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Report Name: Food Service - Hotel Restaurant Institutional

Country: Panama

Post: Panama City

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Report Highlights:

Panama is an attractive market for exporting U.S. agricultural food products. Its culturally diverse population, geographical location, and love for American food and culture provide for increasing export opportunities for U.S. high value food and beverage products. U.S. agricultural related products exports to Panama in the first half of 2019 reached \$623.3 million. Panama has an ambitious public infrastructure plan and an expanding services sector that benefits from the country's emerging role as a regional hub for trade. The hotel, restaurant and institution sectors are seeking high quality food products, services, culinary technology, and "trendy" foods to meet customer demands. The proliferation of pop-up restaurants, food trucks, specialized gastronomy, and international cuisine, backed by restaurant delivery services and online delivery platforms are excellent examples of such advancements.

Market Fact Sheet: Panama

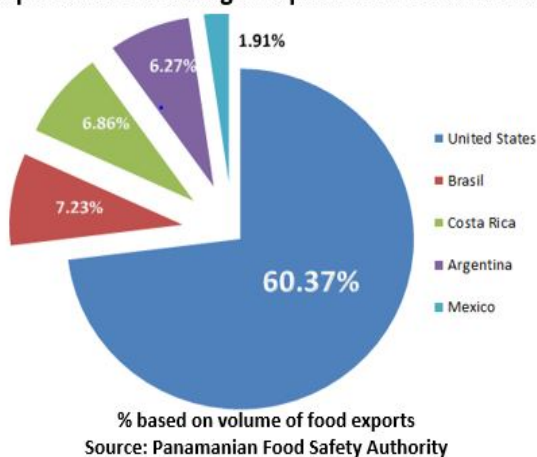
Executive Summary

Panama enjoyed a strong, growing economy in 2019. Based on the World Economic Forum’s Global Competitiveness Report 2019, Panama is the best place to retire in 2019 and ranked 3rd in the [Best Countries Open for Business ranking](#). Its Gross Domestic Product (GDP) growth rate reached 4.5% in 2019. Panama’s economy is based predominately on services (82%); agriculture accounts for only a small portion of the economy (2.4%).

Imports of Consumer-Oriented Products

Panama is the 27th largest market for U.S. consumer-oriented products and reached \$392.5 million in exports in 2018. In the first half of 2019, these exports totaled \$178.4 million. U.S. products are seen as high quality and well accepted. The customs clearance process in Panama is relatively fast and problem-free.

Top 5 Food & Beverages Exporters to Panama 2018



Food Processing Industry

The food processing industry has experienced 10% growth over the last couple of years due to an increase in tourism and foreigners relocating to Panama.

Food Retail Industry

Food retail sales of U.S. consumer-oriented products totaled US\$392.5 million in 2019. High growth categories include savory snacks, processed meats and seafood, sauces and condiments, ready meals, processed fruits and vegetables, dairy products, and snack foods.

Quick Facts CY 2019

Imports of Consumer-Oriented Products (US \$392.5 million in 2019) **TOP 10 U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA** **2018 (in millions of dollars)**

- \$45.9** Prepared Food
- \$21.4** Processed Vegetables
- \$46.0** Dairy Products
- \$15.2** Chocolates & Cocoa Products
- \$32.2** Poultry Meat & Prods (ex. eggs)
- \$14.3** Condiments & Sauces
- \$38.7** Pork & Pork Products
- \$17.6** Non – Alcoholic Bev.
- \$27.6** Snack Food
- \$9.4** Beef & Beef Products

*Source: U.S Census Bureau Trade Data

GDP Per Capita PPP: \$24,262 (2019)
Population: 4,210,507 (June 2019)

Total Exports of Agricultural & Related Products to Panama: \$623.3 Million (Oct-July 2019)

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

I. MARKET SUMMARY

U.S. agricultural exports have been benefitting since the U.S.-Panama Trade Promotion Agreement (TPA) 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 increasing flow of tourists (see **Table 1, 2**), as well as the U.S.-Panama TPA, which reduced most duties to zero, are indicators of excellent market opportunities for U.S. exporters of food & beverages bound for Panama's HRI sector. Panama has various laws that incentivize firms that specialize in tourism while protecting investments in the sector, and directly facilitate the opening of related businesses. As of December 2017, Panama had 912 lodging establishments of which 279 are hotels corresponding to 30,623 hotel beds and 3,500 restaurants and food outlets.

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Panama has an open economy and relatively few market access problems. U.S. products are seen as being of 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 via south (Pacific). Air cargo is handled through Tocumen International Airport. Grain in particular is handled at *Desarrollo Posicional* on 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](#) and others have been servicing 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 possess highly ranked world class chefs at the international level. 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 Association of Restaurants and related business have more than 400 members.

Hotels, Resorts, and Cruises

Travel and tourism is an engine of economic development and a vehicle for sharing cultures. Many factors influence the flow of travelers to visit 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 purchase 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: www.apatelpanama.com

Panama's cruise ships 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.

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 agricultural export supplying countries. As with the United States, Panama has free trade agreements with Canada, the European Union, Mexico, Colombia, Peru, Guatemala, Costa Rica, Chile, El Salvador, Honduras, Nicaragua, Dominican Republic, Singapore, Israel, Iceland, Liechtenstein, Norway and Switzerland. Its top competitors (by products they supply) include:

- Central American countries and China (snack and processed food products)
- Chile, Mexico, and Peru (fruits and vegetables)
- Argentina, Canada, Brazil, and Guyana (grain and oilseeds)
- Canada (meat products)
- Costa Rica, Argentina, New Zealand and Australia (dairy products)

Further challenges are outlined in **Table 3**.

IV. ANNEX

Table 1. Total Visitors by Port of Entrance.

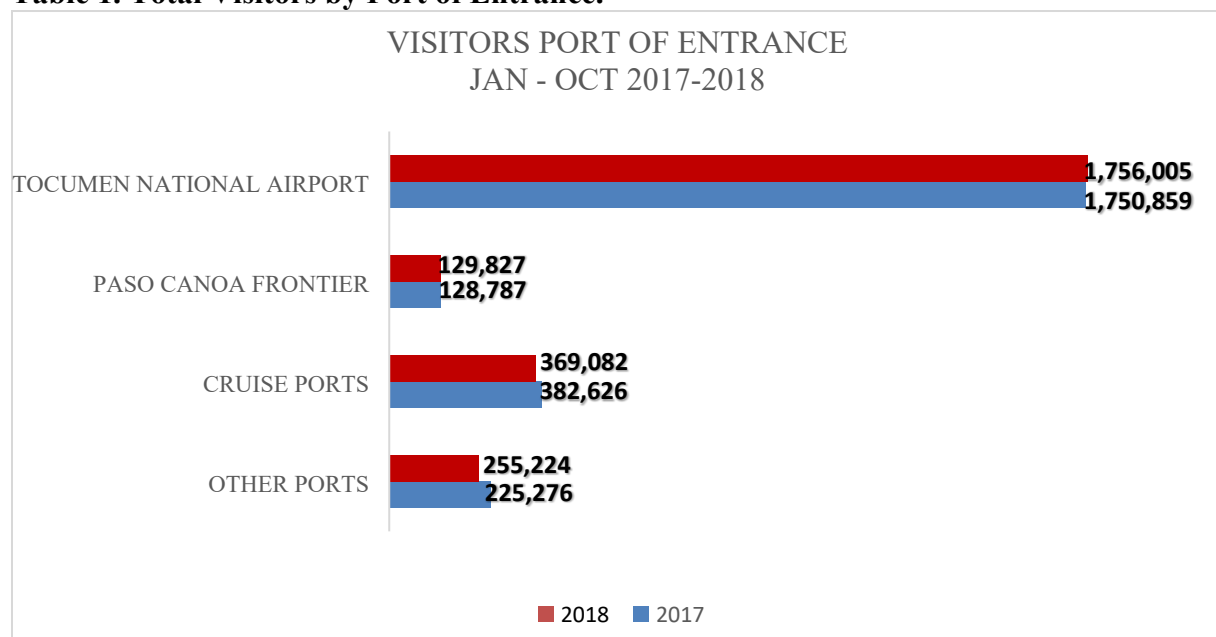


Table 2. Advantages and Challenges of U.S. Products in Panama

ADVANTAGES	CHALLENGES
The ease of shipping from the United States to Panama, as a result of the Panama Canal expansion.	Possible growth in Chinese food and beverage imports due to negotiations of the Panama-China free trade agreement started on July 2018. 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.
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 Antilles, Asia, Europe, among others.	Strong competition in the region with ports in Colombia, the Caribbean and Mexico.
Low 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.
Strategic geographical location and its service-oriented economy. Panama continues to strengthen its seaports and logistics assets (Panama Canal, seaports, airports, special economic zones, logistics parks, and railroad) over the next years.	

Table 3. Panama’s High Demand Agricultural Products

PANAMA'S IMPORTED AGRICULTURAL PRODUCTS IN HIGH DEMAND AND MAIN SUPPLIERS			
PRODUCT CATEGORY	MAJOR SUPPLY SOURCES	STRENGTHS	ADVANTAGES & DISADVANTAGES OF LOCAL SUPPLIERS
Corn	U.S. and Argentina	Competitive Price	Not enough local production
Rice	U.S., Guyana and Brazil	Competitive Price	Not enough local production
Pork & Potatoes	U.S. and Canada	Competitive Price	Not enough local production
Onions	U.S. Netherlands and Peru	Competitive Price	Low local seasonal production
Fresh Fruits (apples, pears, grapes)	U.S. and Chile	Mostly seasonal difference not real competition	Not produce locally
Snacks	U.S., Costa Rica, Colombia, Guatemala, Mexico and China	Competitive Price, but U.S. product is preferred	Low local production

Table 4. Consumer Oriented Product Prospects for Panama’s HRI Sector

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, spread	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

VI. Key Contacts and Further Information

GOVERNMENT AGENCIES IN PANAMA	
Panamanian Food Safety Authority (AUPSA)	www.aupsa.gob.pa
Tourism Authority of Panama (ATP)	www.atp.gob.pa
CHAMBER OF COMMERCE	
Chamber of Commerce, Industries and Agriculture	www.panacamara.com
American Chamber of Commerce Panama	www.panamacham.com
INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA	
Association of Hotels in Panama	www.apatelpanama.com
Association of Small Hotels in Panama	www.hopan.net
RESTAURANTS/FAST FOOD	
Association of Restaurants in Panama ARAP	www.asociacionderestaurantes.com
Degusta Panama	www.degustapanama.com
LOCAL FAIRS AND TRADE SHOWS	
ExpoComer	www.expocomer.com
Expobebidas	www.expobebidapty.com
Pretelt Meat Fest	https://www.youtube.com/watch?v=wxPw1DTpmWw
Felipe Motta Feria de Vinos	www.felipemotta.com
Coffee fest	www.coffeefestpanama.com
PMA Food show	www.pmafoodshow.com
ASSOCIATIONS AND ORGANIZATIONS	
Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA)	www.acovipa.org
Retail Center of Panama (CEREP)	www.retailpanama.com
Gastronomy Club of Panama	www.clubgastronomicodepanama.org
TRADE PUBLICATIONS	
Horeca Panama	www.horeca-magazine.com
The Restaurant Panama City	www.the-restaurantpty.com
Guía de Restaurantes de Panamá	guia-arap@rgpublicaciones.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 http://panama.usembassy.gov/fas.html (507) 317-5297/ 317-5801/317-5163 fax
Economic Section, U.S. Department of State	PNM-ECU@state.gov (507) 317-5000
U.S. Commercial Service	www.buyusa.gov/panama/en/ (507) 317-5000

Attachments: No Attachments