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Report Highlights:

This report provides U.S. food and agriculture exporters information on how to do business with the Hotel, Restaurant, and Institutional (HRI) sector in Panama. The sudden and ongoing shutdown of most economic activity in Panama due to the coronavirus (COVID-19) pandemic battered the Panamanian economy, including the HRI sector. Although the foodservice supply chain industry was hurt by the pandemic, the sector is preparing for a slow re-opening following the planned, imminent lifting of strict safety measures.

Market Fact Sheet: Panama

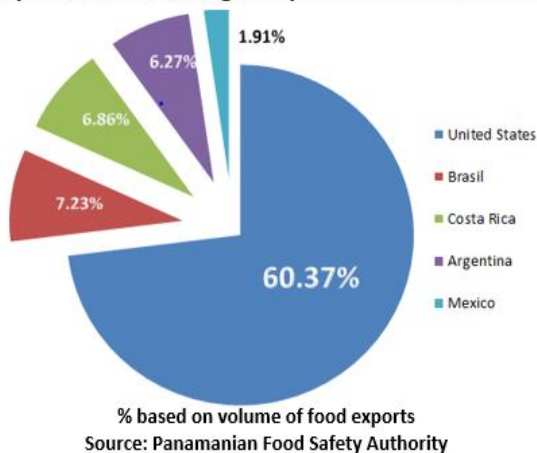
Executive Summary

The COVID-19 pandemic has shaken the Panamanian economy, and it is unclear how fast it will recover. In 2019, however, Panama enjoyed a strong, growing economy. It was ranked as the second fastest growing economy in Latin America and the Caribbean. Its Gross Domestic Product (GDP) growth rate reached 3 percent. Panama's economy is based predominately on services (83 percent). Agriculture accounts for only a small portion (2.3 percent).

Imports of Consumer-Oriented Products

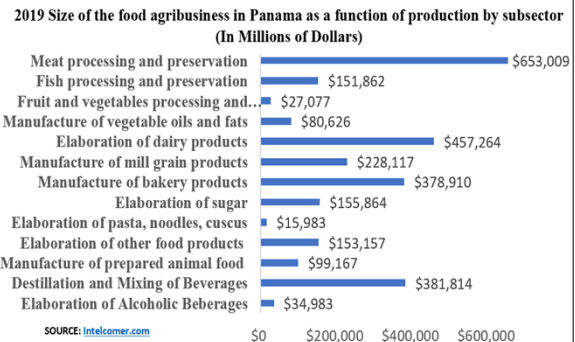
Panama is the 25th largest market for U.S. consumer-oriented product exports. U.S. exports were valued at \$435.8 million in 2019. From October 2019 to March 2020, these exports totaled \$228 million. The United States has the largest market share followed by Brazil and Argentina. U.S. products are considered high quality and are well-accepted overall. The customs clearance process in Panama is relatively fast and trouble-free.

Top 5 Food & Beverages Exporters to Panama 2018



Food Processing Industry

The food processing industry has experienced 12 percent growth on average in recent years due to increases in local food processing plants, tourism, and foreigners relocating to Panama.



Food Retail Industry

Food retail sales of U.S. consumer-oriented products totaled \$435.8 million in 2019. High growth categories include snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products.

TOP TEN U.S. CONSUMER-ORIENTED PRODUCTS EXPORTS TO PANAMA

2019 (In millions of dollars)

- \$55.8 Prepared Food
- \$55.7 Dairy Products
- \$46.0 Pork & Pork Products
- \$37.8 Poultry Meat & Prods
- \$37.4 Agricultural Related Prods
- \$32.7 Snack Foods
- \$26.2 Processed Food
- \$31.7 Wine & Beer
- \$20.8 Dog & Cat Food
- \$17.6 Chocolate & Cocoa

GDP Per Capita PPP \$16,245

Population 4,314,767

Sources:

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

www.Euromonitor.com

I. MARKET SUMMARY

U.S. agricultural exports have benefited from the U.S.-Panama Trade Promotion Agreement (TPA) since it 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](#).

The increased flow of tourists in 2019 (see **Table 1, 2**) were indicators of excellent market opportunities for U.S. exporters of food & beverages bound for Panama's HRI sector. Thus far in 2020, however, COVID-19 has caused a ripple effect among related industries with the closure of hotels, bars, and restaurants. Panama's phased reopening plan will gradually restart different economic sectors. The tourism industry will be brought back online in accordance with the sectoral plan developed via consultation between the government, the National Chamber of Tourism (CAMTUR), and other private sector associations and is divided into three phases based on different tourist activities.

The announcement of the opening of the country's airports will allow airlines, agencies, and travelers to plan operations for the post-pandemic scenario in the short and medium-term.

Restaurants in Panama City are well developed and feature highly ranked world-class chefs in international cuisine. 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 Restaurant Association and related business (ARAP) have more than 400 active members.

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

ADVANTAGES	CHALLENGES
<p>Strategic geographical location and its service-oriented economy. Panama will continue to strengthen its seaports and logistics assets (Panama Canal, seaports, airports, special economic zones, logistics parks, and railroad) over the coming years.</p>	<p>Possible growth in Chinese food and beverage import due to negotiations of the Panama-China free trade agreement that started in July 2018, however, the negotiation are currently stalled. 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.</p>
<p>Diverse ethnic backgrounds of thousands of tourist and U.S. expats coming to Panama each year. Increased immigration with permanent residence from Venezuela, Colombia, The</p>	<p>Strong competition in the region with ports in Colombia, the Caribbean, and Mexico.</p>

Antilles, Asia, Europe, and others.	
Static 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.

Table 2. Total Visitors by Port of Entrance.

Visitors Port of Entrance 2019	Total Visitors
Tocumen International Airport	3,036,719
Paso Canoa Frontier	295,241
Cruise Ports	33,547
Other Ports	25,476
Total	3,095,742
<i>Total Visitors from U.S. in Transit or as destination</i>	<i>795,959</i>

*Source: Government of Panama, [Migration Service](#)

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Panama has an open economy and experiences relatively few market access problems. U.S. products are high quality and are well accepted overall. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. Furthermore, most import duties were reduced or will be phased-out to duty free in 15 years as a result of the TPA. Domestic products are generally transported by regular or refrigerated trucks. Location dependent, most of Panama's trade moves through the Manzanillo International Terminal, Cristobal, Colon Container Terminal, or Colon Port Terminal bearing north (Atlantic), and through the Ports of Balboa and PSA Panama International Terminal bearing south (Pacific). Air cargo is handled through Tocumen International Airport. Grain is handled at [Desarrollo Posicional](#) in the Atlantic coast before ground transport to their final destination.

Sub-Sector Profiles

Food Service

International food service operators and local companies such as [Sysco](#), [H.T. Tzanetatos](#), [Proserv](#), [Procesadora Monte Azul](#), [Dicarina](#), and others have been serving 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 feature highly ranked world-class chefs in international cuisine. 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 Restaurant Association and related business (ARAP) have more than 400 active members.

Hotels, Resorts, and Cruises

The travel and tourism sector are an engine of economic development and a vehicle for sharing cultures. Many factors influence the flow of travelers visiting 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 procure food and beverages 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: <http://www.apatelpanama.com/>

Panama's cruise ship 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.

Panama Restaurant Guide www.asociacionderestaurantes.com/

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.

III. COMPETITION

The United States faces stiff competition from other food and agriculture exporters. In addition to the United States, Panama has free trade agreements with Taiwan, Canada, the European Union, Mexico, Colombia (not entered into force), Peru, Guatemala, Costa Rica, Chile, El Salvador, Honduras, Nicaragua, Dominican Republic, Singapore, Israel, Iceland, Liechtenstein, Norway, and Switzerland. Its top competitors, by product they supply, include:

- Central America and China (snack and processed food products)
- Chile, Mexico, and Peru (fruits and vegetables)

- Argentina, Canada, Brazil, and Guyana (grains and oilseeds)
- Canada (meat products)
- Costa Rica, Argentina, New Zealand, and Australia (dairy products)

IV. Best Product Prospects Categories.

Table 3. Consumer Oriented Product Prospects for Panama’s HRI Sector

CONSUMER ORIENTED PRODUCT PROSPECTS FOR PANAMA’S HRI SECTOR	
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	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

*Source: [BICO Report](#)

V. Key Contacts and Further Information

GOVERNMENT AGENCIES IN PANAMA

Panamanian Food Safety Authority (AUPSA)	http://www.aupsa.gob.pa
Tourism Authority of Panama (ATP)	https://www.atp.gob.pa/

CHAMBER OF COMMERCE

Chamber of Commerce, Industries and Agriculture	https://panamcham.com/es
American Chamber of Commerce Panama	https://panamcham.com/en

INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA

Association of Hotels in Panama	www.apatelpanama.com
Association of Small Hotels in Panama	www.hoppan.net

LOCAL FAIRS AND TRADE SHOWS

ExpoComer	www.expocomer.com
Pretelt Meat Fest	https://www.youtube.com/watch?v=wxPw1DTpmWw
Felipe Motta Feria de Vinos	www.felipemotta.com

PMA Food show	www.pmafoodshow.com
ASSOCIATIONS AND ORGANIZATIONS	
Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA)	http://afiliateaacovipa.blogspot.com/
Retail Center of Panama (CEREP)	www.retailpanama.com
Gastronomy Club of Panama	www.clubgastronomicodepanama.org
TRADE PUBLICATIONS	
The Restaurant Panama City	https://therestaurantpty.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 (507) 317-5297/ 317-5801/317-5163 fax
U.S. Commercial Service	www.buyusa.gov/panama/en/ (507) 317-5000

Attachments: No Attachments