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## Panama

### Exporter Guide

### 2017 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 one of the top markets for consumer-oriented products in Central America. Consumer-oriented products represented 53 percent of all U.S. agricultural and related exports to Panama from January through October 2017 reaching \$301.4 million. The top prospects for U.S. agricultural exports to Panama include corn, wheat, rice, soybeans, soybean meal, sweeteners, soy/vegetable oils, and an extensive range of consumer oriented products (meats, poultry, dairy, processed fruits and vegetables, juices, beer and wine, cereals, snacks, and tree nuts). In recent years, the consumption of more health conscious food has contributed to increased U.S. exports of products with nutrient claims such as low fat, low sodium, gluten free, and sugar free. An increase in dual income households has resulted in a growing demand for ready-to-eat frozen and prepared foods, resulting in U.S. exports hitting a record high of \$55 million in 2016.

**Post:**

Panama City

# MARKET FACT SHEET: PANAMA

## Executive Summary

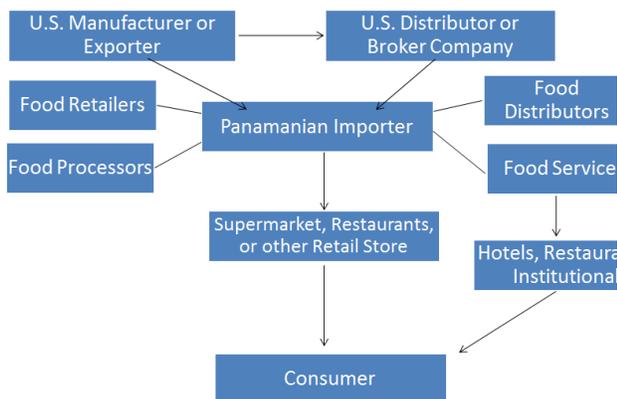
Panama enjoyed a strong economy in 2017. Based on the World Economic Forum’s Global Competitiveness Report 2016-2017, Panama ranked 42nd out of 138 countries and is among the 10 most competitive economies in Latin American and the Caribbean. Gross Domestic Product (GDP) rose by 5.3 % in 2017. Panama has the highest per capita GDP on a Purchasing Power Parity (PPP) basis in the region at US\$21,840.66 (2017 Est.) Panama’s economy is based on services (83%) whereas agriculture accounts for only 3%. U.S. exports of bulk agricultural products to Panama increased by 6.8% in 2017.



## Imports of Consumer – Oriented Products

U.S. products are perceived as high in quality and are well accepted. The customs clearance process in Panama is relatively fast and trouble-free for U.S. exporters that comply with local requirements. The majority of consumer food imports in Panama are purchased through a local importer, distributor or wholesaler. However, it is common practice for larger Panamanian retailers to assume the role of the middleman and cover all or most aspects of the product supply chain. For instance, the largest supermarket chains in Panama import products from food manufacturers directly and distribute goods to their own stores as well as to other smaller distributors and retail stores.

### Structure of Imports for the food sector



## TOP 10 U.S. CONSUMER – ORIENTED PRODUCTS EXPORTS TO PANAMA Jan – Oct 2016 (in millions of dollars)



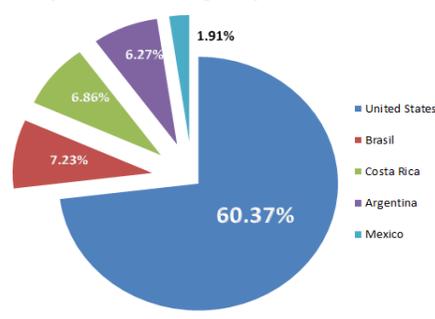
## Food Processing Industry

The food processing ingredients market in Panama has an estimated value of US\$110 million, with U.S. products having a 60% market share. The food processing industry has experienced an average growth of 10% during the last couple of years, due to the increase in tourism and foreigners relocating to Panama.

## Food Retail Industry

Retail sales of packaged food products reached US\$692.2 million in 2016. High-growth categories include savory snacks, processed meats and seafood, sauces and condiments, ready-to-eat meals, processed fruits and vegetables, dairy products, and snack foods. Panama’s grocery market is dominated by supermarkets, hypermarkets and independent food stores. Other popular retail structures in Panama include membership club stores, discounters and open markets that concentrate on domestic produce. The largest and most popular market is the Mercado de Abastos, located in Panama City.

### Top 5 Food & Beverages Exporters to Panama 2017



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

## **SECTION I. MARKET OVERVIEW:**

Panama has historically served as the crossroads of trade for the Americas. Its strategic location as a land bridge between two oceans and in the middle of the Western Hemisphere has made Panama not only a maritime and air transport hub but also an international commerce, banking, and services center.

In spite of global economic challenges, Panama enjoyed a strong economy in 2017. Based on the World Economic Forum's Global Competitiveness Report 2016-2017, Panama is one of the most competitive economies ranking 42nd out of 138 countries and is among the 10 most competitive Latin American and Caribbean economies. Gross Domestic Product (GDP) rose by 5.6% in 2017. Panama can now claim the highest per capita GDP on a Purchasing Power Parity (PPP) basis in the region at US\$21,840.66 (2017 Est.).

Panama benefits from strong financial and investment freedoms: commercial operations are in general subject to transparent rules. Additionally, the tax rates for individuals and companies are moderate, and there are significant customs and tax advantages in the Colon Free Trade Zone (CFZ). Its dollarized economy and its economic specialization in the strategic sectors (banking, maritime traffic) are some of the many factors that attract foreign direct investment. In 2017, Panama ranks 70th out of 190 countries in the [World Bank's Doing Business Index](#).

### **Market Trends**

Panama's diversified food industry is a stable sector of the economy. Many local companies have been acquired by or teamed up with multinational corporations as a strategy to increase global exports. In addition to bananas, 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 highly competitive. Consumer attitudes and many brands preferences are similar to the United States. U.S. television and magazines are available in Panama and influence consumer purchasing habits. Panamanians frequently travel to the United States for tourism, medical treatments, university studies and business. Their purchasing patterns and tastes are similar to those of U.S. consumers.

Law 41 of 2007 related to Multinational Enterprises has enticed 140 companies from different countries to establish their regional hubs or headquarters in Panama, bringing in their executives and other employees with their families. Examples of these companies are Dell, Maersk, ADM, Procter and Gamble, Caterpillar, Mars, Adidas, Nike, and SAB Miller...

**Table 1. Advantages and Challenges in the Market Facing U.S. Exporters.**

Advantages	Challenges
Panama’s political situation has been stable and democratic for 27 consecutive years, after the end of military dictatorship. Its strong political alliance with the United States provides for a favorable disposition towards U.S. policies and interests in international organizations.	Possible competition from other countries such as Canada, European countries, Guatemala, Costa Rica, Chile and China, especially those with Free Trade Agreements with Panama.
The U.S. - Panama SPS and TBT Agreement that entered into force in February 2007 eliminated SPS barriers. Importing products from the United States is now easier than from other countries. The Panamanian Food Safety Authority (AUPSA) works quickly with respect to the enforcement of food import and food registration regulations.	For the last decade, Central America countries and China have been strong competitors in the snack and processed food sector. Mexico is a strong competitor for fruits and other products, while Argentina, Canada and Brazil compete with the United States for market share for grains and oilseeds imports. Canadian beef products have gained footing in the market, and Costa Rican, Argentinian, New Zealand and Australian dairy products are competitive.
Panama has been a U.S. dollar economy since 1904.	Poverty and unemployment limit consumer buying power.
GDP growth higher than the region’s average during the last few years (5.6 % in 2017). Economic future looks promising with expansion of the Panama Canal project.	Rising energy costs, commodity prices, and food prices impact consumers and small businesses.
Strong preference for U.S. way of life, products and its manner of doing business.	Continued improvements in the areas of educational and judicial reform will be critical for Panama to improve its business competitiveness standing in the region.
Increasing number of expatriates retiring to Panama, which is driving the increased demand for U.S. high value food and beverage products.	
Strong financial, logistical and transportation sectors facilitate international trade flows.	

**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 agent 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.

According to Panama's Constitution, nationals and foreigners are treated equally under the law. 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 Constitutions prohibit foreigners from owning retail stores and practicing certain professions. For more information please refer to [2017 Food and Agricultural Import Regulations and Standards \(FAIRS\) reports on the GAIN System](#).

Any new commercial business must be registered in [www.panamaemprende.gob.pa](http://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 Food Protection Department of the Ministry of Health.

There is no law regulating the relationship between international suppliers and local agents and distributors. This relationship is governed only by the private agreements. In cases of contract termination or disputes, the private contract clauses prevail over any other document or practice.

Individuals may engage in business activities in their own names or through legal entities. The most commonly adopted form of legal entity is the corporation (Sociedad Anonima, or S.A.). Other types of legal entities commonly used in Panama are general partnerships, simple limited partnerships, joint stock partnerships, and limited liability companies. Two or more persons of any nationality may organize a corporation for any lawful purpose. They do not have to be domiciled in Panama. The articles of incorporation may be executed anywhere, even outside of Panama, and in any language, provided a Spanish translation is submitted for registration. There are no requirements regarding the amount paid in capital. There are no nationality or residence requirements for shareholders. Neither the directors nor the officers are required to be shareholders.

Panama is receptive to U.S. style franchising. The market for both specific and general franchising opportunities is attractive. Panama maintains no control on royalty payments or transfers. 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, Chili S, Fuddruckers, and IHOP.

Local laws allow companies and individuals to import. This situation opens the door for a direct marketing approach especially in certain sectors such as food and feed, industrial goods, industrial machinery, agricultural equipment and other high value equipment.

Panamanian importers are fully bilingual (Spanish-English), U.S. exporters should use a personalized approach with consistent attention to service and delivery including frequent visits. It is important to have a customs agent (broker) with experience who can help import the food products.

## **SECTION III. IMPORT FOOD STANDARD & REGULATIONS/IMPORT PROCEDURES**

### **Trade Promotion Agreement**

The Panamanian Government strives for free trade and commercial openness. Panama's economic success is tied to a healthy and prospering global trade system. So, Panama recognizes the clear link between free trade and competitiveness and seeks to join an elite group of countries that have achieved growth and development through trade.

Since the U.S.-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012, U.S. agricultural exports have benefitted. Almost half of current trade received immediate duty-free treatment, with most of the remaining tariffs to be eliminated within 15 years. Panama has eliminated duties on U.S. high-quality beef, 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 Tariff Rate Quotas (TRQs) annually.

In general, food products and beverages should be registered with the Panamanian Food Safety Authority (AUPSA in Spanish) and should meet hygiene and quality control requirements. It is the duty of the Ministry of Health to establish the sanitary rules relating to the manufacture, storage and processing of food for more information, please access the [2017 Food and Agricultural Import Regulations and Standards \(FAIRS\) reports on the GAIN System.](#)

Panama eliminated the need for import licenses or permits when it created AUPSA. All companies with a Certificate of Operations issued by the Ministry of Commerce and Industry of Panama can freely import into Panama. For food and feed products, the exporter needs to comply with the sanitary or phytosanitary import.

### **General Import and Inspection Procedures**

The Panamanian Food Safety Authority (AUPSA) was established by Decree Law 11 in 2006 to issue science-based sanitary and phytosanitary (SPS) import policies for agricultural and food products entering Panama [www.aupsa.gob.pa/](http://www.aupsa.gob.pa/).

For detailed information on import and inspection procedures, access the [2017 Food and Agricultural Import Regulations and Standards \(FAIRS\) reports on the GAIN System.](#)

### **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 which are linked by a railway network, highways and international airports which are capable of handling all sorts of cargo transport. Most of Panama's trade moves through the Atlantic ports of Manzanillo, Cristobal and Evergreen, and Balboa on the Pacific. 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. The road network comprises of 11,643 km of road, of which 4,028 are tarmac.

**For more information in Panama's logistic centers:**

[Colón Container Terminal,](#)  
[List of Panamanians Harbors,](#)  
[Airports](#)

#### **SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS:**

Business practices in Panama are very similar to those in the United States. Business tends to be direct and straightforward. On average, Panama City accounts for 65 % of total national sales of consumer goods. The remaining 35% is distributed among the principal cities of David, Colon, Santiago and Chitre.

Generally, the marketing channel structure in Panama is simple. Direct importers act as wholesalers and in many cases also as retailers. This situation is common in the case of food, apparel, automotive parts and hardware products. In some cases for consumer goods, food and medicines, the retail operation is separate from the wholesale operation. For industrial goods, sales are normally handled by local exclusive agents or distributors. In other cases, local firms order directly from U.S. brokers or the manufacturer. Some of Panama's major importers of wines and spirits, apparel, automotive parts and electronics are also regional distributors for Central and/or South America, with warehousing facilities located in the Colon Free Zone (CFZ). Generally, CFZ importers/distributors have affiliated stores in Panama City for retail sale to the local market.

Panama has the highest per capita income in Central America. However, the majority of income is skewed to a small, consumer goods-oriented economic class. These upper-middle and upper income class families have high levels of disposable income. They are interested in purchasing high quality, trend-setting goods. Price is less of a factor in purchasing decisions made by this social-economic class than for the middle and lower income classes. While the majority of Panamanians are interested in quality, price plays a more important role in the purchase decision.

The use of the U.S. dollar as legal currency and consumer preference for high quality products at competitive prices are two reasons for high acceptance of U.S. products in Panama. Overall, U.S. products are well accepted in the market and are considered of good quality. However, in many instances, U.S. products must compete against lower priced products especially from South America and Asia.

#### **Retail Sector**

Preference continues to grow towards supermarkets and away from traditional markets. Today's supermarkets are able to offer reduced consumer prices relative to traditional retail (Mom & Pop) venues. Supermarkets exhibit increasing diversity within the 5 largest supermarket chains: Super 99, Supermercado Rey, Super Xtra, Riba Smith and Machetazo.

For more information, please access the 2017 Retail Food report on the GAIN System.

#### **Market Promotion**

Many foreign manufacturers of consumer products maintain a high profile presence in the country through newspaper ads, large billboards, sponsored sports events, and TV advertising. Radio advertising is mainly used outside of the Panama City metropolitan area.

Television and newspaper advertising are the promotion tools of choice for the majority of distributors of U.S. products. E-mail marketing, social media and online marketing is becoming increasingly popular, especially for food & beverages sector. Panama has a very competitive advertising market, with standardized pricing and very good production quality. Additionally, trade shows, specialized seminars and exhibitions are effective tools for trade promotion. Special sale prices during events such as Mother’s and Father’s Day, Back-to-School, and Easter are usually advertised in newspapers during weekends.

- La Prensa: [www.prensa.com](http://www.prensa.com)
- Panama America: [www.panamaamerica.com.pa](http://www.panamaamerica.com.pa)
- La Estrella de Panama: [www.laestrella.com.pa](http://www.laestrella.com.pa)
- Capital Financiero: [www.capitalonline.com](http://www.capitalonline.com)

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 such as change of label. The pricing usually excludes U.S. domestic marketing costs, allowing for a more-competitive and attractive price in the Panamanian market.

**SECTION V. AGRICULTURAL AND FOOD IMPORTS**

<b>U.S Exports of Agricultural &amp; Related Products to Panama CY 2012-2016 and Year to Date Comparisons (In millions of dollars +)</b>					
<b>Product</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Grains in Bulk	1.0	2.2	2.1	1.3	0.5
Intermediate Products	11.0	13.5	14.9	12.7	11.7
Consumer Oriented Food (soybean meal, oil, flour, and seeds)	2.0	2.0	2.0	1.7	1.9
Distilled Spirits	6.0	11.2	16.5	20	20.3
Forest products	14.0	12.8	14.0	13.5	15.1
Fish products	4.0	3.3	6.1	5.4	4.6

[i] Data Source: U.S. Census Bureau Trade Data, Foreign Trade Statistics

## BEST HIGH-VALUE PRODUCT PROSPECTS:

### Consumer Tastes and Preferences

The top prospects for U.S consumer-oriented products exports to Panama include meat, poultry, snack foods, dairy products, condiments, wine and 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 importer decisions.

In recent years, the consumption of more convenience and healthy foods has been a trend that has resulted in good prospects for U.S. food exports such as low-fat, low-sodium, gluten-free, sugar-free products, fresh fruits (such as apples, grapes, peaches and pears), organic foods, processed fruits (especially canned fruits), and processed 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, ready-to-eat food) also have high import demand.

**Table 2. 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 (corn, sunflower, soybean, canola, olive, tomato paste and puree, etc.)
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 + snacks)
Preserved fruit, jam, spread	Preserved fruit, jam, spread
Processed food	Products such as cereals, canned foods, value added rice, noodle, dairy products etc.
Seafood	Fresh, chilled, frozen salmon, crab, scallop, oysters, octopus
Snacks	Cookies, salty snacks, crackers, nuts
Soup, Soup bases, broth	Canned, dried/powder
Vegetables	Fresh, frozen, canned, preserved
Wine & Beer	Spirits, cider, craft beer

[i] Data Source: U.S. Census Bureau Trade Data, Foreign Trade Statistics

## SECTION VI. KEY CONTACTS AND FURTHER INFORMATION:

**U.S. EMBASSY IN PANAMA**

U.S. Department of Agriculture (USDA) Foreign Agricultural Services (FAS)	<a href="mailto:AgPanamaCity@fas.usda.gov">AgPanamaCity@fas.usda.gov</a> <a href="http://panama.usembassy.gov/fas.html">http://panama.usembassy.gov/fas.html</a>	
Economic Section, U.S. Department of State	(507) 317-5297/ 317-5801/317-5163 <a href="mailto:PNM-ECU@state.gov">PNM-ECU@state.gov</a>	(507) 317-5000
U.S. Commercial Service	<a href="http://www.buyusa.gov/panama/en/">www.buyusa.gov/panama/en/</a> (507) 317-5000	

### GOVERNMENT AGENCIES IN PANAMA

Panamanian Food Safety Authority (AUPSA)	<a href="http://www.aupsa.gob.pa">www.aupsa.gob.pa</a>
Tourism Authority of Panama (ATP)	<a href="http://www.atp.gob.pa">www.atp.gob.pa</a>

### CHAMBER OF COMMERCE

Chamber of Commerce, Industries and Agriculture	<a href="http://www.panacamara.com">www.panacamara.com</a>
American Chamber of Commerce Panama	<a href="http://www.panamacham.com">www.panamacham.com</a>

### INTERNATIONAL CHAIN HOTELS AND RESORTS IN PANAMA

Association of Hotels in Panama	<a href="http://www.apatelpanama.com">www.apatelpanama.com</a>
Association of Small Hotels in Panama	<a href="http://www.hoppan.net">www.hoppan.net</a>

### RESTAURANTS/FAST FOOD

Association of Restaurants in Panama (ARAP)	<a href="http://www.asociacionderestaurantes.com">www.asociacionderestaurantes.com</a>
Degusta Panama	<a href="http://www.degustapanama.com">www.degustapanama.com</a>

### LOCAL FAIRS AND TRADE SHOWS

Panama Bebidas Fest	<a href="http://www.expobebidapty.com">www.expobebidapty.com</a>
Panama Food Expo Tech	<a href="http://www.panamafoodexpotech.com">www.panamafoodexpotech.com</a>
Coffee fest	<a href="http://www.coffeefestpanama.com">www.coffeefestpanama.com</a>
Panama Gastronómica	<a href="http://www.panamagastronomica.com">www.panamagastronomica.com</a>
PMA Food show	<a href="http://www.pmafoodshow.com">www.pmafoodshow.com</a>
Retail Day	<a href="http://www.retailpanama.com">www.retailpanama.com</a>

### ASSOCIATIONS AND ORGANIZATIONS

Association of Merchants and Distributors of Foods and Similar in Panama (ACOVIPA)	<a href="http://www.acovipa.org">www.acovipa.org</a>
Retail Center of Panama (CEREP)	<a href="http://www.retailpanama.com">www.retailpanama.com</a>
Gastronomy Club of Panama	<a href="http://www.clubgastronomicodepanama.org">www.clubgastronomicodepanama.org</a>

### TRADE PUBLICATIONS

Horeca Panama	<a href="http://www.horeca-magazine.com">www.horeca-magazine.com</a>
The Restaurant Panama City	<a href="http://www.the.restaurantpty.com">www.the.restaurantpty.com</a>
Guía de Restaurantes de Panamá	<a href="mailto:guia-arap@rgpublicaciones.com">guia-arap@rgpublicaciones.com</a>

### SOCIAL MEDIA AND BLOGS

El Buen Diente	<a href="http://elbuendiente.com">elbuendiente.com</a>
La Guía del Foodie	<a href="http://laguiadelfoodie.com">laguiadelfoodie.com</a>

U.S. Department of Agriculture (USDA)  
Foreign Agricultural Services (FAS)  
Phone: (507) 317-5801  
Fax: (507) 317-5163

**Email:** [AgPanamaCity@fas.usda.gov](mailto:AgPanamaCity@fas.usda.gov)

**Website:** <https://www.fas.usda.gov/regions/panama>