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Panama

Food Processing Ingredients

2017 Food Processing Ingredients Report for Panama

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Report Highlights:

The value of Panama's food processing ingredients market is estimated at \$110 million per year with U.S. products holding 60 % of the market share. Panama's food and beverage industries constitute one of the main manufacturing and export sectors of the economy, and the U.S. –Panama Trade Promotion Agreement (TPA) is helping facilitate investment opportunities in this area.

Post:

Panama City

Executive Summary:**SECTION I. MARKET SUMMARY**

Panama's food processing industry is not as large as other countries in Latin America. However, it has experienced a 10% growth of over the last couple of years, due to increasing demand from its tourism sector and growing expatriate community. Panama's economy is based on services (83%) where agriculture makes up only a 2.7%. U.S. exports of bulk agricultural products to Panama increased 6.8% in 2016. Principal products in this category include: grains (yellow corn, wheat and "paddy" rice), additives and flavorings.

From 2013-2017 Panama's total GDP increased from \$30.6 billion to 59.3 billion with an annual growth of 5.4%, and is estimated to rise to 5.5% in 2018. Over the past decade Panama has been one of the fastest growing economies worldwide. Even though Panama is a service based economy, there is still growth in this sector and Panama still exceeds the average economic growth regionally and globally, despite the global economic downturn.



Panama's growth is likely to remain one of the highest in Latin America. Public and private investments should also remain high due to the current construction of the second metro line, a new bridge over the canal, and new traffic produced by the expanded Canal. Panama uses the U.S. Dollar as its currency, so there are no exchange rate problems. Panama has a solid and competitive financial center with 88 local and international banks. An enviable port and logistics system, the second largest free zone in the world, a service based economy and the region's best airport and cargo facilities. Panama also possesses

one of the best transport infrastructures in the region and its tourism industry is growing very rapidly.

The country's leading exports are still agricultural based and its market offers good opportunities for exports of raw materials (meat, poultry, dairy, chicken, grains and others) and also bananas, drinks, shrimp, sugar, and coffee. There is high demand for high value and processed food products for the flourishing tourist industry, and also an increased demand for foreign foods because of growing immigration. Many American and European retirees decide to make the country their new residence as well as Colombians and Venezuelans.

Panama is gaining attention as an international management center and an ideal hub to enter neighboring markets. Procter & Gamble, Heineken, Caterpillar, BMW, Arcelor Mittal, are just some of the 120 multinational corporations that have located corporate management functions on the country.

The U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. U.S. agricultural exports have already benefitted. Nearly 56 percent of U.S. agricultural exports became duty-free upon entry-into-force, with most remaining tariffs phased out over 15 years. Panama eliminated duties on high-quality beef, frozen turkeys, soybeans, soybean meal, crude soybean and corn oils, almost all fruit and fruit products, wheat, peanuts, whey, cotton, and many processed products. The TPA also provides duty-free access for specified volumes of standard grade beef cuts, chicken leg quarters, pork, corn, rice, and dairy products through tariff rate quotas. U.S. products are leading the market with a 60% share, and are expected to continue growing at an annual rate of 15%.

Panama has more than 140 food processing companies. These include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, among others.

The value of Panama's food processing ingredients market is estimated at \$110 million per year with U.S. products holding 60 % of the market share. This sector, according to official figures and the Union of Industrialists of Panama (SIP), has an estimated annual growth for 2017 growth at 2.0%. The beef, pork and chicken sectors will end 2017 with an expected growth of 24.7%, 10.0% and 14.5% respectively. The production of beverages, liquor in particular, will grow at 3%. The production of processed milk and sugar has been improving over the last few years.

It is important to note that local food products using inputs such as soy, wheat, and corn, among others, as raw materials will likely face price increases, as North American crops face drought conditions that impact raw material prices.

Panama is a multicultural and multiethnic society, and this has created a demand for frozen and refrigerated deli products, ethnic and typical foods. Many supermarkets offer a wide range of ethnic food products, including French, Japanese, Italian, Thai, Middle Eastern, and Chinese food. Growth in the service industries, work schedules, larger female workforce and long home travel distances have also increased the number of people dining out at lunchtime. Moreover, this hectic lifestyle has fueled a demand for supermarket prepared or ready-to-cook-foods in individual and family sized portions. Fast food franchise outlets and shopping mall food courts have all experienced significant growth in the last few years, and require specially prepared pre-processed food products.

There is an increasing interest in healthy foods across all age groups, increasing demand of organic

foods and natural ingredients, and more demand for gourmet and sophisticated food products. Consumers are looking for new food experiences and are open to trying more exotic flavors and ethnic foods.

To cope with rising demand, in large part as a result of the FTAs, and remain competitive, Panama's agricultural industry has made short and long term investments in new plants, equipment and technology, and improvements in compliance with sanitary, safety and environmental regulations. Many large international concerns have bought out or entered into alliance with well-established local companies as part of their strategic globalization program. Such is the case with Grupo Alimenticio Pascual, the country's principal cookie and cracker manufacturer, which was acquired for \$25 million by the Colombian group, Casa Luker; Cervecería Nacional, with a beer market share of 81%, purchased by SAB Miller; and Grupo Melo, which made a joint investment of \$15 million in a poultry plant, with Tyson Foods.

Table 1. Panama: Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
<ul style="list-style-type: none"> The U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. Almost half of current trade received immediate duty-free treatment. 	<ul style="list-style-type: none"> U.S. food products are not geared for the "traditional" market (over 35,000 mom & pop stores, in Panama City) which sells items packaged in small sizes.
<ul style="list-style-type: none"> Importing products from the U.S. is easier now thanks to the U.S. - Panama SPS and TBT Agreement which entered into force in 2007. 	<ul style="list-style-type: none"> The U.S. faces varying competition according to product type, including snacks, processed foods, fruits, grains, oils, meat and dairy products.
<ul style="list-style-type: none"> U.S food ingredients are well-known and regarded as high-quality. 	<ul style="list-style-type: none"> Domestic producers manufacture more affordable product according to local taste preferences.
<ul style="list-style-type: none"> Growth in the food processing industry. 	<ul style="list-style-type: none"> Processed foods still seen as inferior to fresh foods by many consumers.
<ul style="list-style-type: none"> Local processors are increasing their production capacity and food quality to meet higher export standards for foreign markets. 	<ul style="list-style-type: none"> Panama has FTAs in force with 12 countries, which leads to more competition between the United States and other countries.
<ul style="list-style-type: none"> Consumers demand for innovative, low fat, healthy, and organic products. 	<ul style="list-style-type: none"> Price-sensitive market.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

The outlook for imports of food processing ingredients is favorable and the market is very receptive to U.S. products. Having a local distributor is a key aspect of the product entry strategy. Customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good transportation infrastructure and telecommunication systems, state of the art modern ports and excellent access to shipping and air transport.

Participation in trade shows offers a good opportunity to get a sense of the Panamanian market and engage directly with potential importers and distributors. Panamanian importers also travel to international shows such as Americas Food and Beverage, PFG Food Show, Seafood Expo, and NRA Show.

Due to its open economy, Panama has few market access problems. One of the more common market entry options is to appoint an agent or distributor. Another option is to find a local partner who can provide market knowledge and contacts.

Price is still the most important buying factor. Most of the consumers look for products which have an acceptable quality level at the most competitive price.

The shipping costs from the United States to Panama are competitive, due to the trade flow of goods through the Panama Canal.

Products that comply with U.S. labeling and marking requirements are accepted for sale in Panama. Food products labeling and marking must comply with CODEX Alimentarius guidelines.

U.S. products enjoy a high quality image. There are no import barriers for food processing ingredients; and the TPA reduced import duties to zero for 87% of the products in the tariff schedule, with the exception of some food and agricultural products, on which duties will reduce gradually over the course of the next ten years.

The ad valorem system uses the declared CIF value as the basis for import duty calculations and in some cases utilizes historical price information as a reference. In addition to the duty, all imports into Panama are subject to a 7 percent transfer or value added tax (ITBM) levied on the CIF value, plus import duty and other handling charges. Pharmaceuticals, foods, and school supplies are exempt from the ITBM tax.

B. Market Structure

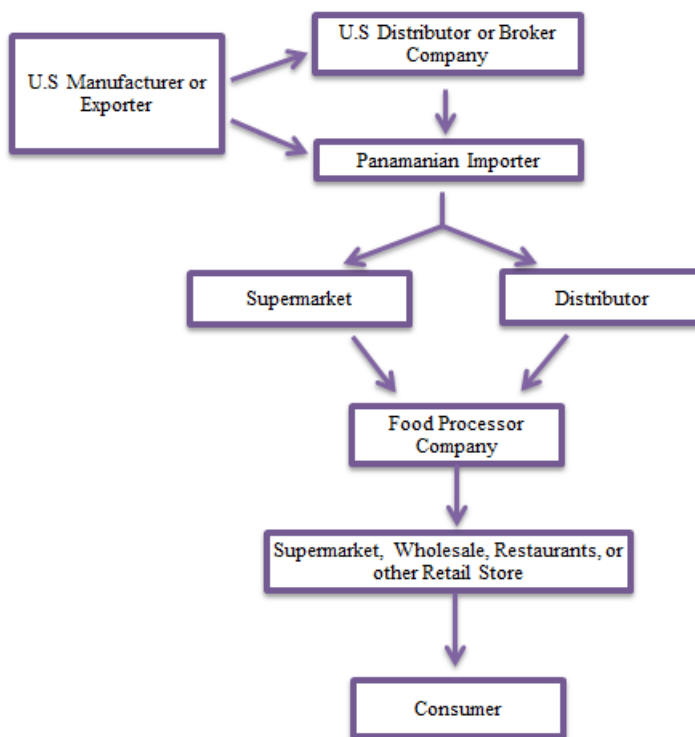
Some U.S. manufacturers are represented by local representatives or commission agents who carry out product promotions, follow up orders and collections, and resolve claims. In Panama there are large distributors with the capacity to reach many markets without the need of using intermediaries. Some of these are the major supermarket chains: Super 99, Supermarket Rey, Price Smart wholesale, Riba Smith, Xtra and Machetazo. Others opt for direct customer contact facilitated by widespread Internet

use. Direct mail is also widely used, as is participation in trade and general commercial shows, at local and international levels.

For products with a specific market volume or those requiring a sizable investment, exclusive distributor relationships can be established, by a signed contract or agreement, and usually for a predetermined time period.

U.S. vendors will usually grant credit terms of 30 to 60 days net for established companies with at least three U.S. valid trade references. Other common payment options are letters of credit and advance payment via wire transfers or bank drafts. Local credit references can be obtained from the Panamanian Credit Association (APC in Spanish) by affiliation or service fee. Sales are conducted with a variety of payment and lease terms including 30 to 90 days credit. Most commercial establishments accept credit cards for retail sales.

Below is the distribution channel flow diagram, showing how products are passed from the U.S. exporter to the food processors and to the final consumer:



C. Company Profiles

Table 2. Panama: Food Processors in the Panamanian Market

Name	Description of Processing Activity	Brands
Arce Avicola, S.A	Breeding, processing and sale of eggs and chicken	Del Día
Productos Toledano	Distribution of agricultural industry products, chicken and eggs	Toledano
Avipac, Inc	Processing of cold meats, distribution and commercialization of food products (eggs and chicken)	Avipac
Estrategias y Restaurantes	Seller of poultry products (chickens and eggs)	
Avícola Chong, S.A.	Production and commercialization of chicken and eggs	
Avícola Franz	Production and commercialization of chicken and eggs	
Avícola Athenas	Chicken and eggs producer	
Avícola Magaly, S.A.	Production and commercialization of chicken and eggs	
Cooperativa de Servicios Múltiples Juan Pablo XXIII, R.L	Production and commercialization of chicken and eggs	
Hacienda Los Guayacanes, S.A.	Production and commercialization of chicken and eggs	
Edanjo, S.A.	Production and commercialization of chicken and eggs	
Finca Avícola Santa Librada, S.,A.	Production and commercialization of chicken and eggs	
Procesadora Mónica, S.A.	Production and commercialization of chicken and eggs	
Empresas Melo, S.A.	Value added products, chicken, seafood and vegetables	Melo
Alimentos Cárnicos de Panamá	Meat processing plants, hams and cold meats	Blue Ribbon
Ernesto Berard, S.A.	Manufacturing and distribution of cold meats, fresh and smoked meat	Berard
Carnes de Coclé, S.A.	Processing and sale of meats and cold meats	First Choice Meat
Fortunato Mangravita, S.A.	Production and distribution of meat	Fortunato Mangravita
Productos Kiener, S.A.	Production, distribution and sale of meat products (spicy sausages, cold meats, sausages)	Kiener
Ganadería de Coclé, S.A.	Cattle and pork fattening, production and commercialization of nontraditional products	

Compañía Agrícola Industrial, S.A.	Meat and pork producers	
Gáanaco, S.A.	Bovine and ovine breeding	
Ganadera Karla Mary	Bovine breeding	
Marcello, S.A.	Slaughterhouse for bovine and porcine animals	
Sociedad de Productos de Primera	Food Processing Dairy and Foodstuff products (cheese, milk, eggs)	Bonlac
Industrias Lácteas, S.A.	Processing and commercialization of dairy products and juices	Vita Slim, D'Oro, Estrella Azul, Vaquita
Nestlé Panama, S.A.	Production and commercialization of food products (coffee, beverages, dairy products)	Nestlé
Productos Lácteos San Antonio S.A	Production of all kinds of milk, ice cream, beverages, cheese, and dairy products	Superior, Belford
Helados La Italiana, S.A.	Manufacturer of dairy products (ice cream and ice cream bars)	La Italiana
Distribuidora Dos Pinos de Panama	Producer and exporter of dairy products (milk, cheese, butter, yogurt, ice creams)	Dos Pinos
COOLECHE	Milk production	
Alimentos Bemarodi	Production and sale of cheese and other dairy products	
Vitanova Holding	Processing of dairy products, especially fresh ethnic cheese	Quesos Chela
Prilad	Processing and distribution of cheese	Don Pedro quesos, queso prensado
Lavery Panama, S.A.	Production of food products (cheese, margarine and butter)	Cremoso
Industrias Panama - Boston, S.A.	Process and refines oils, butter and lard	Pabo, Cascade, Yo Soy, Supreme
Queseria Dalys	Production of white milled and pressed cheese	
Central Food Corp.	Import and making of food products with own brand	Central Food
Proluxsa	Production of food products (vinegar, soy sauce, condiments, juices)	Proluxsa
1985/Chalet Suizo	Importer, processor, restaurant and catering	
Caribbean Patty S.A	Manufacturer of food products (pasty)	Jam Patty
Productos Liana	Pasta	
Agro Industrias Alimenticias de Veraguas,	Manufacturer or creams, pasta and other food products	La Parmigiana

S.A.		
Productos Alimenticios Pascual	Production of crackers, cookies, candy, snacks, pasta and distribution of food products	La Suprema, Roma, Maria, Sándwich, otros.
Alimentos del Istmo, S.A.	Food and beverages	Caprichitos, Bolitas, Chitos, Torciditos
Gold Mills de Panama	Flour processor (creams, syrup, pastas)	Gold Mills
Productos La Doña	Food industry (seasonings, creams, spices, pastas, sauces)	La Doña
Cía. Levaban de Panamá, S.A	Production of fresh and dry yeast, baking powder	Levapan
Promarina, S.A	Production of flour and fish oil	
Harinas de Istmo, S.A.	Flour production for bread and bakery industry	Harina del Istmo
Riba - Smith, S.A	Food Retail, food imports and food production	Riba- Smith
Industrias Alimenticias Ricas Viandas	Production of bread, desserts and sweet bread	Rimith
Industrias Momi, S.A.	Production of bakery, confectionery and food products	Momi
Bimbo de Panamá, S.A.	Production of bread, bakery and corn bread.	Bimbo, Rapiditas Wraps
Panadería y Dulcería La Sabrocita, S.A.	Production of bread and bakery	La Sabrocita
Tasty Food Industries	Production of bread, bakery and cookies	Tasty Choice
Mara Pan	Manufacture of bread products	
Zuellen,S.A.	Production of bread and bakery	Santa Librada
Lago Sirino, S.A.	Purchase, sell, dry, store, mill, and process all kind of grains	Lago Sirino
Agricultura y Maquinaria, S.A.	Processing, imports and exports (coconut, noni, cereals, rice)	My Way
Sarasqueta y Compañía, S.A.	Grains production	
Grain Hill Corporation, S.A.	Produces and trades rice	
Agrícola Samudio	Grains processor	
Cultivos Selectos	Processing and transforming industry, packaging and selling of grains, legumes, vegetables, and national fruits	
	Production and processing of grains	

Jaime García S.A.	(rice and corn)	
Molino Lezcano	Rice Mill	
Procesadora de Granos Chiricanos	Processing, cleaning, drying, milling of grains	
Hermanos Motta	Stockbreeding, agricultural production, agricultural industry (meat, corn, rice)	
Inversiones Bongo	Stockbreeding	
Central de Granos de Coclé, S.A.	Processing and commercialization of rice	
Conservas Panameñas Selectas, S.A.	Production of juices, jelly, jam, and tomato products	Del Prado
Cerro Punta, S.A	Production or distribution of agricultural products (fruits and vegetables)	Cerro Punta
Baltimore Spice Panama S.A	Production of condiments, species, and food additives	
Cervecería Nacional, S.A	Manufacturers and distributors of beer and sodas	Atlas, Balboa, Vigor, Pepsi, Nevada, otros.
Cervecería Barú - Panama, S.A	Manufacturers and distributors of beer and malt	Panama, Soberana, Cristal, Súper Malta, Heineken, Budweiser, otros.
Coca Cola FEMSA de Panama, S.A.	Manufacturing and production of sodas, juices, isotonic and water	Coca Cola, Fanta, Kiss, California, Juizz, Pure Mountain, Dasani
Life Blends	Production and preparation of natural juices and related products	Life Blend
Manantial de Volcán, S.A.	Production of juices, water and sodas	
Alcoholes del Istmo, S.A.	Production of ethyl alcohol (liqueur, rum)	
Varela Hermanos, S.A.	Liquor production	Seco Herrero, Ron Abuelo, Gin Caballito
Central Industrial Chiricana	Production and commercialization of liquors	
Aguas Naturales y Ecológicas	Production and commercialization of natural mineral water	
Panama Blue	Bottling of spring water	Panama Blue
Procter & Gamble Interamericas de Panama, S.A	Production, representation and distribution of natural dietary products, organic or food and pharmaceutical products in general	Eagle Snacks, café Folgers, Millstone Coffee, Olean/Olestra, Puritan oil
	Development of agricultural activities	

Café de Eleta, S.A.	(coffee)	Café de Eleta
Café Sitton, S.A.	Coffee processor, exporter	Café Sitton
Beneficios de Café de Boquete, S.A	Processing and exports of coffee	Barú Indian High
Casa Ruiz, S.A.	Producers, exporters, and commercialization of coffee, coffee roasters	Café Ruiz
Esteban Duran Amat, S.A.	Coffee production and commercialization	Café Duran
Finca Candela Café San Benito	Coffee production	
Juan Pablo Berard	Coffee production	
Finca Hartmann	Coffee production	
Kotowa State Coffee	Coffee production	
Palo Alto Agroindustrial, S.A.	Coffee production	
Azucarera Nacional, S.A.	Cultivation, production, and export of sugar	Santa Rosa
Campos de Pese, S.A	Agricultural company dedicated to sugar cane	
Compañía Azucarera La Estrella, S.A.	Production, investigation, and commercialization of sugar cane (molasses and alcohol)	
Central Azucarera de Alanje, S.A	Sugar producers	Doradita
Ají Panama,S.A.	Processing, commercialization and export of hot peppers	
ANEF, S. A.	Producer, seller and transportation of agricultural products	
Comercializadora Agrícola Mr. Agro. SA.	Cultivation, collection, production, packaging and export of fresh fruits and vegetables	
Corporación Frutera del Pacifico, S. A.	Agricultural exports	
Conservas Chiguiiri, S.A.	Research, development, processing, and commercialization of nontraditional agricultural products (pixbae, tamarind)	Panama Gourmet
Dos Valle, S.A.	Production and commercialization of nontraditional agricultural products (squash, melon, watermelon, zucchini, dasheen, yam)	
Tropical de Alimentos, S.A.	Processing of fruits and vegetables for the production of juices and pulp	Tropidali
AG & Land, S.A.	Cultivation and export of pineapples	

Corporación Frutera del Pacifico	Pineapple production	
Interfruit Company	Cultivation and export of pineapples	
Verba Odrerc, S.A.	Cultivation of pineapples	
Tropical Fruit Company	Cultivation, packaging and distribution of pineapples	
Panama Fruit, S.A.	Production of fruits and vegetables (melon, yucca, squash, papaya, pineapple)	
Bruny Tropical	Pineapple production	
Panama Golden Packers	Cultivation, packaging and distribution of pineapples and tropical fruits	
Grupo El Establo	Pineapple cultivation, exports and preserves	Dulce Maria
Agrícola Santa Rita	Sowing, production, harvest of fruits (soursop, avocado, rambutan, Persian lemon, orange)	
Exportadores de Azuero	Production and sales of fruits and vegetables for export (dasheen, yam, squash, watermelon, coconut, melon)	
Latín Fruit, S.A.	Production and sale of fruits and tubers (yucca, melon, papaya)	
Pana Fruit, S.A.	Processing of fruits and tubers (Hawaiian papaya, dasheen, yam)	
Ramafruit International, S.A.	Production and distribution of agricultural products (melon and watermelon)	
R.C Agro Supplies, S.A	Production of dasheen, coconut, watermelon, squash	
Panama Canal Fruit, S.A.	Production of melon and squash	
Compañía Exportadora Agrícola, S.A.	Melon, yam and watermelon producers.	
Cooperativa de Cacao, R.L.	Cacao producers	
Cooperativa Domingo Basterra	Yucca, yam, and dasheen producers	
Cooperativa el Progreso, R.L	Melon producers	
Global Food, S.A.	Production of melon, eggplant, zucchini, watermelon, yam	
Mensabe Import & Export, S.A.	Production of export of yam, squash, dasheen, melon, watermelon, coconut	
Bonilla Farm	Watermelon production	
Melones del Arco Seco	Cultivation and export of melons, watermelons, and squash	
	Independent agriculture exporter (melon	

Juan Gilberto Torres	and squash)	
Las Mirandas	Production of exotic fruits (Taiwanese soursop)	
Conservas de Antaño	Fruit processing	
Palmitos de Panama, S.A.	Production, processing and exports of palmito	
COOPEMAPACHI	Production of oil palm trees	
Pana Plátanos	Production and exports of plantains	
Agroindustrias Monte Lirio	Production of plantain chips of different flavors	
Panafrut, S.A.	Processing, commercialization and export of cashews	
B & L Export and Services, Inc.	Fishing, processing and exports of seafood and shellfish	
Cía. De Mariscos Isla de Las Perlas	Processing and exports of seafood	
Farallón Aquaculture, S.A.	Nauplii lab, shrimp farm, seafood processing plant	Farallón, Afrodisia, Portobello
Grupo Panalag - Unión Inc.	Production, processing, exports of seafood & fish	
Grupo T.W.T. Inc.	Fishing, processing and exports of sea products (breaded seafood)	
Deli Fish Panama, S.A.	Seafood and fish processor	Deli Fish
Samuray Mar, S.A.	Processor of fish and seafood	
Rocmar, S.A.	Fish processor	
Dalemar Seafood Inc.	Processor, importer of fish and seafood	Panamá Seafood, Ultramar Seafood, Boca Chica
Inversiones del Mar Pacifico	Fish processing	
Isabela Seafood Corporation	Processing, packaging and distribution of fresh fish products	
Sea Deli Panama, S.A.	Processing, packaging and exports of shrimp	
Panama Pacific Packer's Inc.	Shrimp farm	
Ocean Farms Inc.	Processing and packaging of shrimps	
Procesadora Marpesca, S.A.	Processing, storing and distribution of perishable food (shrimp and fish)	
Vigomar,S.A.	Production, breeding and exports of shrimp	

Camaronera de Coclé, S.A.	Research, production and commercialization of packed shrimps, and live larvae	
Mariscos Charlie Tuna	Processing and sale of smoked and canned tuna	
Truchas de Bambito, S. A.	Producer, processor, sales and exports of trout	

Table 3. Panama: List of Panamanian Food Processing Associations

Asociación de Productores de Ganado Lechero	www.aprogalpa.com
Asociación Nacional de Ganaderos	www.anagan.com.pa
Specialty Coffee Association of Panama	http://scap-panama.com/
Asociación Nacional Molineros de Arroz	www.analmo.org
Asociación Nacional de Avicultores de Panamá	www.anavip.org

D. Sector Trends

Panamanian consumers are demanding more convenience and healthy food products. This trend has resulted in good prospects for U.S. exports of fresh fruit (mainly apples, grapes, peaches and pears), organic foods, processed fruits and vegetables (especially canned fruits), and snack foods (including corn chips, popcorn, cookies and candies). Processed canned fruits and vegetables, especially mixed fruits, mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans generate strong import demand, because most of the food products found in the supermarkets are not processed locally. Because of the highly competitive nature of the food processing industry, and to comply with the various sanitary and safety regulations, factories strive to invest in modern, innovative and efficient packing, packaging and labeling solutions. Manufacturing is all carried out by the private sector, according to the following end-user groups:

- **Beverage Industry**

Panama's beverage industry is one of the largest sub-sectors of its food processing sector. The two large breweries were both acquired by multinational corporations: Cerveceria Nacional by SAB Miller and Cerveceria Baru-Panama by Heineken. They also operate as bottling plants for Coca-Cola, Pepsi-Cola and a number of other soft drinks, non-alcoholic beverages, bottled water, juices and breakfast drinks. There are four liquor and spirits manufacturers, led by Bacardi Central America and the Varela Group.

- **Dairy Industry**

Milk production is concentrated in three provinces: Chiriqui, Herrera and Los Santos, and many milk producers are associated as cooperatives. The three largest dairies are Industrias Lacteas, owned by Grupo FEMSA of Mexico, Cooleche owned by Dos Pinos of Costa Rica, and Bonlac purchased by Sociedad de Alimentos de Primera (Casa Luker) from Colombia. They manufacture and distribute a wide range of dairy products, including high quality milk, ice cream, frozen desserts, butter, yogurt,

cream, and fruit drinks. They frequently introduce new products into the market. Like other sub-sectors of the food industry, manufacturing of dairy products such as cheeses is dynamic and much diversified, ranging from cottage to large scale agro-industrial corporations such as Nestlé, which has a large production facility in Panama for evaporated and condensed milk.

- **Meat Processing Industry**

Poultry is the top meat staple of the local diet and processing is very advanced. Consumers buy both whole chickens and pieces, most of which are locally produced. The principal producers are Toledano and Melo (Tyson), a multi-product company and one of the country's largest exporters.

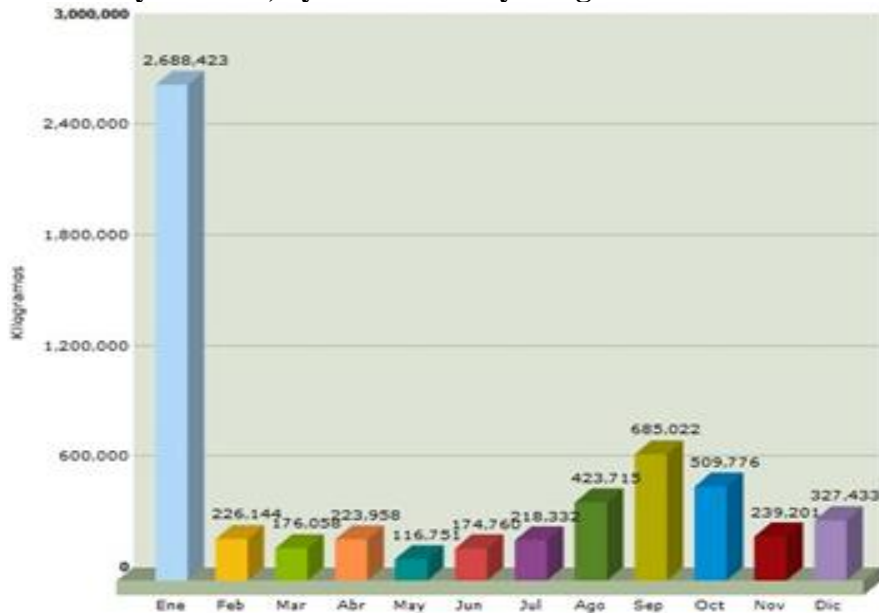
Pork is Panama's second favorite meat. Under the TPA, the United States has a tariff rate quota (TRQ) of pork meat of 1,600 metric tons with an annual growth of 6% of the quota, while the import tariff is phasing out in fifteen years. Panama also imports annually 300 metric tons from Costa Rica, and has other international commitments.

U.S. pork has price and product advantages over local and Central American pork. Panamanian pork is normally sold in carcass, not in cuts; meat processors rarely are able to find local pig fat and pork chops. Nor is there a local standard for cuts and products. Thus, Panamanian meat processors welcomed the sanitary equivalence agreement between Panama and the United States, which entered into force in December 2006, which allowed them to import a wide variety of different pork cuts from the U.S. (Local meat processors also import Canadian pork chops, fat back and center-cut belly, because of their lower prices).

Pork picnics and shoulders are a traditional Christmas holiday food. The local supermarkets always negotiate holiday purchases of picnics with the local industry in July and August. The meat processors are accustomed to purchasing picnics, pig fat, and other products from January to June of each year, because the international prices of pork are low. Therefore, the industry purchases the TRQ for pork meat in the first half of the year, but delays the actual import until the last quarter (October, November and December).

The meat processors have decided to increase their processed products lines, in order to be more competitive. Therefore, they welcome U.S. trade missions which bring new product prospects.

**Panamanian Imports of Pork (fresh, chilled, and frozen)
Calendar year 2016, by month and by kilograms**

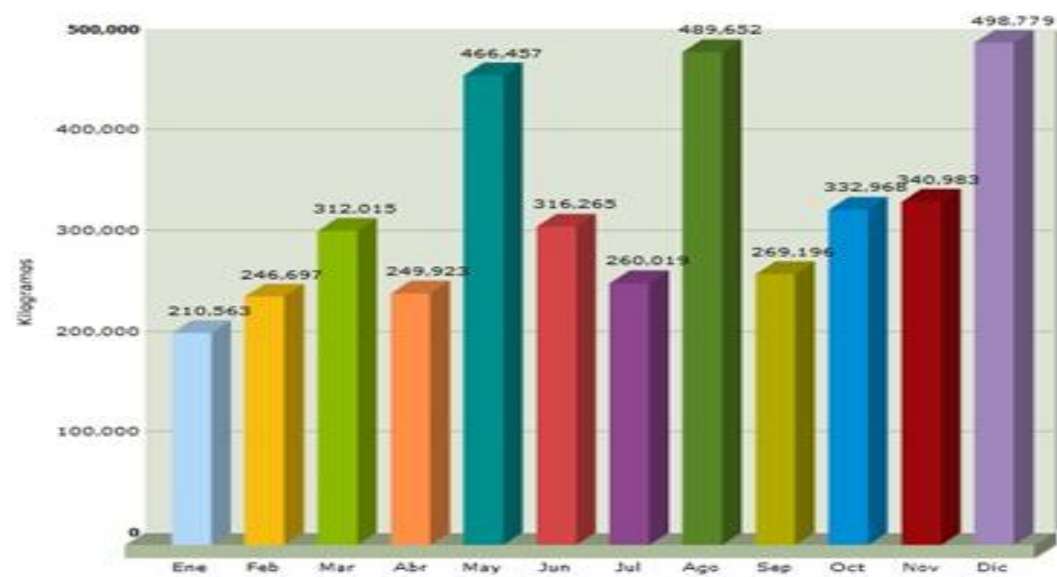


Source: Panamanian Food Safety Authority

The local meat processing industry is focused on local retail chains, and not the hotel and restaurant industry or export markets. The average low income Panamanian consumers prefer to purchase sausages and ham rather than beef due to beef's higher price. The national standard for deli meats requires a minimum of 12.5% protein compared to a minimum of 10% in other countries. Standards permit the use of no more than 5% of soy protein isolate. Meat processors import mechanically deboned chicken and turkey meat for the production of deli meats.

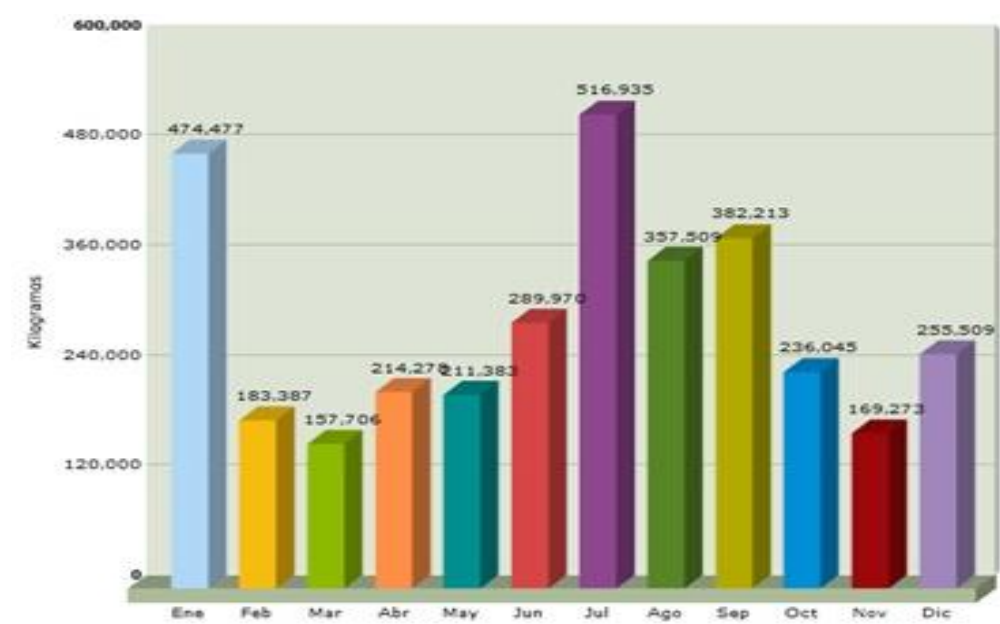
The Food Service sector is supplied by imported processed meats, mainly from the United States, and cured hams from Spain and Italy.

Panamanian Imports of Bovine meats (fresh and chilled)
Calendar year 2016, by month and by kilograms



Source: Panamanian Food Safety Authority

Panamanian Imports of Beef cuts (frozen and packed)
Calendar year 2016, by month and by kilograms



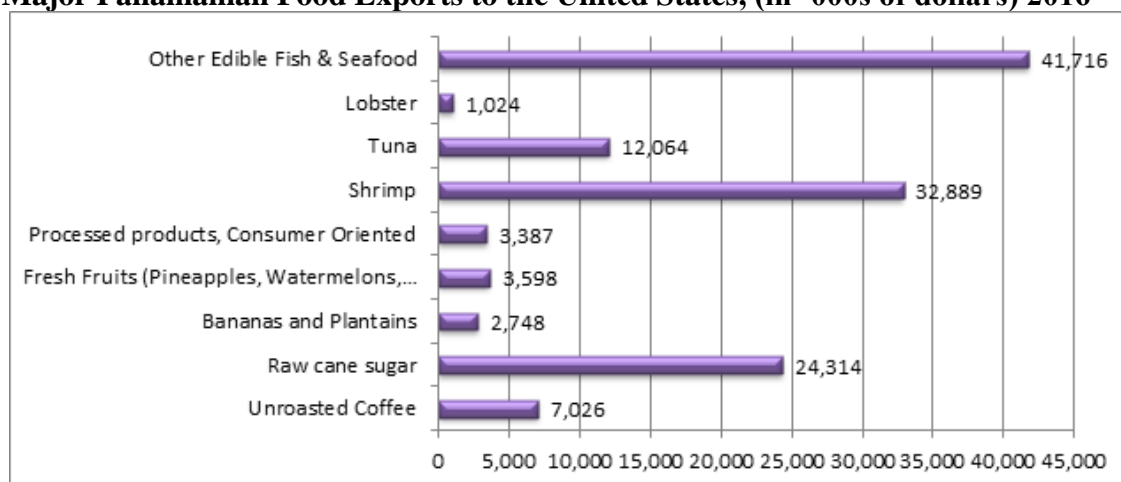
Source: Panamanian Food Safety Authority

The main local meats processors are:

- Carnes de Coclé (Brand: American Star)
- Alimentos Cárnicos de Panama (Brands: Blue Ribbon and Berard)
- Productos Kiener (Brand: Kiener)
- Riba Smith (Brand: Rimith)
- Avipac (Brands: Montuno, San Angel and Campo Fino)
- Grupo Melo (Brand: Melo)
- Productos Toledano (Brand: Toledano)
- Arce Avícola (Brand: Del día)
- Deli Grecia (at the Province of Veraguas)
- Campañola (at the Province of Veraguas)

Seafood products represent the country's leading export group, and most processing is performed in the ports of Vacamonte and Puerto Armuelles. Efforts are made to manufacture value-added products, in addition to frozen products, as a means of increasing profits and competing globally.

Major Panamanian Food Exports to the United States, (in '000s of dollars) 2016



Source: U.S. Bureau of the Census Trade Data

- **Agro Industry**

Bananas, fresh fruits and sugar are the main agricultural exports. Sugar production is carried out in the central provinces and refined by Azucarera Nacional, Santa Rosa, Ofelina, La Estrella and others. Rice production is also significant and is mostly grown in Chiriqui, as is coffee, while corn is mainly harvested in the middle provinces. Many farmers have reinvested in non-traditional products such as watermelons, cantaloupes and papayas. Companies like Nestlé manufacture a large variety of tomato products and canned tropical juices.

- **Baking Industry**

Four flour mills, Harinas Panama, Harinas del Istmo, Gold Mills and Oro del Norte, supply the

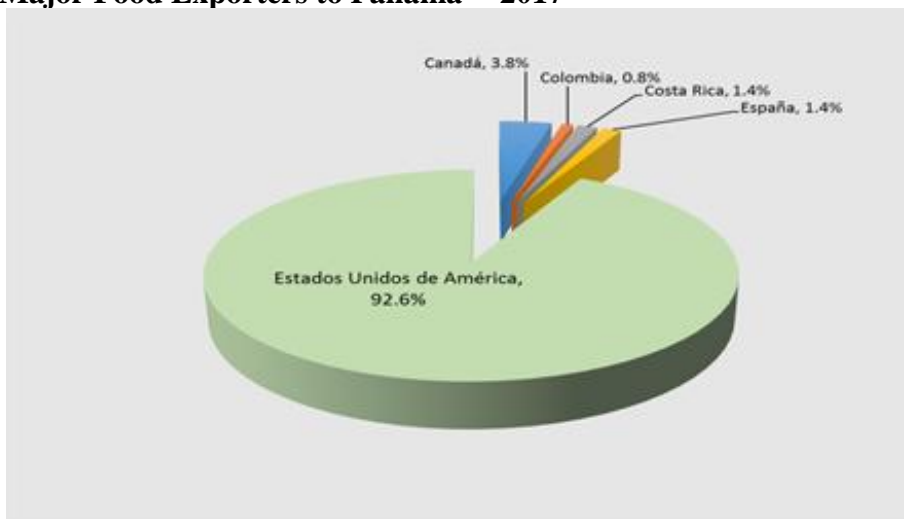
burgeoning bread and pastry trade, which ranges from large scale bakeries such as Bimbo of Panama to neighborhood bread shops. There are more than 200 bakeries just in Panama City. Following their U.S. counterparts, many supermarkets have also installed in-store bakeries.

SECTION III. COMPETITION

The processed food sector in Panama is price sensitive; companies need to keep prices low in order to stay competitive. Market competition comes from large local food processors that carry increasingly modern and developing lines of Panamanian food products. Companies like Riba Smith, Bimbo de Panama and Nestle are local competitors for U.S. exporters, but also represent opportunities in terms of imports of ingredients for processing.

Large multinational companies have a competitive advantage over smaller domestic producers in certain product categories such as frozen foods, soups, specialty canned and preserved products, and well-known condiments and flavors that cater to the international pallet. Because of this, companies able to meet the demands of this competitive processed food sector must have the means to invest in technology and innovation not only to meet consumer demands but also maintain low, competitive prices.

Major Food Exporters to Panama -- 2017



Source: The National Institute of Statistics and Census of Panama (INEC)

SECTION IV. BEST PRODUCT PROSPECTS

Panama is the 3rd largest market in Central America for U.S. agricultural products. U.S. total exports of agricultural products to Panama totaled \$669 million in 2016. Leading domestic categories include: corn (\$84 million), soybean meal (\$79 million), prepared food (\$55 million), dairy products (\$40 million), and pork & pork products (\$36 million).

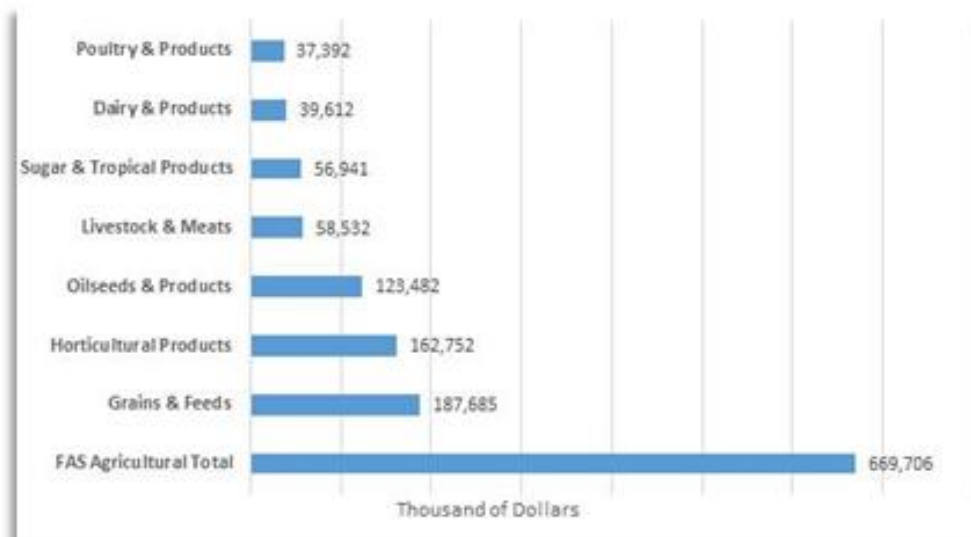
Consumer oriented food products continue to be the most important category of U.S. agricultural exports to Panama. U.S. consumer oriented exports to Panama are expected to reach \$375 million in

2017.

The top U.S. processed food exports to Panama in 2017 included food preparations, non-alcoholic beverages, snack foods, processed prepared/dairy products, chocolate and confectionery, prepared/preserved meats and beer and wine.

A high demand for soybean meal is driven by the domestic poultry and pork producers. All soybean meal imports are from the United States.

U.S Exports of Agricultural & Related Products to Panama 2016



Source: U.S. Census Bureau Trade Data

SECTION V. POST CONTACT AND FURTHER INFORMATION

U.S. EMBASSY IN PANAMA	
U.S. Department of Agriculture (USDA)	AgPanamaCity@fas.usda.gov http://panama.usembassy.gov/fas.html
Foreign Agricultural Services (FAS)	(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) 317-5242

For further information, other GAIN Reports from FAS Panama, such as the Exporter Guide, and the Food and Agricultural Import Regulations and Standards, are available at: [GAIN FAS USDA](#)

Contact information for the main associations in the food processing industry follow:

National Poultry Association

Asociacion Nacional de Avicultores de Panama (ANAVIP)

Contact: Maria de Lavison, Executive Director

Physical Address: San Francisco, Calle 74 No. 61

P.O. Box 6-3997; El Dorado, Panama

Tel: (507) 226-3941

Fax: (507) 226-9905

E-mail: anavip@anavip.com

Web site: www.anavip.com

Panamanian Chamber of Commerce, Industry and Agriculture

Camara de Comercio, Industrias y Agricultura de Panama

Contact: Manuel Ferreira, Economic Director

P.O. Box 74; Panama 1, Panama

Tel: (507) 225-6841

Fax: (507) 227-4186

E-mail: direje@panacamara.com

Web site: www.panacamara.com

Panamanian Industrial Union

Sindicato de Industriales de Panama (SIP)

Contact: Andy Dick Espinoza, Economic Advisor

P.O. Box 6-4798; El Dorado, Panama

Tel: (507) 230-0169

Fax: (507) 230-0805

E-mail: asesoriaeconomica@industriales.org

Web site: www.industriales.org

Rice Millers' National Association

Asociación Nacional de Molineros de Arroz (ANALMO)

Contact: Denia de Sanjur, Executive Director

Physical Address: Via Ricardo J. Alfaro, Edif. Sun Tower # 321

P.O. Box 6-10494; El Dorado, Panama

Tel: (507) 236-2106

Fax: (507) 236-2106

E-mail: analmo@sinfo.net

Web site: www.analmo.org

