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Report Name: Food Processing Ingredients Annual

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Report Highlights:

Peru boasts a thriving food processing industry that plays a crucial role in its economy. This sector contributes approximately 27 percent to the country's industrial gross domestic product. In 2024, Peru's food industry experienced a remarkable recovery, achieving an overall growth rate of 7.1 percent. Notably, food processors in Peru significantly depend on imported ingredients. Exports of U.S.-origin food processing ingredients to Peru reached \$199 million in 2024.

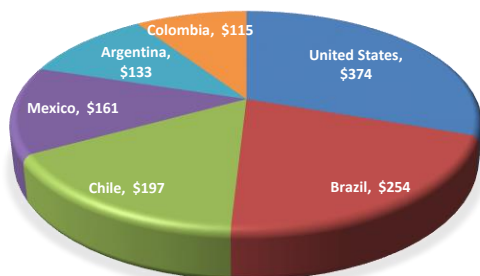
Market Fact Sheet: PERU

Executive Summary

Despite political upheaval and high inflation during the past year, Peru's economy remains stable. Agriculture accounts for approximately six percent of Peru's GDP, but employs around 28 percent of the population. The U.S.-Peru Trade Promotion Agreement, which entered into force in February 2009, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$5.7 billion in 2024, an increase of +200 percent. The United States was the second largest agricultural product supplier to Peru in 2024, accounting for 12 percent of market share.

Imports of Consumer-Oriented Products

PERU CONSUMER - ORIENTED IMPORTS 2024 (MILLION)



Peru's consumer-oriented imports from the world reached US\$ 2.0 billion in 2024. Peru offers excellent opportunities for U.S. exporters of consumer-oriented agricultural products, but there are some challenges. The successful introduction of new food products depends on knowledge of the market. Exporters should review Peru's food laws, packaging and labeling requirements, business practices, and rely on experienced distribution partners. Getting to know the potential importer and the local distribution system is crucial.

Food Processing Industry

Peru's food processing industry is a dynamic sector of the national economy. The food industry in Peru accounts for almost 27 percent of industrial GDP. Its growth is directly linked to the development of the food retail and food service sectors. Food product manufacturers source both domestic and imported product ingredients. Local processed food products cover 70 percent of the market demand.

Food Retail Industry

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Fallabella (Tottus), and Supermercados Peruanos (Vivanda, Plaza Vea, Makro, and Mass). The market includes 319 conventional supermarkets and superstores (198 in Lima), 1,000 hard discount stores, and 1,000 convenience stores. The sector is comprised of both conventional supermarkets and traditional channels, made up of wet markets and independent stores. Different categories of food products appear to perform better between the two formats. Top products include snack foods, dairy, edible oils, confectionaries, bread, and cookies.

Quick Facts CY 2024

Imports of Consumer-Oriented Products: \$2.0 Bn

Top 10 Food Processing Ingredients for Growth in Peru

- | | |
|--------------------------------------|--|
| 1. Powdered Milk | 7. Food Preparations |
| 2. Almonds | 8. Edible mixtures of animal or plant oils or fats |
| 3. Pork meat cuts | 9. Vegetable saps and extracts. |
| 4. Animal & Vegetable fats and oils. | 10. Vegetables fats and oils |
| 5. Dextrines | |
| 6. Wheat | |

Food Industry Gross Value Added: \$8.0 billion

Food Industry by Channels

- | |
|---------------------------------|
| 1. Food Exports: \$16.6 billion |
| 2. Food Imports: \$7.0 billion |
| 3. Retail: \$23 billion |
| 4. Food Service: \$7.5 billion |
| 5. Wet markets: \$17 billion |

GDP/Population

Population (Millions): 33

GDP (Billions USD): 282

GDP Per-capita (USD): \$8,135

Top 10 Host Country Retailers

1. Supermercados Peruanos S.A.
2. Cencosud Retail Peru
3. Hipermercados Tottus S.A.

Strengths/Weakness – Opportunities/Challenge

Strengths	Weakness
Strong demand for consumer food products	Low penetration of modern food retail throughout the country.
Opportunities	Challenges
Growing middle class	Stiff competition from other countries.

Section I: Market Summary

The food industry in Peru is a significant sector, contributing nearly three percent to the country's GDP. The industry is predominantly composed of micro-companies, which account for over 90 percent of the sector, while large companies represent only 1.8 percent. Consequently, businesses operating within this context are particularly vulnerable to market externalities.

In 2024, Peru's food industry witnessed a significant recovery, achieving an overall growth rate of 7.1 percent. This resurgence was primarily driven by a remarkable 42 percent increase in fish processing, attributed to higher fishing quotas. However, when excluding the fish processing category, the sector experienced a decline of 1 percent, due to negative performances in the dairy, bakery, confectionery, and animal feed categories. Despite these setbacks, other key sectors showed growth: the meat products sector saw a 3.1 percent increase, the sugar industry grew by 5.7 percent, and pasta and farinaceous products experienced a 6.9 percent growth compared to the previous year.

Peru’s Ministry of Production forecasts a 9.1 percent growth of the food industry in 2025 based on a continuous growth of the fish processing industry but also impulse by domestic demand and private investment. Peru’s Central Bank (BCRP) calculates 2024 inflation at 3.2 percent and projects 2025 inflation to be 3.0 percent. This projection assumes a lower incidence of weather-related events and initiation of private investments especially in the mining sector and infrastructure. Additionally, stable fuel and commodity prices are expected to temper the inflation rate. The BCRP aims to achieve an inflation rate below 2 percent by the end of 2025, supported by a reduction in average prices for imported inputs such as corn, wheat, soy, and fuel. These factors should also support an increase in domestic consumption, especially in the food and beverage industry.

Food processors in Peru rely heavily on imported ingredients. Exports of U.S.-origin food processing ingredients to Peru in 2024 is projected to reach \$199 million, a 5 percent increase compared to 2023. The categories that showed the highest growth include powder milk, almonds, and wheat.

Table 1: Advantages and Challenges Facing U.S. Products in Peru

Advantages	Disadvantages
<ul style="list-style-type: none">• The U.S.-Peru Trade Promotion Agreement (PTPA) grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products.• Lack of production of intermediate products for the food industry.• An active supermarket industry that is working to increase demand for high-value food products.• Growth of foodservice in Lima and provinces, with a demand for affordable products.• Appreciation for U.S. food quality and culture.	<ul style="list-style-type: none">• Regulations that may impose trade barriers to foreign products.• Stiff competition from neighboring countries.• Domestic producers manufacture products according to local taste preferences.• High international commodity prices.• Price sensitive market

Section II: Road Map for Market Entry

1. Entry Strategy:

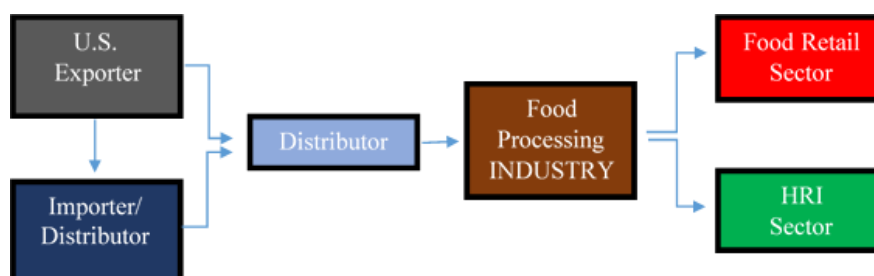
- Conduct preliminary research to determine market potential for a specific product. Contact FAS Lima to obtain reports or briefings about market features and regulatory framework.

- U.S. exporters should contact the local food processing company, or indirectly establish ties through brokers, agents, or representatives.
- Personal visits are highly recommended. The U.S. exporter should know its local partner well before signing contractual agreements.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.
- Food ingredients must comply with Peru's regulations and be approved by health authorities before being placed on the market. Peru adopts Codex as the primary international reference.

2. Import Procedure: For details on how to export to Peru please refer to FAS Lima's [FAIRS Export Certificate Report](#) and [FAIRS Country Report](#).

3. Distribution Channels: Distribution channels for imported products can be different from those for domestic products and can change frequently. However, larger processors generally import directly from the supplier. Small processors rely on local distributors to import ingredients.

4. Figure 1: Market Structure:



- The Peruvian food-processing industry is well developed and tries to source directly depending on the volume. Smaller importers use traders as their main sourcing partner.
- Local processed food products cover 75 percent of the market demand.
- Specialized importers usually provide food ingredients to the Peruvian market. Some of these are also producers or wholesalers/distributors.

5. Sector Trends: Peru's food manufacturing industry has benefited from the nation's strong economic performance over the past decade. A demanding middle class forced food processors to innovate and adapt to broader consumer segmentation. Food manufacturers target small, independent stores as the primary channel to reach a wide range of consumers. Despite the growth of supermarket chains throughout the country, Lima is still the principal market but space constraints limit growth. Food products must align with consumers' preference for convenience, low prices, and daily purchases.

U.S. food ingredient suppliers should focus on providing ingredients to the following industries:

Baked Goods: In 2024, companies are intensifying their strategy to downsize packaging in response to heightened prices pressure from consumers seeking affordable products. This proactive approach has successfully cultivated customer loyalty, leading to a 3 percent increase in sales compared to 2023. To further address pricing concerns, private label products have emerged as a viable alternative, especially in hard

discount formats. These products are effectively competing against the traditional channels, such as corner stores and wet markets, with notable examples like Mass from Supermercados Peruanos and Tottus Vecino.

The bread category, particularly artisanal breads, which hold a commanding 80 percent market share, serves as the cornerstone of the sector. Manufacturers have expanded their range of packaged breads, developing baked goods that skillfully balance nutrition and flavor to meet evolving consumer demands. Furthermore, there is a surging interest in frozen breads and healthier alternatives that incorporate nutritious ingredients such as seeds and quinoa.

While consumers show a strong preference for artisanal bread, industrially produced options are making significant inroads into the market, largely fueled by the rapid expansion of supermarkets and convenience stores. Panificadora Bimbo del Peru, the dominant local producer of industrial bread, captures 5 percent of the market share and offers a comprehensive portfolio of products designed to cater to diverse consumer tastes and preferences.

The cakes subcategory is second in importance with a 15 percent share within the baked goods category. Panettone is the star product, which is predominately a seasonal product (July and December). Nestle-Peru is the largest panettone manufacturer in Peru.

Dairy Products: Condensed milk, yogurt, cheese, milk, and butter continue to reign as the most significant products within the dairy category. Like many other staple goods, dairy products have experienced drastic price increases, which began to stabilize in 2024. In this context, consumers are increasingly opting for affordable alternatives, resulting in a surge in impulse purchases of private label brands and a preference for smaller packaging sizes.

Although the expansion of food retail has driven growth within these sub-categories, nearly 65 percent of dairy product sales still occur through small grocers and wet markets. Notably, evaporated and condensed milk account for almost 45 percent of the total dairy market share. Furthermore, ready-to-drink products are gaining popularity among consumers seeking healthier alternatives.

Within this competitive landscape, Gloria remains the dominant player in the sector, commanding an impressive 70 percent market share.

In April 2022, the Peruvian government modified a regulation to ban the use of powdered milk for manufacturing evaporated milk. However, the regulation's primary impact is restricting the labeling of the product as "Evaporated Milk". Despite this, dairy manufacturers continue to use powdered milk to produce what is essentially "evaporated milk," albeit with a different label. The local dairy sector has faced challenges due to fluctuating international commodity prices. This issue has not adversely affected U.S. powdered milk exports to Peru, which reached \$90 million in 2024.

Dried Processed Food: Pasta and rice remain the cornerstone products in the Peruvian market. Rice, being one of the most consumed staples in the country, is primarily produced locally and accounts for a substantial 43 percent of total sales in the dried processed category. Pasta follows closely behind, contributing 40 percent to the same category.

In 2024, both rice and pasta demonstrated consistent performance compared to 2023. A key strategy implemented by most manufacturers involved reducing package sizes while maintaining prices to mitigate disruptions in consumer consumption patterns. The convenience factor has also played a significant role in boosting the popularity of instant noodles, further enhancing consumption.

Costeño Alimentos and Alicorp stand out as the leading food processors in this sector, dominating the rice and pasta markets, respectively. Their focus on quality and adaptability continues to shape the landscape of staple food consumption in Peru.

The instant noodles subcategory remains third, accounting for 17 percent of market share. Small independent grocers and convenience stores have become a good niche channel for instant noodles due to the busy lifestyle of Peruvian consumers. Sales in this sub-category experienced the highest growth in 2024, driven by innovative advancements in product presentation and flavor enhancements.

Cookies and Snack Bars: The recovery of the retail food sector has been pivotal in driving growth within the cookie and snack bar category, which recorded increased sales in 2024, largely due to rising prices. Sweet cookies dominate the market, comprising an impressive 95 percent of the overall market share, as consumers increasingly gravitate toward snacking-style products or meal replacements. Despite major manufacturers reporting lower volume sales, industry leaders such as Mondalez Peru, Alicorp, and Molitalia collectively hold nearly 50 percent of the market. Meanwhile, private label products specializing in affordable cookies are readily available at supermarkets and hypermarkets, catering to budget-conscious consumers. Nevertheless, the traditional distribution channel continues to play a crucial role in reaching a broad audience.

Snack bars are beginning to gain traction in the market, yet their overall penetration in terms of value remains modest within the category. This is especially true for consumer segments that prioritize health-conscious choices, seeking products with lower sugar content and enhanced nutritional benefits such as increased protein, vitamins and fiber.

Processed Meat and Seafood: This category has shown rapid growth due to high consumption of hot dogs, ham, sausages, chicken nuggets, and burgers. The traditional channel (small grocers) is the main distribution channel for these products. Local processors have made plant enhancements to increase production of packaged processed meat, increase shelf life, and improve food safety. Yichang, San Fernando, and Breadt hold almost 40 percent of the market share, offering an assorted list of products such as canned meat, frozen and chilled meat, and cold cuts.

The seafood subcategory accounts for almost 43 percent of sales value for this category. Canned tuna is the main product, which is locally produced.

Edible Oils: Despite manufacturers' strategies to reduce prices through package size reductions, the category experienced negative performance in 2024. Private label products continue to serve as a competitive alternative, offering affordability across the trade channel. Palm oil remains the most consumed type of oil, accounting for 50 percent of the market share and predominantly distributed through traditional channels.

In Peru, manufacturers often utilize oil blends as a cost-saving measure, reflecting the effort to manage expenses while meeting consumer demand. Total sales for the category in 2024 reached an impressive \$770 million, with Alicorp commanding the largest market share at nearly 50 percent. This indicates a strong presence in the market, despite the challenges faced in overall category performance.

Sauces, Dressings, and Condiments: Like other categories, prices for cooking ingredients have been adjusted to increase sales due to changes in consumer's behavior, particularly a preference for smaller packaging and affordable brands. Within this sector, sauces, dressings, and condiments have become increasingly popular, with the sauces subcategory standing out as the most significant. Products such as mayonnaise, ketchup, and mustard are among the favorites. In 2024, the sauces subcategory achieved a 3 percent growth, reaching a total sales value of \$170 million. Mustard seed, a key ingredient used in the production of mayonnaise, plays a crucial role in the flavor profile of these products. Manufacturers have responded to consumer demand by

developing new products that offer a variety of flavors and ready-to-use convenience. Alicorp leads the sauces subcategory with its brand Alacena, reflecting its strong market presence.

Another noteworthy subcategory within cooking ingredients is led by Ajinomoto del Peru S.A., renowned for its offerings of soy sauce, stock cubes, and powders. Sales in the cooking ingredients segment reached \$115 million in 2024, with the most important products—including spices, tomato pastes, and purees—accounting for a substantial 70 percent of the market share. This highlights the significant role that these ingredients play in consumers’ culinary practices.

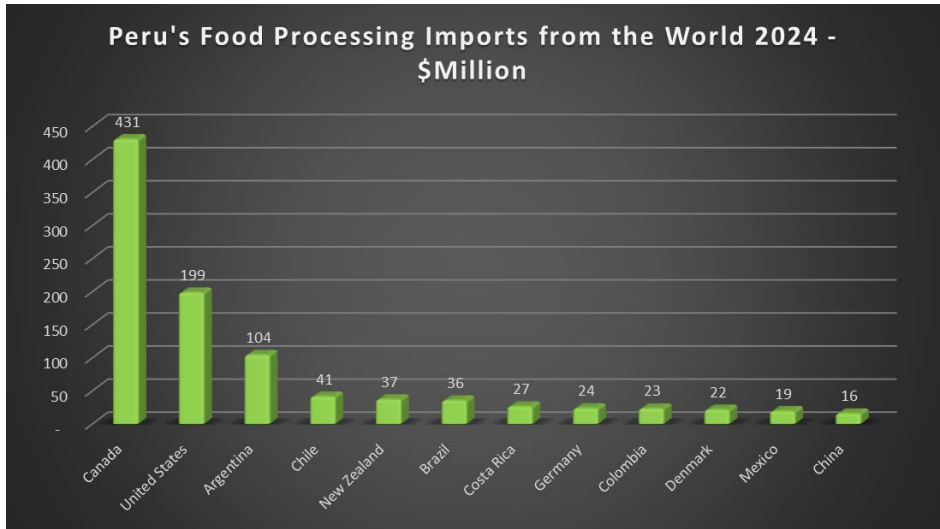
Breakfast Cereals: Breakfast cereals saw notable sales growth in 2024, driven by the expansion of private labels that cater to consumer demand for affordable alternatives. The category is primarily supported by middle-income consumers who are incorporating cereals into their breakfast routines. Additionally, there is a growing interest from health-conscious consumers who are increasingly seeking nutritious options in this segment.

The ready-to-eat subcategory remains the most prominent in the market, often utilizing oats as a base. In recent years, manufacturers have also started to incorporate native grains such as quinoa and kiwicha, responding to consumer preferences for more diverse and healthful ingredients.

Alicorp stands out as the leading manufacturer in this category, commanding a significant 65 percent market share. While nearly 60 percent of sales distribution occurs through traditional channels, including small independent stores, there has been an upward trend in the modern channel's market share in recent years, reflecting broader shifts in consumer shopping habits and preferences.

Beer: Beer is the most popular alcoholic beverage in Peru, with a market share of 90 percent. Premium beer products are becoming increasingly popular among middle and high-income consumers. In 2024, the volume of beer production in Peru decreased almost 2 percent to nearly 1,078 million liters with respect 2023. The traditional channel is the most important distribution channel representing 30 percent of small grocer’s incomes. In 2020, Heineken acquired AJE's beer Tres Cruces and added brands from its international portfolio, such as Amstel, Tiger, and Dos Equis. Union de Cervecerias Backus & Johnston (AB-Inbev) is the largest beer manufacturer in Peru, accounting for 90 percent of the market share.

Figure 2. Suppliers of Food Ingredients



Source: Trade Monitor Data

Section III: Competition

Imports of food processing ingredients to Peru totaled \$1.1 billion in 2024. The United States is the second largest supplier of ingredients, with 18 percent market share. These ingredients are largely made up of wheat, milk powder, flour meals and pellets, whey, and almonds. Canada is the largest supplier, driven by wheat exports that represents 99 percent of their exports. Argentina is in third position, accounting for 10 percent of market share. Argentina's exports are led primarily by wheat and skimmed powdered milk.

Section IV: Best Product Prospects Categories

Table 2: Products Present in the Market Which Have Good Sales Potential

Product Category/ Net imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Wheat (HTS 10019910) \$571 million	Canada: 74% Argentina: 15% USA: 9%	Canada has more competitive pricing for this ingredient.	Local millers are accustomed to blending different origin wheat.
Milk and Cream Concentrate, powder (HTS 040210) \$66 million	USA: 74% Belgium: 12% Germany: 2%	Price opportunity and quality is a key driver.	Dairy food processors use powdered milk to standardize production. Insufficient milk production in Peru.
Milk and Cream Concentrate, powder Exceeding 1.5% (HTS 040221) \$102 million	USA: 36% New Zealand: 35% U.K.: 9%	Price opportunity and quality is a key driver.	Dairy food processors use powdered milk to standardize production. Insufficient milk production in Peru.
Edible mixtures or preparations (HTS 151790) \$11 million	USA: 45% Uruguay: 9% Singapore: 8% Chile: 7%	Price opportunity is a key driver.	Multiple sectors demand these types of products. Main product is vegetable fat
Animal, Vegetable, or Microbial Fats (HTS 151800) \$4 million	Brazil: 50% USA: 25% Argentina: 10%	Price and quality are key drivers.	Pet food industry is the largest buyer. Local industry is growing.
Peptones and Derivates (HTS 350400) \$12 million	China: 42% Brazil: 18% Spain: 15% USA: 9%	Price and quality are key drivers.	Inputs for food industry and cosmetics. Protein isolates main U.S. export.
Enzymes and Prepared Enzymes (HTS 350790) \$37 million	Denmark: 32% Brazil: 19% USA: 11% France: 5%	Price and quality are key drivers. Tariff preferences are also applied to competing countries.	Weak local production. Utilization for different sectors.
Almonds Fresh or Dried Shelled NESOI (HTS 08021290) \$16 million	USA: 99% Chile: 1%	Lower logistics cost due to Chile's proximity. Price competitive.	Confectionary manufacturers prefer U.S. quality and price.

Boneless Pork Meat (HTS 02032910) \$21 million	Chile: 50% Brazil: 48% USA: 2%	Price competitive and different cuts from Chilean products. Proximity and tariff preferences are key.	Mainly used by sausage manufacturers. Local processors recognize quality, but price and availability are a current issue.
Products Consisting of Natural Milk Constituents (HTS 040490) \$7 million	USA: 99% Argentina: 1%	Price and proximity could be key alternative drivers.	Not a lot of suppliers for these products. Local industry non-existent. Regular import level above \$5 million.
Mixtures of Odoriferous Substances (HTS 330210) \$68 million	Costa Rica: 40% Mexico: 13% Colombia: 12% Chile: 10% Uruguay: 9% USA: 4%	Chilean beverage manufacturer supplies its subsidiary in Peru. Price is key driver.	Large manufacturers source internationally.
Flour Meals and Pellets Meat or Offal (HTS 23011090) \$22 million	USA: 45% Chile: 18% Brazil: 17%	Price and quality are key drivers.	Pet food industry is the largest buyer. Local industry is growing.
Other preparations of semolina, starch flour, or malt extract (HTS 190190) \$27 million	Colombia: 44% Chile: 15% Brazil: 9% U.K.: 7% USA: 7%	Price is the key driver. Colombian manufacturers supply to Peru subsidiary.	Category continues growing. Large food processors based in the region supply Peru's market.
Vegetable Saps, Extracts (HTS 1302) \$24 million	China: 29% Mexico: 13% USA: 13% Chile: 8%	Price is the key driver.	The category continues growing and the U.S. is competitive in mucilages and thickeners.

Source: SUNAT, Trade Monitor Data. FAS Lima office research.

Note: Calculations based on latest full calendar year (January-December) data

Table 3: Products with Small Presence in Market but Which Have Good Sales Potential

Product Category/ Net imports	Major Supply Sources	Market Overview
Malt Toasted or not. (HTS 1107) \$24 million	China: 33% Australia: 24% Netherlands: 13% Canada: 13%	Beer market continues recovering.
Starches (HTS 1108) \$32 million	Germany: 44% Denmark: 22% Netherlands: 9%	Potato starch imports reached \$27 million, and it is the largest imported ingredient. Also, cornstarch with \$4 million.
Mechanically deboned meat (HTS 0207140010) \$8 million	Brazil: 50% Chile: 38% USA: 18%	Price driven market. U.S. exports grew 327 percent in 2024

Whey and Modified Whey (HTS 040410) \$11 million	Chile: 55% France: 13% USA: 13% Lithuania: 8%	Chilean suppliers benefit from proximity and tariff preferences. Not a lot of suppliers for these products. Local industry non-existent.
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Source: SUNAT, Trade Monitor Data. FAS Lima office research.

Note: Calculations based on latest full calendar year (January-December) data

Section V: Key Contacts and Further Information

U.S. Embassy Lima, Foreign Agricultural Service (FAS), Office of Agricultural Affairs

Street Address: Avda. La Encalada, Cuadra 17, Monterrico - Surco, Lima 33

E-mail: Aglima@usda.gov

For additional information, see www.fas.usda.gov. See also our [Exporter Guide](#) and other marketing reports on the FAS Global Agricultural Information Network (GAIN).

Attachments:

No Attachments