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Report Name: Food Processing Ingredients Annual

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Report Highlights:

This report provides information to U.S. exporters of agricultural and related products on how to do business with the Food Processing industry in Panama. It is primarily a service – based economy, but food processing is one of its top industries. These include dairy processors, meat, poultry, fishery, fruits, beverages and spirits, bakery, snacks among others. Opportunities for U.S. – origin ingredient suppliers are in demand as the Panamanian industry is benefiting from the latest trends of substitute plant-based alternatives and consumer dietary preferences for processed food from whole grains, legumes (beans, peas, lentils), vegetables, fruits, seeds, and nuts.

Market Fact Sheet: Panama

Executive Summary

Panama's economy continues to strengthen in 2023. It was ranked as the second fastest growing economy in Latin America and the Caribbean, and its Gross Domestic Product (GDP) growth rate was around 7-8% in 2023. Panama's economy is based predominately on services (80 percent). Agriculture accounts for just a small portion (2.3 percent).

Imports of Consumer-Oriented Products

Panama is the 24th largest market for U.S. consumer-oriented product exports and U.S. exports were valued at $527.4 million in 2023. The United States has the largest market share followed by Brazil and Argentina. The customs clearance process in Panama is relatively fast and trouble-free. U.S. products are considered high quality and are well- accepted overall.

Food Processing Industry

Panama's roughly 150 food processing companies include dairy, meat and poultry, fishery products, fruits, beverages and spirits, bakery, snacks, and pet food, among others. The industry is benefiting from the latest trends of substitute plant-based proteins and consumer dietary preferences for processed food from whole grains, legumes (beans, peas, lentils), vegetables, fruits, seeds, and nuts.

Food Retail

High growth categories include snacks, processed meats, seafood, sauces, and condiments, processed fruits, and vegetables, and dairy products. Competition is based primarily on price and convenience.

Quick Facts CY 2022

The U.S. – Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012, nearly 56 percent of U.S. agricultural exports became duty-free upon entry-into-force, with most of the remaining tariffs phased out over 15 years .https://www.fas.usda.gov/data/panama-fairs-country-report-4

The TPA provides duty-free access to 110 Panamanian products that are exported to the United States market.

List of Top 10 Agriculture Products in Panama

1) Specialty coffee
2) Papaya
3) Pineapple
4) Melons
5) Banana
6) Sugar cane
7) Cacao
8) Fish
9) Palm Heart
10) Squash

Strengths	**Weaknesses**
Strong demand for consumer-oriented product	Recent governmental protectionist policies
Opportunities	**Threats**
Importers frequently search for new-to-market products to compete	Strong competition from other trade partners

Top 10 Host Country Retailers

1) Price Smart
2) Super 99
3) El Rey
4) Super Xtra
5) Riba Smith
6) El Machetazo
7) Sysco
8) Felipe Motta
9) Foodie Market
10) Organica Store

GDP/Population

GDP: $65 Billion (+15% over 2020)
Population 4.395 million

U.S. Agricultural Exports Typically Used by Panama's Food Processing Industry 2022 -2023 Comparisons

(Millions of Dollars)

Product	2022	2023
Dairy Products	113.5	87.4
Corn	141.0	94.1
Wheat	52.10	41.3
Poultry Meat & Prods. (ex-eggs)	39.40	39.1
Pork & Pork Products	53.40	39.6
Condiments & Sauces	20.30	22.2
Vegetables Oils (ex. soybean)	13.00	7.8

Sources: USDA GATS BICO REPORT

SECTION I. MARKET SUMMARY

Panama has long imported a large percentage of its food and beverage supply, given the relative weakness of its agricultural production and manufacturing sector. The major driver of this weakness is the fact that it is primarily a service-oriented economy with a relatively high cost of labor.

Panama's 150+ food-processing companies, include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, pet food among others.

When the U.S. – Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012, nearly 56 percent of U.S. agricultural exports became duty-free upon entry-into-force, with most of the remaining tariffs phased out over 15 years. For more information, please refer to: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=FAIRS%20Annual%20Country%20Report%20Annual_Panama%20City_Panama_PN2023-0003

Table 1. Panama: Advantages and Challenges for U.S. Food Ingredients.

Advantages	Challenges
The U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. Almost half of current trade received immediate duty-free treatment.	U.S. food products are not geared for the "traditional" market (over 35,000 mom & pop stores, in Panama City) which sells items packaged in small sizes.
Importing products from the U.S. is relatively easy thanks to the U.S. - Panama Sanitary and Phytosanitary and Technical Barriers to Trade Agreements that entered into force on December 22, 2006.	The U.S. faces varying competition according to product type, including snacks, processed foods, fruits, grains, oils, meat, and dairy products.
U.S food ingredients are well known and regarded as high-quality.	Domestic producers manufacture more affordable products according to local taste preferences.
Growing food processing industry.	Processed foods still seen as inferior to fresh foods by many consumers.
Local processors are increasing their production capacity and food quality to meet higher export standards for foreign markets and domestic demand.	Panama has FTAs in force with 19 countries, which leads to more competition between the United States and other countries.
Consumers demand for innovative, low fat, healthy, and organic products.	Panama is a price-sensitive market.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

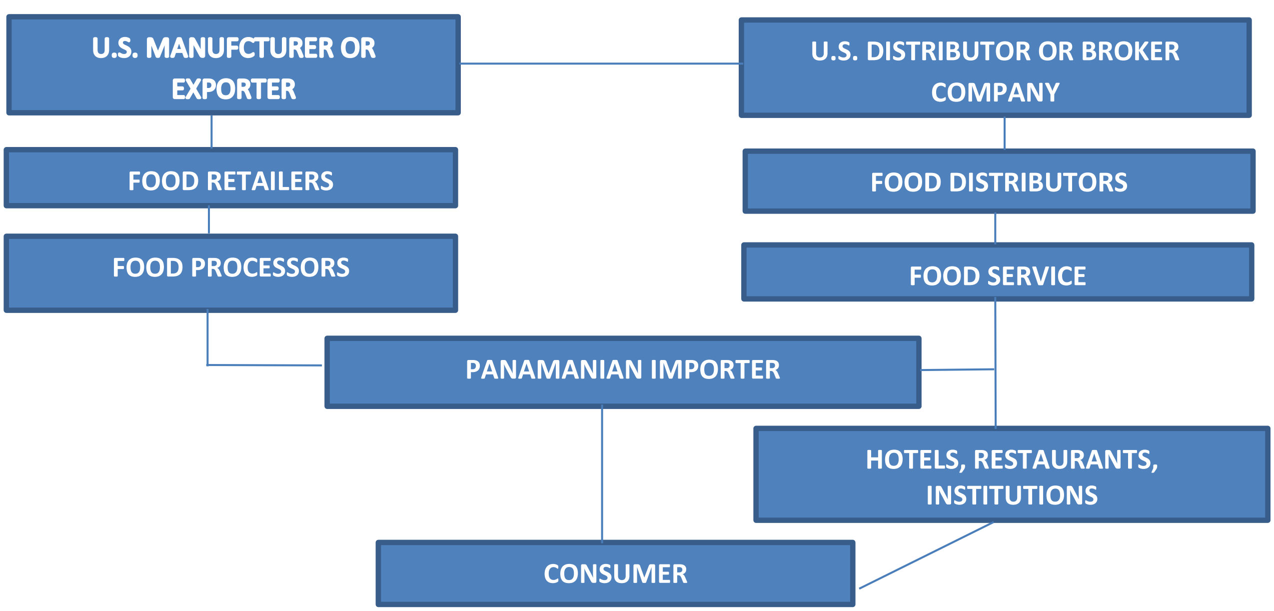
The outlook for imports of food processing ingredients is favorable and the market is very receptive to U.S. products. In addition to selling direct to food processors, exporters can also work closely with a local distributor or agent. Customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good transportation infrastructure and telecommunication systems, state of the art modern ports and excellent access to shipping and air transport.

Due to its open economy, Panama has few market access problems. There are no import barriers for most food processing ingredients. The TPA has reduced import duties to zero for 87 percent of the products in the tariff schedule, except for some food and agricultural products, on which duties will reduce gradually over the course of the next ten years.

Market Structure

One of the more common market entry options is to appoint a distributor. Another option is to find a local partner who can provide market knowledge and contacts. In Panama, there are large distributors with the capacity to reach many markets without using intermediaries. The major supermarket chains include Super 99, Supermarket Rey, Price Smart wholesale, Riba Smith, Xtra and Machetazo.

Table 2. Panama: Market Structure



Company Profiles

Table 3. Top 15 Food Processors in the Panamanian Market (total market 150)

Name	Description of Processing Activity	Brands
Productos Toledano	Distribution of agricultural industry products, chicken, and eggs	Toledano
Empresas Melo, S.A.	Value added products, chicken, seafood, and vegetables	Melo
Carnes de Coclé, S.A.	Processing and sale of meats and cold meats	First Choice Meat
Productos Kiener, S.A.	Production, distribution, and sale of meat products (spicy sausages, cold meats, sausages)	Kiener
Sociedad de Productos de Primera	Food Processing Dairy and Foodstuff Products (cheese, milk, eggs)	Bonlac
Lavery Panama, S.A.	Production of food products (cheese, margarine, and butter)	Cremoso, Helmet
Industrias Panama - Boston, S.A.	Process and refines oils, butter, and lard	Pabo, Cascade, Yo Soy, Supreme
Proluxsa	Production of food products (vinegar, soy sauce, condiments, juices)	Proluxsa
Productos Alimenticios Pascual	Production of crackers, cookies, candy, snacks, pasta, and distribution of food products	La Suprema, Roma, Maria, Sándwich de Pascual, otros.
Gold Mills de Panama	Flour processor (creams, syrup, pastas)	Gold Mills
Harinas de Istmo, S.A.	Flour production for bread and bakery industry	Harina del Istmo
Riba - Smith, S. A.	Food Retail, food imports and food production	Riba- Smith
Industrias Alimenticias Ricas Viandas	Production of bread, desserts, and sweet bread	Rimith
Bimbo de Panamá, S.A.	Production of bread, bakery, and corn bread.	Bimbo, Rapiditas Wraps
Sarasqueta y Compañía, S.A.	Grains production	

Table 4. List of Panamanian Food Processing Associations

Specialty Coffee Association of Panama	http://scap-panama.com/
Rice Millers National Association	www.analmo.org
National Poultry Producers Association	www.anavip.org
SIP (Industrial Union of Panama)	www.industriales.org

Sector Trends

Panamanian consumers are demanding more convenience and healthy food products. This trend has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches, and pears), organic foods, healthy food products such as plant-based alternatives, gluten free, low carb, low sodium, low sugar, low fat, processed fruits and vegetables (especially canned fruits), and snack foods (including corn chips, popcorn, cookies and candies). Processed canned fruits and vegetables, especially mixed fruits, mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans generate strong import demand, because most of these food products are not processed locally.

Poultry is the top source of protein in the Panamanian diet. Pork is Panama's second favorite meat. Beef is typically found in supermarkets fresh and chilled. Consumers prefer fresh meat over frozen beef, which tends to be imported as specialty cuts that are more expensive and used for BBQ and parties. Imported processed meats, mainly from the United States, and cured hams from Spain and Italy, supply the Food Service sector. There is a sizable seafood processing industry in Panama.

SECTION III. COMPETITION

The processed food sector in Panama is price sensitive, and companies try to keep prices low to stay competitive. Market competition comes from large local food processors that carry increasingly modern lines of Panamanian food products. Companies such as Rimith, Procesadora Monte Azul, and Bimbo de Panama are local competitors for U.S. exporters, but also represent opportunities in terms of imports of raw materials and ingredients for their processing needs.

Large multinational companies have a competitive advantage over smaller domestic producers in certain product categories such as frozen foods, soups, specialty canned and preserved products, and well-known condiments and flavors that cater to the international pallet. Because of this, companies able to meet the demands of this competitive processed food sector must have the means to invest in technology and innovation to not only meet consumer demands but also maintain low, competitive prices.

Panama's main trading partner is the United States in the food processing industry. As an example, in the category of miscellaneous edible preparations, exports to Panama from the United States accounts for 35% of total imports of these products. Overall, 75% of these imports into Panama are from the following countries:

- ✓ United States with $72 million and 35% of total imports.
- ✓ Costa Rica with $65 million and 32% of total imports.
- ✓ Mexico with $16 million and 8% of total imports.

SECTION IV. BEST PRODUCT PROSPECTS

Panama is the fourth largest market in Central America for U.S. agricultural products exports. U.S. total exports of agricultural and related products to Panama totaled $879.5 million in 2023. Exports include corn ($94.1 million), soybean meal ($91.2 million), food preparations ($39.4 million), dairy products ($87.4 million), Poultry Meat & products ($39.1), and pork & pork products ($39.6 million).

SECTION V. POST CONTACT AND FURTHER INFORMATION

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Foreign Agricultural Service	U.S. Embassy Panama
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Economic Section, U.S. Department of State	PNM-ECU@state.gov
Telephone:	(507) 317 5000
U.S. Commercial Service	www.buyusa.gov/panama/en/
Telephone:	(507) 317-5000

For further information, please see GAINs reports from FAS Panama, such as the Exporter Guide, and the Food and Agricultural Import Regulations and Standards. Both are available at GAIN FAS USDA

Attachments:

No Attachments