United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Required Report: Required - Public Distribution **Date:** June 27, 2023

Report Number: PN2023-0006

Report Name: Retail Foods

Country: Panama

Post: Panama City

Report Category: Retail Foods

Prepared By: Ericka Sanchez

Approved By: Peter Olson

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. In 2023, the retail sector in Panama remains competitive, where the industry is more agile and innovative to better serve its customers. Important supermarket chains continue with a strong expansion strategy throughout the nation, with integrated eCommerce systems and a broad portfolio of products to provide better customer service. Panama is the 72nd largest market for eCommerce with a predicted revenue of US$1.7billion by 2023.

Market Fact Sheet: Panama

Executive Summary

Panama's economy continues to strengthen in 2023. It was ranked as the second fastest growing economy in Latin America and the Caribbean, and its Gross Domestic Product (GDP) growth rate was around 9% in 2022. Panama's economy is based predominately on services (83 percent). Agriculture accounts for a small portion (2.3 percent).

Imports of Consumer-Oriented Products

Panama is the 23rd largest market for U.S. consumer-oriented product exports and U.S. exports were valued at $614.5 million in 2022. The United States has the largest market share followed by Brazil and Argentina. The customs clearance process in Panama is relatively fast and trouble-free. U.S. products are considered high quality and are well- accepted overall.

Food Processing Industry

Panama's roughly 150 food processing companies include dairy, meat and poultry, fishery products, fruits, beverages and spirits, bakery, snacks, and pet food, among others.
High growth categories include snacks, processed meats, seafood, sauces, and condiments, processed fruits, and vegetables, and dairy products. Competition is based primarily on price and convenience.

Food Retail Industry

High growth categories include snacks, processed meats, seafood, sauces, and condiments, processed fruits, vegetables, and dairy products. Competition is based primary on price and convenience.

Quick Facts CY 2022

The U.S. – Panama Trade Promotion Agreement (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 .https://www.fas.usda.gov/data/panama-fairs-country-report-4

The TPA provides duty-free access to 110 Panamanian products that are exported to the United States market.

List of Top 10 Agriculture Products in Panama

1) Specialty coffee
2) Papaya
3) Pineapple
4) Melons
5) Banana
6) Sugar cane
7) Cacao
8) Fish
9) Palm Heart
10) Squash

Strengths	**Weaknesses**
Strong demand for consumer-oriented product	Recent governmental protectionist policies
Opportunities	**Threats**
Importers frequently search for new-to-market products to compete	Strong competition from other trade partners

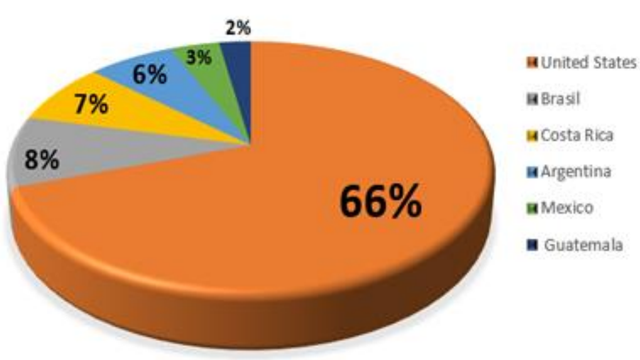
Top 10 Host Country Retailers

1) Price Smart
2) Super 99
3) El Rey
4) Super Xtra
5) Riba Smith
6) El Machetazo
7) Sysco
8) Felipe Motta
9) Foodie Market
10) Organica Store

GDP/Population

GDP: $65 Billion (+15% over 2020)
Population 4.44 million

TOP FOOD & BEVERAGES EXPORTERS TO PANAMA



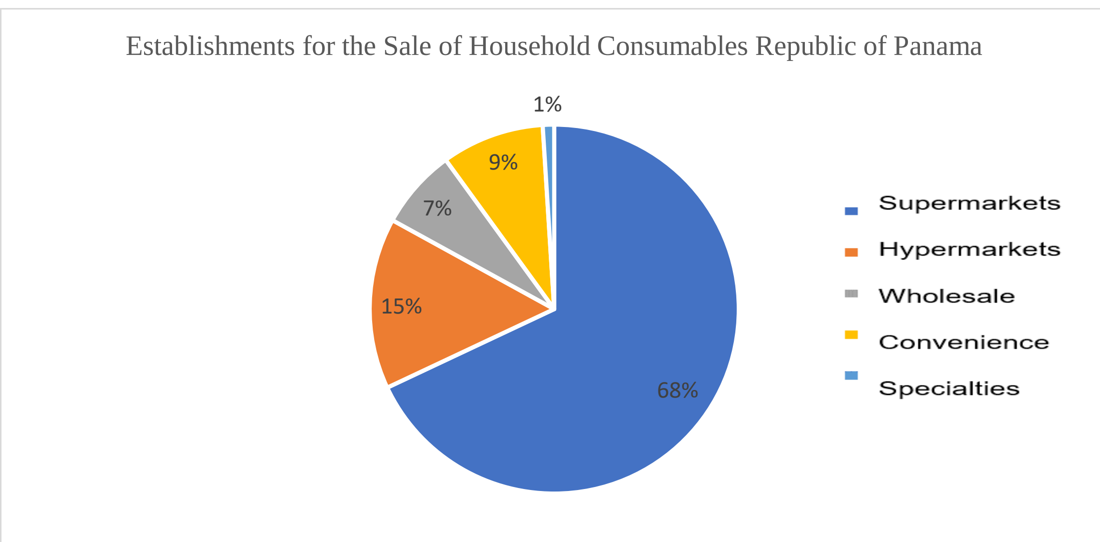
% Based on volume of foods exports
Source: APA Panamanian Food Agency

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.

Establishments for the Sale of Household Consumables.



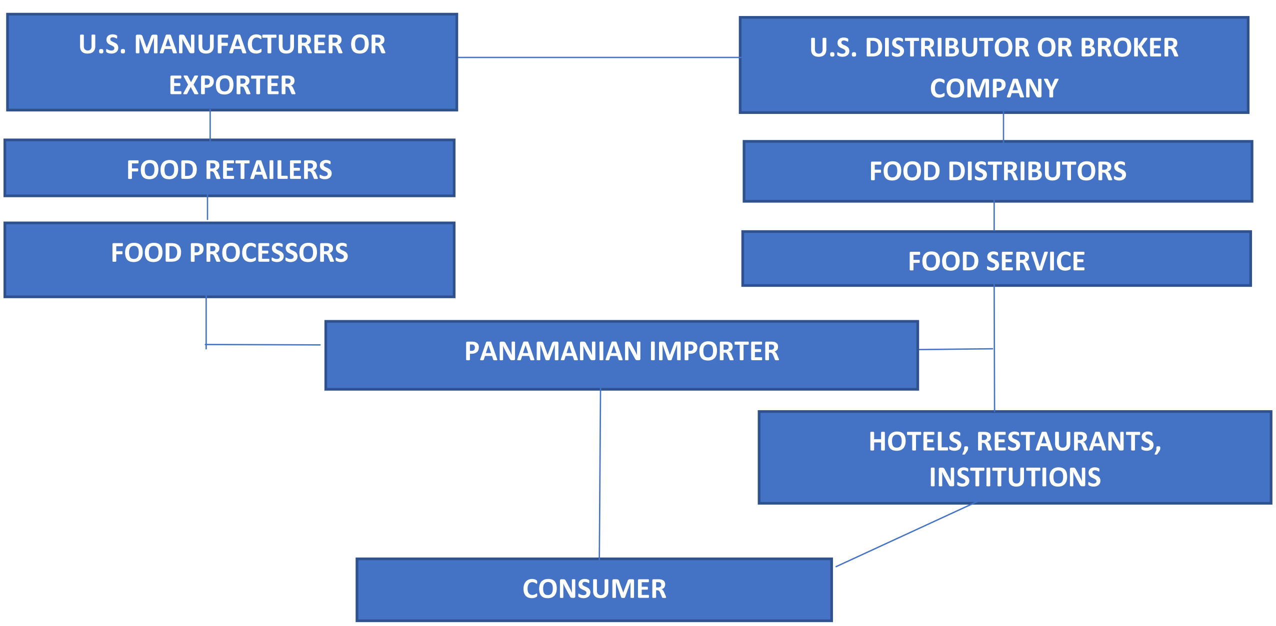
Source: Retail Center Panama CEREP www.retailpanama.com

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 accesses 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.	8	www.pricesmart.com
Sysco	3	http://syscopanama.com/pty/
RETAILERS		
Super 99	49	www.super99.com
El Rey	31	www.gruporey.com.pa
Riba Smith	8	www.ribasmith.com
El Machetazo	11	www.elmachetazo.com
Super Xtra	30	www.superextra.com
Jumbo Market	3	www.jumbomarket.com.pa
SPECIALTY STORES		
Orgánica Store	7	www.organicastore.com
Felipe Motta	15	www.felipemotta.com
Deli Gourmet	10	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	7	www.preteltmeats.com
Foodie Specialty Supermarket	5	www.foodiepa.com
ZAZ Food Store	18	www.zaz.com.pa
Va y Ven/ Terpel	54+	www.terpelpanama.com
Quick Shops/ Terpel	12	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
Cold chain National Markets S.A.	4	http://www.cadenadefrio.com.pa

FAS Panama's **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. Pasture raised meat and eggs is gaining popularity with consumers based on health perceptions. Clean labels are also increasing in popularity, with fewer ingredients and no artificial colors, flavors, or sweeteners. 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	Amaro	Frozen treats

***Drink Mashups:** From cold-brew coffee with maple water to iced tea, hard seltzers.
***Dairy free plant based:** Almond and soy milk dominates this segment, but oat milk is growing fast.
***Functional beverages:** Consider important for everyday life. The ready to mix or brew form, beverages powders, liquid drink enhancers, dry coffee/tea.

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

Attachments:

No Attachments