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Exporter Guide

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Report Highlights:

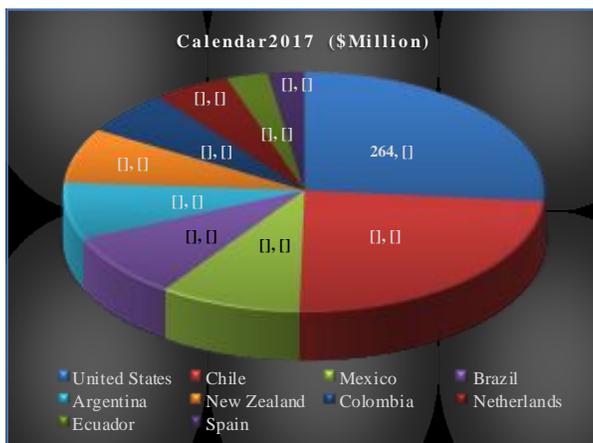
For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth accompanied by low inflation. Among Peru's trade agreements is the U.S.-Peru Trade Promotion Agreement, under which U.S. origin food and agricultural product exports to Peru benefit. Demand for U.S. consumer-oriented food is forecast to exceed \$265 million by year's end. This will set a record as the highest year in terms of value for this export category since the U.S.-Peru Trade Promotion Agreement's implementation in 2009.

Market Fact Sheet: PERU

Executive Summary

For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth accompanied by low inflation. Agriculture accounts for approximately five percent of Peru's GDP, but employs around 28 percent of the population. The U.S.-Peru Trade Promotion Agreement, which entered into force in February 2009, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$3.45 billion in 2017, an increase of 136 percent. More than two-thirds of current U.S. agricultural exports enter Peru duty-free. The United States remains the largest agricultural product supplier to Peru, accounting for 31 percent of market share.

Imports of Consumer-Oriented Products



Peru offers good opportunities for U.S. exporters of consumer-oriented agricultural products, but there are some challenges. The successful introduction of new to market food products depends on knowledge of the market and personal contact. Exporters should review Peru's food laws, packaging and labeling requirements, business practices, and trade-related laws and tariffs. Getting to know the potential importer and the local distribution system is critical.

Food Processing Industry

Peru's food processing industry is a dynamic sector of the national economy. The food industry in Peru accounts for almost 27 percent of the industrial GDP and sales are forecasted to reach \$14.3 billion by the end of 2017. Its growth is directly linked to the development of the food retail and food service sectors. Food product manufacturers source both domestic and imported product ingredients. Local processed food products cover 70 percent of the market demand.

Food Retail Industry

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Fallabella (Tottus) and Supermercados Peruanos (Vivanda and Plaza Vea). The market includes 250 conventional supermarkets and superstores (with 171 alone in Lima) and 450 convenience stores (with two outside of Lima). The sector is comprised of both conventional supermarkets and traditional channels, comprised of wet markets and independent stores. Different types of food appear to perform better in the two formats. For example, snacks, dairy and edible oil, confectionaries, breads, and cookies.

Quick Facts CY 2017

Imports of Consumer-Oriented: \$264 Million

Top 10 Growth Products in Peru

- | | |
|--------------------------|-------------------------|
| 1. Live plants | 7. Raisins |
| 2. Fats and oils | 8. Cranberries prepared |
| 3. Prepared poultry meat | 9. Cocoa powder |
| 4. Whey | 10. Mixture of spices |
| 5. Pork meat | |
| 6. Powder milk | |

Food Industry Gross Sales: \$45.2 billion

Food Industry by Channels 2017

- | |
|------------------------------------|
| 1. Food Exports: \$7.0 billions |
| 2. Food Imports: \$5.7 billions |
| 3. Domestic Market: \$14.3 billion |
| 4. Retail: \$22 billion |
| 5. Food Service: \$8 billion |
| 6. Wet market: \$18 billion |

GDP/Population

Population (Millions): 32

GDP (Billions USD): 198

GDP Per-Capita (USD): 6,287

Strengths/Weakness –

Strengths	Weakness
Strong demand for consumer food products	Low penetration of modern food retail along the country
Opportunities	Challenges
Growing middle class	Stiff competition from other countries

Data and information sources: FAS Lima
Contact: FAS Lima

I. Market Overview

Peru's Central Bank estimates nation's GDP growth at 4 percent for 2018. This growth is driven by an increase of domestic consumption stimulated by a better performance of the mining sector that helped the creation of new jobs.

The country's population has increased in almost 6.5 million habitants in the last seventeen years. According to the last census in 2017, Peru's population reached almost 31.5 million and it is the fifth most populated country in South America after Brazil, Colombia, Argentina and Venezuela. The coastal area holds 50 percent of the total population being Lima the largest city with 9.5 million.

For over a decade, Peru has been one of the world's top performing economies, registering sustained high growth accompanied by low inflation. The two main important achievements of this economic expansion have been the substantial reduction of poverty and the surge of an emerging middle class. According the National Statistics Institute (INEI), almost 43 percent of the population belongs to this socioeconomic group. However, one of the most notable vulnerabilities of this emerging middle class is its high labor informality, which distances it from a stable middle class and subsequently productivity growth. Peru's government efforts aim to reduce informality and it is working on strategies that stimulus employment as creating opportunities to improve foreign investment.

Peru is a member of a number of bilateral and multilateral trade agreements that have opened new markets for its exports and increased demand for imported goods. This openness to international trade and Peru's growing middle class has transformed domestic food market channels. The number of Commercial Centers in Peru increased from seven in 2000 to 79 in 2017. Total 2018 sales in this sector are forecast at \$8.5 billion.

Among Peru's trade agreements is the U.S.-Peru Trade Promotion Agreement. U.S. origin food and agricultural product exports to Peru benefit significantly from the U.S.-Peru Trade Promotion Agreement. Demand for U.S. consumer-oriented food is forecast to exceed \$265 million by year's end. This will set a record as the highest year in terms of value for this export category since the U.S.-Peru Trade Promotion Agreement's implementation in 2009. The U.S., with a market share of almost 21 percent, is a top supplier of consumer-oriented food products. Improving economic growth in 2019 will further stimulate demand for U.S. origin product.

The food market is price-sensitive. The low penetration of supermarket chains in Peru (18 percent) can be seen as an opportunity and challenge for retailers. The traditional channel (82 percent market share), consisting of small independent grocers, targets a large consumer base of low and middle-income consumers. They offer a good mix of low to medium priced brands in small packages to favor sales to people with small daily budgets. Proximity is also a highly weighted feature within this market segment. Food products aligned with consumers' preference for convenience, low prices, and daily purchases perform best in the market.

Advantages and Challenges Facing U.S. Products in Peru

Advantages	Challenges
<ul style="list-style-type: none"> • The U.S.-Peru Trade Promotion Agreement 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 new supermarket outlets and convenience stores in Lima’s suburbs and other cities. • Appreciation for U.S. food quality and culture. • Untapped categories such as refrigerated and frozen products. • Increased health consciousness among the Peruvian population. • Middle-class expansion. • Dynamic growth in foodservice and food processing sectors. 	<ul style="list-style-type: none"> • Traditional channel remains as the most important for consumers. • Preference to buy fresh produce in traditional markets. • Modern retail channel (supermarkets and convenience stores) accounts only for 25 percent of the retail food market share in Lima and 17 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. • Market access demands higher marketing costs. • Domestic producers manufacture more affordable products according to local taste preferences. • Cumbersome sanitary registration processes delay the entrance of new food products.

II. Exporter Business Tips

The Peruvian market is complex and constantly evolving due to the low penetration of modern food retail channels. FAS Lima recommends that U.S. suppliers seeking entry into this market conduct thorough preliminary research to determine if there is a potential market for their products. The research should cover key marketing and regulatory issues including consumption trends, size of the market (imports), major distribution channels, current import tariff and local tax structure, and also government regulations and standards. Current U.S. suppliers should also consider consultations with importing partners to determine if any change of marketing strategies for existing products is needed.

Given the level of quality and packaging of U.S. consumer-oriented food products, the suitable channel for them is through supermarket chains. Supermarkets target mainly middle- and upper-income consumers. U.S. food suppliers should consider in the first place establishing distribution agreement with an importer or wholesaler/distributor. Local importers usually have business agreements with all the supermarket chains and other formats as gas marts, small independent grocery stores (bodegas), and convenience stores. Deals directly with supermarkets are often under exclusivity terms. Importers generally purchase based on price and quality. There exists, however, niche markets for high value products for upper income consumers, where pricing is not necessarily a concern.

Be diligent in selecting an agent or a representative. Visits to Peru and face-to-face meetings here are

highly recommended. Conduct a background check of the prospective partner before signing permanent contractual arrangements. The local partner selected should provide information on consumer trends; identify niche markets, market development activities, and business practices.

Road Map for Market Entry

FAS Lima recommends that U.S. exporters consider the following steps:

- Identify the distribution channel that will best fit the export company's market strategy.
- Depending of the channel chosen, identify a strategic import partner.
- Obtain the sanitary registration either directly or through a local partner.
- Request import permits as required.
- Forward to the import partner copies of customs clearance documentation prior to shipment.
- Provide ongoing support to the importer to help build consumer demand.

III. Import Food Standards & Regulations and Import Procedures

Food Standards and Regulations

Sanitary inspection, food registration, packaging, and control regulations for food and beverages are contained in Supreme Decree No. 007-98-SA (September 25, 1998). The Ministry of Health's Directorate General for Environmental Health ([Dirección General de Salud Ambiental](#) - DIGESA) is the U.S. Food and Drug Administration's (FDA) counterpart; it regulates the registration and supervision of domestic and imported processed foods and beverages. The Ministry of Agriculture's National Plant and Animal Health Service ([Servicio Nacional de Sanidad y Calidad Agro-Alimentaria](#) - SENASA) develops and implements Peru's sanitary and phytosanitary regulations. SENASA's U.S. counterparts are the Animal and Plant Health Inspection Service (APHIS) and the Food Safety and Inspection Service (FSIS). The National Quality Control Institute (INACAL) is the competent authority on standardization, accreditation, and metrology.

General Import and Inspection Procedures

To clear Peruvian Customs (SUNAT), imports must be accompanied by a Unique Customs Declaration (DUA), a commercial invoice, an airway bill or bill of lading, a packing list, and an insurance letter. Imports must also be accompanied by a DIGESA food sanitary registration for processed food products. For animals, plants, or their by-products a health certificate is required.

The customs agent transmits the DUA electronically to SUNAT, which assigns a level of customs clearance control. SUNAT channels imports along a green, orange, or red lane. The green lane permits entry of the product upon payment of duties. The orange lane requires additional documentation review. The red lane requires both a document review and physical inspection.

Food and Beverage Sanitary Registration

The registration process must be initiated by a SUNAT registered company, in possession of a valid tax identification number (RUC). DIGESA registration information must be uploaded to the VUCE website (*Ventanilla Unica de Comercio Exterior*). This site handles formalities for goods transiting, entering, or leaving Peru. Requirements include:

- Simplified Trade System Form (SUCE - *Solicitud Unica de Comercio Exterior*) must be filled out on the VUCE website (www.vuce.gob.pe)
- A physical/chemical and microbiological quality analysis from the manufacturer's quality control laboratory or by a laboratory in Peru accredited by INACAL or any other international accreditation entity recognized by the International Laboratory Accreditation Cooperation or the Inter-American Accreditation Cooperation.
- Bromatological analysis results issued by a laboratory accredited by INACAL or any other international accreditation entity recognized by the International Laboratory Accreditation Cooperation or the Inter American Accreditation Cooperation.
- List of ingredients and quantitative compositional analysis of food additives, identified by their generic name and international numeric reference (SIN Code).
- Conservation and storing conditions.
- Information about the packaging indicating the type and material used.
- Lifetime information of the product under normal conservation and storing conditions.
- Identification system of the production batch.
- Labeling information.
- Payment of administrative fees.

Along with the signed application form, the importer needs to present the certificate of free sale and use. The certificate is requested by the supplier; normally it is issued by a state's Department of Agriculture or a local chamber of commerce. The label must comply with local regulations (see Section II - Labeling Requirements) and the registration receipt must be presented. All documentation must not be older than one year. A Spanish language translation of the documentation must be attached. For additional information, see our FAIRS – Food and Agricultural Import Regulations and Standards Narrative Country Report 2018.

Certificates for Animals, Plants, and By-Products

Prior to shipment, an import permit must be obtained from SENASA. A copy of the permit needs to be forwarded to the exporter. The exporter must provide the importer with an official health certificate from the country of origin. SENASA port inspectors verify compliance with import requirements. For new to market animal and plant products, a risk assessment must be carried out in accordance with the Andean Community, World Trade Organization (WTO), Codex *alimentarius* (CODEX), or World Organization for Animal Health (OIE) recommendations, as well as per the sanitary requirements of the exporting country.

Certificates for animals, plants, and their by-products must be error free, contain no pen or ink changes, or have any other type of amendments. If applicable, the product must be packaged in food safe packaging and labeled in accordance with U.S. regulations. The product must identify its content, net weight and the facility where it was produced. USDA's Animal and Plant Health Inspection Service (APHIS) issues sanitary and phytosanitary certificates for animals, plants, and their by-products. USDA's Food Safety and Inspection Service (FSIS) will certify meat and meat by-products, while the Agricultural Marketing Service (AMS) issues certifications for U.S. dairy products.

Labeling Requirements

All food and beverage products packaged for sale must be labeled in accordance with the provisions established in INDECOPI's Peruvian Metrological Standards NMP 001:2014 – Packed Products Labeling, as well as per article 117 of Supreme Decree 007-98-SA. An adhesive Spanish language label needs to be applied before an imported product reaches the point-of-sale. A Spanish language translation of the label must include the importer/distributor's contact information.

For additional information, see our FAIRS – Food and Agricultural Import Regulations and Standards Narrative Country Report 2018.

IV. Market Sector Structure and Trends

- Major supermarket chains are forceful negotiators.
- Supermarket suppliers supply a wide range of products.
- Major food importers/distributors supply all major supermarket chains and provincial retailers.
- Major supermarket chains will request product exclusivity.
- Food products are often imported in consolidated containers.
- Major supermarket chains import high-end products directly to earn higher margins.
- Distributors and wholesalers conduct frequent in-store promotional activities, assigning their own support personnel in each store.

Retail Food Sector

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Fallabella (Tottus) and Supermercados Peruanos (Vivanda and Plaza Vea). The market includes 252 conventional supermarkets and superstores, with 169 alone in Lima, and 111 convenience stores, with two outside of Lima. Conventional supermarket chains and convenience stores are expanding into Lima's lower-middle income districts as well. These retailers benefit from consumers' improved access to credit, through which they entice buyers with deep discounts on certain items when utilizing store credit cards.

Food Processing Sector

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

HRI Food Service Sector

The international recognition of Peru's gastronomy continues. Three Peruvian restaurants, Maido, Central and Astrid & Gaston are in the top 10 list of the Latin America's 50 Best Restaurants in 2017 occupying the first, second, and seventh position respectively. Recognized as the World's Leading Culinary Destination five times in a row (2012-2016), Peru is a perfect option for foodie tourism in the region.

In addition to the growth of independent restaurants, other formats, including food chains, have created opportunities in Peru's the food service sector. The expansion of shopping centers is allowing fast food chains and restaurants to reach new consumers. The best prospects for U.S.-origin food products resides in supplying high-end hotels and restaurants.

V. Agricultural and Food Imports

U.S. Agricultural Exports to Peru (\$Million)

Product	2013	2014	2015	2016	2017
Agricultural & Related Products	841	1,287	1,141	1,247	1,322
Bulk Total	429	816	576	687	784
Corn	52	477	302	452	515
Cotton	128	130	96	66	97
Wheat	206	165	88	89	94
Soybeans	23	20	60	57	42
Pulses	19	18	21	20	32
Others	2	6	8	4	3
Consumer-Oriented Total	212	240	226	232	264
Dairy Products	61	69	73	52	75
Poultry Meat & Prods. (ex. eggs)	13	10	9	23	32
Prepared Food	25	30	25	39	28
Beef & Beef Products	33	34	25	21	22
Other Consumer Oriented	3	7	9	12	19
Others	78	93	83	86	88
Intermediate Total	77	157	262	227	178
Soybean Meal	2	6	84	108	90
Other Intermediate Products	26	34	34	35	35
Feeds & Fodders NESOI	17	24	28	21	26
Planting Seeds	8	9	10	11	14
Soybean Oil	0	57	91	32	0
Others	24	27	15	20	5
Agricultural Related Products	123	74	77	101	97
Ethanol (non-bev.)	81	42	57	76	72
Biodiesel & Blends > B30	21	9	1	10	13
Forest Products	17	17	14	10	7
Distilled Spirits	2	2	3	2	3
Fish Products	2	3	2	3	2
TOTAL	841	1,287	1,141	1,247	1,322

Best High-Value, Consumer Oriented Product Categories

• Cheese	• Sauces and condiments
• Snacks	• Nuts and almonds

• Beef and beef products	• Process vegetables
• Poultry and poultry products	• Fruit and vegetable juices
• Food preparations	
• Bread, pastry and cookies	

VI. Key Contacts and Further Information

U.S. Embassy Lima, Foreign Agricultural Service (FAS) Office of Agricultural Affairs
Mailing Address: FAS OAA Lima, Unit 3785, DPO, AA 34031
Phone: (511) 434-3042, Fax: (511) 434-3043, E-mail: Aglima@usda.gov

For additional information, see www.fas.usda.gov. See also to our Food and Agricultural Import Regulations and Standards (FAIRS) reports, FAIRS Export Certificate, [Retail Foods Sector](#), [Food Processing Ingredients Sector](#), and [HRI Food Service Sector](#) GAIN reports.

TRADE ASSOCIATIONS	
American Chamber of Commerce Peru (AMCHAM) Executive Director: Aldo Defilippi Address: Av. Ricardo Palma 836, Miraflores, Lima 18 Phone: (511) 705-8000, Fax: (511) 241-0709, www.amcham.org.pe	National Society of Industries (SNI) President: Andreas von Wedemeyer Address: Los Laureles 365, San Isidro Lima 27 Phone: (511) 616-4444, Fax: (511) 616-4433, www.sni.org.pe
Hotel and Restaurant Association (AHORA) President: Jose M. Gamarra Address: Av. Benavides 881, Miraflores, Lima 18, Phone: (511) 444-4303, Fax: (511) 444-7825, E-mail: ahora@ahora-peru.com , www.ahora-peru.com	
MINISTRIES AND GOVERNMENT AGENCIES	
Ministry of Agriculture (MINAGRI) Minister: Mr. Gustavo Mostajo Address: Av. La Universidad N° 200 – La Molina Phone: (511) 613-5800, Fax: (511) 711-3700, www.minag.gob.pe	Ministry of Foreign Trade and Tourism (MINCETUR) Minister: Mr. Roger Valencia Calle Uno Oeste 50-60, Urb. Corpac, San Isidro, Lima 27 Tel: (511) 513-6100, www.mincetur.gob.pe
Ministry of Environment Minister: Mrs. Fabiola Muñoz Av. Javier Prado Oeste 1440, San Isidro, Lima 27. Tel: (511) 611-6000, Fax: (511) 611-6000 Annex: 1634, www.minam.gob.pe	National Agricultural Sanitary and Phytosanitary Service (SENASA) Director: Mr. Pedro Molina Address: Av. La Molina 1915 – Lima 12 Phone: (511) 313-3300, Fax: (511) 340-1486, www.senasa.gob.pe

<p>General Environmental Health Bureau (DIGESA) Director: Mr. Percy Montes Address: Las Amapolas 350, Urbanización San Eugenio - Lima 14 Phone: (511) 442-8353, Fax: (511) 422-6404, www.digesa.minsa.gob.pe</p>	<p>Customs (SUNAT) Superintendent: Mr. Jorge Estrella Address: Av. Garcilazo de la Vega 1472 – Lima Phone: (511) 315-3300, Fax: (511) 315-3318, www.aduanet.gob.pe</p>
<p>National Institute for the Defense of Competition and for the Protection of the Intellectual Property (INDECOPI) President: Mr. Ivo Gagliuffi Address: Calle de la Prosa 138 - San Borja, Phone: (511) 224-7800, Fax: (511) 224-0348, www.indecopi.gob.pe</p>	<p>Ministry of Production\National Fisheries Health Service (SANIPES) Director: Mrs. Monica Saavedra Location: Carretera a Ventanilla Km. 5.2, Callao. Tel: (511) 715-0180 Surquillo Location: Domingo Orue 165, Piso 7, Surquillo. Tel: (511) 213-8570 www.sanipes.gob.pe</p>