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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 retail food sector in Panama. The coronavirus pandemic has changed consumption habits and purchasing methods of Panamanian consumers. Amid mobility restrictions and lockdowns in 2020, people opted to consume products via multiple online order and delivery systems as the new way customers prefer to purchase groceries.

Market Fact Sheet: Panama

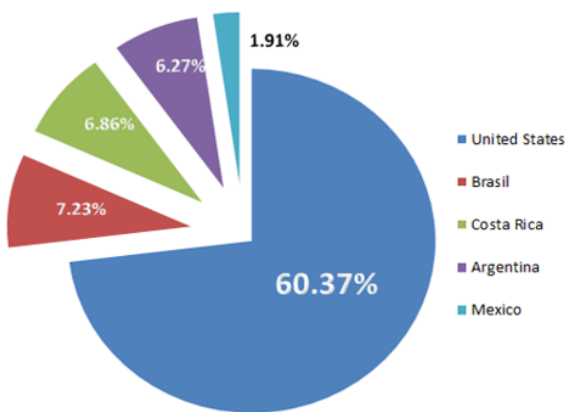
Executive Summary

Panama's economy was significantly impacted by the corona virus pandemic in 2020. Prior to the pandemic, it was ranked as the second fastest growing economy in Latin America and the Caribbean, and its Gross Domestic Product (GDP) growth rate reached 3 percent. Panama's economy continues to struggle but is expected to recover quickly when the pandemic recedes. 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

U.S. exports were valued at \$434.1 million in 2020. 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



% based on volume of food exports (1,647,008,308,10 Kilograms)
SOURCE: Panamanian Food Safety Authority

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 \$434.1 million in 2020. High growth categories include savory snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products. Competition is based primarily on price and convenience.

TOP 10 U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA

2020 (in millions of dollars)

- 58.0 Dairy Products
- 51.3 Prepared Food
- 44.5 Pork & Pork Products
- 34.4 Wine & Beer
- 33.9 Poultry Meat & Prods (ex. eggs)
- 25.7 Snack Food
- 19.0 Processed Vegetables
- 18.6 Chocolates & Cocoa Products
- 17.2 Condiments & Sauces
- 12.9 Beef & Beef Products

GDP Per Capita PPP \$16,245
Population 4,380,064

Sources:

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

SECTION I. MARKET SUMMARY

Supermarkets, hypermarkets, and independent food stores dominate the grocery sector in Panama. Supermarket chains are opening new stores in populated areas across the country and offering online grocery shopping and delivery services. There are more store brands in these chains and the brands allow retailers to offer customers more choice. High-end and specialty retail outlets continue to grow. Independent grocery and convenience stores are also opening stores in local neighborhoods. There are approximately 11,000 independent grocery and convenience stores in Panama. There are also mini-convenience stores that are conventionally sized stores with expanded foodservice as well as hyper-convenience stores with an extensive variety of product offerings and in-store seating for foodservice. Pharmacies have leveraged their small size, convenient locations, and proximity to consumers to offer more consumer-oriented products such as canned and dry food, snacks, dairy, ethnic specialties, wine, beer, and pet food.

E-Commerce in Panama: New e-commerce ecosystems have emerged as a more significant part of where and how consumers shop. Retailers have invested in new platforms to keep competing in the business, looking for an alternative that facilitates the shopping process of online browsing and new product discovery. Retail strategies such as subscription models, paid memberships, apps for mobile payments, word of mouth for product reviews, and social media influencers facilitate the promotion of new brands entering the market.

Table 1. Establishments for the Sale of Household Consumables.

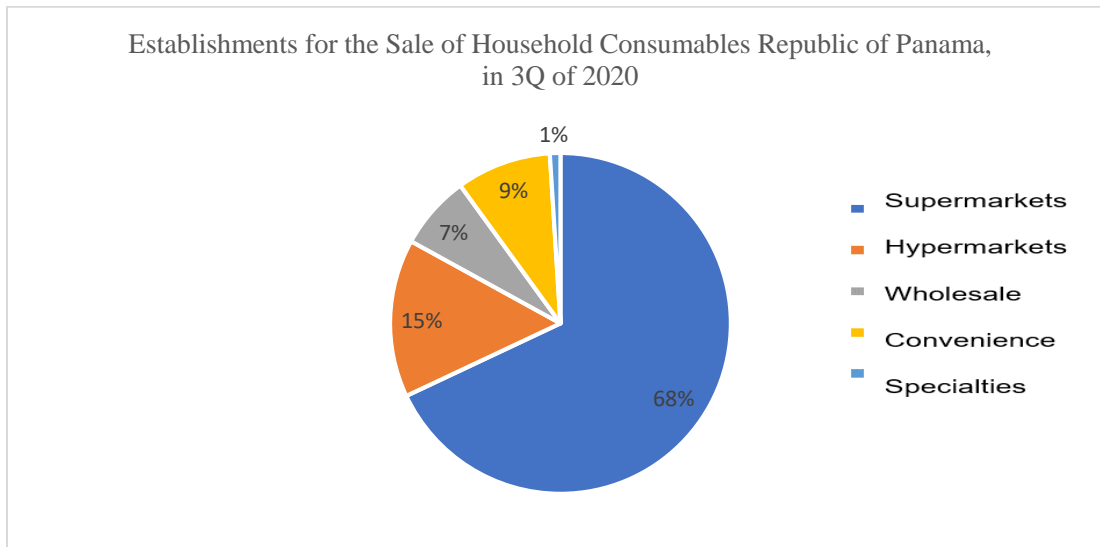
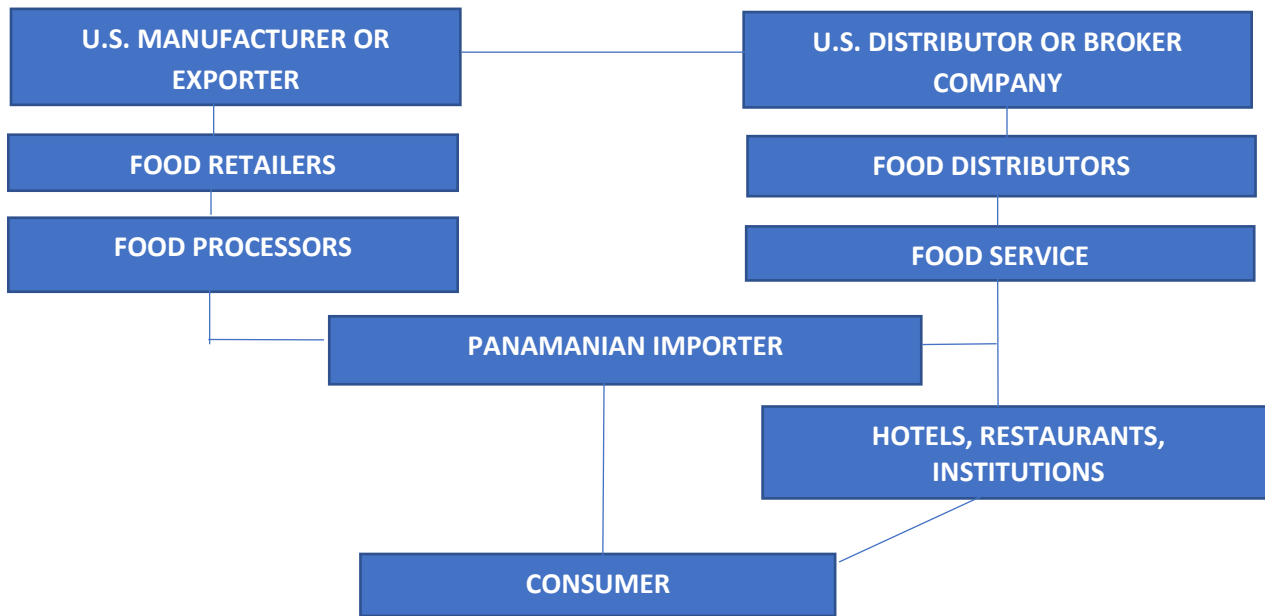


Table 2. Advantages & Challenges

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN THE RETAIL SECTOR IN PANAMA	
ADVANTAGES	CHALLENGES
Shipping from the United States to Panama has improved since the Panama Canal expansion.	Growth in competition from Chinese food and beverage imports.
Local retailers and distributors usually negotiate exclusive contracts with U.S. exporters.	U.S. exporters prefer to work with larger markets that generate higher volumes.
Robust e-commerce and delivery service platforms nationwide among top retailers for consumer-oriented products.	45% of the population willing to make purchase online.
Local importers frequently search for new-to-market products to compete. Big and small chains attend U.S. food trade shows to keep up with market trends and update their portfolios of food products.	Recent governmental protectionist policies make importing food, beverages, and agricultural products more burdensome.
Many tourists visit Panama and there is a large U.S. expatriate community.	Strong competition in the following sectors: snacks and processed food (China and Central America), fruits (Chile, Mexico and Peru), grains and oils (Argentina, Canada and Brazil), meat (Canada), dairy products (Costa Rica, Argentina, New Zealand and Australia).

SECTION II. ROAD MAP FOR MARKET ENTRY

Table 2. Panama: Market Structure



Entry Strategy

Panama has an open economy and relatively few market access issues. U.S. products are viewed as high-quality and are well accepted. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. As a result of the U.S.-Panama Trade Promotion Agreement in 2012, most import duties were reduced or will be phased out to be duty-free in a few years. See [Eyes on Panama video](#).

Table 3. Panama’s Top Retailers

WHOLESALERS	NUMBER OF STORES	WEBSITE
PriceSmart, Inc.	7	www.pricemart.com
Sysco	2	http://syscopanama.com/pty/
RETAILERS		
Super 99	47	www.super99.com
El Rey	31	www.gruporey.com.pa
Riba Smith	8	www.ribasmith.com
El Machetazo	11	www.elmachtetazo.com
Super Xtra	30	www.superextra.com
Justo y Bueno	117	Error! Hyperlink reference not valid.
SPECIALTY STORES		
Orgánica Store	5	www.organicastore.com
Felipe Motta	12	www.felipemotta.com
Deli Gourmet	8	www.granddeligourmet.net
Super Kosher	1	www.skosher.com
La Casa del Jamón	1	www.hnosgago.com
Entremas (Tzanetatos)	3	www.tzanetatos.com
Pretelt Meats	3	www.preteltmeats.com
Foodie Specialty Supermarket	2	www.foodiepa.com
ZAZ Food Store	8	www.zaz.com.pa
Va y Ven/ Terpel	10+	www.terpelpanama.com
Quick Shops/ Terpel	28	www.terpelpanama.com
WET MARKETS		
Sea Food Public Market	1	
San Felipe Neri Public Market	1	https://mupa.gob.pa/mercados/
Central Agricultural Market (Abastos)	1	
Mi Tienda (IMA)	221	http://ima.gob.pa/app/vermapa1.php
Cold chain National Markets S.A.	4	http://www.cadenadefrio.com.pa

Sabor USA plays an important role in the promotion of U.S. consumer-oriented products in Panama. With a complete digital platform, Sabor USA works with over 40 U.S. trade associations targeting the end consumer and a growing list of U.S. brands and Panamanian importers, distributors, and retailers. The platform develops creative content under #UnidosPorLosSabores (United by flavor), typically utilizing local talent from the culinary and food influencers fields to connect and promote U.S. brands.

SECTION III. COMPETITION

The United States faces stiff competition from other agriculture exporting countries. In addition to 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.

Top competitors 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)

Table 4. High Demand Agricultural Products and Main Suppliers to Panama

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	Insufficient local production
Rice	U.S., Guyana, and Brazil	Competitive Price	Insufficient local production
Pork & Potatoes	U.S. and Canada	Competitive Price	Insufficient local production
Onions	U.S., Spain, and Chile	Competitive Price	Low local seasonal production
Fresh Fruits (apples, pears, grapes)	U.S. and Chile	Different growing season-not real competition	Not produced locally
Snacks	U.S., Costa Rica, Colombia, Guatemala, México and China	Competitive Price--U.S. product is preferred	Limited local production

SECTION IV. BEST PRODUCT PROSPECTS

Consumer Preferences with Good Sales Potential for The Market

Panamanians are consuming more convenience foods and more functional food that offers health benefits beyond their nutritional value. These trends have improved prospects for U.S. food exports and created import demand in the following categories at specialty stores and at the most popular retail outlets:

Table 5. Top Prospects for U.S. Consumer Products for Specialty Stores

Health and Wellness	Spices	Beverages	Botanical Ingredients	Snacks
Low Fat	Turmeric	Matcha GreenTea	Ginger	Oat Proteins
Low Sodium	Rosemary	Kambucha	Lemongrass	Tortilla Chips
Gluten Free	Paprika	Infused drinks	Hibiscus	Corn Chips
Sugar Free	Chilli	Drink Mashups *	Ginsen	Popcorn
Plant Based	Ginger	Milk Alternatives		Frozen treats

***Drink Mashups** From cold-brew coffee with maple water to iced tea with sparkling water

Table 6. Top Prospects for U.S. Consumer-Oriented Exports to Panama

TOP CONSUMER-ORIENTED PRODUCT PROSPECTS FOR PANAMA	
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

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

U.S. EMBASSY IN PANAMA	
U.S. Department of Agriculture (USDA)	Agpanamacity@fas.usda.gov
Foreign Agricultural Service	https://pa.usembassy.gov/agricultural-affairs-office/
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 GAIN reports from FAS Panama, such as the Exporter Guide, and the Food and Agricultural Import Regulations and Standards report. Both are available here at [GAIN FAS USDA](#).

Attachments: No Attachments