, hypermarkets and Independent food stores drive the grocery market in Panama. High growth categories include savory snacks, processed meats and seafood, sauces and condiments, ready meals, processed fruits and vegetables, dairy products, and snack foods.

Quick Facts CY 2019

Imports of Consumer-Oriented Products (US \$357.4 million in 2019)

TOP 12 U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA 2019 (in millions of dollars)

- \$49.1 Dairy Products
- \$46.1 Prepared Food
- \$31.9 Pork & Pork Products
- \$31.0 Poultry Meat & Prods (ex. eggs)
- \$28.4 Wine & Beer
- \$27.6 Snack Food NESOI
- \$21.0 Processed Vegetables
- \$17.7 Non – Alcoholic Bev.
- \$14.4 Chocolates & Cocoa Products
- \$14.1 Condiments & Sauces
- \$12.7 Dog & Cat Food
- \$11.6 Beef & Beef Products

*Source: U.S Census Bureau Trade Data

GDP Per Capita PPP: \$24,262 (2019)

Population: 4,210,507 (June 2019)

Total Exports of Agricultural & Related
Products to Panama: \$610.7 Million (2019)

Sources:

www.uscensus.org<http://gain.fas.usda.gov>
www.euromonitor.com

I. MARKET OVERVIEW

U.S. agricultural exports have been benefitting from the U.S.-Panama Trade Promotion Agreement (TPA), which entered into force on October 31, 2012. Almost half of U.S. agricultural exports immediately received duty-free treatment, with most of the remaining tariffs to be eliminated within 15 years. The TPA also provides duty-free access for specified volumes of some agricultural products through Tariff Rate Quotas (TRQs). For more information, please refer to [TPA](#).

Law 41 of 2007 relating to Multinational Enterprises has enticed 156 companies from different countries to establish their regional hubs or headquarters in Panama, bringing in their executives and employees. Examples of these companies are Dell, Maersk, ADM, Procter and Gamble, Caterpillar, Mars, Adidas, Nike, SAB Miller, among others.



Source: Capital Financiero

Market Trends

Panama’s diversified food industry is a stable sector of the economy. Many local companies have been acquired or have teamed up with multinational corporations as a strategy to increase global exports. Besides bananas, sugar, seafood, shrimp, fishmeal, coffee and meat, exports of other products, products such as alcoholic beverages, fruits and vegetables, poultry and eggs, have increased significantly in recent years. U.S. agricultural goods and services enjoy a reputation for high quality and are highly competitive. Consumer attitudes and many brands preferences are similar to the United States.

Table 1. Advantages and Challenges of U.S. Products in Panama

ADVANTAGES	CHALLENGES
The ease of shipping from the United States to Panama, as a result of the Panama Canal expansion.	China is expanding its influence across Latin America as Panama is looking to boost re-exports of Chinese goods throughout the region. China is the world’s second most frequent customer to the Canal and the largest supplier to the Colon Free Trade Zone.
Cultural diversity of tourists and expats coming to Panama each year. Increased immigration with permanent residence from Venezuela, Colombia, The Antilles, Asia, Europe, among others.	Panama's GDP has decreased by 1.8% in the last year
Insufficient domestic production of agricultural products leading to strong demand for food and feed imports.	Recent governmental protectionist policies making importing food, beverages and agricultural products more burdensome.
Strategic geographical location and its service-oriented economy. Panama continues to strengthen its seaports and logistics assets (Panama Canal, seaports, airports, special	Strong competition in the region with ports in Colombia, the Caribbean and Mexico.

economic zones, logistics parks, and railroad) over the next years.

SECTION II. EXPORTER BUSINESS TIPS

Business Customs

Due to its open economy, Panama has minimal market access issues. One of the more common market entry practices is to appoint an agent or distributor. Another option is to find a local partner who can provide market knowledge and contacts. Other businesses have entered the market via licenses or franchises. Both Panamanian and foreign companies must fulfill the same basic requirements to organize and operate most types of business activities in Panama. However, Panama's Constitutions prohibit foreigners to own retail stores and practicing certain professions. For more information please refer to [2018 Food and Agricultural Import Regulations and Standards \(FAIRS\) reports on the GAIN System](#).

Any new commercial business must be registered in www.panamaemprende.gob.pa as required in Law No. 5 of January 11, 2007. All food retail, food processing and restaurants businesses must have a [Sanitary Operation Permit](#) issued by the Food Protection Department of the Ministry of Health. There is no law regulating the relationship between international suppliers and local agents and distributors. This relationship is only governed by the private agreements made between the parties involved. In cases of contract termination or disputes, the private contract clauses prevail over any other document or practice.

Panama is receptive to U.S. style franchising. The market for both specific and general franchising opportunities is attractive. Recreation, entertainment services, fast food, automotive, hotel and motel franchises are readily marketable as the local market demands better facilities and services. The U.S. Embassy recommends consulting a local attorney for details on how to set up a franchise in Panama. Some examples of common U.S. food and beverage franchises found in the market include Krispy Kreme, McDonalds, Starbucks, Johnny Rockets, Pinkberry, KFC, Burger King, Pizza Hut, Domino's Pizza, Carl's Jr, Ruby Tuesday, Applebees, Chili's, Fuddruckers, IHOP.



SECTION III. IMPORT FOOD STANDARD & REGULATIONS/IMPORT PROCEDURES

Trade Promotion Agreement

Panama has eliminated duties on U.S. high-quality beef (USDA's Prime and Choice grade), frozen turkey, soybeans, soybean meal, soybean oil and corn oil, almost all fruit and fruit products, wheat, peanuts, whey, cotton, and many processed products. The TPA also provides duty-free access for specified volumes of some agricultural products through Tariff Rate Quotas (TRQs) annually.

General Import and Inspection Procedures

In general, food products and beverages should be registered with the Panamanian Food Safety Authority (AUPSA in Spanish) and should meet hygiene and quality control requirements. It is the duty of the Ministry of Health to establish the sanitary rules relating to the manufacture, storage and processing of food. For food and feed products, the exporter need to comply with the sanitary or phytosanitary import please access the [2018 Food and Agricultural Import Regulations and Standards \(FAIRS\) reports on the GAIN System](#). It is important to note, that the new Government of Panama will be eliminating AUPSA to create a new Government Agency for food and feed imports and exports in 2020.

Import product prices are based on CIF value plus any existing import taxes, custom agent fees, in-country transportation costs, and other product-related costs such as change of label. The pricing usually excludes U.S. domestic marketing costs, allowing a more competitive and attractive price in the Panamanian market.

Transport of goods to and from Panama

With its Canal, Panama is considered one of the top transport logistics centers in the world. The country also has modern seaports on the Atlantic and Pacific oceans which are linked by a railway network, highways and international airports which are capable of handling all sorts of cargo transport. Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal and Evergreen, and Balboa on the Pacific. The Tocumen International Airport handles the bulk of Panama's air cargo. The railroad network is made up of one 47-mile-track and joins Balboa Port to Colon. Transport capacity is on average 500,000 containers per year. The road network comprises of 11,643 km of road, of which 4,028 are tarmac.

For more information in Panama's logistic center:

[Colón Container Terminal](#)

[List of Panamanians Harbors](#)

[Airports](#)

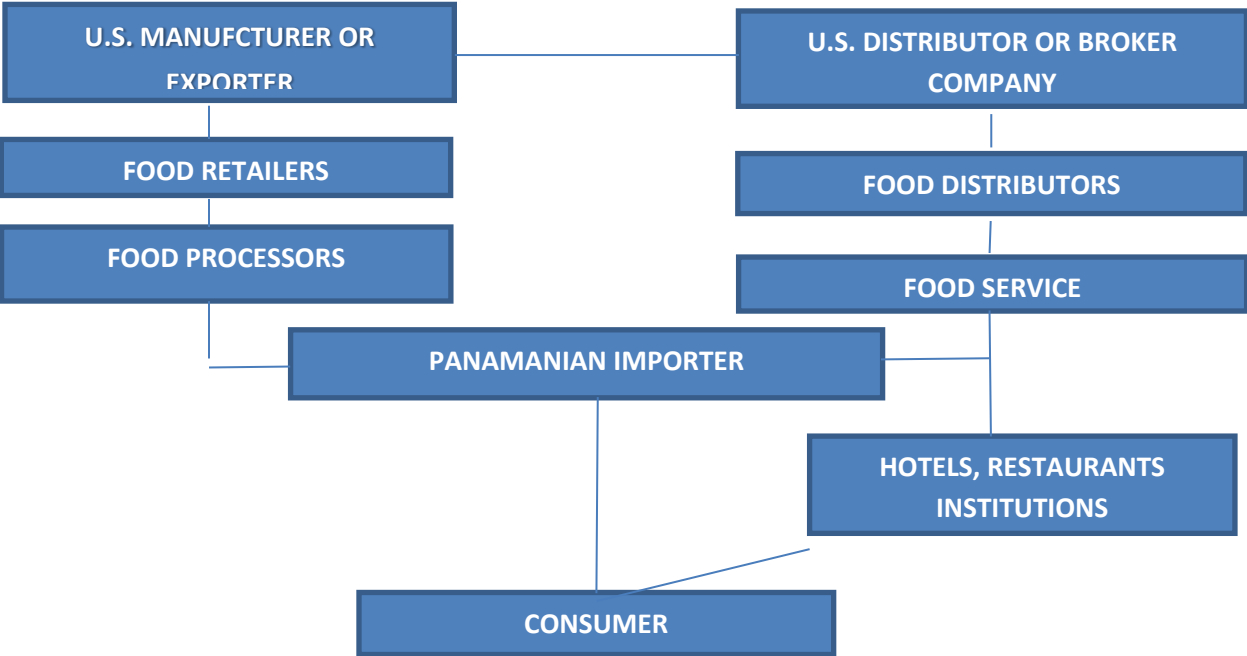
IV. MARKET SECTOR STRUCTURE AND TRENDS

On average, Panama City accounts for 65 % of total national sales of consumer goods. The remaining 35% is distributed among the principal cities of David, Colon, Santiago and Chitre.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and in many cases also as retailers. In other cases, local firms order directly from U.S. brokers or the

manufacturer. Some of Panama's major importers of wines and spirits, and other consumer goods are also regional distributors for Central and/or South America, with warehousing facilities located in the Colon Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sale to the local market.

Table 2. Panama: Market Structure



Sub-Sector Profiles

Food Service

International food service operators and local companies such as [Sysco](#), [H.T. Tzanetatos](#), [Proserv](#), [Procesadora Monte Azul](#), [Dicarina](#), [Pedersen Fine Foods](#) and others have been servicing the food service sector for more than 50 years providing imports of U.S. food and beverages, logistics in warehousing/transportation, and product sales and marketing. With these institutions and facilities, fueling both local and international cuisines, Panama’s food service industry is among the strongest in the country. In fact, fast food franchises, cafes, bars, bakeries, ice-cream shops, family owned restaurants, food trucks, street side vendors, convenience stores, and catering services all benefit from this strong trade framework.

Restaurants

Restaurants in Panama City are well developed and possess highly ranked world class chefs at the international level. Due to expanding tourism, growing immigration, and higher consumer purchasing power, the selection of restaurants and international cuisine is expected to continue to grow. Currently, the Panamanian Association of Restaurants and related business have more than 400 members.

Hotels, Resorts, and Cruises

Travel and tourism are an engine of economic development and a vehicle for sharing cultures. Many factors influence the flow of travelers to visit the country. Panama is an attractive destination and its

dollarized currency is a strength. U.S. and international hotel chains presence in Panama include the Waldorf, Hilton, Marriott and J.W. Marriott, Bristol, Country Inn, Sheraton, Radisson, Holiday Inn, Intercontinental, Riu, Westin, Wyndham Garden, Novotel, Hard Rock Hotel, Hotel Las Americas Golden Tower and Tryp Hotel. Panamanian hotels and resorts primarily purchase from food service companies and/or directly from distributors, supermarkets and restaurants. For detailed information on the different hotel and resort options in Panama, please access: www.apatelpanama.com

Panama's cruise ships market is expanding from both, the United States and Europe, as Panama continues to grow as a premier travel destination. Cruise ships to Panama City anchor either at Fuerte Amador and Balboa located at Panama Canal's Pacific Ocean entrance, or Port Colon 2000 in the Caribbean.

Retail Sector

Preference continues to grow towards supermarkets and away from traditional markets. Today's supermarkets are able to offer reduced consumer prices relative to traditional retail (Mom & Pop). Supermarkets exhibit increasing product safety and diversity, within the 5 largest supermarket chains: Super 99, Supermercado Rey, Super Xtra, Riba Smith and Machetazo.

Institutional

The institutional sector includes private and public hospitals, the national police, and penitentiary systems. Private hospitals have their own logistical operations for patient meals and to supply their cafeterias, while public hospitals and the police usually bid their requirements on yearly or 5-year term contracts with local food service providers, restaurants, or food processors.

V. AGRICULTURAL AND FOOD IMPORTS

Consumer and Preferences

The top prospects for U.S consumer-oriented products exports to Panama include meat, poultry, snack foods, dairy products, condiments, wine and beer, baking ingredients, healthy foods, and frozen, processed, and prepared food products. In addition, bulk commodities such as yellow corn, paddy rice, soybean meal, and wheat flour, are also in demand, but world market prices are a large factor in importer decisions.

In recent years, the consumption of more convenience and healthy foods has been a trend that resulted in good prospects for U.S. food exports such as low fat, low sodium, gluten free, sugar free, fresh fruits (such as apples, grapes, peaches and pears), organic foods, processed fruits (especially canned fruits), and processed canned vegetables (especially canned mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans), Snack foods (including corn chips, popcorn, cookies, and candy and frozen processed products (pizzas, ready-to-eat food) also have high import demand.

Table 3. U.S. Consumer Oriented Exports Top Prospects

THE BEST CONSUMER ORIENTED PRODUCT PROSPECTS FOR PANAMA	
PRODUCTS	DESCRIPTION
Alcoholic beverage	Liquor, beer and wine
Bakery Ingredients	Baking mixes, dried fruits & nuts, fillings, chocolate, whey, yeast, food coloring, etc.
Beef	Fresh, chilled, frozen of high quality (USDA Prime and Choice)
Condiments	Mayonnaise, salad dressings, sauces (BBQ, marinating, soy) mustard, spices, etc.
Cooking ingredients	Vinegar, cider, vegetable oil (corn, sunflower, soybean, canola, olive, tomato paste and puree, etc.)
Dairy Products	Milk, cheese, butter, whipping cream, yogurt, ice cream
Delicatessen	Processed meat and poultry
Frozen Foods	Vegetables, fruits, ready to eat meals, ice cream
Fruits	Fresh, frozen, canned, dried
Mixed drinks, blends	Dried, powder
Non-alcoholic beverage	Juices, coffee, tea, soft drinks and energy drinks
Pork	Fresh, chilled, frozen
Potatoes	Fresh, Frozen, Pre-cooked, dehydrated
Poultry	Frozen chicken, turkey
Prepared food	Ready to eat single meals (Breakfast, lunch or dinner + snacks)
Preserved fruit, jam, spread	Preserved fruit, jam, spread
Processed food	Products such as cereals, canned foods, value added rice, noodle, dairy products etc.
Seafood	Fresh, chilled, frozen salmon, crab, scallop, oysters, octopus
Snacks	Cookies, salty snacks, crackers, nuts
Soup, Soup bases, broth	Canned, dried/powder
Vegetables	Fresh, frozen, canned, preserved
Wine & Beer	Spirits, cider, craft beer

Table 4. Panama's High Demand Agricultural Products

PANAMA'S IMPORTED AGRICULTURAL PRODUCTS IN HIGH DEMAND AND MAIN SUPPLIERS			
PRODUCT CATEGORY	MAJOR SUPPLY SOURCES	STRENGTHS	ADVANTAGES & DISADVANTAGES OF LOCAL SUPPLIERS
Corn	U.S. and Argentina	Competitive Price	Not enough local production
Rice	U.S., Guyana and Brazil	Competitive Price	Not enough local production
Pork & Potatoes	U.S. and Canada	Competitive Price	Not enough local production
Onions	U.S. Netherlands and Peru	Competitive Price	Low local seasonal production
Fresh Fruits (apples, pears, grapes)	U.S. and Chile	Mostly seasonal difference not real competition	Not produce locally
Snacks	U.S., Costa Rica, Colombia, Guatemala, Mexico and China	Competitive Price, but U.S. product is preferred	Low local production

VI. Key Contacts and Further Information

GOVERNMENT AGENCIES IN PANAMA	
Panamanian Food Safety Authority (AUPSA)	www.aupsa.gob.pa
Tourism Authority of Panama (ATP)	www.atp.gob.pa
CHAMBER OF COMMERCE	
Chamber of Commerce, Industries and Agriculture	www.panacamara.com
American Chamber of Commerce Panama	www.panamacham.com
INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA	
Association of Hotels in Panama	www.apatelpanama.com
Association of Small Hotels in Panama	www.hopan.net
RESTAURANTS/FAST FOOD	
Association of Restaurants in Panama ARAP	www.asociacionderestaurantes.com
Degusta Panama	www.degustapanama.com
LOCAL FAIRS AND TRADE SHOWS	
ExpoComer	www.expocomer.com
Expobebidas	www.expobebidapty.com
Pretelt Meat Fest	https://www.youtube.com/watch?v=wxPw1DTpmWw
Felipe Motta Feria de Vinos	www.felipemotta.com
Coffee fest	www.coffeefestpanama.com
PMA Food show	www.pmafoodshow.com
ASSOCIATIONS AND ORGANIZATIONS	
Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA)	www.acovipa.org
Retail Center of Panama (CEREP)	www.retailpanama.com

Gastronomy Club of Panama	www.clubgastronomicodepanama.org
TRADE PUBLICATIONS	
The Restaurant Panama City	www.the-restaurantpty.com
Guía de Restaurantes de Panamá	guia-arap@rgpublicaciones.com
SOCIAL MEDIA AND BLOGS	
El Buen Diente	elbuendiente.com
La Guía del Foodie	laguiadelfoodie.com
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) 317-5000

Attachments:

No Attachments