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**Report Highlights:**

This report provides an overview of ag trade trends in Panama over the first half of 2021. In particular, this report highlights selected high-growth categories. Panama's agricultural imports show strong signs of rebounding. Panama's total agricultural and related imports are up 14% in the first half of the year, an increase of \$125 million. Panama's export performance is varied, with an overall 7% decline in dollar value of agricultural products for the first half of the year.

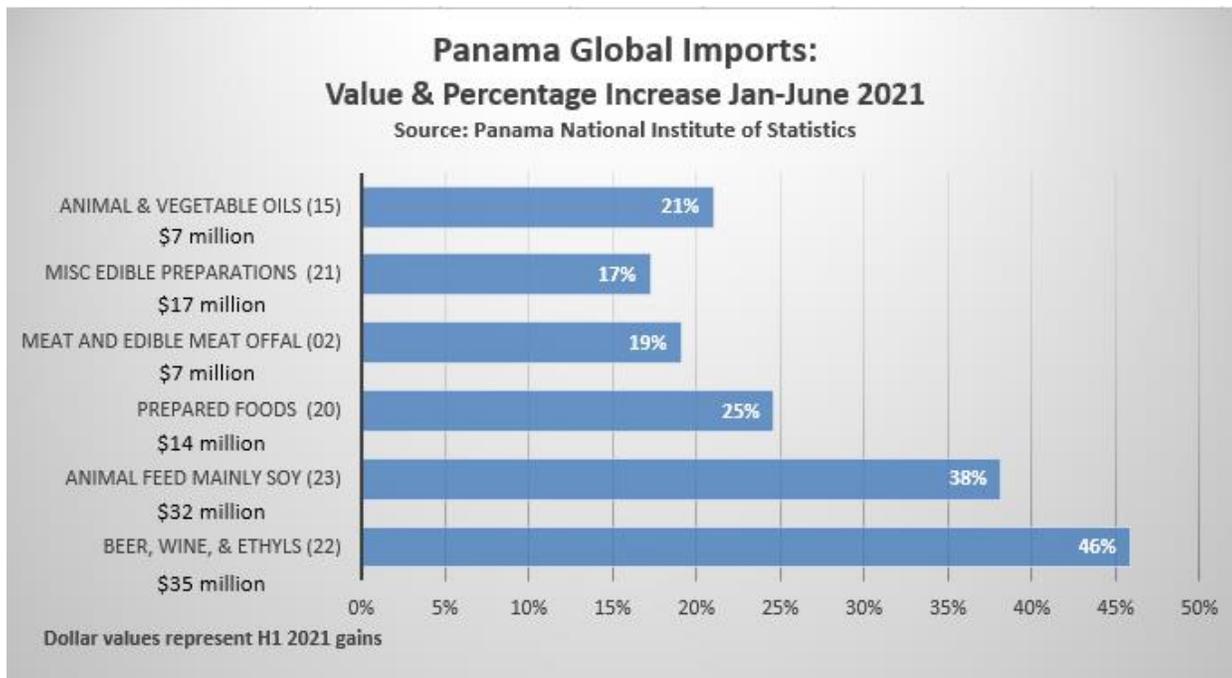
## Overview

Panama's agricultural imports are showing strong signs of rebounding after the hit taken due to Covid-19 in 2020. Panama's total agricultural and related imports are up 14% in the first half (H1) of the year, totaling \$1.02 billion -- an increase of \$125 million over the same time last year. Twenty three of the 31 agricultural related HS Chapters<sup>1</sup> show growth in the first half of 2021 compared to January through June 2020. Over this same period, the United States increased its market share five points in Panama to 46%. U.S. agriculture exports to Panama totaled \$461 million, up 26% over H1 2020.

Panama's export performance is varied, with an overall 7% decline in dollar value of agricultural products for the first half of the year. High volume categories in exports of bananas, sugar, molasses, pineapples, fish meal, and fish oils are primarily driving the losses.

## Panama Imports: H1 Increases for Big Ticket Commodities

Chart 1: H1 2020 vs. 2021 Comparison Increase



**Chapter 15 Animal or vegetable fats and oils:** Soybean oil, olive oil, sunflower oil, corn oil, as well as margarine and other vegetable oil blends<sup>2</sup> saw double digit rebounds from 20% – 97% (21% weighted by dollar value) compared to H1 2020. The subtotal for all vegetable oils is up \$5 million, or 21% in H1. The United States gained five percent on Costa Rica in H1 to become the number two exporter in vegetable oils behind Argentina. Market share of U.S. margarine exports increased by 13% to hold nearly half the market.

**Chapter 21 Miscellaneous edible preparations:** This category is up 17% or \$17 million for H1. Products driving gains include tea, nutritional supplements, syrup concentrates for soft drinks, soups, and condiments

<sup>1</sup> Harmonized System (HS) Code hierarchy used in this report include the following, listed from general to refined: Two-digit (2-D) Chapters, 4-D Headings, 6-D Subheadings. See [International Trade Administration](#) for further details.

<sup>2</sup> Information on specific commodities listed in this section, e.g., *margarine*, were acquired by cross-referencing data from Panama's National Institute of Statistics with more detailed data from the Panamanian Customs Authority.

**Table 1: Top Performing Commodities & Origin Country(s). Table List from Chart 1.**

| HS Code | Top US Competitor               | Principal Product  |
|---------|---------------------------------|--|
| HS-15   | Argentina, Costa Rica, Colombia | Soybean Oil, Margarine, Sunflower Oil                                    |
| HS-21   | Costa Rica                      | Concentrated Syrups for Soft Drinks                                      |
| HS-02   | Canada                          | Frozen Pork Feet & Pork Tails  |
| HS-20   | Canada & Netherlands            | Pre-cooked Frozen Potatoes inc. French Fries                             |
| HS-23   | Honduras, Costa Rica, Mexico    | Retail Dog & Cat Food & Suppliments for Animal Feeding                   |
| HS-22   | Costa Rica, Mexico, Guatemala   | Mineral & Sparkling Waters, Beer, Ethyls (see table 2: Chapt 22 Alcohol) |

Source: Panama National Institute of Statistics

**Chapter 02 meat and edible meat offal:** United States and Canadian exports lead increases in this category with Canada gaining five percent in market share over H1 2020. Key products in this category include frozen pork feet, pork tails, processed fresh/frozen chicken, and frozen beef cuts and grinds.

**Chapter 20 preparations of vegetables, fruits, and nuts:** The United States leads the highest value categories in this chapter. Costa Rica, China, Canada, Guatemala, and the Netherlands round out top exporters year-over-year (YOY). While year-to-date (YTD) exports are higher, the United States lost four percent market share, down to 40% for H1. Products leading the category include prepared potato products (french fries), prepared beans, mixed vegetables, and olives.

**Chapter 23 residues and wastes from food industry, prepared animal feed:** This category is up 38%, or \$32 million in H1. The United States continues to lead in total value of Panama imports compared to other Central American countries. The principal commodities include byproducts of ethanol production, rice milling for pet foods, and animal feed supplements.

**Chapter 22 beverages, spirits, and vinegar:** Fruit based and tea ready-to-drink beverages, as well as sparkling waters, lead non-alcoholic beverage categories with 86% and 16% growth, respectively, for a combined \$21 million increase in H1.

**Table 2: Chapt 22 Alcohol: Panama H1 Global Imports 2021**

| PRODUCT                    | % INCREASE |
|----------------------------|------------|
| Ethyl, for Spirits         | 67%        |
| Wine                       | 71%        |
| Beer From Malt             | 86%        |
| Ethyl, for Pharma          | 124%       |
| Flavored Wine and Vermouth | 157%       |
| Fermented Beverages        | 881%       |

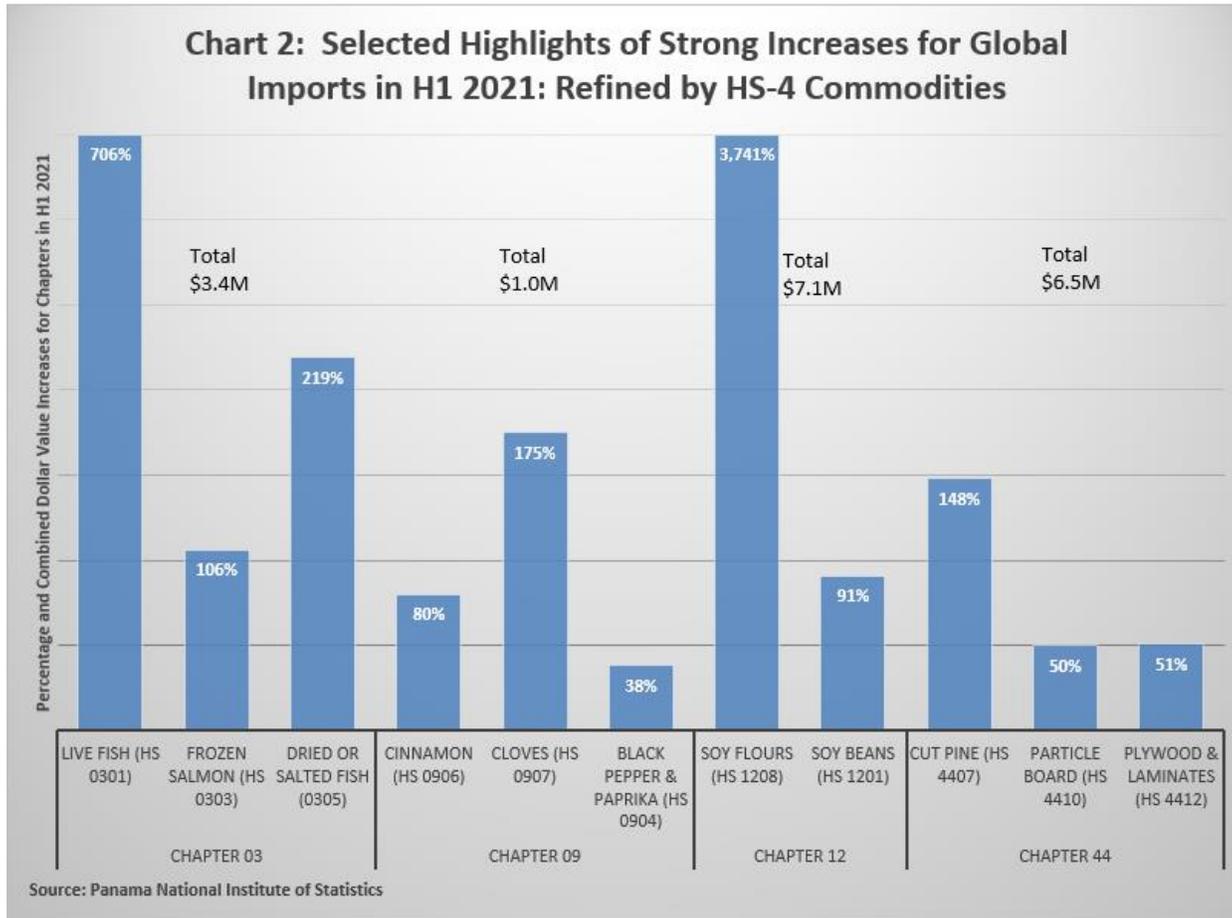
Source: Panama National Institute of Statistics

All categories of consumable and non-consumable alcohols saw significant increases over H1 2020.

The United States continues to lead by total value and first half gains in beer, up approximately 117% to \$10 million.

Rum and Gin imports (included in *Ethyl, for Spirits* in Table 2) are up 70% and 40%, respectively. At \$9 million total imports in H1 2021 Mexico and Guatemala take the principal share of rum, while the U.K. holds 95% of all Gin imports.

## Panama Imports: Highlights of Other Commodities with Strong Value Increases in H1



**Chapter 03 Fish & Crustaceans, Mollusks and Other Aquatic Invertebrates:** The three categories in chapter-03 grew by \$3.4 million to a total import value of \$5.4 million in H1 2021. U.S. exports of live fish to Panama increased \$30,000 or 150% in the first half of the year, however, Mexico exported almost \$1 million to Panama in H1 -- nearly doubling Panama's 10-year *annual* global high of imported live fish set in 2017.

Chile carries the bulk of exports of frozen whole salmon and filets to Panama with 75% of global value (\$3 million) in H1 2021. The United States holds 10% of the market at \$317 thousand and appears on track to meet 2020's rebound in export value from the lows seen in 2016-2019.

**Chapter 09 Coffee, Tea, Mate and Spices:** The commodities listed in Chart-2 grew by \$1 million to a total import value of \$2.5 million in H1 2021. Cinnamon imports are up 80%, while cloves, nutmeg, and cardamom (included in HS 0907) all show triple-digit percentage increases over H1 2020. The United States has the highest market share (34%) for HS-0904, of which imports are predominantly black pepper. Further, the United States increased exports to Panama in H1 by 57% compared to H1 2020 – beating the global average of 38%.

**Chapter 12 Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds, and Fruit:** The two categories in Chart-2 rose \$7.1 million to a total import value of \$11.6 million in H1 2021. The United States has 99.9% of the market share in HS 1208 and leads growth with a \$3 million increase in soy flour exports to Panama in H1 2021. The U.S. has 99.6% market share for whole soybeans (HS 1201) and increased exports to Panama by \$4 million over H1 2020.

**Chapter 44 Wood and Articles of Wood:** Three categories of wood products in Chart-2 grew \$6.5 million to a total import value of \$15.2 million in H1 2021. Cut Pine is the principal product in HS 4407 and competing nations Honduras, Argentina, Brazil, and Chile saw positive increases in the first half of the year. The United States still has 50% market share in cut pine exports to Panama, though that is down 3% in H1 2021.

Panama imports of particle board are up \$1.6 million in H1 2021 with Ecuador, Brazil, Spain, Colombia, and Chile controlling 95% of the market. Similarly, imports of plywood increased \$1.7 million to a total of \$5.1 million in H1 2021. Although the category (HS 4412) rebounded over 50% in H1 2021, it is falling well short of annual averages between 2010-2018 of \$16 million.

### Trends in U.S. Exports to Panama for H1 2021

The top two commodities in Table-3 consist of yellow corn and soybean meal. Panama uses both exclusively as feedstock for animal consumption.

U.S. beer exports to Panama surged \$10 million in the current year compared to 2020 beating the global average increase in exports to Panama by 69%, and driving up market share by 8%.

YTD Imports of dog and cat food from the United States are beating historic annual averages. The 13% increase over H1 2020 coincides with a 1% contraction in market share.

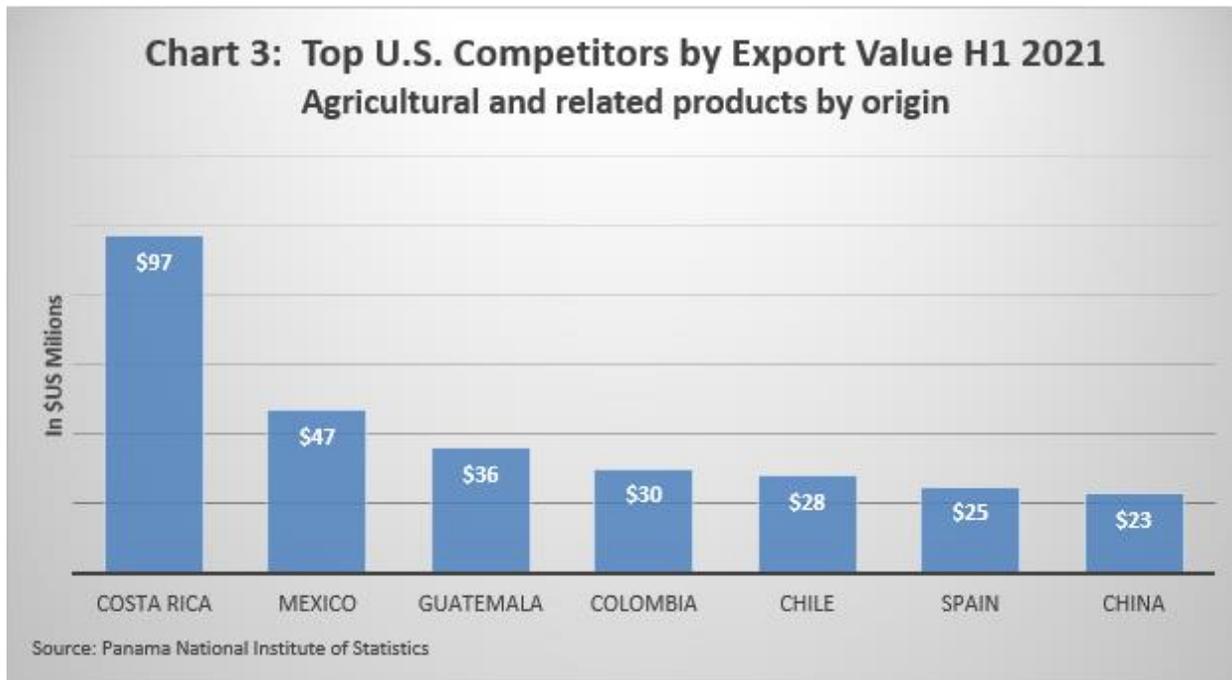
Growth of global exports to Panama for the two cheese categories represented in Table 3 (rank 13 and 15) remained flat in H1, while the United States gained 5% market share – an export value increase of \$1.8 million. The value of U.S. exports of Chapter 04 dairy commodities to Panama jumped \$4 million in H1 2021, a gain of 13% in market share as Panama’s global imports in the category declined.

**Table 3: Top U.S. Exports to Panama First Half 2021**

| Rank | HS Code | Commodity                                   | 2020<br>1,000s | 2021<br>1,000s | %Δ 2020/21 | U.S. Market<br>Share |
|------|---------|---|----------------|----------------|------------|----------------------|
| 1    | 100590  | Corn (Maize), Other Than Seed Corn          | \$45,432       | \$74,750       | 65%        | 100%                 |
| 2    | 230400  | Soybean Oilcake And Other Solid Residues    | \$34,493       | \$58,273       | 69%        | 100%                 |
| 3    | 210690  | Food Preparations Nesoi                     | \$18,902       | \$22,197       | 17%        | 28%                  |
| 4    | 100119  | Durum Wheat, Other Than Seed                | \$19,264       | \$19,317       | 0%         | 100%                 |
| 5    | 220300  | Beer Made From Malt                         | \$8,296        | \$18,040       | 117%       | 54%                  |
| 6    | 190590  | Bread, Pastry, Cakes, Biscuits And Similar  | \$8,303        | \$9,080        | 9%         | 31%                  |
| 7    | 020329  | Meat Of Swine, Nesoi, Frozen                | \$8,813        | \$9,018        | 2%         | 99%                  |
| 8    | 230910  | Dog And Cat Food, Put Up For Retail Sale    | \$7,873        | \$8,871        | 13%        | 30%                  |
| 9    | 100610  | Rice In The Husk (Paddy Or Rough)           | \$6,091        | \$8,685        | 43%        | 96%                  |
| 10   | 120190  | Soybeans, Other Than Seed                   | \$4,468        | \$8,512        | 91%        | 100%                 |
| 11   | 020714  | Chicken Cuts And Edible Offal, Frozen       | \$5,431        | \$7,526        | 39%        | 98%                  |
| 12   | 160100  | Sausages And Similar Products, Of Meat      | \$6,210        | \$7,321        | 18%        | 94%                  |
| 13   | 040690  | Cheese, Nesoi, Including Cheddar And Colby  | \$6,216        | \$7,315        | 18%        | 33%                  |
| 14   | 210390  | Sauces Incl. Mixed Condiments & Seasonings  | \$6,104        | \$7,167        | 17%        | 46%                  |
| 15   | 040620  | Cheese Of All Kinds, Grated Or Powdered     | \$5,878        | \$6,748        | 15%        | 93%                  |
| 16   | 160249  | Meat, Meat Offal Or Mixtures Of Swine, Prep | \$7,250        | \$6,297        | -13%       | 45%                  |
| 17   | 220299  | Other n/a beverages (except water, n/a beer | \$5,357        | \$5,786        | 8%         | 23%                  |
| 18   | 190120  | Mixes And Doughs For Preparation            | \$5,983        | \$5,469        | -9%        | 86%                  |
| 19   | 020230  | Meat Of Bovine Animals, Boneless, Frozen    | \$4,363        | \$5,334        | 22%        | 96%                  |
| 20   | 100630  | Rice, Semi-Milled Or Wholly Milled          | \$4,352        | \$4,855        | 12%        | 98%                  |

Source: Panama National Institute of Statistics

## U.S. Competition for Exports to Panama



The following countries are the United States' top competitors for market share in Panama. Commodities detailed for each country, referenced in Chart 3, are ranked in descending order beginning with the highest import value.<sup>3</sup>

Costa Rica – Approximately 25% of all exports from Costa Rica are concentrates for the preparation of soft drinks. Other notable competitive commodities include assorted fruit juices of principally orange and apple, sparkling mineral water, assorted pastries, oil from soy, animal feed (other than pet food), beer, and dog and cat food.

Mexico – Beer is Mexico's main export to Panama and sits at number two behind the United States in terms of market share. Other major export commodities include dog and cat food, syrup concentrates for soft drinks, cooked or toasted cereals, and animal feed (other than pet food).

Guatemala – The principal competitive commodity imported from Guatemala is Corn tortilla chips. Other important imports include flat breads (such as tortillas), toasted cereals (predominantly cornflakes), sports and energy drinks, assorted fruit juices, and vegetable oils.

Colombia – The largest category from Colombia is vegetable oils for cooking. Nutritional supplements, dried teas for brewing, confections such as gummy and hard candy, and animal feed (other than dog and cat) constitute lower value competitive categories.

Chile – The United States principally competes over exports of fresh apples and pears, as well as plums and raisins to a lesser degree. Other high value categories include wine, animal feed, and pet food.

<sup>3</sup> Information on specific commodities listed in this section, e.g., *sparkling mineral water*, were acquired by cross-referencing data from Panama's National Institute of Statistics with more detailed data from the Panamanian Customs Authority.

Spain – Competitive products with the U.S. include animal feed (other than pet food), fortified wines, fresh mandarins and oranges, cured or dried pork product, and various fresh cheese.

China – Competing commodities are plywood, dried vegetables, tomato paste, and dried onion products such as powder or granules.

## **Panama Agricultural Exports**

Panama’s total agricultural and related product exports are down 7% (\$18 million) in H1 2021, however 17 of the 25 agricultural categories showed positive increases. High volume categories are primarily driving losses in

Panama’s exports -- see Table 4 for Panama’s major exports.

**Table 4: Panama: Major Exports H1 2021**  
Selected from high value HS-6 commodities

| HS-6 Code        | PRODUCT                        | % CHANGE | H1 2021 Global Export Value In U.S. Millions |
|------------------|--------------------------------|----------|--|
| 080390           | Fresh Bananas                  | -3%      | \$71.0                                       |
| 440349           | Teak Wood                      | 38%      | \$34.5                                       |
| 151110           | Palm Oil                       | 62%      | \$16.5                                       |
| 170113           | Cane Sugar                     | -37%     | \$12.4                                       |
| 080711           | Fresh Watermelons              | 20%      | \$12.3                                       |
| 020220<br>020230 | Froz. Beef: Bone-in & Boneless | -46%     | \$11.0                                       |
| 220840           | Rum & Tafia                    | 70%      | \$9.0  |
| 030616           | Cold Water Shrimp/Prawns       | 327%     | \$6.8  |
| 230120           | Stabalized Fish Meal           | -42%     | \$5.3  |
| 090121           | Coffee, Roasted, Not Decaf     | -69%     | \$1.6  |

Exports of fresh bananas declined three percent with the principal consumers remaining the Netherlands, U.S., and U.K. Fresh watermelon exports increased by 20% as destinations remain largely the Netherlands and U.K.

Teak wood exports are up 38% driven by exports almost exclusively to India. China and the United States show minor increases.

Exports of crude palm oil are destined primarily for Mexico (66% market share) and the Netherlands (26% market share), though both nations share an equal value increase over H1 2020 at approximately \$3 million.

Raw cane sugar exports declined by 37% with the largest declining share for the United States at -\$6.5 million. Exports to Puerto Rico also declined in H1 2020 bringing the total global decline to \$7.4 million.

Exports of frozen boneless bovine meat declined \$16 million in H1 2021. Exports to China were the most significant drop, down nearly \$7 million compared to H1 2020. China exclusively drove the decline in the bone-in category, dropping \$1.4 million.

Rum and tafia exports are up 70%. Exports have a large global distribution with the Netherlands, Colombia, Bolivia, and United States taking the majority share.

Exports of frozen cold-water shrimp and prawns increased \$5.2 million with the United States and Taiwan the only destinations. These exports appear poised to surpass 2020 but will likely remain well under the nine-year annual average of \$42 million.

Stabilized fish meal – destination countries have declined from seven in H1 2020 to three in H1 2021. Exports predominantly occur in the second half of the year, however, H1 2021 exports are \$8 million below the five-year H1 average of \$13.5 million.

Raw cane sugar exports declined by

The United States is driving the decline in exports of roasted caffeinated coffee. Exports to the United States fell almost \$3 million in H1 2021 over the previous year, dropping U.S. market share from 70% to 50%. All other destination countries show a decline in H1 2021 except for South Korea.

**Attachments:**

No Attachments.