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Report Name: Food Processing Ingredients

Country: Panama

Post: Panama City

Report Category: Food Processing Ingredients

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Report Highlights:

Panama's food processing ingredients market is valued at \$135 million annually. Panama's food and beverage sector is one of the main manufacturing sectors of the economy. Two forces that contribute to investment opportunities in this area are the U.S. – Panama Trade Promotion Agreement (TPA), which entered into force on October 31, 2012, and capacity building programs offered by USDA to the Panamanian government and industry on food safety inspection and quality

Market Fact Sheet: Panama

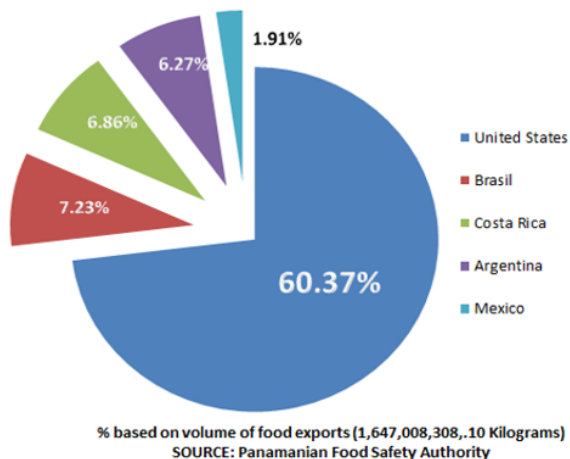
Executive Summary

Panama enjoyed a strong, growing economy in 2019, 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). The U.S. market share for food processing ingredients is 60 percent.

Imports of Consumer-Oriented Products

Panama is the 25th largest market for U.S. consumer-oriented products exports. U.S. exports were valued at \$435.8 million in 2019. The United States has the largest market share followed by Brazil and Argentina. U.S. products are considered high in 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



Food Processing Industry

The food processing industry has experienced a 12 percent growth rate over the last few 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 savory snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products.

TOP 10 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 (ex. eggs)
- 32.7 Snack Food
- 26.2 Processed Vegetables
- 20.8 Non – Alcoholic Beverages
- 18.6 Chocolates & Cocoa Products
- 17.2 Condiments & Sauces
- 12.9 Beef & Beef Products

GDP Per Capita PPP \$16,245
Population 4,314,767

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

SECTION I. MARKET SUMMARY

Panama’s food processing industry has experienced a 12 percent annual growth rate over the past five years. Two forces that contribute to opportunities in this area are the U.S. – Panama Trade Promotion Agreement (TPA), and capacity building programs offered by USDA to the Panamanian industry on food safety inspection and quality.

With 150 food-processing companies, Panama’s food processing ingredients market accounts for \$135 million in U.S. exports about a 60 percent market share. These 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 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:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Panama%20City_Panama_12-29-2017.pdf

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 easier now thanks to the U.S. - Panama Sanitary and Phytosanitary and Technical Barriers to Trade Agreements that entered into force in 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.
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SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

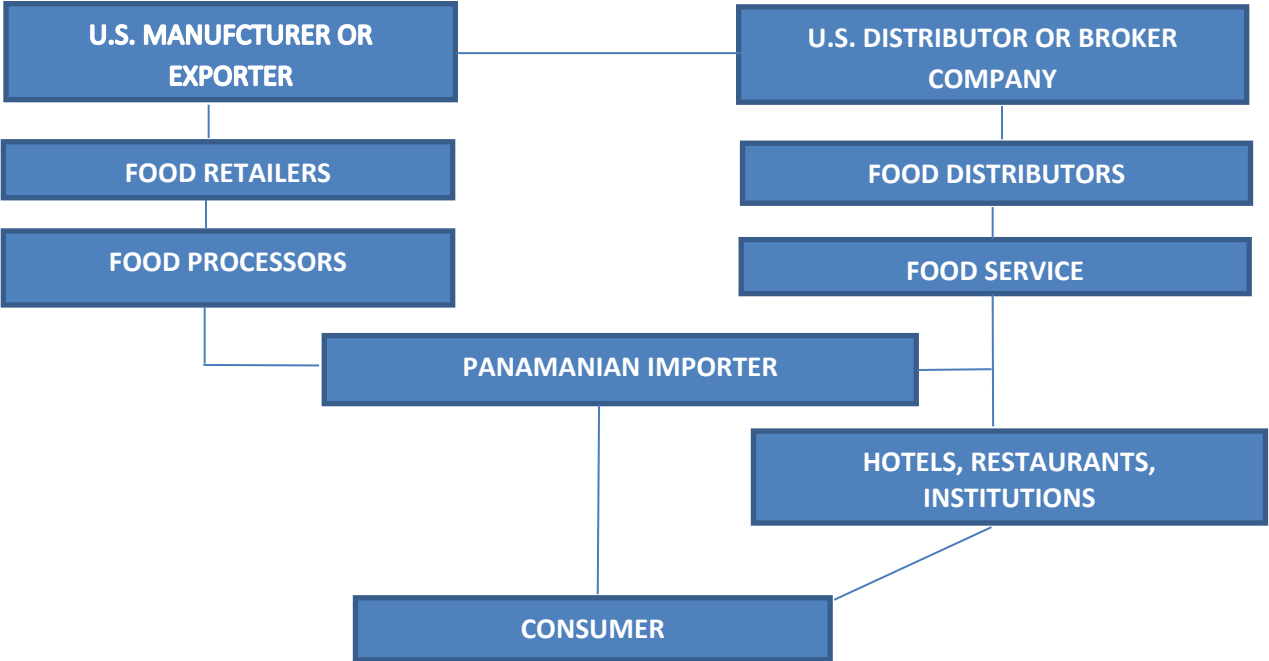
The outlook for imports of food processing ingredients is favorable and the market is very receptive to U.S. products. Working closely with a local distributor is a key element in a market entry strategy. Customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good 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 food processing ingredients. The TPA has reduced import duties to zero for 87 percent of the products in the tariff schedule, with the exception of 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 an agent or 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 Mchetazo.

Table 2. Panama: Market Structure



Company Profiles

Table 3. Top 15 Food Processors in the Panamanian Market (total market 140)

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

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 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 chilled. Chilled beef 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. Most processing is done for seafood products.

SECTION III. COMPETITION

The processed food sector in Panama is price sensitive, and companies try to keep prices low in order to stay competitive. Market competition comes from large local food processors that carry increasingly modern lines of Panamanian food products. Companies such as Riba Smith 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.

SECTION IV. BEST PRODUCT PROSPECTS

Panama is the third largest market in Central America for U.S. agricultural products exports. U.S. total exports of agricultural and related products to Panama totaled \$758.8 million in 2019. Exports include corn (\$88.9 million), soybean meal (\$13.4 million), prepared food (\$55.8 million), dairy products (\$57.7 million), and pork & pork products (\$46. million). Best market prospects are dairy products, pork, poultry, and snack foods.

Table 5.

U.S. Agricultural Exports Typically Used by Panama's Food Processing Industry 2017-2019 Comparisons in Millions of Dollars)			
Product	2017	2018	2019
Dairy Products	45.2	48.0	55.7
Poultry Meat & Prods. (ex-eggs)	34.2	34.4	37.8
Pork & Pork Products	32	36.0	46.0
Wheat	30.8	35.0	36.7
Condiments & Sauces	18	18.4	17.2
Vegetables Oils (ex. soybean)	7.1	8.3	92.0
Soybean Oil	6.9	7.6	3.7
Sugar, Sweeteners, Bev. Bases	3.6	2.1	2.6

*Source: U.S. Census Bureau Trade Data

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. EMBASSY IN PANAMA	
U.S. Department of Agriculture (USDA)	Agpanamacity@fas.usda.gov
Foreign Agricultural Service	http://panama.usembassy.gov.fas.html
Telephone:	(507) 317-5297/ (507) 317-5801
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 here at [GAIN FAS](#) [USDA](#)

Attachments:

No Attachments