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Required Report - public distribution

Date: 12/23/2016

GAIN Report Number:

Peru

Food Processing Ingredients

Peru's Food Industry Meeting Challenge of Demanding Consumers

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Report Highlights:

Peru's food processing industry is a dynamic sector of the national economy. U.S.-origin food processing ingredient exports to Peru are forecast at \$238 million in 2016. Peruvian government stimulus measures are forecast to spur domestic consumption and growth in the sector, despite the overall economic slowdown. This report provides a road map for exporters wishing to enter the market, and who want to gain an understanding of the key channels of distribution for food ingredients and important growth areas for industrial process foods/ beverages, and edible fishery products.

Post:

Lima

Executive Summary:**Section I. Market Summary**

For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth accompanied by low inflation. However, Peru's economy has not been immune to the slowdown that Latin-American countries have experienced since 2014. The fall in commodity prices (i.e., gold and copper) not only reduced export growth in these economies, but it also drastically dampened investment and prompted capital outflows that weakened currencies.

The economic slowdown decreased local food consumption as consumers reduced some purchases. In order to maintain consumption levels, consumers are rebalancing their food purchases to include a greater mix of affordable goods. As a result, the food processing sector, which represents about 30 percent of the national manufacturing sector, will continue to grow despite the recent economic downturn. The key companies are Grupo Gloria, Alicorp, and San Fernando. There are some 3,000 companies in Peru engaged in food processing. The 50 largest food processors are reporting 2016 sales estimations of \$23.2 billion. The food processing sector is forecast to grow, despite the current economic slowdown, as domestic consumption benefits from stimulus measures boosting consumer spending and continued investor confidence.

Table 1: Peru, Food and Agricultural Products Sales (Estimated) by Sector (2016)

Sector	(\$ Billions)
Beverages	4.9
Foods (Top 30)	8.8
Agribusiness (Top 50)	9.5
Total	23.2

Source: FAS Lima

FAS Lima forecasts that U.S.-origin processed food products and ingredients exports to Peru will reach \$238 million in 2016, a decrease of \$42 million or 15 percent compared to 2015. A decrease of fat and oils (49 percent) and processed dairy categories (43 percent) are the main drivers of this fall in exports. But strong performance in other sectors cushioned this fall in 2016 including food preparations (up 38 percent), prepared/preserved meats (up 27 percent) and processed vegetables and pulses (up 79 percent).

The growth of Peru's food processing sector is directly associated with the development of the food retail and food service sectors. It is expected that the improving economy will cause these sectors to rebound from recent slowdowns. As supermarket and hypermarket operators continue to expand their networks throughout the country, they will likely also expand their private label ranges into new categories. The two criteria retailers use when looking to launch new products are quick rotation and profit per unit. Retailers have the advantage of being able to give their private label lines a good shelf positioning as well as promoting them through their magazines and catalogues as well as their web pages.

Almost 80 percent of all food is purchased through small independent grocery stores known as bodegas. In low-and-middle-income households, there is a higher presence of daily-purchases at these stores to acquire ingredients needed to prepare the day's meal. These include meat, rice, vegetables, fruit, seasonings, dairy products and fresh artisanal bread, among others. The proximity result the most valuable feature (convenience). Small-sized packages and credit are other important features.

Local food manufacturers have tapped into consumers' demand for quality at affordable prices. Food manufacturers source both domestic and imported product ingredients for their food product manufacturers. They are successfully tailoring products to consumers' demand for healthier food products. Some manufacturers are now producing food products for distribution through vending machines to meet time-starved consumers' demand for a quick fix. Some larger processors already import directly from the United States and many of the small processors still rely on local distributors to import their ingredients.

Peruvians prefer fresh food over packaged food, particularly when it comes to vegetables, fruit, meat, and bread. However, packaged rice, pasta, snacks and biscuits all have a strong presence. Despite their strong preference for fresh ingredients, Peruvians are also looking for convenience as it is becoming more difficult to prepare large and elaborate meals at home. Therefore, some packaged food categories can be expected to see increased demand. The most successful will be those which are perceived as more natural and healthy while also offering traditional Peruvian flavors.

Advantages and Challenges Facing U.S. Products in Peru

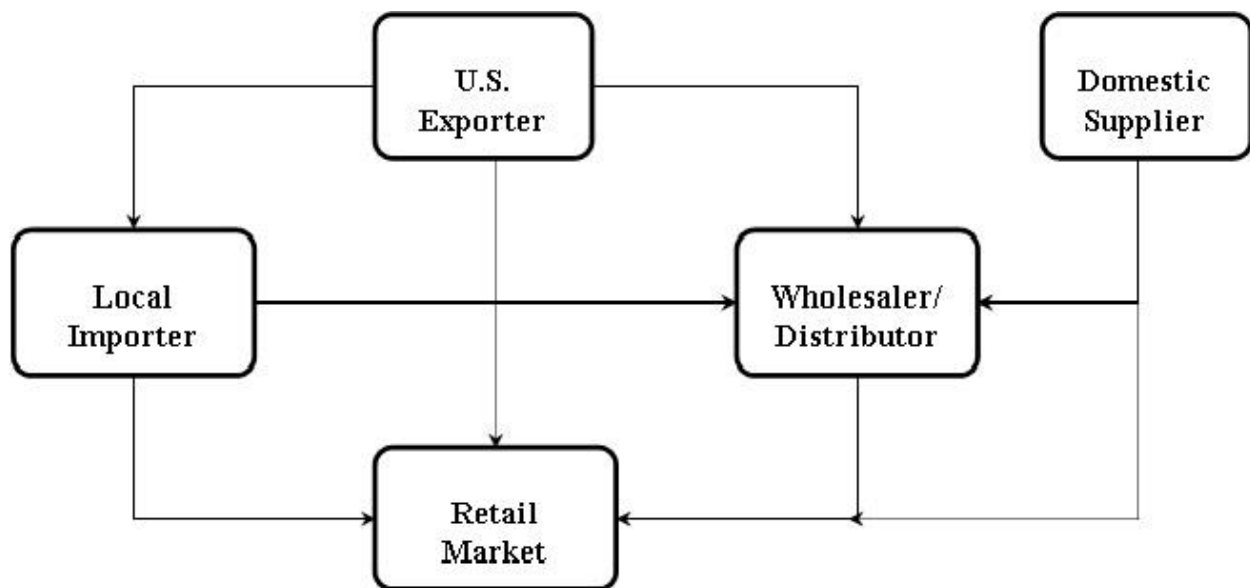
Advantages	Challenges
<ul style="list-style-type: none"> • The U.S.-Peru Trade Promotion Agreement (PTPA) grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products. • An active supermarket industry that is promoting increased demand for high-value food products. • Growth of foodservice in Lima channel demanding affordable products. • Appreciation for U.S. food quality and culture. • Perception of modern retail outlets as cleaner, convenient and time saving. • Increased health consciousness among the Peruvian population. • Middle-class expansion. 	<ul style="list-style-type: none"> • Consumers prefer to buy fresh produce in traditional markets. • Supermarkets, the main source of imported food products, account for only 30 percent of the retail food market share in Lima and 12 percent in the provinces. • New local food brands are appearing in the market at very low prices. • Provincial supermarkets are supplied by Lima-based companies. • Lack of brand awareness among some consumers. • Government organized food promotion campaign called "Buy Peruvian." • Traditional markets dominate retail sales in secondary cities. • Domestic producers manufacture more affordable product according to local taste preferences.

Section II. Road Map for Market Entry

1. Entry Strategy

- U.S. exporters should contact the local food processing company, or indirectly establish ties through brokers, agents, or representatives.
- Personal visits are highly recommended. The U.S. exporter should know well the local partner before signing contractual agreements.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.
- It is recommended that U.S. exporters work with chefs and local importers to conduct marketing activities in the high-end food service sector.
- Processed food products must be approved by health authorities and receive a registration number before being placed on the market.

2. Market Structure



- Local processed food products cover 70 percent of the market demand.
- Small processors outsource the import of food processing ingredients to local distributors/representatives or subsidiaries. Large processors import directly.
- Specialized importers usually provide food ingredients to the Peruvian market. Some of these are also producers or wholesalers/distributors.
- Distribution channels can be different between local and imported products and are constantly changing.
- International franchises import 75 percent of their food ingredients directly. They also source locally.

C. Company Profiles

Table 2: Profiles of Major Food Processing Companies

Company Name, Products	2016 Est. Sales (\$ Million)	End-Use Channels	Production Location	Procurement Channels
Alicorp S.A. Cooking ingredients, sauces, dried goods, canned fruit, prepared meals, ice cream	2,058	Retail HRI Traditional market	Lima Trujillo	Direct Importers
Gloria S.A. Dairy products, canned fish, pork products, fruit juices	1,485	Retail HRI Traditional Market	Lima Arequipa Cajamarca	Direct Importers
San Fernando S.A. Poultry, pork and their by-products.	790	Retail HRI Traditional Market	Lima	Direct Traders
Nestle Peru S.A. Breakfast cereals, confectionary, dairy products, smashed potatoes, instant beverages, bakery goods (<i>pannetonne</i>)	678	Retail HRI Traditional Market	Lima	Direct Importers
Molitalia S.A. Flour, pasta, ketchup, semolina	261	Retail HRI Traditional Market	Lima	Direct Importers
Perales Huancaruna S.A. Coffee Processor	178	Retail HRI Traditional Market	Amazonas	Direct
Redondos S.A. Poultry and by-products	330	Retail HRI Traditional Market	Lima	Direct Importers
Laive S.A. Dairy products, pork products, fruit juices	225	Retail HRI Traditional Market	Lima	Direct Importers
Molinera Inca S. A. Flour and other grain mill products	148	Retail HRI Traditional Market	Trujillo	Direct Importers

Kraft Foods Peru S.A Cookies, instant desserts and beverages, mayonnaise and ketchup, coffee	197	Retail HRI Traditional Market	Lima	Direct Importers
Industrias del Espino S.A. Oils, fats	202	Retail Wholesaler	San Martin	Direct
Panadería San Jorge S.A. Bakery goods (cookies and <i>pannetonne</i>) Flour and other grain mill products	92	Retail HRI Traditional Market	Lima Trujillo	Direct Importers
Industrias Teal S.A. Cookies, candies, pasta, flour, <i>pannetonne</i> , chocolate	81	Retail Traditional Market	Lima	Direct Importers
Cogorno S. A. Flour, pasta and other grain mill products	69	Retail HRI Traditional Market	Lima	Direct Importers
Ajinomoto del Perú S.A. Condiments, seasonings	97	Retail HRI Traditional Market	Lima	Direct
Compañía Nacional de Chocolates de Perú S.A. Confectionary chocolate	74	Retail Traditional Market	Lima	Direct Importers
Anita Food S.A. Noodles, pasta	88	Retail Traditional Market	Lima	Direct
Machu Picchu Foods S.A.C. Coffee, cocoa, chocolate	115	Wholesaler	Lima Ica	Direct
Sociedad Suizo Peruana de Embutidos S.A. Pork and beef products	62	Retail HRI Traditional Market	Lima	Direct
Panificadora Bimbo del Perú S.A. Bakery goods	59	Retail HRI Traditional Market	Lima	Direct Importers
Corporación ADC S.A.C. Flour, noodles, bakery goods, animal feed, pulses, semolina	53	Retail Traditional Market	Tacna	Direct
Central de Cooperativas Agrarias Cafetaleras Coffee, Cacao, Honey Bee, Tea, anise, chamomile, animal feed	75	Retail HRI Traditional Markets	Cuzco	Importers

Molino El Triunfo S.A. Flour, semolina, noodles	56	Retail Traditional Market	Lima	Direct Importers
Braedt S. A. Cheese and pork products	49	Retail HRI	Lima	Direct Importers
Derivados del Maíz S. A. Corn, potato and sweet potato products as ingredients	44	Retail Traditional Market	Lima	Direct Importers
Confiperu S. A. Confectionary	44	Retail Traditional Market	Lima	Direct Importers
Industrial Alpamayo S.A. Oils, fats	51	Retail HRI Traditional Market	Lima	Direct
Ameral S.A.A. Oils, chocolate, confectionery, condiments, seasonings	30	Retail HRI Traditional Market	Lima	Direct Importers
Mead Johnson Nutrition Peru SRL	63	Retail HRI Traditional Market	Lima	Direct

Sources: FAS Lima office research.

Table 3: Profiles of Major Beverage Companies

Company Name, Products	2016 Est. Sales (\$ Millions)	End-Use Channels	Production Location	Procurement Channels
Union de Cervecerias Peruanas Backus & Johnston S.A.A. (Corporacion Backus) Beer and soft drinks	1,318	Retail HRI Traditional market	Lima La Libertad Lambayeque	Direct Importers
Corporacion Jose R. Lindley S.A. Beer	824	Retail HRI Traditional market	Arequipa	Direct Importers
Ajeper S.A. Soft drinks, bottled water	229	Retail HRI Traditional market	Lima	Direct Importers

Compañía Cervecería AmBev Perú S.A.C Beer and soft drinks	190	Retail HRI Traditional Market	Lima	Direct
Cervecería San Juan S.A.A. (Corporacion Backus) Beer	176	Retail HRI Traditional Market	Lima	Direct
Embotelladora San Miguel del Sur S.A.C. Soft Drinks	63	Retail HRI Traditional Market	Arequipa	Direct
Embotelladora Don Jorge S.A.C. Soft Drinks	39	Retail HRI Traditional Market	Lima	Direct
Santiago Queirolo S.A.C. Alcoholic Beverages	31	Retail HRI Traditional Market	Lima, Ica	Direct
Destilerias Unidas S.A. Alcoholic beverages	28	Retail HRI Traditional Market	Lima	Direct

Sources: FAS Lima office research.

D. Sector Trends

Peru's food manufacturing industry has benefited from the strong economic performance over the last decade. A demanding middle class forced food processors to innovate their products in order to adapt to broader consumer segmentation. Food manufacturers target the mom and pop stores as the main channel to reach wider range of consumers. Despite the growth of supermarket chains along the country, Lima is still the main market with a space limiting constraint for future growth. Food product's features need to be aligned with consumers' preference for convenience, low prices, and daily purchases.

On the other hand, there is some interest of international companies to develop joint ventures with local processors in order to be more competitive in the market. This is still an underutilized business model.

U.S. food ingredient suppliers should focus in the following potential food categories:

Baked Goods: Sales of baked goods in 2016 are forecast at \$2.4 billion, up one percent compared to 2015. The bread category, especially artisanal breads (75 percent market share), is the sector's driver. Despite consumers' preference for artisanal bread, industrially produced bread is making significant

inroads due to supermarket expansion. Panificadora Bimbo del Peru is the leading local producer of industrial bread.

Dairy Products: Evaporated and condensed milk lead the subcategory, accounting for 60 percent of 2016 total sales of \$2.2 billion. Manufacturers use raw milk to produce shelf-stable evaporated milk. However, competition has intensified owing to powder milk imports. There are other subcategories such as drinking milk (shelf-stable) that have shown growth in the last years (\$444 million sales projected in 2016). Yogurt is also important within this subcategory with 2016 sales reaching \$405 million (up seven percent). Food retail expansion is driving growth in these two sub-categories. Ready-to-drink products are favored by consumers looking for healthy features in this category. Gloria S.A is the leading company in this sector with holding 72 percent of market share.

Dried Processed Food: Dried processed foods sales are expected to reach \$672 million in 2016. Total sales are up five percent compared to the previous year. Pasta and rice remain the key product offerings. Rice is the most consumed food in Peru with a per-capita consumption of 10kg per year (almost 270,000 MT). It is sold through all distribution channels. Pasta ranks second with a consumption of 202,000 MT (\$337 million), up two percent. Costeño Alimentos and Alicorp (Peru's largest food processor) hold 55 percent of market share in this category. Molitalia follows with 11 percent. Supermarket expansion in Peru's interior is helping expand the reach of packaged rice outside of Lima.

Edible Oils: This category is forecast to reach 2016 sales of \$624 million, five percent above 2015 sales. Vegetable oils account for 71 percent of total sales within this category. U.S.-origin edible oils exports to Peru are expected to grow 3 percent reaching \$3 million in 2016. The bulk of the volume (soybean oil) goes to biodiesel production. Imported oil is locally refined and bottled for the retail market. Alicorp is the leading producer with 45 percent market share.

Biscuits and Snack Bars: Biscuit and snack bar sales in 2016 are forecast at \$206 million, up three percent compared to 2015. Sweet biscuits dominate the market. Eighty percent of biscuit consumption occurs outside of the home. Consumers demand snacking-style products or meal replacements. Alicorp and Kraft Foods Peru enjoy a combined market share of 70 percent. Supermarket/ hypermarket private labels specialize in affordable savory and sandwich biscuits. However, it is expected that independent small grocers and other grocery retailers will remain by far the most important distribution channels in this category.

Chocolate Confectionary: Projected 2016 sales are at \$271million, up five percent from 2015. Regulations require that products must contain at least 35 percent cocoa and 18 percent cocoa butter to be labeled as chocolate. Nestle and Molitalia, targeting younger consumers, hold a market share of 60 percent. U.S exports for this category are estimated to reach \$15 million in 2016.

Baby Food: Milk formula accounts for 96 percent of the market share in this category with \$260 million sales projected for 2016. Low-income families' purchases are driving growth; formula is popular with time-starved parents. Mead Johnson Nutrition Peru leads the category holding 40 percent of market share.

Preserved Food (meat and seafood): Preserved seafood accounts for 60 percent of this category in

Peru. Convenience drives canned food (namely fish products) sales. Total 2016 sales are forecast at \$435 million, up 7 percent from 2015. Easy to store and quick to prepare, canned food offers time-starved consumers a quick meal. Domestic processed canned/preserved fish/seafood is subject to intense local competition, forcing overall unit prices down. Local producers/distributors GW Yichang & Cia and Molitalia (with a combined 50 percent market share) dominate the market. On the other hand, processed meats are locally produced. Chilled processed meat is mainly represented by hot dogs, hams and other cold meats. Breadt S.A. and San Fernando lead the category which accounts for 40 percent of total sales and it is projected to reach \$174 million this year.

Breakfast Cereals: Breakfast cereals sales at \$83 million are up five percent in 2016. Sales are driven by middle-income consumers adopting cereals as their breakfast food. Ready-to-eat cereals remain popular also among low-income consumers. Breakfast cereals are popular with health-conscious consumers. Consumption of cereals is traditional in Peru, mainly oats, which is now being mixed with native grains such as quinoa or kiwicha.

Beer and Wine: Beer, with a market share of 90 percent, is Peru's drink of choice. Middle and high-income consumers continue increasing purchases of premium products. Brewers' sales projections for 2016 are \$3.65 billion, up three percent from 2015. Craft beer brewers expect to pass the 1 million liters in production in 2016, tripling their 2014 volume. Changes to Peru's excise tax system in 2013 adversely impacted low-alcohol content drinks. Bottled beer is preferred over can beer, with the 625 milliliter (ml) bottle size accounting for 95 percent of sales. Supermarkets are receptive to all packaging formats and sizes, including affordable and easier to transport/handle canned beer.

Peru's wine market in 2016 is estimated at about 57 million liters, up some 3 million liters compared to 2015. Consumer palates today are sophisticated, demanding better-quality wines. The average price point of imported bottled wine is increasing as consumers experiment with premium wines. Consumption of low-priced imported wine is decreasing. Red wine consumption is expected to increase three percent by total volume sales.

Processed Fruit and Vegetables: Peru has Latin America's lowest per capita consumption of ready-to-eat meals. Peruvians prefer more affordable, fresh food products perceiving these to be more nutritious than frozen products or ready-to-eat meals. Fresh products are cheaper and seem more convenient for large families, which are common in the country. Processed fruit and vegetables 2016 sales are estimated at \$77 million, up six percent compared to 2015. Shelf-stable fruit held the highest market share with almost 95 percent.

Ready-To-Eat Meals: Peruvians usually cook their meals on a daily basis, using fresh ingredients purchased that day in traditional grocery retailers. Nevertheless, the hectic lifestyle is encouraging young consumers to turn over ready-to-eat products. Despite shelf stable meals accounting for 76 percent of this category, the frozen ready meals category reported the fastest growth, 25 percent, in 2016. More women enter the labor force every year and demand products to make life easier and to reduce the time needed to cook. The total category is expected to reach sales of \$6 million in 2016.

III. Competition

Table 4: Peru, Competitive Situation (2016)

The following chart highlights the potential food categories with more potential for U.S. food ingredient suppliers:

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (excluding cheese) (\$33 million)	New Zealand: 47 percent USA: 20 percent Chile: 8 percent Bolivia: 7 percent France: 4 percent	New Zealand is a major supplier of dairy ingredients, especially HS 0402.21 and 0402.10 and accounts for almost 70 percent of imports.	- Only two local companies are major producers of evaporated milk and yogurt.
Cheese 4,923 MT (\$26 million)	USA: 52 percent Argentina: 17 percent Netherlands: 5 percent France: 5 percent Italy: 5 percent	MERCOSUR members Argentina and Uruguay enjoy tariff preferences, especially under HS 0406.90.	- Local homemade cheeses are commonly sold. - Gourmet cheeses are not made locally.
Snack Foods (excluding nuts) 28,000 MT (\$80 million)	Colombia: 21 percent Mexico: 18 percent Brazil: 18 percent USA: 8 percent Chile: 8 percent	Tariff preferences are applied to neighboring countries.	- Local producers are major food processors. They import food ingredients for snacks and snacks in bulk.
Processed Fruits and Vegetables 69,175 MT (\$112 million)	Chile: 36 percent Netherlands: 16 percent USA: 12 percent Argentina: 8 percent Belgium: 7 percent	- Chilean products are more affordable due to proximity and tariff preferences. - EU products are viewed as good quality. - Netherlands has increased its potato preparations exports due to fast food growth.	- Local processors are major exporters, but their local supply is limited.
Fresh Fruits 83,540 MT (\$74 million)	Chile: 70 percent USA: 17 percent Argentina: 12 percent	- Chile is the main supplier because of proximity, price and duty free entrance. - Argentina supplies pears and apples from January to October.	- U.S. Export window of opportunity: November to February. - Local fruit sold in retail markets is of lower quality.

Fruit and Vegetable Juices 3.1 million liters (\$9 million)	USA: 33 percent Chile: 23 percent Argentina: 14 percent Brazil: 9 percent China: 4 percent	- Although the United States controls the bulk of fruit and vegetable juice imports, Brazil enjoys a 90 percent market share in frozen orange juice.	- Local brands are well positioned in the market at competitive prices.
Red Meats (Fresh/Chilled/Froze) 27,000 MT (\$80 million)	USA: 39 percent Chile: 16 percent Bolivia: 9 percent Argentina: 8 percent Brazil: 7 percent	- Neighboring countries export lower price cuts. Chile, benefitting from proximity and pricing, holds 85 percent of imported pork market.	- The market for U.S. beef fully opened in March 2016. - U.S.-origin meat is seen as being superior in quality. - Peru imports three times more offal than meats. - Local meat production does not satisfy demand.
Red Meats (prepared, preserved) 2,100 MT (\$13 million)	USA: 52 percent Bolivia: 27 percent Italy: 7 percent Spain: 5 percent Brazil: 4 percent	Bolivian manufacturers have customized production according to local demand making inroads with fast food franchises. Poultry meat products are leading the category.	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease over the next 5 years.
Poultry Meat 52,000 MT (\$55 million)	Brazil: 55 percent USA: 30 percent Chile: 6 percent Argentina: 5 percent Bolivia: 3 percent	- Brazil diversifies its supply including offal, turkey and chicken cuts - Chile is supplying poultry cuts.	- Imports of U.S. poultry products reopened in October 2006. - TRQ for U.S. chicken leg quarters. - Local poultry producers are major suppliers with good distribution channels.

Source: World Trade Atlas, FAS Lima office research.

IV. Best Product Prospects

Products Present in the Market That Have Good Sales Potential

Product/ Product Category	2016 Market Size est.	2016 Imports	2010-15 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Cheese (HS 0406)	28,950 MT	4,923 MT \$26 million	14%	0406.10, 0406.20, and 0406.40: 0% 0406.30 and 0406.90: 0%	- Competitors: Argentina (17 percent) and Netherlands (5 percent). - Strong preference for EU cheese at high-end HRI and Retail Sectors	- U.S. cheeses are used in the food processing sector, but have potential in the HRI and Retail Food Sectors. - The United States is the main supplier with a market share of 48 percent (18 percent growth). - PTPA: 17 years linear; 2,500 MT quotas with 12 percent increase per annum.
Confectionary – Non Chocolate (HS 1704)	29,000 MT	17,458 MT \$46 million	13%	0%	- Competitors: Mexico (29 percent), Brazil (25 percent) and Colombia (24 percent) - Strong local competition. Major owners are foreign companies	- United States 3 percent of total imports. Total imports estimated from the United States \$1.0 million in 2016

Confectionary – chocolate (HS 1806)	22,500 MT	5,850 MT \$25 million	15%	0%	<ul style="list-style-type: none"> - Chile is the largest supplier (21 percent of market share). - Local industry is competitive 	<ul style="list-style-type: none"> - The United States' strength is in chocolate for the retail sector. Holds 19 percent of market share.
Food Preparations (HS 2106.90)	N/A	24,000 MT \$220 million	18%	0%	<ul style="list-style-type: none"> - Local production is strong. ALICORP is the main competitor. Foreign companies are present in Peru. 	<ul style="list-style-type: none"> - United States is the largest supplier and holds 20 percent of market share. - In 2016 imports from the U.S. are projected to grow 8 percent.
Fruit & Vegetable Juices (HS 2009)	N/A	51,730 hl \$8.6 million	62%	0%	<ul style="list-style-type: none"> - Chile is the second largest supplier with a 2016 import market share of 24 percent. Main flavors apple and grape 	<ul style="list-style-type: none"> - U.S. is the largest supplier holding almost 34 of market share.
Pet Foods (HS 2309.10)	46,000 MT	23,200 MT \$28.1 million	15%	0%	<ul style="list-style-type: none"> - Growing local pet industry. - Informal industry. - Major competitors: Argentina (30 percent), Brazil and Colombia (21 and 13 percent) 	<ul style="list-style-type: none"> - The United States holds a 27 percent import market share.

Turkey (HS 0207.27)	36,000 MT	10,670 MT \$15.4 million	16%	0%	<ul style="list-style-type: none"> - Major exporter is Brazil (63 percent) - Local poultry industry is strong. 	<ul style="list-style-type: none"> - Peruvians are major consumers of turkey during the Christmas and New Year's holidays. - The food retail sector is growing in Lima and in the interior. - USAPEEC has initiated a market penetration plan. - U.S. holds 33 percent of import market share.
Poultry Meat Cuts (HS 0207.14)	2.4 Million MT	27.100 MT \$23.4 million	75%	TRQ: 20,566 MT 0%	<ul style="list-style-type: none"> - Strong local competition. - Frozen presentation is not common. - Brazil is the second largest supplier (29percent) 	<ul style="list-style-type: none"> - Peru is a major poultry consumer. - TRQ: 6 percent increase per annum. Active presence of USAPEEC in the region.
Bread, pastry, cookies (HS 1905)	N/A	10,536 MT \$246 Million	14%	0%	<ul style="list-style-type: none"> - Colombia with a 21 percent import market share is the main supplier. - Strong local competition. 	<ul style="list-style-type: none"> - United States holds 8 percent of import market share. - Frozen presentation is becoming attractive for HRI and Food Retail.

Soups & Broths (HS 2104)	N/A	1,047 MT \$2.5 million	1%	0%	<ul style="list-style-type: none"> - Strong local competition. - Chile is the largest supplier (32 percent) 	<ul style="list-style-type: none"> - United States is the second largest supplier in this category holding 30 percent of import market share
Sauces (HS 2103)	N/A	7,663 MT \$16.6million	16%	0%	<ul style="list-style-type: none"> - Strong local competition. 	<ul style="list-style-type: none"> - United States imports are project to growth 33 percent in 2016 and is the major import supplier in this category, holding 33 percent of import market share
Nuts and almonds (HS 0802)	N/A	1,399 MT \$10.1 million	26%	0%	<ul style="list-style-type: none"> - Chile is very competitive in almonds and walnuts production. Holds 37 percent of market share 	<ul style="list-style-type: none"> - Importers recognize that U.S. quality of nuts and almonds is better than competitors. - U.S. exports are expected to grow 10 percent in 2016. U.S became largest supplier holding 62 percent of import market share.

Note: HS = Harmonized Tariff System. TRQ = Tariff Rate Quota. Latest full calendar year (January-December) data.
Sources: World Trade Atlas, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers.

Category C: Products not Present Because They Face Significant Barriers

None.

Section V. Post Contact and Further Information

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For additional information, see www.fas.usda.gov. See also our Exporter Guide, Food and Agricultural Import Regulations and Standards (FAIRS), FAIRS Export Certificate and HRI Food Service Sector GAIN reports.