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Post: Panama City

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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 sudden and ongoing shutdown of economic activities in Panama to address the coronavirus (COVID-19) pandemic has forced the sector to adapt and innovate with e-commerce and delivery platforms. In the short and medium term, consumers are expected to stay at home more and consequently eat more meals at home. Panama will continue to be one of the top markets for U.S. consumer-oriented products in Central America.

Market Fact Sheet: Panama

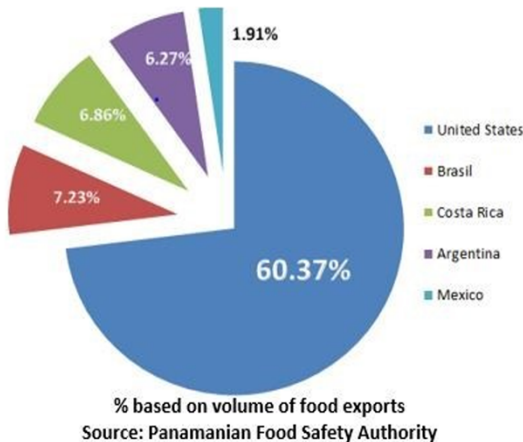
Executive Summary

The COVID-19 pandemic has shaken the Panamanian economy, and it is unclear how fast it will recover. In 2019, however, Panama enjoyed a strong, growing economy. 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).

Imports of Consumer-Oriented Products

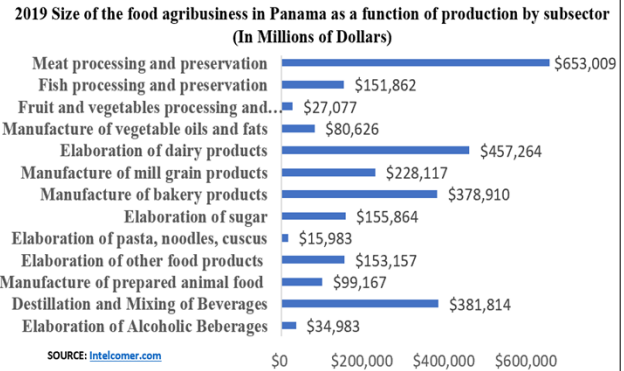
Panama is the 25th largest market for U.S. consumer-oriented products exports. U.S. exports were valued at \$435.8 million in 2019. From October 2019 to March 2020, these exports totaled \$228 million. The United States has the largest market share followed by Brazil and Argentina. U.S. products are 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 2019



Food Processing Industry

The food processing industry has experienced a 12 percent growth rate on average in recent 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 snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products.

TOP TEN 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
- \$37.4 Agricultural Related Prods
- \$32.7 Snack Foods
- \$26.2 Processed Food
- \$31.7 Wine & Beer
- \$20.8 Dog & Cat Food
- \$17.6 Chocolate & Cocoa

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

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. 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

FOOD RETAILERS STRUCTURE IN PANAMA

- Wholesalers or Membership Club Stores
- Supermarket chains
- Convenience Stores
- Pharmacies
- Mom & Pop's
- Wet Markets



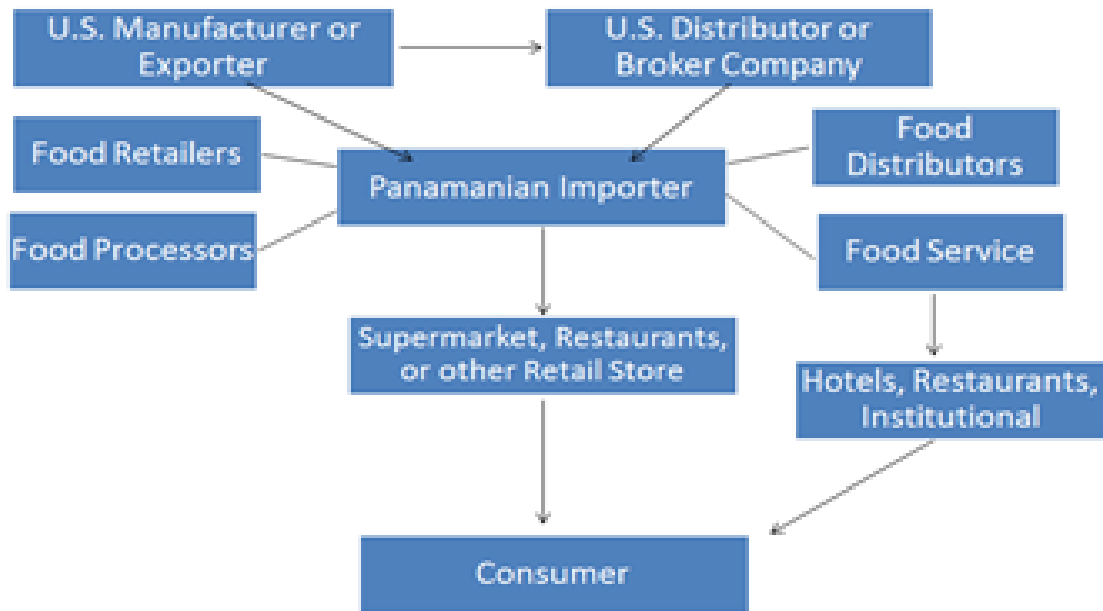
that are conventionally-sized stores with expanded foodservice as well as hyper-convenience stores with an extensive variety of product offerings and in-store seating for foodservice. Pharmacies have leveraged their small size, convenient locations and proximity to consumers to offer more consumer-oriented products such as canned and dry food, snacks, dairy, ethnic specialties, wine, beer, and pet food.

Table 1. 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.
Local importers frequently search for new-to-market products in order 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.

Table 2. Panama's Top Retailers

WHOLESALEERS	NUMBER OF STORES	WEBSITE
PriceSmart, Inc.	5	www.pricemart.com
MegaDepot	1	https://megadepot.com.pa/site/
Super 99	47	www.super99.com
El Rey	22	www.gruporey.com.pa
Riba Smith	8	www.ribasmith.com
El Machetazo	11	www.elmachtetazo.com
Super Xtra	20	www.superextra.com
SPECIALTY STORES		
Orgánica Store	5	www.organicastore.com
Mercadito Biológico	1	https://www.instagram.com/elmercaditobiologico/?hl=es
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	https://mupa.gob.pa/mercados/
San Felipe Neri Public Market	1	
Central Agricultural Market (Abastos)	1	
Mi Tienda (IMA)	221	http://ima.gob.pa/app/vermapa1.php
Chain of Cold National Markets S.A.	4	http://www.cadenadefrio.com.pa

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 3. 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. Netherlands and Peru	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, Mexico 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 4. 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 5. 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

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.hoppan.net

RESTAURANTS/FAST FOOD

Association of Restaurants in Panama ARAP	www.asociacionderestaurantes.com
Degusta Panama	www.degustapanama.com

LOCAL FAIRS AND TRADE SHOWS

Panama Food Expo Tech	www.panamafoodexpotech.com
Coffee fest	www.coffeefestpanama.com
Panama Gastronómica	www.panamagastronomica.com
PMA Food show	www.pmafoodshow.com
Retail Day	www.retailpanama.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

FOOD AND BEVERAGE SOCIAL MEDIA AND BLOGS

El Buen Diente	elbuendiente.com
La Guía del Foodie	laguiadelfoodie.com
A La Mesa	www.alamesa.pa/category/blogueros/

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

No Attachments

Attachments: