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**Report Highlights:**

Argentine imports of consumer-oriented food and beverages in 2023 are projected to remain flat at 2022 levels, due to continuing economic uncertainty, currency controls, weak consumer spending, and the expectation of high inflation. Since October 2022, many food and beverage products are no longer being automatically granted import licenses. Import licenses are being granted in a discretionary manner as the Argentine government seeks to manage trade. FAS Buenos Aires recommends working closely with experienced local importers and brokers. However, there are still opportunities for products that are not produced in sufficient quantity locally, such as food ingredients, plant-based products, pork products, seafood products, health-themed, and craft or specialty products oriented at high-income consumers.

# Market Fact Sheet: Argentina

## Executive Summary

Argentine imports of consumer-oriented food and beverages in 2023 are projected to remain at 2022 levels, due to continuing economic uncertainty, weak consumer spending, distortionary currency controls and the expectation of high inflation (over 90 percent). However, there continues to be opportunity for products that are not produced in sufficient quantity locally, such as food ingredients, plant-based products, pork products, healthy oriented products, seafood and craft or specialty products oriented at high-income consumers.

## Imports of Consumer-Oriented Products

Argentina's food and beverage (F&B) industry is very large and well developed. In addition to domestic Argentine manufacturers, many multinational companies operate locally, to meet the demand of the Argentine market. Post anticipates that the F&B import market will continue to be strong in products which Argentina does not produce or where its supply is limited, and in gourmet products targeted primarily to the higher income segment.

The best prospects for imported F&B products are well known brands (confectionery products, sauces, snacks, almonds, beer, etc), food ingredients (for functional foods, for the beverage industry, etc) and commodity type products which are not produced domestically. Argentina's development of new products for the domestic and export markets provides good opportunities for imports of new food ingredients.

## Food Processing Industry

The F&B industry is one of the main activities contributing to the Argentine economy. While much of the agricultural sector is oriented toward export markets, F&B production is primarily focused on the domestic market. Many large local F&B companies were purchased by foreign multinationals or financial funds. This, plus the fact that there have been mergers and acquisitions internationally, resulted in strong local concentration

## Food Retail Industry

About 75 percent of all imported F&B products are sold through hypermarkets and supermarkets. Several international retail companies operate in Argentina (Carrefour, Cencosud-Jumbo). During the past few years, large retail chains expanded to the interior of the country after the City of Buenos Aires and its suburbs became saturated. Investment in new supermarket openings is taking place in larger cities in the interior of Argentina. Currently, there are very good opportunities for some U.S. consumer-ready food products due to their high quality and image.

## Quick Facts CY 2022

**Imports of Consumer-Oriented Products** USD \$4.13 Million

### List of Top 10 Growth Products in Host Country

- |                     |                           |
|---------------------|---------------------------|
| 1) Canned Preserves | 2) Pork Products          |
| 3) Sweetbreads      | 4) Food Additives/Flavors |
| 5) Sweeteners       | 6) Spices                 |
| 7) Candy            | 8) Alcoholic Beverages    |
| 9) Nuts             | 10) Seafood/Plant Based   |

### Food Industry by Channels (U.S. billion) Jan-Oct 2022

Food Exports	\$46.2
Food Imports	\$ 4.1

### Top 10 Host Country Retailers

Coto  
Cencosud - Jumbo  
Dia  
Carrefour  
La Anonima  
Diarco  
Vital  
Walmart  
Cooperativa Obrera  
Toledo

### GDP/Population

Population (millions):	47.3
GDP (billions USD):	\$491
GDP per capita (USD):	\$10,729

Sources: INDEC & FAS Buenos Aires

## Strengths/Weaknesses/Opportunities/Challenges

ADVANTAGES	CHALLENGES
U.S. products have a reputation for high quality.	Local importers perceive a lack of flexibility and response from most U.S. exporters in supplying documentation.
Through FAS' activities and participation in American shows, many local retailers have gained knowledge of US products, thus bringing new products to the local market.	According to the World Bank, Argentina has one of the world's most protectionist economies. Import regulations change rapidly.
Local retailers have gained exposure to U.S. exporters and consolidators through FAS activities.	Initial purchases by importers are usually small.
Significant investment by large retail chains focused on new store openings, especially in the interior of the country, allows expanded market coverage throughout the country.	Despite the fact that there are few explicit barriers to imports, it is necessary to undertake commercial efforts to develop the food and beverage import need.

## SECTION I: MARKET OVERVIEW

Argentina is the second largest country by land area, and third largest country by population in South America. It is a democracy and has the fourth highest GDP per capita in South America and the fifth in terms of nominal GDP per capita (according to World Bank, 2021). The capital, Buenos Aires, and its surrounding suburbs, account for nearly a third of the population of the country. Argentines speak Spanish, which they refer to as *Castellano*, but have the highest average level of English comprehension in South America according to the company, Education First.

Argentina's economy is highly volatile and over the last five years experienced several long contractionary periods and high inflation. With inflation currently running over 90% year on year, some private sector analysts project it may rise over 100% in 2023. The annual variation rate of the Consumer Price Index (CPI) in November 2022 was 92.4%. Despite this and after several years of recession, domestic consumption began a slow recovery in 2021 and extended to 2022. According to a study conducted by the agency Scentia, by the first half of 2022, all channels of commerce were growing over 2020 levels, except for the e-commerce, which experienced the highest levels of growth with the pandemic and lockdowns during 2020. Uncertainty remains ever present, but there are still many business opportunities.

During Jan - Oct 2022 Argentina imported \$4.125 billion worth of food and agricultural products. Other Latin American and Mercosur (Brazil, Paraguay, & Uruguay) countries which benefit from favorable tariff treatment and shipping costs were Argentina's primary source of these products, but the United States, European Union, China, and Thailand were also significant. While final 2022 import numbers are not available, imports have grown 27% year on year, compared to the same period in 2021. Argentina has one of the most protectionist major economies in the world, with most rankings of economic freedom placing the country in the bottom third. Becoming familiar with Argentina's history of economically interventionist policies is critical for conducting business.

Argentina declared its independence from Spain in 1816 and throughout the 19<sup>th</sup> century acquired and settled territory approximately a third the size of the continental United States. In the late 19<sup>th</sup> Century, a wave of European immigration (primarily from Italy and Spain) and investment (from the United Kingdom), began to transform the country, leading to increasing urbanization and industrialization. The application of modern agricultural techniques to Argentina's *Pampas* (plains) and new shipping techniques allowed Argentina to begin exporting agricultural commodities to Europe. A series of commodity booms enriched Argentina and made it one of the top ten per-capita GDP countries in the world at the beginning of the 20<sup>th</sup> Century. Since this time, the Argentine economy has experienced cycles of boom and bust and has defaulted on its debts six times. Argentine governments of different ideology and organization have struggled to contain inflation and maintain the value of the Argentine Peso. Since the late 1940's Argentina's dominant political ideology has been *Peronism*, named after its founder and former president, Juan Domingo Peron (1895-1974). Many years after Peron's death, Peronism is perhaps best described as a movement or coalition than a distinct political theory, but Peronists often emphasize national sovereignty and identity, societal equality, and heavy state involvement in the economy.

On December 10, 2019 Alberto Fernandez, the leader of a Peronist coalition, was inaugurated to a four-year term as President of Argentina. His running mate, and now Vice-President, Cristina Fernandez de Kirchner was president from 2007 to 2015. Alberto Fernandez defeated Mauricio Macri a center-right politician who was president from 2015 to 2019. Macri had implemented a series of reforms intended to reduce the fiscal deficit and spur economic growth, including reducing the size of the state, eliminating many economic controls, floating the currency, and eliminating subsidies on utilities. However, in 2017 the value of the Argentine peso fell suddenly against the US Dollar as US interest rates rose. In an attempt to maintain the value of the peso and also to combat rising inflation, Argentina raised interest rates, leading to a recession, which persisted until 2021. Since the Fernandez administration took office in Dec 2019, the government has made efforts to stimulate economic growth, and have announced a series of government interventions intended to boost consumer

spending, maintain employment levels, boost exports, and reduce imports and the accompanying outflow of foreign currency reserves. With the outbreak of the COVID-19 pandemic in March 2020, these plans have been postponed as the government took emergency measures to mitigate the impact of the disease. After three years of the Fernandez-Fernandez administration, inflation is high at over 90% annually, and this trend is expected to continue into 2023. In an effort to combat inflation Argentina has imposed price controls on many goods, including food and beverage products and banned the export of beef to maintain domestic market supplied.

The Argentine government has implemented strict currency controls and an import licensing system to manage its trade and current account. While demand exists for U.S. food products, especially among members of the Argentine middle and upper classes, the current Argentine government views imported food and beverages as luxury items and is likely to implement further policies intended to restrict imports across all non-essential sectors. FAS Buenos Aires strongly recommends working closely with experienced local importers and brokers. Import and payment regulations change rapidly, leading to potential import delays, product rejections, and payment problems which reduce the profitability of exporting F&B products to Argentina.

Nevertheless, the US enjoys a reputation for innovation and quality, and it may be possible to redirect importers away from traditional suppliers in Europe towards US products which are exiting and competitively priced. Further, while near-term economic forecasts are unspectacular, Argentina's economy is highly cyclical, with recessions followed by years of rapid growth and expansion. By investing relatively modest resources and building relations with Argentine importers during a recession, FAS and US exporters will be in a strong position to reap future rewards when recession gives way to hyper consumption on the economic upswing.

## **SECTION II: EXPORTER BUSINESS TIPS**

- Appoint a representative, agent, or importer who is very well versed and updated on current rules and regulations.
- Spanish language in printed materials is preferred, although most importers speak English.
- Display samples.
- Have a long-term outlook.
- Use a personalized approach.
- Contact top decision-makers.
- Provide consistent attention in service and delivery.
- Do not take “no” for an answer – engage in frequent visits and follow-ups.
- Get a contract in writing.
- Be flexible with volumes.
- Protect and register your trademarks.
- Provide documentation needed for registration of new products.

One complication with doing business in Argentina are currency controls which prevent Argentine businesses and citizens from easily exchanging Argentine Pesos for other currencies, especially the US Dollar. These controls are intended to prevent the devaluation of the peso. Importers sometimes have difficulty accessing foreign currency to conduct trade and import permitting rules and procedures change frequently. At the time of writing this report the official exchange rate is \$178 pesos per \$1 USD. However, a parallel, unofficial rate is \$322 pesos per \$1 USD. The gap between these two rates means that imported products, though often more expensive in real terms than domestic versions, can be sold at similar peso denominated prices because importers are obligated to use the official exchange rate. Further, imported food products (like most goods) are seen as a hedge against inflation, so importers are currently seeking to maintain high stock levels.

The government of Argentina created the Import System of the Argentine Republic (SIRA), designed to obtain in advance information necessary to generate predictability and traceability in import operations. The SIRA will allow an analysis of the economic and financial capacity of the importer and will outline a profile of the

importer's customs and tax risk. The system will shorten to 60 days the maximum waiting period for the crediting of dollars for the payment of imports. Unlike the previous system, the new system will include a single account, date of the money transfer and real time control and monitoring of the balance, all features that the previous system did not have.

Under the new system, the procedure will start with the presentation of a declaration of intent before the National Administration of Public Revenues (AFIP), which - depending on the tariff position of the product to be imported - will require an Automatic License or a Non-Automatic License.

On October 4, 2022, Argentina's Secretariat of Commerce published [\*Resolución 26/2022\*](#) in the Official Bulletin, which subjected approximately 2,670 HTS codes, including a wide variety of agricultural products, foods and beverages to a non-automatic import license system (NAIL). In August 2022, Argentina created the NAIL system for thirty-four products which were not considered essential or of urgent need by the Argentine consumer. Resolution 26/2022 represents a significant expansion of the system. Many products which were previously granted automatic import licenses, are now subject to the NAIL system. FAS Buenos Aires is aware of a number of F&B shipments which have been denied import licenses under the new system. Exporters should ensure that their import partners have obtained an import license prior to shipping any product. At present, the granting of import licenses appears to be highly discretionary. Post anticipates that Argentina will be more likely to grant import licenses as the country's balance of payments improves.

### *Consumer Attitudes*

Argentine consumers are rational, practical, refined and demanding. They want things quicker, easier, healthier, and cheaper. Most Argentines consume four meals a day, breakfast (7:00 am), lunch (12:00pm), an evening snack called a "merienda" (5:00pm), and a late dinner (9:30pm). A large proportion of modern Argentinians are descended from, or identify with, the large wave of European immigrants that arrived in the late 19<sup>th</sup> and early 20<sup>th</sup> century, principally from Italy and Spain. Argentina is also a major international producer of wheat and beef. Traditionally, Argentine palate has been very conservative and influenced primarily by Europe. Many Argentines still adhere to a diet dominated by beef, potatoes, salad, and pasta. The variety of processed food products in the market is more limited compared to other industrialized countries. Hot and/or spicy foods are not widely popular. Millennials are more open and oriented towards U.S. culture, and already have consumption habits that include American products, especially at breakfast. It is a habit that has intensified in recent years, and it is sustained and increasing.

### *Consumer Shopping Habits*

Eight out of ten consumer retail decision makers are women, and three quarters are made by people 36 years old or older. Children play an important role in the family's food purchases. Over 80 percent of the middle and upper-class families have microwave ovens and freezers.

There is an increased demand for smaller, individual packages and more convenient food products.

### *Upper Income Consumers Drive Demand for Imported Products*

More affluent customers make about 20 percent of the total population, buy premium brands, are health conscious and can afford products that are more expensive. Over the last few years, consumption of premium F&B reached over 10 percent of total F&B sales. These high and high-middle income consumers can afford to buy imported F&B and represent a market of approximately 5 million people. This segment accounts for more than 65 percent of the country's total income and almost 40 percent of F&B purchases by value. Middle class consumers are about 25 percent of the total population buy well-known brands and focus on value. Less affluent buyers seldom buy imported foods and currently represent roughly half of the population.

A healthy foods movement has emerged, particularly in the Buenos Aires area. As a result, foods that are marketed as healthy, natural, innovative, as well as functional foods continue to increase in popularity. More broadly, there is a clear concern about health and good nutrition, especially among millennials. However,

despite the proliferation of specialty stores in wealthier neighborhoods, the average Argentine consumer is price oriented and is not prepared to pay more for a product for which there is not a need or clear benefit.

There is a small but growing market for organic food in Argentina. This trend is most pronounced among high-income consumers, and some consumers of organic fruits and vegetables are vegetarians.

Plant based products and meat replacements are showing strong growth, especially among young people. In 2021, Beyond Meat™ made a successful entrance in the Argentine market, doubling its sales in 2022 as it entered the supermarket segment, and at the same time opening the door to similar products. There are many local vendors of plant-based foods and beverages, but there is still a gap in quality and technology compared to similar products in the US. There is still an opportunity for new brands to establish themselves, and there are good prospects for some products that are not yet in the market, such as plant-based cheese (other than mozzarella), yogurts, sausages, etc.

### *Restaurant Trends*

Argentiniens tend to view dining out as a social event, and it is popular to celebrate events at restaurants during the weekend. Business meals drive demand during weekdays. Food delivery is popular, most typically pizza, empanadas (filled pies) and ice-cream, but also many restaurants provide delivery service, especially as a response to the COVID-19 pandemic, when many restaurants had to reinvent themselves in order to survive. Workers usually eat lunch in a nearby restaurant or call a delivery service. There is also a proliferation of delis and bakeries, from more basic options that sell only domestically produced, pastries, breads, deli-meats and cheeses, to more upscale options that sell artisanal bread and imported products.

There is a new trend to open gourmet restaurants for middle and upper-class customers. Gourmet hamburgers are also very trendy and those include bacon (which consumption is dynamically growing), as well as other gourmet ingredients or imported condiments. Although not extremely popular, a good number of ethnic restaurants (Mexican, Thai, Peruvian, Japanese, Korean, Hungarian, Persian, Indian, Jewish, Russian, among others) can be found in Buenos Aires. Additionally themed restaurants which focus on specific food items (many from the US) are popular, examples include New York style pizza, BBQ ribs, donuts, and bagels.

### *Beverage Trends*

Carbonated beverages and powdered juices are very popular among children and adults.

Diet sodas are very popular. Flavored sodas and waters are beginning to gain popularity at the expense of sugary beverages. Coffee, tea and “gaucho tea” (yerba mate) are very popular. Coffee shops are all over the city, with the addition of the expansion of recent coffee store chains like Café Martinez, Coffee Store, Starbucks, etc. Lately in urban areas, there is a growing presence of coffee specialty stores, with different kind of coffees and filtering methods, mostly frequented by young adults.

Wine and beer are the most popular alcoholic beverages by far, and dinner is the preferred time to enjoy alcoholic drinks. Consumption of sparkling wine has also grown, as well as other spirits such as bourbon, vodka and gin among millennials. Bitter liquors and liqueurs of Italian origin are traditionally popular. Imported wine is less available than imported beer and spirits. Craft beer bars are very popular among millennials, where the trend is to consume beer accompanied by a variety of snacks. Bars compete among each other to provide different snacks, while most trendy bars offer imported snacks. Other categories that are gaining presence are energy drinks, kombucha, hard seltzers, and alternative milks (almonds, oats, coconut, rice, etc).

## **SECTION III. IMPORT FOOD STANDARDS & REGULATIONS and IMPORT PROCEDURES**

The United States and Argentina do not currently have a free trade agreement. Argentina is a member of Mercosur (Common Market of the South) which provides for preferential trading terms with Brazil, Paraguay, & Uruguay. In addition to favorable tariff rates the bloc has standardized some food safety and labeling regulations.

Argentine Food Code (*Código Alimentario Argentino – CAA, in Spanish*) is the technical rule created by Law §18284, passed in 1969, and put into force by Decree §2126 in 1971, which regulates locally-produced and imported food products. The CAA's main goal is to protect public health and the good faith in commercial transactions of food products within the National territory of Argentina. The CAA incorporates standards agreed upon within the Mercosur framework, which in turn are influenced by standards from: 1) the European Union; 2) the Codex Alimentarius; and 3) the U.S. Food and Drug Administration (FDA). The CAA is permanently updated by joint resolutions from the Ministry of Health and the Ministry of Agriculture.

There are three official entities in Argentina which regulate F&B imports, as follows:

- *National Service of Agricultural and Food Safety and Quality – SENASA* (in Spanish) - handles fresh, chilled, thermo processed and frozen products and by-products of animal, plant and seafood origin. It also handles canned products of over 60 percent animal origin, and food preparations of over 80 percent animal origin.
  - For products imported through **SENASA** - An approved local importer requests from SENASA an import permit, which will then be submitted to Customs to have the product released.
- *National Food Institute - INAL* (in Spanish) - regulates processed food products which are prepared for direct human consumption, health supplements, and both alcoholic and non-alcoholic beverages, with the exception of wine.

For products imported through **INAL** - Once the importer has obtained the "register number of food product" (RNPA, in Spanish), and the shipment is in the port, the importer needs to apply at INAL for a "Certificate of Free Circulation" which will be submitted to Customs to have the merchandise released for sale.

- *National Wine Institute - INV* (in Spanish) - exerts control over wine products.

For products imported through **INV** - Once the product arrives at the local warehouse, the importer must request an analysis and shipment control by the INV, which will then issue a "Certificate of Free Circulation". After that, the product is ready to be marketed.

Each entity requires specific documentation to register imported products, and the local importer/agent must complete the registration process.

When the shipment arrives at Customs, products are inspected (for labels, shelf-life, temperature, etc.) to confirm that the information in their files matches the actual shipment. If everything is correct, the load is released.

A few U.S. F&B products are unable to access the Argentine market due to phytosanitary and sanitary restrictions, such as citrus fruit and poultry and poultry products. Also, flour contained in food products must be enriched/fortified.

In November 2021 the Argentina approved a front of package labeling law promoted by the Pan-American Health Organization. Implementing regulations are still being drafted, but additional labelling may be necessary depending upon a product's sugar, fat, sodium content.

For additional information on this section, please refer to our *Food and Agricultural Import Regulations and Standards report (FAIRS)* <http://www.fas.usda.gov/ReadAttacheReports>

## SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

### *Retail Food Sector*

About seventy-five percent of all imported F&B products are sold through hypermarkets and supermarkets. Several international retail companies operate in Argentina (Carrefour, Wal-Mart, Cencosud-Jumbo, Dia, Grupo Casino). During the past few years, large retail chains expanded to the interior of the country after the City of Buenos Aires and its suburbs became saturated. Investment in new supermarket openings is taking place in larger cities in the interior of Argentina. Currently, there are very good opportunities for some U.S. consumer-ready food products due to their high quality and image. However, supermarket chains have stopped rebuilding their lines of imported F&B until government food import restrictions become more flexible. In 2020 Walmart sold the local operation to the De Narvaez Group (former owners of well-known supermarkets). They maintained the brand for a while, but they did not maintain the style of the US operation.

Although large hypermarkets and supermarkets (including warehouse stores, which are owned by large retail chains) control a significant portion of the retail F&B market (35 percent), smaller supermarkets and traditional stores have maintained a high market share (approximately 50 percent) due to: 1) low prices which approach promotional prices offered by larger supermarkets, and 2) proximity. Smaller supermarkets and traditional stores have been gradually regaining market share lost to larger and more efficient retail stores. This is due to the fact that some less affluent consumers resort to the traditional store in their neighborhood for small purchases, since the owner usually provides credit.

The retail sector is currently showing the following trends:

- Increased on-line sales (300 percent increase after Covid 19 outbreak)
- Increased investment in the retail food market, especially in the interior of the country;
- Fewer domestic brands, but a re-emergence of more expensive top-tier brands;
- An increasing variety of domestically-produced specialty food products, whose availability has spread beyond the Buenos Aires area, in part to fill tourist driven demand.
- Ethnic, kosher, organic, and functional foods are gradually gaining more shelf space; and some supermarkets are creating specific section to highlight these products.
- Consumers are spending a higher percentage of their salary on specialty foods rather than traditional foods or basic commodities.

### *Internet Sales*

Some, generally large, retail chains provide Internet and phone sales service. Third-party restaurant delivery services such as Rappi and PedidosYa also allow for home delivery of F&B products from grocery stores, kiosks, and other vendors. Online sales of F&B been growing in popularity. Argentina's aggressive lockdowns during the COVID-19 pandemic drove more middle-income consumers to purchase products online and they gained confidence in online-shopping. Despite improved mobile phone applications and websites, the main disadvantage for consumers is that they usually must 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. According to the National Institute of Census and Statistics (INDEC, in Spanish), in 2021, 87 percent of Argentines use the internet through mobile devices or home internet access.

Disco Virtual is the on-line service of Disco Supermarket (purchased by Jumbo-Cencosud). It was the first on-line supermarket, and it has proved popular due to its convenience. In 2018, Coto Digital (the on-line service of Coto Supermarket) led Internet food retailing, accounting for approximately 13 percent of total sales, because it had the widest product variety and lower prices than other supermarkets such as Disco Virtual. Wal-Mart and Carrefour were the last of the major retailers to incorporate on-line sales. According to a study of Kantar Worldpanel in April 2021, 36% of adults in Argentina purchased F&B online, while before the COVID-19 pandemic only 14% did so. This phenomenon is stronger among more affluent consumers, but all socioeconomic levels have seen increased uptake of online shopping. Post projects that this trend will continue,



as consumers perceive several benefits, such as comparing prices between different businesses, and avoided standing in line in crowded supermarkets. As of August 2022, online sales accounted for about 3% of total F&B sales.

### *HRI Sector*

Argentina considers tourism to be a key industry to develop and is making efforts to enhance Argentina's image abroad. Several billion dollars were invested in the Argentine hotel sector during the past decade, especially by international chains such as Best Western, Sofitel, Sheraton, Accor, Radisson, Four Seasons, Days Inn, NH, Holiday Inn, Howard Johnson, Hilton, among others. Hotel investment is continuing to grow slowly, both in Buenos Aires City and the interior of the country, especially Salta, Ushuaia, Bariloche, El Calafate, Mendoza, and Rosario. The cruise business is a relatively new activity in Argentina but growing strongly. During the last cruise season before the pandemic, almost half a million tourists arrived in Argentine ports. For the 2022/2023 season, there are expected about 60,000 passengers, since some big companies are still reticent to operate normally. Most Argentines spend their vacations in-country instead of traveling abroad. However, during the last decade, an increasing number of more affluent Argentines are choosing foreign tourist destinations, with the U.S. (Miami & New York) being one of the preferred choices. Many people who have traveled to those destinations want to replicate the consumption they did when abroad, making these brands or goods an aspirational purchase.

Although most hotels are currently trying to recover from the extended closure due to the pandemic, top hotels demand premium F&B, which they would rather source from importers, to maintain the traditional quality standard in the food service they provide. When available, they also use imported specialty foods which are not present in the local market and are demanded by foreign tourists. The quality of raw materials used by restaurants is a priority, especially in highly rated restaurants whose customers are primarily foreign tourists and affluent Argentines. HRI operators prefer fresh products to those precooked, preserved, frozen or canned. In the past few years, upscale hotels and restaurants had been incorporating imported food products because of their high quality and easier preparation.

### *Food Processing Sector*

The F&B industry is one of the main activities contributing to the Argentine economy. While much of the agricultural sector is oriented toward export markets, F&B production is primarily focused on the domestic market. Many large local F&B companies were purchased by foreign multinationals or financial funds. This, plus the fact that there have been mergers and acquisitions internationally, resulted in increased local concentration.

Despite Argentina's reputation as a food exporter, imported food and ingredients play a major role in the sector. The main imported ingredients during the last two years were those which are not manufactured locally, or their production is not sufficient to supply the local industry. While local processors try to substitute foreign products with more inexpensive products manufactured locally or in other Mercosur countries, this is often not feasible, since many ingredients are only produced outside the region and thus demand for imported food ingredients is projected to continue to grow. Despite local economic difficulties, new product lines are still being launched. New product lines and innovation strengthen the local F&B industry and increases demand for more food ingredients, from both domestic and international suppliers.

There is a significant market for some U.S. food ingredients among local producers of ingredients, who use them to manufacture high-value, tailor-made food products. There are very good opportunities for U.S. ingredients for the manufacturing of functional F&B, such as phytosterols, Omega 3-fatty acids, fibers, and antioxidant compounds. This new trend is increasingly affecting eating habits in Argentina. Other U.S. food ingredients with significant potential in the Argentine food market are cocoa, pectin, protein concentrates and isolates, spices, food supplements, ginseng, tomato and tropical fruit concentrates, modified starches, thickeners, stabilizers, and sweeteners. U.S. bacon and pork products have good potential since the market's opening in late 2018. Argentine pork production is low, and there is great interest in U.S. products among

importers due to variety, high quality and differential packaging. The Government of Argentina recently opened the market for U.S. seafood products, and there is good potential for those products.

Despite the good reputation of U.S. F&B in Argentina, food ingredients still face strong competition by European products, primarily from Italy, France, England, and Germany; from Mercosur countries, primarily Brazil and Chile; and from China, where several U.S. companies have established branches.

## **SECTION V: AGRICULTURE AND FOOD IMPORTS**

To access the latest data on US food and agriculture trade between Argentina and the United States, please visit the [BICO Report Section](#) of the USDA FAS Website and select “Argentina”.

The best prospects are for high-value F&B, commodity-type products, and food ingredients. All these are products that are not produced locally, or their production is insufficient to supply the entire domestic demand. Market promotion activities by foreign countries consist mainly of trade missions, supermarket in-store promotions, menu promotions, and trade shows.

I) Imported F&B considered "commodities" (domestic production is not sufficient to satisfy local demand - they are very price-sensitive)

Canned preserves, pork products, sweetbreads, bananas, coffee, dried lentils, palm hearts.

### II) Food Ingredients

Cocoa paste/butter/powder, natural colors, essences and fragrances, food additives, flavors, ingredients for the dairy industry, modified starches, raw nuts, health supplements, ingredients for functional foods, sweeteners, spices, ginseng, ingredients for beverage preparations, proteins, protein concentrates and isolates, nutraceuticals, vitamins, soy proteins, nutritional ingredients, natural extracts, fibers, fat substitutes, pectins.

### III) High-value food products (especially products of very well-known international brands)

Chewing gum, sauces, candy, energy drinks, candy, alcoholic beverages (wine and spirits), snacks, snack bars, soups, cookies, processed nuts, spreads, consumer ready meals, baby food, dressings, plant-based meat / burgers, coconut sugar and oil, matcha, potato rolls, tortillas, seafood products and fish.

## **SECTION VI: KEY CONTACTS AND FURTHER INFORMATION**

Government Regulatory Agencies:

**Servicio Nacional de Sanidad y Calidad Agroalimentaria (SENASA)**

Tel: (54-11) 4121-5000 [www.senasa.gov.ar](http://www.senasa.gov.ar)

**Instituto Nacional de Alimentos (INAL)**

Tel: (54-11) 4342-5674; 4340-0800 [www.anmat.gov.ar](http://www.anmat.gov.ar)

**Instituto Nacional de Vitivinicultura (INV)**

Tel: (54-261) 521-6600 [www.inv.gov.ar](http://www.inv.gov.ar)

**USDA/FAS Office of Agricultural Affairs in Buenos Aires, Argentina**

Tel: (54-11) 5777-4644 [agbuenosaires@fas.usda.gov](mailto:agbuenosaires@fas.usda.gov) <http://www.fas.usda.gov>

**Attachments:**

No Attachments