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Report Highlights:

This report provides information to U.S. exporters of agricultural and related products on how to do business in Panama. 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 percent to \$1.041 billion, as the lifting of COVID restrictions allows for growth in the tourism and in key economic activities such as hotels & restaurants.

Market Fact Sheet: Panama

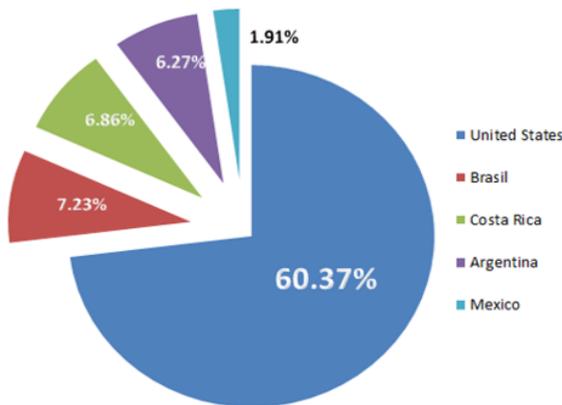
Executive Summary

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

Imports of Consumer-Oriented

U.S. exports were valued at \$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.

Top 5 Food & Beverages Exporters to Panama



% based on volume of food exports (1,647,008,308,10 Kilograms)
SOURCE: Panamanian Food Safety Authority

Food Processing Industry

The food processing industry experienced 12 percent growth over the last few years due to increases in local food processing facilities, tourism, and foreigners relocating to Panama.

Food Retail Industry

High growth categories include savory snacks, processed meats and seafood, sauces and condiments, processed fruits and vegetables, and dairy products. Competition is based primarily on price and convenience.

TOP U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA

\$614.5 in FY2022 (in millions of dollars)

- 113.5** Dairy Products
- 90.6** Beer
- 53.4** Pork & Pork Products
- 40.4** Bakery Goods, Cereals, & Pasta
- 40.3** Prepared Food
- 39.4** Poultry Meat & Prods (ex. eggs)
- 28.0** Dog & Cat food
- 27.8** Processed Vegetables
- 22.1** Beef & Beef Products
- 21.4** Non – Alcoholic Beverages
- 20.3** Condiments & Sauces

GDP Per Capita PPP \$14,862
Population 4,381,583

Sources:

<http://gain.fas.usda.gov>
www.euromonitor.com

I. Market Overview

U.S. agricultural exports benefit from the U.S.-Panama Trade Promotion Agreement (TPA), which entered into force on October 31, 2012. Almost half of U.S. agricultural exports immediately received duty-free treatment, with most of the remaining tariffs to be eliminated within 15 years (the last product to get duty-free access will be rice in year 2031). The TPA also provides duty-free access for specified volumes of some agricultural products through tariff rate quotas (TRQs). For more information, please refer to [TPA](#).

Law 41 of 2007 relating to Multinational Enterprises has enticed 177 companies from different countries to establish their regional hubs or headquarters in Panama, bringing their executives and employees. Examples of these companies are Dell, Maersk, ADM, Procter and Gamble, Caterpillar, Mars, Adidas, Nike, SAB Miller, among others.

Market Trends

Panama's diversified food industry is a stable sector of the economy. Many local companies have been acquired or have teamed up with multinational corporations as a strategy to increase global exports. Besides bananas, raw cane sugar, seafood, shrimp, fishmeal, coffee and meat, exports of other products, such as alcoholic beverages, fruits and vegetables, poultry, and eggs, have increased significantly in recent years. U.S. agricultural goods and services enjoy a reputation for high quality and are extremely competitive. Consumer attitudes and many brand preferences are like trends in the United States.

Significant changes caused by the Covid-19 pandemic are observed in the Panamanian food sector:

- Consumer tastes and preferences are evolving with a focus on a healthy lifestyle and sustainability.
- Consumers are more interested in the quality of the product and, in the relation of quality - price. There is less attachment to the brands they know.
- Labeling: Consumers are increasingly paying attention to the ingredients of processed foods. They are looking for less processed products with more "clean" labels, natural ingredients, or with fewer additives, colorants, and preservatives.
- Social Media taste revolution: Social media networks and "influencers" are helping to spread and shape the preferences of people, especially young people. [Sabor USA](#), a digital platform with a social media component was created by the USDA and is winning market share by developing creative content to educate and promote U.S. food and

beverages in the local market. Under the message “*Unidos por los Sabores*” (United by flavors) historical ties between the United States and Panama are strengthened.

Table 1. Advantages and Challenges of U.S. Products in Panama

ADVANTAGES	CHALLENGES
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.	Cost competitiveness of some U.S.-origin products.
Diverse ethnic backgrounds of thousands of tourist and U.S. expatriates coming to Panama each year. Increased immigration with permanent residents from Venezuela, Colombia, Nicaragua, The Antilles, Asia, Europe, Canada, and others.	Strong competition in the region with seaports in Colombia, Costa Rica, the Caribbean, and Mexico.
Static production of agricultural products leading to strong demand for food and feed imports. The TPA and associated agreements created a fair, transparent playing field for trade.	Recent government protectionist policies making importing food, beverages, and agricultural products more burdensome.

SECTION II. EXPORTER BUSINESS TIPS

Business Customs

Due to its open economy, Panama has minimal market access issues. One of the more common market entry practices is to appoint an importer or distributor. Another option is to find a local partner who can provide market knowledge and contacts. Other businesses have entered the market via licenses or franchises. Both Panamanian and foreign companies must fulfill the same basic requirements to organize and operate most types of business activities in Panama. However, Panama’s constitution prohibits foreigners from owning retail stores and practicing certain professions. For more information, please refer to 2022 Food and Agricultural Import Regulations and Standards (FAIRS) reports in the [GAIN System](#).

New commercial business must be registered in www.panamaemprende.gob.pa as required in Law No. 5 of January 11, 2007. All food retail, food processing and restaurants businesses must have a [Sanitary Operation Permit](#) issued by the National Directorate of Food Control and Veterinary Surveillance (DNCAVV in Spanish) of the Ministry of Health. There is no law regulating the relationship between international suppliers and local importers and distributors. This relationship is only governed by the private agreements made between the parties involved.

In cases of contract termination or disputes, the private contract clauses prevail over any other document or practice.

Panama is receptive to U.S. style franchising and the market for specific and general franchising opportunities is attractive. Recreation, entertainment services, fast food, automotive, hotel and motel franchises are readily marketable as the local market demands better facilities and services. The U.S. Embassy recommends consulting a local attorney for details on how to set up a franchise in Panama. Some examples of common U.S. food and beverage franchises found in the market include Krispy Kreme, McDonalds, Starbucks, Johnny Rockets, Pinkberry, KFC, Burger King, Pizza Hut, Domino's Pizza, Carl's Jr, Ruby Tuesday, Applebee's, and IHOP.

SECTION III. IMPORT FOOD STANDARD & REGULATIONS/IMPORT PROCEDURES

Trade Promotion Agreement

Panama has eliminated duties on U.S. high-quality beef (USDA's Prime and Choice grades), frozen turkey, soybeans, soybean meal, soybean oil and corn oil, 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 some agricultural products through TRQs annually.

General Import and Inspection Procedures

In general, food products and beverages should be registered through the Panamanian Food Agency (APA in Spanish) and should meet sanitary and phytosanitary, as well as quality control requirements. The Ministry of Health establishes sanitary rules relating to the manufacture, storage, and processing of food. For food and feed products, the exporter needs to comply with the sanitary or phytosanitary import protocols. For more detailed information, access the 2022 FAIRS reports on the [GAIN System](#).

Import product prices are based on CIF value plus any existing import taxes, custom agent fees, in-country transportation costs, and other product-related costs. The pricing usually excludes U.S. domestic marketing costs, allowing a more competitive and attractive price in the Panamanian market.

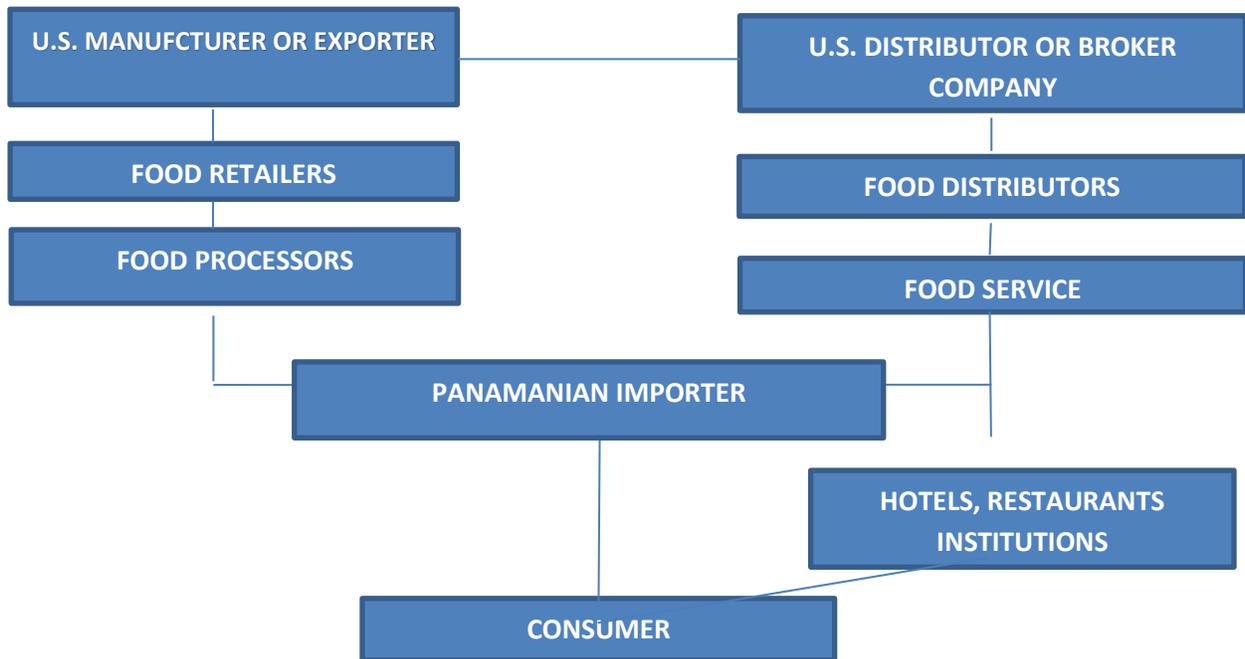
Transport of goods to and from Panama

With its Canal, Panama is considered one of the top transport logistics centers in the world. The country also has modern seaports on the Atlantic and Pacific oceans that are linked by a railway network, highways, and international airports that can handle all sorts of cargo transport. Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal and Colon Container Terminal, and Balboa and Rodman on the Pacific side. The Tocumen International Airport handles the bulk of Panama's air cargo. The railroad network is made up of one 47-mile-track and joins Balboa Port to Colon. Transport capacity is on average 500,000 containers per year while the road network comprises 11,643 km of road, of which 4,028 are paved.

For more information on Panama's logistic center:

[Colón Container Terminal](#)

Table 2. Panama: Market Structure



Sub-Sector Profiles

Food Service

International food service operators and local companies such as [Sysco](#), [H.Tzanetatos](#), [Proserv](#), [Procesadora Monte Azul](#), [Dicarina](#), [Pedersen Fine Foods](#), and others have been servicing the food service 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 food service 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

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.

Hotels, Resorts, and Cruises

Travel and tourism are an engine of economic development and a vehicle for sharing cultures. Many factors influence the flow of travelers to visit the country. Panama is an attractive destination, and its dollarized currency is a strength. American and international hotel chains

present in Panama include the Waldorf, Hilton, Marriott and J.W. Marriott, Bristol, Country Inn, Sheraton, Radisson, Holiday Inn, InterContinental, Hyatt, Sofitel, Riu, Westin, Wyndham Garden, Novotel, Hotel Las Americas Golden Tower, and Tryp Hotel. Panamanian hotels and resorts primarily purchase from food service companies or directly from distributors, supermarkets, and restaurants. For detailed information on the different hotel and resort options in Panama, please see apatelpanama.com.

Panama's cruise ship market is expanding from both the United States and Europe as Panama continues to grow as a premier travel destination. Cruise ships to Panama City anchor either at the new Cruise Port in Amador and Balboa located at Panama Canal's Pacific Ocean entrance, or Port Colon 2000 in the Caribbean. COVID-19's impact on the global cruise industry also severely affected these markets in Panama.

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 services exist within the supermarket chains and specialty stores: Super 99, Supermercado Rey, Super Xtra, Riba Smith, El Machetazo, El Fuerte, Jumbo market, Super Kosher, Felipe Motta, Organica Store, Grand Deli Gourmet stores, Foodie Market, Pretelt Gourmet Meats, among others.

Institutional

The institutional sector includes private and public hospitals, the national police, and penitentiary systems. Private hospitals have their own logistical operations for patient meals and to supply their cafeterias, while public hospitals and the police usually bid their requirements on yearly or 5-year term contracts with local food service providers, restaurants, or food processors.

V. AGRICULTURAL AND FOOD IMPORTS

Consumers and Preferences

The top prospects for U.S consumer-oriented product exports to Panama include meat, poultry, snack foods, dairy products, condiments, wine, beer, 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, but world market prices are a large factor in importers decisions.

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, 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.

Table 3. U.S. Consumer Oriented Exports Top Prospects

THE BEST CONSUMER ORIENTED PRODUCT PROSPECTS FOR PANAMA	
Products	Description
Alcoholic beverage	Liquor, beer, and wine
Bakery Ingredients	Baking mixes, dried fruits & nuts, fillings, chocolate, whey, yeast, food coloring, etc.
Beef	Fresh, chilled, frozen of high quality (USDA Prime and Choice)
Condiments	Mayonnaise, salad dressings, sauces (BBQ, marinating, soy) mustard, spices, etc.
Cooking ingredients	Vinegar, cider, vegetable oil (for example, corn, sunflower, soybean, canola, olive, or tomato paste and puree)
Dairy Products	Milk, cheese, butter, whipping cream, yogurt, ice cream
Delicatessen	Processed meat and poultry
Frozen Foods	Vegetables, fruits, ready to eat meals, ice cream
Fruits	Fresh, frozen, canned, dried
Mixed drinks, blends	Dried, powder
Non-alcoholic beverage	Juices, coffee, tea, soft drinks, and energy drinks
Pork	Fresh, chilled, frozen
Potatoes	Fresh, Frozen, Pre-cooked, dehydrated
Poultry	Frozen chicken, turkey
Prepared food	Ready to eat single meals (breakfast, lunch, or dinner and snacks)
Preserved fruit, jam, spread	Preserved fruit, jam, spread
Processed food	Products such as cereals, canned foods, value added rice, noodle, or dairy products
Seafood	Fresh, chilled, frozen salmon, crab, scallop, oysters, octopus
Snacks	Cookies, salty snacks, crackers, nuts
Soup, Soup bases, broth	Canned, dried, or powdered
Vegetables	Fresh, frozen, canned, preserved

Wine and Beer	Spirits, cider, craft beer
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Table 4. Panama’s High Demand Agricultural Products

PANAMA'S IMPORTED AGRICULTURAL PRODUCTS IN HIGH DEMAND AND MAIN SUPPLIERS			
Product Category	Major Supply Sources	Strengths	Advantages and Disadvantages of Local Suppliers
Corn	U.S. and Argentina	Competitive Price	Not enough local production
Rice	U.S. and Brazil	Competitive Price	Not enough local production
Pork and Potatoes	U.S. and Canada	Competitive Price	Not enough local production
Onions	U.S., Spain and Peru	Competitive Price	Low local seasonal production
Fresh Fruits (apples, pears, grapes)	U.S. and Chile	Mostly seasonal difference not real competition	Not produce locally
Snacks	U.S., Costa Rica, Colombia, Guatemala, Mexico and China	Competitive Price, but U.S. product is preferred	Low local production

VI. Key Contacts and Further Information

GOVERNMENT AGENCIES IN PANAMA	
Panamanian Food Agency (APA)	www.apa.gob.pa
Tourism Authority of Panama (ATP)	www.atp.gob.pa
CHAMBER OF COMMERCE	
Chamber of Commerce, Industries and Agriculture	www.panacamara.com
American Chamber of Commerce Panama	www.panamacham.com
INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA	
Association of Hotels in Panama	www.apatelpanama.com
Association of Small Hotels in Panama	www.hoppan.net
RESTAURANTS/FAST FOOD	
Association of Restaurants in Panama ARAP	www.asociacionderestaurantes.com
Degusta Panama	www.degustapanama.com
LOCAL FAIRS AND TRADE SHOWS	
ExpoComer	www.expocomer.com
MicroBrew Festival	www.brewerstage.com
Pretelt Meat Fest	https://www.youtube.com/watch?v=wxPw1DTpmWw
BBQ Fest Panama	https://www.instagram.com/bbqfestpanama/?hl=en
Felipe Motta Feria de Vinos	www.felipemotta.com
Coffee fest	www.coffeefestpanama.com
ASSOCIATIONS AND ORGANIZATIONS	

Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA)	www.acovipa.org
Retail Center of Panama (CEREP)	www.retailpanama.com
Gastronomy Club of Panama	www.clubgastronomicodepanama.org
TRADE PUBLICATIONS	
The Restaurant Panama City	www.therestaurantpty.com
Guía de Restaurantes de Panamá	guia-arap@rgpublicaciones.com
SOCIAL MEDIA AND BLOGS	
El Buen Diente	elbuendiente.com
La Guía del Foodie	laguiadelfoodie.com
U.S. EMBASSY IN PANAMA	
U.S. Department of Agriculture (USDA) Foreign Agricultural Services (FAS)	AgPanamaCity@usda.gov WWW.SABORUSA.COM.PA
	(507) 317-5297/ 317-5801/317-5163 fax
Economic Section, U.S. Department of State	PNM-ECU@state.gov (507) 317-5000
U.S. Foreign Commercial Service	www.buyusa.gov/panama/ (507) 317-5000

Attachments:

No Attachments