Required Report: Required - Public Distribution **Date:** January 04, 2024

Report Number: AR2023-0022

Report Name: Exporter Guide

Country: Argentina

Post: Buenos Aires

Report Category: Exporter Guide

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Report Highlights:

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, and the expectation of another year of high inflation. However, although the new administration of President Milei has not published specific new policies on imports yet, it is anticipated the administrations will be more liberal than in the past. Moreover, tight quantitative import controls are expected to be replaced by data-driven statistical information procedures. This transition will see a shift towards a more transparent approach to managing imports. Despite challenges, opportunities still exist for products not produced in sufficient quantity domestically, such as food ingredients, plant-based products, pork products, seafood, health oriented, and craft or specialty products aimed at high-income consumers.

Market Fact Sheet: Argentina

Executive Summary

Argentine imports of consumer-oriented food and beverages in 2023 are projected to decrease 9 percent from 2022 to 5,231 million, due to the economic instability, weak consumer spending, and the expectation of a higher interannual inflation over 190 percent for 2023. Despite the limited performance expected for the Argentine economy, there are opportunities for products not produced in sufficient quantity and quality locally for a new generation of high-income consumers, such as food ingredients, plant-based products, pork products, healthy oriented products, and seafood, among others products.

Imports of Consumer-Oriented Products

Argentina's food and beverage (F&B) industry is 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.

Quick Facts CY 2023

Imports of Consumer-Oriented Products
USD $ 5,231 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 (US billion) Jan-Oct 2023

Food Exports	46,21
Food Imports	4,12

Top 10 Host Country Retailers

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

GDP/Population

Population *(millions)*: 46.4
GDP *(billions USD)*: $491
GDP per capita *(USD)*: $12,596

Sources: National Statistics Center & FAS Buenos Aires

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 export oriented, 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 now the market in Buenos Aires and its suburbs are 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.

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 in the world.
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

Argentine Population in Figures

Total Population: 46,434,830
Urban Population: 92.3%
Rural Population: 7.7%
Density of Population: 17 Inhabit. /km²
Men (in percentage) 48.9%
Women (in percentage) 50.5%
Natural increase: 0.93%
Medium Age: 29.0
Ethnic Origins: Approximately 97 percent of the population has European origins (mostly of Spanish and Italian descent). The remainder of the population is comprised of people of indigenous, African and/or mixed ethnic origins.

Source: National Institute of Statistics and Censuses (INDEC).

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, 2022). Its capital city, Buenos Aires, and its surrounding suburbs, account for nearly a third of the population. Argentines speak Spanish, which they refer to as *Castellano*, but have one of the highest average levels of English comprehension in South America.

From January to October 2023 Argentina imported $7.2 billion of food and agricultural products. The primary origins of these imports where other Latin American countries and members of Mercosur including Brazil, Paraguay, and Uruguay. This dynamic could be attributed to the favorable tariff treatment for Mercosur products and lower shipping costs from Latin American countries to Argentina. The United States, European Union, China, and Thailand were also significant origins of these products.

With inflation currently running over 190 percent year on year and projected to increase in 2024, uncertainty remains ever present. However, there are still many business opportunities, and also an expectation strict quantitative import controls will be replaced by a data-driven statistical information process, leading to more transparency and increased imports.

Argentina declared its independence from Spain in 1816 and throughout the 19th century acquired and settled territory approximately a third the size of the continental United States. In the late 19th Century, a wave of European immigration (primarily from Italy and Spain) and investment (from the United Kingdom), began to transform the country, leading to increased 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 20th 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, 2023, Javier Milei, the leader of the liberal party La Libertad Avanza, was inaugurated to a four-year term as President of Argentina replacing former Peronist president Alberto Fernandez. Javier Milei defeated the candidate from the Peronist candiate, Sergio Massa, who was Minister of Economy in the previous administration. Inflation is currently high at over 190 percent annually, and this trend is expected to continue into 2024. The previous administration attempted to moderate inflation through government-imposed price controls on many goods, including food and beverage products, banned the export of certain popular beef cuts to maintain domestic market supply, implemented strict currency controls, and an import licensing system to manage its trade and current account.Milei's administration is expected to import policies to liberalize trade. However, at the time of writing, few details have been provided, nor has any communication been published in the official gazette. It is expected he will face strong opposition from Congress.As part of Mercosur, Brazil is Argentina's main trade partner for both exports and imports, followed by China, the United States, India, Chile, Paraguay, and Germany. Even though the relationship between Brazil and Argentina deteriorated during Bolsonaro's government, the countries have been growing closer since the inauguration of Brazilian President Lula da Silva in January 2023. As such, the countries have been working to foster stronger trade ties. Additionally, even though Mercosur has been facing a fragile state, with a weak institutional structure and ideological differences between its members, the bloc has been looking to sign a bilateral agreement with China in a plan to modernize and open it to other regions. Furthermore, the bloc's member countries have pushed to intensify negotiations between the EU and Mercosur and firm up a trade agreement between the two.

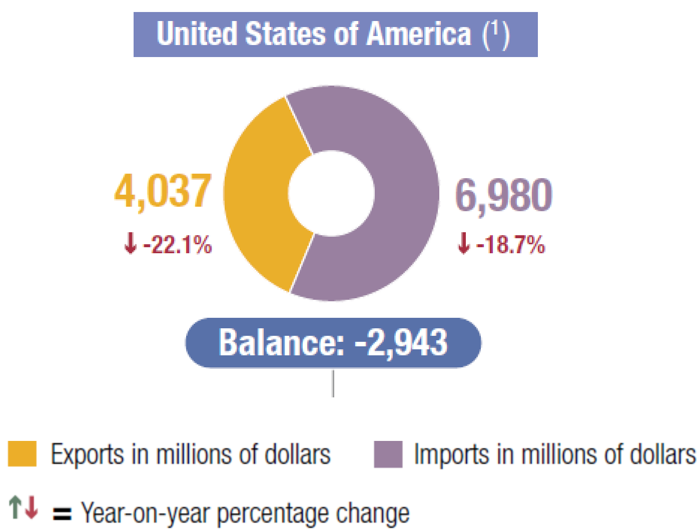
Exports and imports by country, percentage share

Country of destination	Exports (FOB)		Country of origin	Imports (CIF)	
	Cumulative value Jan-Sep 2023[e]	Cumulative value Jan-Sep 2022[*]		Cumulative value Jan-Sep 2023[*]	Cumulative value Jan-Sep 2022[*]
	%			%	
Total	**100**	**100**	**Total**	**100**	**100**
Brazil	17	14	Brazil	24	19
United States of America	8	8	China	19	21
China	8	8	United States of America	12	13
Chile	7	6	Paraguay	5	3
India	4	5	Germany	4	3
Peru	4	3	Italy	2	2
Viet Nam	3	4	Thailand	2	2
Uruguay	2	2	Mexico	2	2
Netherlands	2	4	Viet Nam	2	2
Spain	2	2	India	2	2
Others	42	46	Others	25	31

Source: INDEC

While demand exists for U.S. food products, especially among members of the Argentine middle and upper classes, the former Argentine government viewed imported food and beverages as luxury items and implemented policies intended to restrict imports across all non-essential sectors. On the contrary, the new administration proposes a comprehensive economic reform that has, as one of its main aspects, the opening of international trade. The United States enjoys a reputation for innovation and quality, and it may be possible to redirect importers away from traditional suppliers in Europe towards U.S. products which are similar and competitively priced. Further, Argentina's economy often experiences recessions followed by years of rapid growth and expansion. By investing relatively modest resources and building relations with Argentine importers during down times, FAS and U.S. exporters will be in a strong position to reap future rewards when recession gives way to hyper consumption on the economic upswing.

Argentine Foreign Trade Statistics with the United States
(Preliminary data for the nine months of 2023)



Source: INDEC

SECTION II: EXPORTER BUSINES 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.
- 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 U.S. 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.

Argentine consumer profile

According to The National Institute of Statistics and Censuses (INDEC), the estimated population of Argentina in 2023 is 46.4 million, with 49.1percent males and 50.9 percent females. The median age in Argentina is 32 years, with 21 percent of the population aged between 0 and 12 years, 18.5 percent between 13 and 24 years, 49 percent between 25 and 64 years, and 11.6 percent aged 65 years or older. According to the latest census data, most households in Argentina consist of two or three people, with one-person households representing 18 percent of all households. Two or three people households account for 42 percent of them, while 29 percent of households have four or five people, and 11 percent have six or more inhabitants. Argentina boasts a literacy rate of 99 percent and the same rate of children enrolled in primary education, indicating high education levels. Furthermore, 90 percent of those with primary education degrees go on to enroll in secondary education. However, in 2020, only 36 percent of Argentines aged 25-64 completed a tertiary degree. Argentina's population is predominantly urban, with 92.3 percent of Argentines living in cities. The 10 largest metropolitan areas account for nearly half of the population. Buenos Aires alone is home to one-third of the population, and other pockets of agglomeration are mainly found in the northern and central regions of the country.

Population of Major Cities

City	Population
Buenos Aires	15,272,700
Cordoba	1,712,100
Rosario	1,339,500
Mendoza	1,053,500
Tucuman	902,200
La Plata	852,800
Salta	644,400
Mar del Plata	626,300
Santa Fe	540,200

City	Population
San Juan	512,000

Source: Indec

Life Expectancy in Years	
Men:	72.2
Women:	78.6

Source: World Bank, Latest data available.

Distribution of the Population by Age in percentage	
Under 5:	7.4%
6 to 14:	16.0%
16 to 24:	15.4%
25 to 69:	53.2%
Over 70:	8.1%
Over 80:	2.9%

Source: United Nations, Department of Economic and Social Affairs, Population Division, Latest data available.

Consumer Attitudes
Argentine consumers are rational, practical, refined, sophisticated, and have high standards. 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 or later). Argentina is a country with a rich cultural heritage, shaped by the contributions of its Indigenous peoples and immigrants from all over the world.
Argentina is also a major international producer of wheat and beef, soybeans, corn, barley, cotton, citrus fruit, and wine among others. Traditionally, the 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. 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 account for 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 and buy well-known brands and focus on value. Less affluent buyers seldom buy imported foods and currently represent roughly half of the population.

Argentines like to travel, and the United States is one of the top destinations, particularly Miami and New York City. Many people who have traveled to those destinations want to replicate what they consumed when abroad, making these brands or goods an aspirational purchase.

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.

A recent and strongly increasing trend exists for plant based products. In 2021, Beyond Meat ™ made a successful entrance in the Argentine market, duplicating 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 those in the United States. There is still an opportunity for big brands to establish themselves, and there are good prospects for some products not yet in the market, such as plant-based cheese (other than mozzarella), yogurts, sausages, etc.

Restaurant Trends

Argentinians tend to view dining out as a social event, and it is popular to hold celebrate events at restaurants during the weekend. Business meals drive demand during weekdays. Food delivery is popular, most typically pizza, empanadas (savory hand pies filled with meat, cheese, and/or vegetables) and ice-cream, but many restaurants also 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 close-by restaurant or by delivery service. There is also a proliferation of delis and bakeries, from 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, 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 popular among children and adults with diet sodas particularly 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. Consumption of alcoholic beverages among teenagers is big and continues to expand. Sales of alcoholic beverages to under 18 years old is illegal. 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 plant-based milk alternatives (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)*

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, 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 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.

Although large hypermarkets and supermarkets (including warehouse stores, which are owned by large retail chains) still 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.

Current trends in the retail sector:

- 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; supermarkets are creating specific sectors for their offer. There is a potential public that is changing its eating habits by incorporating brands and products.
- Consumers are spending a higher percentage of the salary in the purchase of non-basic foods.

Internet Sales
Some, generally large, retail chains provide Internet sales service. Online sales of F&B are not yet widely popular but are increasing year after year. There is a greater presence of middle-income consumers purchasing products online who are gaining confidence in using this shopping tool. According to the National Institute of Census and Statistics (INDEC, in Spanish), 93 percent Argentine homes have internet access. 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.

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 and time saved. In 2018, Coto Digital's (on-line service of Coto Supermarket) led Internet food retailing, accounting for aprox.13 percent of total sales, because it had the widest product variety and lower prices than other supermarkets such as Disco Virtual. Chango Mas and Carrefour were the last of the major retailers to incorporate on-line sales. According to a study of Kantar Worldpanel in April 2022, 36 percent of adults in Argentina purchased online, while before the Covid 19 pandemic the participation was 14 percent. This phenomenon is stronger among the upper class but shows an increase in all classes. It is estimated that this trend will continue, as consumers perceive several benefits, such as comparing prices between shops, while they avoid crowded places. August 2022 total sales at current prices in the showroom amounted to 219 million pesos, which represents 97 percent of total sales and shows an increase of 82 percent compared to August 2021.

HRI Sector

Argentina considers tourism as one of the key industries 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, Iguazu, Ushuaia, Bariloche, El Calafate, Mendoza, and Rosario. The cruise business is a relatively new activity in Argentina but with strong growth. During the last cruise season before the pandemic, 473,256 tourists arrived in Argentine ports. For the season 2023/2024, a record of 750.000 passengers are expected, as cruise lines are now operating normally after the pandemic. 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, the United States being one of the top preferred choices.

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 not present in the local market and 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 forces of 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, results in strong 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. Currently, new products are being launched which strengthens the local F&B industry and demands more food ingredients, both locally manufactured and imported.

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 U.S. 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 in the market 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 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

Instituto Nacional de Alimentos (INAL)
Tel: (54-11) 4342-5674; 4340-0800 https://www.argentina.gob.ar/anmat

Instituto Nacional de Vitivinicultura (INV)
Tel: (54-261) 521-6600 www.inv.gov.ar

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Attachments:

No Attachments