

Required Report: Required - Public Distribution

Date: January 03, 2024

Report Number: PN2023-0010

Report Name: Exporter Guide

Country: Panama

Post: Panama City

Report Category: Exporter Guide

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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 calendar year 2022, U.S. agricultural and related products exports to Panama reached an estimated \$1,009.5 million.

Market Fact Sheet: Panama

Executive Summary

Panama's economy continues to strengthen in 2023. It was ranked as the second fastest growing economy in Latin America and the Caribbean, and its Gross Domestic Product (GDP) growth rate was 6% in 2023. Panama's economy is based predominately on services (80 percent). Agriculture accounts for just a small portion (2.3 percent).

Imports of Consumer-Oriented Products

Panama is the 24th largest market for U.S. consumer-oriented product exports and U.S. exports were valued at \$587.8 million in 2022. The United States has the largest market share followed by Brazil and Argentina. The customs clearance process in Panama is relatively fast and trouble-free. U.S. products are considered high quality and are well-accepted overall.

Food Processing Industry

Panama's roughly 150 food processing companies include dairy, meat and poultry, fishery products, fruits, beverages and spirits, bakery, snacks, and pet food, among others.

Food Retail

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

Quick Facts CY 2022

The U.S. – Panama Trade Promotion Agreement (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 of the remaining tariffs phased out over 15 years <https://www.fas.usda.gov/data/panama-fairs-country-report-4>

The TPA provides duty-free access to 110 Panamanian products that can be exported to the United States market.

List of Top 10 Agriculture Products in Panama

- | | |
|---------------------|---------------|
| 1) Specialty coffee | 6) Sugar cane |
| 2) Papaya | 7) Cacao |
| 3) Pineapple | 8) Fish |
| 4) Melons | 9) Palm Heart |
| 5) Banana | 10) Squash |

| Strengths | Weaknesses |
|---|--|
| Strong demand for consumer-oriented product | Recent governmental protectionist policies |
| Opportunities | Threats |
| Importers frequently search for new-to-market products to compete | Strong competition from other trade partners |

Top 10 Host Country Retailers

- | | |
|---------------|--------------------|
| 1) PriceSmart | 6) El Machetazo |
| 2) Super 99 | 7) Sysco |
| 3) El Rey | 8) Felipe Motta |
| 4) Super Xtra | 9) Foodie Market |
| 5) Riba Smith | 10) Organica Store |

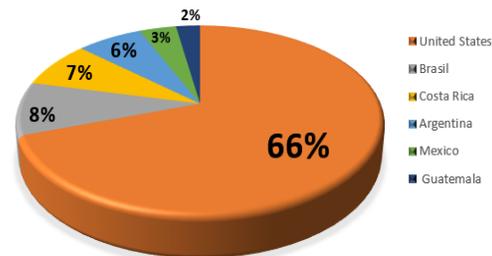
GDP/Population

GDP: \$76.52 billion (CY 2022)

Country Population: 4,453 million

Sources: IMF; Panama's Food Agency; FAS Panama's FAIRS Report

TOP FOOD & BEVERAGES EXPORTERS TO PANAMA



% Based on volume of foods exports
Source: [APA Panamanian Food Agency](#)

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 in upcoming years (the last product to get duty-free access will be U.S. 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.

Panama's economy will face many challenges in calendar year 2024 that may affect purchasing power for food products. Forecasters lowered expectations for economic growth next year to 2.5%, down three and a half points from 2023. Several factors are contributing to slower growth: closure of First Quantum Minerals' large copper and gold mine; financial distress in Panama's Social Security system; drought related reduction of ship traffic through the Panama Canal; elimination of government subsidies due to reduced budgets; trade, agricultural industry, and tourism affected by the country's six week stand-still due to road closures and protests demanding cessation of mining activities; formal unemployment rate of 8.8% and informal employment of 60% in CY2023; the expected loss of an investment grade rating; and the upcoming national elections in May.

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, low sugar, and preservatives.
- Social Media taste revolution: Social media networks and “influencers” are helping to spread and shape the preferences of people, especially young people. [SaborUSA](#) is a strategic cross-media marketing plan managed by FAS Panama (USDA’s Foreign Agricultural Service) that promotes demand generation for food and beverages imported from the U.S.A. Under the tag line “Unidos Por Los Sabores”, the campaign celebrates the gastronomic ties between Panama and the United States of America. U.S. exporters are encouraged to review our [SaborUSA work](#) and contact us with collaboration ideas. Sabor USA is also a channel to communicate upcoming trade events: Trade Missions announcements to Panama, U.S. commercial trade shows, and trainings for food producers and importers. For more information, please visit <https://saborusa.com.pa/seccion/form&seleccion=buyers-section>

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. The Panama Canal is facing an unprecedented drought due to El Nino and climate change, which is reducing the number of vessels that can transit though the route. |
| Diverse ethnic backgrounds of thousands of 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, including the recently announced interoceanic train of the isthmus of Tehuantepec, which would be a dry canal for containers. |
| 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 2023 Panama's Food and Agricultural Import Regulations and Standards (FAIRS) reports in the [GAIN System](#).

New commercial business must be registered in "[Panama Emprende](#)" 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, Olive Garden, Pinkberry, KFC, Burger King, Domino's Pizza, Pizza Hut, Taco Bell, Carl's Jr, Papa Johns, 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 2023 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.

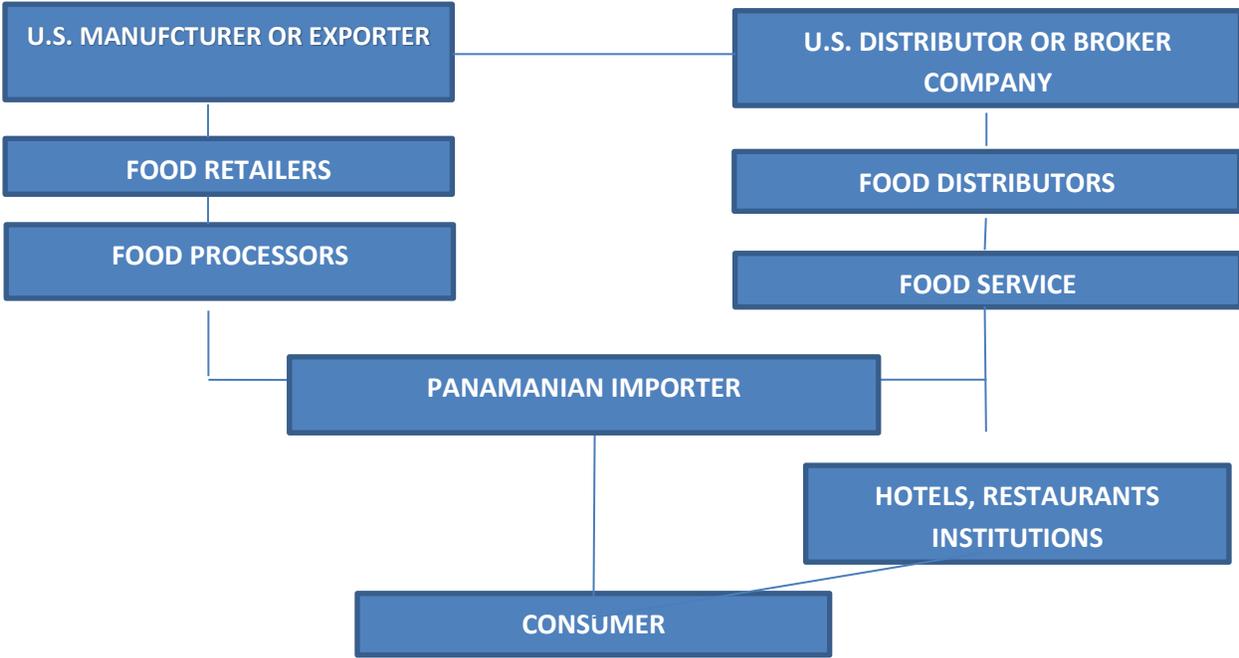
Transport of goods to and from Panama

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](#)
- [List of Panamanians Harbors](#)
- [Airports](#)

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 Sofitel by Hyatt, Waldorf, Hilton, Marriott and J.W. Marriott, Bristol, Country Inn, Sheraton, Radisson, Holiday Inn, InterContinental, 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.

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. For additional information access the 2023 Hotel, Restaurant, and Institutional report on the [GAIN System](#).

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. For additional information access the 2023 Retail report on the [GAIN System](#).

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 |

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.panamcham.com |
| INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA | |
| Association of Hotels in Panama | www.apatelpanama.com |
| Association of Small Hotels in Panama | www.hoppa.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 |
| Micro Brew Festival | https://microbrewfestpanama.com/en/ |
| Pretelt Meat Fest | https://www.youtube.com/watch?v=wxPw1DTpmWw |
| BBQ Fest Panama | https://www.instagram.com/bbqfestpanama/?hl=en |
| Felipe Motta Feria Wine Fest | www.felipemotta.com |
| Specialty Coffee Association of Panama | http://scap-panama.com/ |
| ASSOCIATIONS AND ORGANIZATIONS | |
| Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA) | https://www.acovipagremio.org/inicio |

| | |
|--|--|
| Retail Center of Panama (CEREP) | www.retailpanama.com |
| 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 Guia 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) 317-5801/ 317-5297 |
| 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