

PANAMA

Market Overview

USDA's Office of Agricultural Affairs, OAA, in Panama City, hereinafter referred to as "Post," reports that Panama is an attractive market for exporting U.S. agricultural food products. Its culturally diverse population, geographical location, and love for American food and culture support export opportunities for U.S. high-value food and beverage products. In fiscal year 2022, U.S. agricultural and related products exports to Panama grew 20% to \$1.041 billion, as the lifting of COVID-19 restrictions allowed for growth in tourism and in key economic activities such as hotels & restaurants.

Panama is one of the fastest-growing economies in the Americas because of its strong service sector. Its GDP was expected to reach US\$68.5 billion by the end of 2022. Panama's economy is based predominately on services (83%). Agriculture accounts for only a small portion (2.9%). The U.S. market share for food processing ingredients is 60%.

U.S. exports were valued at US\$614.5 million in FY2022. The United States has the largest market share followed by Brazil and Argentina. U.S. products are considered high in quality and are well-accepted overall. The customs clearance process in Panama is relatively fast and trouble-free.

Opportunities and Challenges for U.S. Food Exporters in Panama

Opportunities:

- Strategic geographical location and its service-oriented economy. Panama will continue to strengthen its seaports and logistics assets (Panama Canal, seaports, airports, special economic zones, logistics parks, and railroad) over the coming years.
- The United States-Panama Trade Promotion Agreement (TPA) and associated agreements created a fair, transparent playing field for trade.
- Diverse ethnic backgrounds of thousands of tourists and U.S. expatriates come to Panama each year. Increased immigration with permanent residents from Venezuela, Colombia, Nicaragua, The Antilles, Asia, Europe, and others.
- Static production of agricultural products leading to strong demand for food and feed imports.

Challenges:

- Cost competitiveness of some U.S.-origin products.
- Strong competition in the region with ports in Colombia, Costa Rica, the Caribbean, and Mexico.
- Recent governmental protectionist policies making importing food, beverages, and agricultural products more burdensome.

Retail Sector

Preference continues to grow towards supermarkets and away from traditional markets. Today's supermarkets can offer reduced consumer prices relative to traditional, family-owned retail. Supermarkets exhibit increasing product safety and diversity, and robust e-commerce platforms with delivery. Competition is based primarily on price and convenience.

High-growth categories include savory snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products.

In recent years, the consumption of more convenience and healthy foods has been a trend that resulted in good prospects for U.S. food exports. These include categories like low-fat, low-sodium, gluten-free, sugar-free, keto, fresh fruits (such as apples, grapes, peaches, and pears), organic foods, and processed fruits (especially canned fruits). Processed canned vegetables (especially canned mixed vegetables, yellow sweet corn, peas, mushrooms, and garbanzo beans), snack foods (including corn chips, popcorn, cookies, and candy), and frozen processed products (pizzas and ready-to-eat food) also have high import demand.

Post reports that the top prospects for U.S consumer-oriented product exports to Panama include meat, poultry, seafood, snack foods, dairy products, condiments, wine, beer, beverages, baking ingredients, healthy foods, and frozen, processed, and prepared food products. In addition, bulk commodities such as yellow corn, paddy rice, soybean meal, and wheat flour are also in demand.

Foodservice Sector

Post reports that international foodservice operators and local companies such as Sysco, H.Tzanetatos, Proserv, Procesadora Monte Azul, Dicarina, Pedersen Fine Foods, and others, have been servicing the foodservice sector for more than 50 years providing imports of U.S. food and beverages, logistics in warehousing and transportation, and product sales and marketing. With these institutions and facilities, fueling both local and international cuisines, Panama's foodservice industry is among the strongest in the country. Fast food franchises, cafes, bars, bakeries, ice cream shops, family-owned restaurants, food trucks, street side vendors, convenience stores, and catering services all benefit from this strong trade framework.

Restaurants in Panama City are highly developed and possess world-class chefs. Due to expanding tourism, growing immigration, and higher consumer purchasing power, the selection of restaurants and international cuisine is expected to continue to grow. Currently, the Panamanian Association of Restaurants and related businesses have more than 400 members. Travel and tourism are an engine of economic development and a vehicle for sharing cultures.

Post reports that high value products offer good market opportunities in Panama, especially ready-made or convenience food, wholesome and healthy products. A list of favorite imports from the HRI sector includes beer, wine and spirits, condiments and food ingredients, pre-cooked potatoes, snacks, frozen or ready-made food, seafood, cheese, vegetable oil, frozen vegetables, ready to eat single meals, and rice, pasta, and noodles.

Food Processing Sector

With 150 food-processing companies, Panama's food processing ingredients market accounts for US\$135 million in U.S. exports, which represent about a 60% market share.

These local companies include dairy processors, meat and poultry products processors, fishery products processors, fruits processors, beverages and spirits, bakery, snacks, pet food among others. The food processing industry experienced 12% growth over the last few years due to increases in local food processing facilities, tourism, and foreigners relocating to Panama.

Post reports that the Panamanian market offers good export opportunities in the food processing sector for additives, preservatives, flavorings, vegetable colorings, sauces and condiments, grains (wheat, yellow corn, and rice), vegetable and soybean oils, and sweeteners and beverage bases.