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Date: 5/7/2019

GAIN Report Number: PA1907

Panama

Food Processing Ingredients

2019 Food Processing Ingredients Report for Panama

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Report Highlights:
Panama's food processing ingredients market is valued at $110 million annually with U.S. products holding 60 percent of the market share. Panama's food and beverage sector is one of the main manufacturing and export sectors of the economy. Two forces that contribute to investment opportunities in this area include the U.S. – Panama Trade Promotion Agreement (TPA), which entered into force on October 31, 2012, and capacity building programs offered by USDA to the Panamanian industry on food safety inspection and quality.

Post:
Panama City

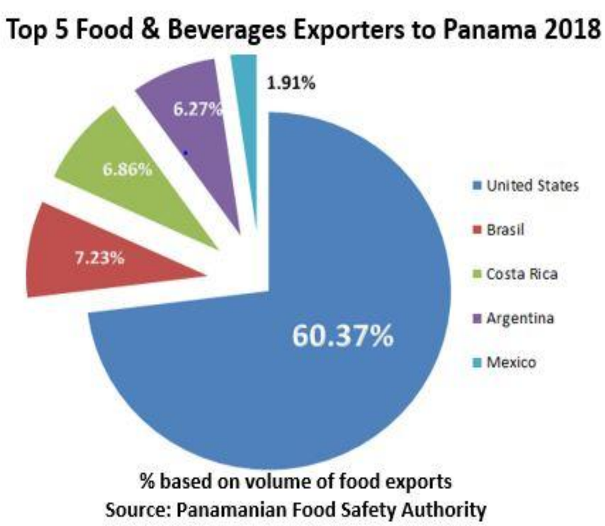
Market Fact Sheet: Panama

Executive Summary

Panama enjoyed a strong, growing economy in 2018. Based on the World Economic Forum's Global Competitiveness Report 2018, Panama is the best place to retire in 2019 and ranked 3rd place in the *Best Countries Open for Business* ranking. Its Gross Domestic Product (GDP) growth rate reached 3.7% in 2018. Panama's economy is based predominately on services (83%); agriculture accounts for only a small portion (2.3%). The U.S. market share for food processing ingredients is 60%.

Imports of Consumer-Oriented

Panama is the 27th largest market for U.S. consumer-oriented products that reached $392.7 million in exports in 2018. In the first two months of 2019, these exports totaled $178.4 million. U.S. products are seen as high in quality and are well accepted overall. The customs clearance process in Panama is relatively fast and trouble-free.



Food Processing Industry

The food processing industry has experienced a 10% growth over the last couple of years, due to the increase in tourism and foreigners relocating to Panama.

Food Retail Industry

d retail sales of U.S. consumer–oriented products totaled were $392.7 million in 2018. High growth categories include savory snacks, processed meats and seafood, sauces and condiments, ready meals, processed fruits and vegetables, dairy products, and snack foods.

TOP 10 U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA 2018 (in millions of dollars)

53.8	Prepared Food
27.1	Processed Vegetables
48.0	Dairy Products
20.2	Chocolates & Cocoa Products
34.4	Poultry Meat & Prods (ex. eggs)
18.4	Condiments & Sauces
32.7	Pork & Pork Products
17.5	Non – Alcoholic Bev.
29.4	Snack Food
11.7	Beef & Beef Products

www.uscensus.org
http://gain.fas.usda.gov
www.euromonitor.com

Food Processing Industry

SECTION I. MARKET SUMMARY

Panama's food processing industry has experienced a 10% growth rate over the past five years. Two forces that contribute to opportunities in this area include the U.S. – Panama Trade Promotion Agreement (TPA), and capacity building programs offered by USDA to the Panamanian industry on food safety inspection and quality.

U.S. exports of bulk agricultural products to Panama totaled 144.5 million in 2018. With 140 food-processing companies, the value of Panama's food processing ingredients market is valued at $110 million per year with U.S. products holding 60 % of the market share. These include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, among others. U.S. beef, pork and chicken exports to Panama totaled $11.7 million, $36 million and $34.4 million respectively, in 2018.
When the TPA entered into force on October 31, 2012, nearly 56 percent of U.S. agricultural exports became duty-free upon entry-into-force, with most remaining tariffs phased out over 15 years. For more information, please refer to:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Panama%20City_Panama_12-29-2017.pdf

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

Advantages	Challenges
✓ 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.	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.
✓ Importing products from the U.S. is easier now thanks to the U.S. - Panama SPS and TBT Agreement entered into force in December 22, 2006.	The U.S. faces varying competition according to product type, including snacks, processed foods, fruits, grains, oils, meat and dairy products.
✓ U.S food ingredients are well known and regarded as high-quality.	Domestic producers manufacture more affordable products according to local taste preferences.
✓ Growth in the food processing industry.	Processed foods still seen as inferior to fresh foods by many consumers.
✓ Local processors are increasing their production capacity and food quality to meet higher export standards for foreign markets and domestic demand.	Panama has FTAs in force with 19 countries, which leads to more competition between the United States and other countries.
✓ Consumers demand for innovative, low fat, healthy, and organic products.	Price-sensitive market.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

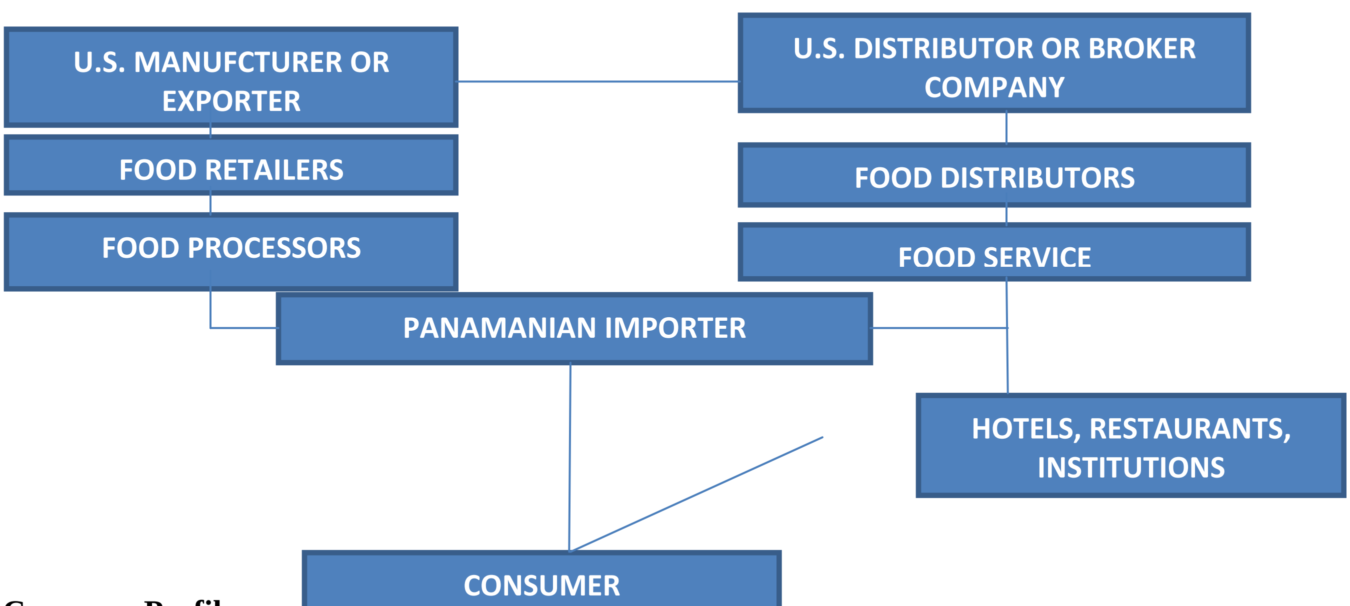
The outlook for imports of food processing ingredients is favorable and the market is very receptive to U.S. products. Having a local distributor is a key aspect of the product entry strategy. Customs clearance is relatively fast and straightforward. Panama has a dollar-based economy, good transportation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

Due to its open economy, Panama has few market access problems. 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.

Market Structure

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. 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. other options for direct customer contact facilitated by widespread Internet use. Direct mail is also widely used, as its participation in trade and general commercial shows, at local and international levels.

Table 2. Panama: Market Structure



Company Profiles

Table 3. Top 15 Food Processors in the Panamanian Market (total market 140)

Name	Description of Processing Activity	Brands
Productos Toledano	Distribution of agricultural industry products, chicken and eggs	Toledano
Empresas Melo, S.A.	Value added products, chicken, seafood and vegetables	Melo
Carnes de Coclé, S.A.	Processing and sale of meats and cold meats	First Choice Meat
Productos Kiener, S.A.	Production, distribution and sale of meat products (spicy sausages, cold meats, sausages)	Kiener
Sociedad de Productos de Primera	Food Processing Dairy and Foodstuff products (cheese, milk, eggs)	Bonlac
Lavery Panama, S.A.	Production of food products (cheese, margarine and butter)	Cremoso, Helmet
Industrias Panama - Boston, S.A.	Process and refines oils, butter and lard	Pabo, Cascade, Yo Soy, Supreme
Proluxsa	Production of food products (vinegar, soy sauce, condiments, juices)	Proluxsa
Productos Alimenticios Pascual	Production of crackers, cookies, candy, snacks, pasta and distribution of food products	La Suprema, Roma, Maria, Sándwich de Pascual, otros.
Gold Mills de Panama	Flour processor (creams, syrup, pastas)	Gold Mills
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
Bimbo de Panamá, S.A.	Production of bread, bakery and corn bread.	Bimbo, Rapiditas Wraps
Sarasqueta y Compañía, S.A.	Grains production	

Table 4. 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

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, healthy food products such as gluten free, low carb, low sodium, low sugar, low fat, 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.

Manufacturing is carried out by the private sector, according to the following end-user groups:

•Beverages •Dairy • Meats • Bakery •Seafood Agro

*Meat Processing Industry: Poultry is the top source of protein included in the Panamanian diet. Pork is Panama's second favorite meat. Beef is typically found in supermarkets fresh and chilled. Consumers prefer fresh meat over chilled. Chilled beef tends to be imported specialty cuts that are more expensive and used for BBQ and parties.

The Food Service sector is supplied by imported processed meats, mainly from the United States, and cured hams from Spain and Italy. Seafood products represent the country's leading export group, and where the most processing is performed. There are more than 200 bakeries 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, and companies try 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 raw materials and ingredients for their 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 to not only meet consumer demands but also maintain low, competitive prices.

SECTION IV. BEST PRODUCT PROSPECTS

Panama is the third largest market in Central America for U.S. agricultural products exports. U.S. total exports of agricultural and related products to Panama totaled $716.4 million in 2018. Leading domestic categories include corn ($78.10 million), soybean meal ($78.4 million), prepared food ($53.8 million), dairy products ($48.0 million), and pork & pork products ($36.0 million).

Table 5.

U.S. Agricultural Exports Typically Used by Panama's Food Processing Industry
CY 2016-2018 And Year To Date Comparisons (In $millions)

Product	2016	2017	2018
Dairy Products	39.6	45.2	48.0
Poultry Meat & Prods. (ex eggs)	31.1	34.2	34.4
Pork & Pork Products	35.9	32	36.0
Wheat	27.1	30.8	35.0
Condiments & Sauces	14	18	18.4
Vegetables Oils (ex. soybean)	7.1	7.1	8.3
Soybean Oil	6.6	6.9	7.6
Sugar, Sweeteners, Bev. Bases	9.4	3.6	2.1

*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
Foreign Agricultural Service	http://panama.usembassy.gov.fas.html
Telephone:	(507) 317 5297/(507)3175801
Economic Section, U.S. Department of State	PNM-ECU@state.gov
Telephone:	(507) 317 5000
U.S. Commercial Service	www.buyusa.gov/panama/en/
Telephone:	(507) 317 5000

For further information, please see GAINs reports from FAS Panama, such as the Exporter Guide, and the Food and Agricultural Import Regulations and Standards. Both are available here at GAIN FAS USDA