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**Prepared By:** Alvaro Loza

**Approved By:** Zeke Bryant

**Report Highlights:**

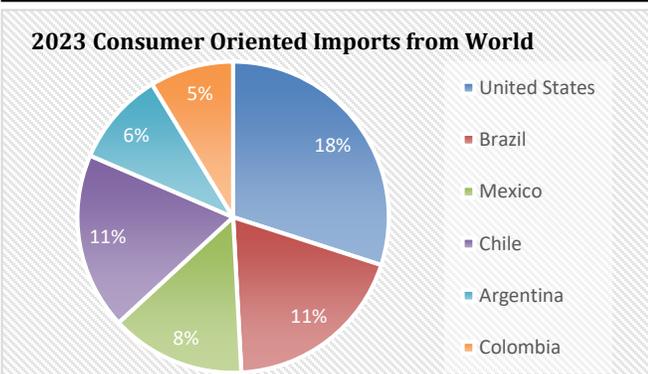
Peru has a robust food processing industry that is an integral part of its economy. The food industry contributes to nearly 27 percent of the country's industrial gross domestic product (GDP). However, the non-primary manufacturing sector, which encompasses food and beverage production, experienced a decline of 8.1 percent in 2023. This was primarily due to lower domestic consumption, unfavorable weather conditions, and political and social unrest, which ultimately impacted the country's overall GDP growth. As a result, the total GDP fell by 0.6 percent in 2023.

## Market Fact Sheet: PERU

### Executive Summary

Despite political upheaval and high inflation during the past year, Peru's economy remains stable. Agriculture accounts for approximately five percent of Peru's GDP, but employs around 28 percent of the population. The U.S.-Peru Trade Promotion Agreement, which entered into force in February 2009, has increased bilateral trade of agricultural products from \$1.46 billion in 2009 to \$5.0 billion in 2023, an increase of 166 percent. The United States was the second largest agricultural product supplier to Peru in 2023, accounting for 21 percent of market share.

### Imports of Consumer-Oriented Products



Peru's consumer-oriented imports from the world reached US\$ 1.9 billion in 2023. Peru offers good opportunities for U.S. exporters of consumer-oriented agricultural products, but there are some challenges. The successful introduction of new food products depends on knowledge of the market. Exporters should review Peru's food laws, packaging and labeling requirements, business practices, and rely on experienced distribution partners. Getting to know the potential importer and the local distribution system is crucial.

### Food Processing Industry

Peru's food processing industry is a dynamic sector of the national economy. The food industry in Peru accounts for almost 27 percent of industrial GDP. Its growth is directly linked to the development of the food retail and food service sectors. Food product manufacturers source both domestic and imported product ingredients. Local processed food products cover 70 percent of the market demand.

### Food Retail Industry

There are three main supermarket chains in Peru: Cencosud (Wong and Metro), Saga Fallabella (Tottus), and Supermercados Peruanos (Vivanda, Plaza Veá, Makro, and Mass). The market includes 319 conventional supermarkets and superstores (196 in Lima), 810 hard discount stores, and 1,000 convenience stores. The sector is comprised of both conventional supermarkets and traditional channels, made up of wet markets and independent stores. Different categories of food products appear to perform better between the two formats. Top products include snack foods, dairy, edible oils, confectionaries, bread, and cookies.

### Quick Facts CY 2023

**Imports of Consumer-Oriented Products: \$1.9Bn**

#### Top 10 Food Processing Ingredients for Growth in Peru

1. Powdered Milk	7. Food Preparations
2. Almonds	8. Edible mixtures of animal or plant oils or fats
3. Pork meat cuts	9. Vegetable saps and extracts.
4. Animal & Vegetable fats and oils.	10. Vegetables fats and oils
5. Dextrines	
6. Wheat	

**Food Industry Gross Value Added: \$8.0 billion**

#### Food Industry by Channels

1. Food Exports: \$13.8 billion
2. Food Imports: \$7.0 billion
3. Retail: \$20 billion
4. Food Service: \$7.1 billion
5. Wet market: \$19 billion

#### GDP/Population

Population (Millions): 33

GDP (Billions USD): 444

GDP Per-capita (USD): \$6,750

#### Top 10 Host Country Retailers

1. Supermercados Peruanos S.A.
2. Cencosud Retail Peru
3. Hipermercados Tottus S.A.

### Strengths/Weakness – Opportunities/Challenge

Strengths	Weakness
Strong demand for consumer food products	Low penetration of modern food retail throughout the country.
Opportunities	Challenges
Growing middle class	Stiff competition from other countries.

## Section I: Market Summary

Peru's non-primary manufacturing sector, which includes processed food and beverages and intermediate agricultural products, experienced a decline in 2023. Several factors contributed to this decline; reduced domestic consumption and sales of food and beverages, social and political unrest disrupting supply chains, distribution networks, and business operations, and unfavorable weather conditions that hindered food processing and storage. These combined challenges led to a notable decline of 8.1 percent in the sector and subsequently impacted the country's gross domestic product (GDP), which fell 0.6 percent in 2023.

Peru's Central Bank (BCRP) anticipates 3 percent GDP growth for 2024 as outlined in its latest [inflation report \(March 2024\)](#). This projection is based on the revival of the agro-industrial sector due to improved weather conditions, increased domestic consumption, increased private investment, and input price stability.

Regarding inflation, BCRP calculates 2023 inflation at 3.2 percent and projects 2024 inflation to be 2.2 percent. This projection assumes a lower incidence of weather-related events and fewer exchange rate fluctuations. Additionally, stable fuel and commodity prices are expected to temper the inflation rate. The BCRP aims to achieve an inflation rate below 2 percent by the end of 2024, supported by a reduction in average prices for imported inputs such as corn, wheat, soy, and fuel. These factors should also support an increase in domestic consumption, especially in the food and beverage industry.

The food industry in Peru is a significant sector that contributes to nearly three percent of the GDP. However, the industry is mainly composed of micro-companies, which account for over 90 percent of the industry. Large companies represent only 1.8 percent of the sector. As a result, companies operating in this context are vulnerable to market externalities. In 2023, several categories in the food industry such as fish meal, canned vegetables, cooking oil and fats, dairy products, oats, wheat flour, confectionery, coffee, pasta, and aquaculture feed showed negative growth.

In the last ten years, the modern food retail channel (supermarkets and convenience stores) has expanded and gained market share among consumers. However, the traditional channel, mainly formed by wet markets and independent small grocers (bodegas), is still the main channel for categories such as edible oils, dairy, confectionary goods, baked goods, pasta, and cereals. The food retail sector grew at a slower pace in 2023, supported by staple foods. The hotel, restaurant, and institutional (HRI) sector has had a gradual recovery since 2021 and showed a rebound towards the second half of 2023. Food product manufacturers in Peru source both domestic and imported product ingredients to meet consumer demand for quality food at affordable prices. These manufacturers are successfully tailoring products to meet different segments of consumer demand.

Exports of U.S.-origin food processing ingredients to Peru in 2023 amounted to \$189 million, a decline of 30 percent compared to 2022. The reduction can be attributed to a substantial decrease in powdered milk and wheat exports, which were 43 and 58 percent lower, respectively. Other categories showed positive growth, including almonds, products made of natural milk constituents, edible mixtures of animal or vegetable fats and oils, dextrines, and whey.

**Table 1: Advantages and Challenges Facing U.S. Products in Peru**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The U.S.-Peru Trade Promotion Agreement (PTPA) grants duty-free access to two-thirds of all U.S.-origin food and agricultural products, including high-value food products.</li> <li>• Lack of production of intermediate products for the food industry.</li> <li>• An active supermarket industry that is working to increase demand for high-value food products.</li> <li>• Growth of foodservice in Lima and provinces, with a demand for affordable products.</li> <li>• Appreciation for U.S. food quality and culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulations that may impose trade barriers to foreign products.</li> <li>• Stiff competition from neighboring countries.</li> <li>• Domestic producers manufacture products according to local taste preferences.</li> <li>• High international commodity prices.</li> <li>• Price sensitive market</li> </ul>

**Section II: Road Map for Market Entry**

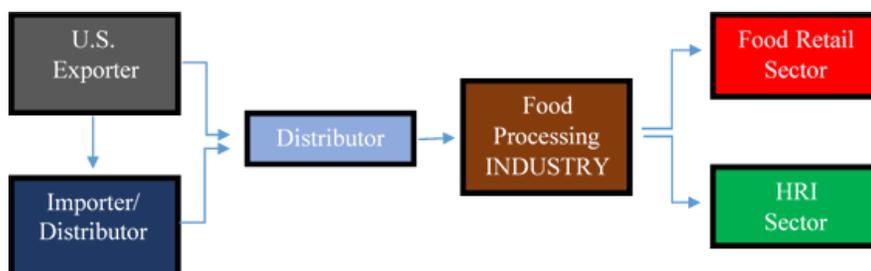
**1. Entry Strategy:**

- Conduct preliminary research to determine market potential for a specific product. Contact FAS Lima to obtain reports or briefings about market features and regulatory framework.
- U.S. exporters should contact the local food processing company, or indirectly establish ties through brokers, agents, or representatives.
- Personal visits are highly recommended. The U.S. exporter should know its local partner well before signing contractual agreements.
- Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- The import partner should be able to provide updated information on consumer trends, current market developments, trade, and business practices.
- Food ingredients must comply with Peru’s regulations and be approved by health authorities before being placed on the market. Peru adopts Codex as the primary international reference.

**2. Import Procedure:** For details on how to export to Peru please refer to FAS Lima’s [FAIRS Export Certificate Report](#) and [FAIRS Country Report](#).

**3. Distribution Channels:** Distribution channels for imported products can be different from those for domestic products and can change frequently. However, larger processors generally import directly from the supplier. Small processors rely on local distributors to import ingredients.

**4. Figure 1: Market Structure:**



- The Peruvian food-processing industry is well developed and tries to source directly depending on the volume. Smaller importers use traders as their main sourcing partner.
- Local processed food products cover 75 percent of the market demand.
- Specialized importers usually provide food ingredients to the Peruvian market. Some of these are also producers or wholesalers/distributors.

**5. Sector Trends:** Peru's food manufacturing industry has benefited from the nation's strong economic performance over the past decade. A demanding middle class forced food processors to innovate and adapt to broader consumer segmentation. Food manufacturers target small, independent stores as the primary channel to reach a wide range of consumers. Despite the growth of supermarket chains throughout the country, Lima is still the principal market but space constraints limit growth. Food products must align with consumers' preference for convenience, low prices, and daily purchases.

U.S. food ingredient suppliers should focus on providing ingredients to the following industries:

**Baked Goods:** In 2023, higher wheat prices and a weakened Peruvian Sol against the U.S. dollar drove inflation for many products in the segment. Private label products have been an alternative for retailers to reduce final prices, especially at hard discount formats such as Mass from Supermercados Peruanos and Tottus Vecino.

The bread category, especially artisanal breads (80 percent market share), drives the sector. The pandemic boosted demand for packaged bread due to movement restrictions. However, the gap between both categories is decreasing as manufacturers have increased their variety of products. Despite consumers' preference for artisanal bread, industrially produced bread is making significant inroads due to supermarket and convenience store expansion. There is also a growing demand for frozen bread and healthy alternatives with inclusion of seeds, quinoa, etc. Panificadora Bimbo del Peru, the leading local producer of industrial bread, holds 6 percent market share, and offers a wide product portfolio.

The cakes subcategory is second in importance with a 15 percent share within the baked goods category. Panettone is the star product, which is predominately a seasonal product (July and December). Nestle-Peru is the largest panettone manufacturer in Peru.

**Dairy Products:** Milk, yogurt, cheese, and butter remain the most important within this category. Sales of small-package dairy products rebounded after the pandemic as consumers returned to on-site work and schools resumed in-person classes. Even though food retail expansion has driven growth in these sub-categories, the food service channel has not yet fully recovered to pre-pandemic levels. As with other staples, dairy products have shown drastic price increases which impacted sales volume in 2023. Evaporated milk still accounts for almost 43 percent of total dairy market share. Ready-to-drink products are favored by consumers looking for healthy alternatives. Gloria is still the leading company in this sector, accounting for 70 percent market share.

In April 2022, the Peruvian government modified a regulation to ban the use of powdered milk for manufacturing evaporated milk. However, the regulation's primary impact is restricting the labeling of the product as "Evaporated Milk". Despite this, dairy manufacturers continue to use powdered milk to produce what is essentially "evaporated milk," albeit with a different label. The local dairy

sector has faced challenges due to fluctuating international commodity prices. This issue has not adversely affected U.S. powdered milk exports to Peru, which reached \$120 million in 2023.

**Dried Processed Food:** Pasta and rice remain the key product offerings. Rice is one of the most consumed foods in Peru and it is produced locally. Rice accounts for 41 percent of total sales in the dried processed category. Pasta ranked first with 44 percent. In 2023, both products maintained similar performance as they had in 2022. Most manufacturers' strategy was to reduce size and maintain prices to avoid disruptions in consumption. Convenience was also an important feature, which benefited the consumption of instant noodles. Costeño Alimentos and Alicorp are the largest food processors for rice and pasta, respectively.

The instant noodles subcategory remains third, accounting for 15 percent of market share within this category. Small independent grocers and convenience stores have become a good niche channel for instant noodles due to the busy lifestyle of a segment of Peruvian consumers. Sales in this subcategory grew slightly in 2023.

**Processed Meat and Seafood:** This category has shown rapid growth due to high consumption of hot dogs, ham, sausages, chicken nuggets, and burgers. The traditional channel (small grocers) is the main distribution channel for these products. Local processors have made plant enhancements to increase production of packaged processed meat, increase shelf life, and improve food safety. Yichang, San Fernando, and Breadt hold almost 40 percent of the market share, offering an assorted list of products such as canned meat, frozen and chilled meat, and cold cuts.

The seafood subcategory accounts for almost 43 percent of sales value for this category. Canned tuna is the main product, which is locally produced.

**Cookies and Snack Bars:** The retail food sector's recovery has played a critical role in the growth of the cookie and snack bar category, which saw an increase in sales in 2023 despite higher prices. Sweet cookies are the most popular and account for 94 percent of market share. Consumers prefer snacking-style products or meal replacements. Mondalez Peru, Alicorp, and Molitalia have a combined market share of 70 percent. Private label products specialized in affordable cookies are available at supermarkets/hypermarkets. However, the traditional channel is still the most important for distribution. Snack bars are gaining traction in the market, but their penetration value-wise is still small in the category. This is particularly true for consumer segments that value healthy features such as lower sugar content or higher nutritional value (protein, vitamins, fiber).

**Edible Oils:** Edible oils faced challenges in 2023 due to fluctuating international prices. To keep prices under control, manufacturers reduced packaging size. The category saw 5 percent growth compared to 2022. Private labels have emerged as a competitive alternative to maintain affordability in the trade channel. Palm oil is the most widely consumed oil type, which is mainly distributed through traditional channels. In Peru, manufacturers tend to use oil blends to reduce costs. The total sales for 2023 reached \$830 million and Alicorp holds the largest market share at almost 50 percent.

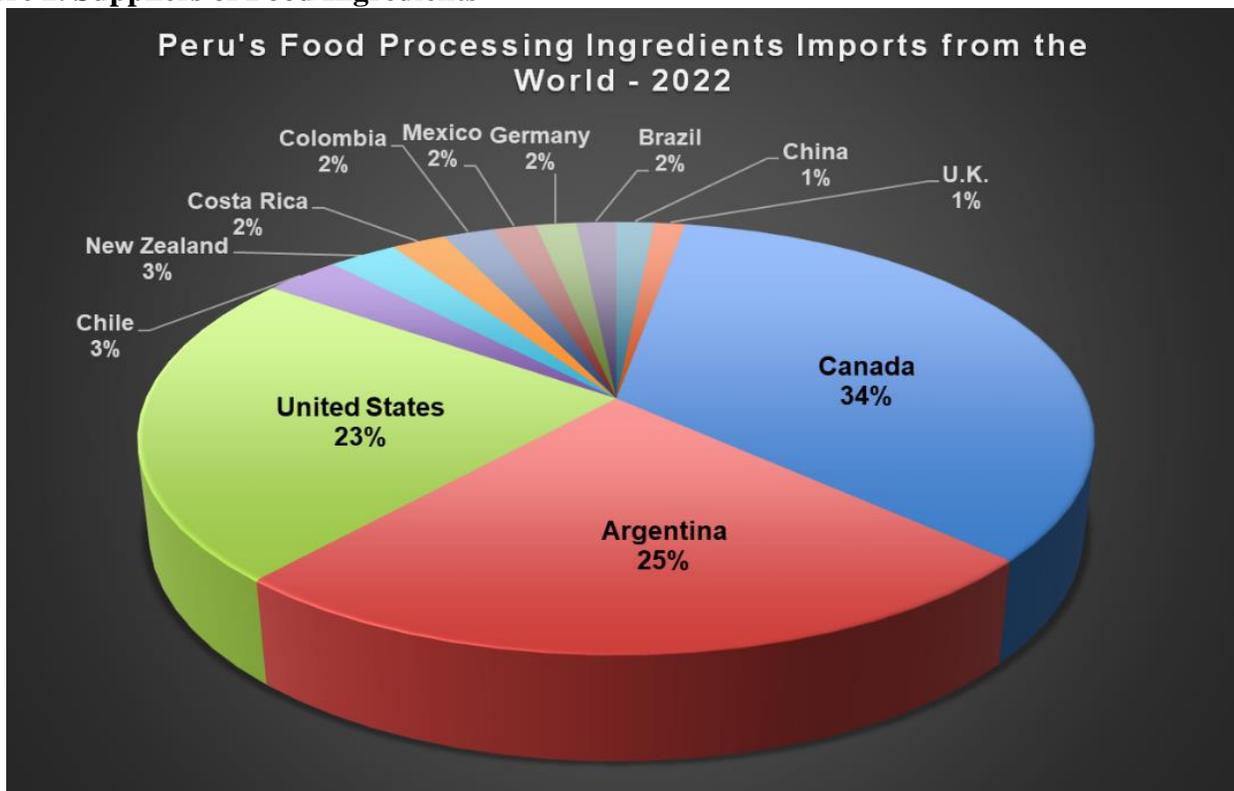
**Sauces, Dressings, and Condiments:** Sauces, dressings, and condiments are a popular category with products like mayonnaise, ketchup, and mustard being the most popular. In 2023, the sauce subcategory saw six percent growth, reaching \$165 million. Mustard seed is a key ingredient used in

the production of mayonnaise. Alicorp is the leading manufacturer of this subcategory with its brand Alacena. Another subcategory is cooking ingredients, led by Ajinomoto del Peru S.A., which offers soy sauce, stock cubes, and powders. Cooking ingredient sales reached \$110 million in 2023. The most important products in the cooking ingredients subcategory are spices, tomato pastes, and purees, accounting for 70 percent of the market share.

**Breakfast Cereals:** Breakfast cereals experienced sales growth in 2023 due to the expansion of private labels and the need to offer affordable alternatives caused by high inflation. The category's sales are mainly driven by middle-income consumers who are adopting cereals as breakfast food. Additionally, health-conscious consumers are also becoming more interested in this category. Cereals are primarily prepared using oats, and in recent years, native grains such as quinoa or kiwicha are being mixed in. Alicorp is the leading manufacturer in this category, accounting for 60 percent of the market share. While almost 60 percent of distribution occurs through the traditional channel, including small independent stores, the modern channel has increased its share in recent years.

**Beer:** Beer is the most popular alcoholic beverage in Peru, with a market share of 90 percent. Premium beer products are becoming increasingly popular among middle and high-income consumers. In 2023, the volume of beer production in Peru increased slightly to nearly 52 million liters. In 2020, Heineken acquired AJE's beer Tres Cruces and added brands from its international portfolio, such as Amstel, Tiger, and Dos Equis. Union de Cervecerias Backus & Johnston (AB-Inbev) is the largest beer manufacturer in Peru, accounting for 90 percent of the market share.

**Figure 2. Suppliers of Food Ingredients**



Source: Trade Data Monitor and Veritrade

### Section III: Competition

Imports of food processing ingredients to Peru totaled \$1.12 billion in 2023. The United States is the second largest supplier of ingredients, with 17 percent market share. These ingredients are largely made up of wheat, milk powder, flour meals and pellets, animal fats, and almonds. Canada is the largest supplier, driven by wheat exports, and holds 41 percent of market share. Argentina is in third position, accounting for seven percent of market share. Argentina's exports are led by wheat and skimmed powdered milk, however exports decreased 76 percent in 2023 from the previous year.

### Section IV: Best Product Prospects Categories

**Table 2: Products Present in the Market Which Have Good Sales Potential**

Product Category/ Net imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Wheat (HTS 10019910) \$623 million	Canada: 73% Argentina: 9% Russia: 9% USA: 8%	Canada has more competitive pricing for this ingredient.	Local millers are accustomed to blending different origin wheat.
Milk and Cream Concentrate, powder (HTS 040210) \$50 million	USA: 66% Belgium: 14% Germany: 6%	Price opportunity is a key driver.	Dairy food processors use powdered milk to standardize production. Insufficient milk production in Peru.
Milk and Cream Concentrate, powder Exceeding 1.5% (HTS 040221) \$138 million	USA: 38% New Zealand: 21% U.K.: 14%	Price opportunity is a key driver.	Dairy food processors use powdered milk to standardize production. Insufficient milk production in Peru.
Edible mixtures or preparations (HTS 151790) \$9 million	USA: 49% Malaysia: 9% Denmark: 8%	Price opportunity is a key driver.	Multiple sectors demand these types of products. Main product is vegetable fat
Animal, Vegetable, or Microbial Fats (HTS 151800) \$8 million	Brazil: 75% USA: 16% Chile: 6%	Price and quality are key drivers.	Pet food industry is the largest buyer. Local industry is growing.
Peptones and Derivates (HTS 350400) \$12 million	China: 42% Brazil: 21% USA: 13%	Price and quality are key drivers.	Inputs for food industry and cosmetics. Protein isolates main U.S. export.
Enzymes and Prepared Enzymes (HTS 350790) \$30 million	Denmark: 27% Brazil: 20% France: 11% USA: 9%	Price and quality are key drivers. Tariff preferences are also applied to competing countries.	Weak local production. Utilization for different sectors.
Almonds Fresh or Dried Shelled NESOI (HTS 08021290) \$10 million	USA: 99% Chile: 1%	Lower logistics cost due to Chile's proximity. Price competitive.	Confectionary manufacturers prefer U.S. quality and price.

Boneless Pork Meat (HTS 02032910) \$17 million	Chile: 71% Brazil: 12% Spain: 8% USA: 3%	Price competitive and different cuts from Chilean products. Proximity and tariff preferences are key.	Mainly used by sausage manufacturers. Local processors recognize quality, but price and availability are a current issue.
Products Consisting of Natural Milk Constituents (HTS 040490) \$9 million	USA: 99% Argentina: 1%	Price and proximity could be key alternative drivers.	Not a lot of suppliers for these products. Local industry non-existent. Regular import level above \$5 million.
Mixtures of Odoriferous Substances (HTS 330210) \$69 million	Costa Rica: 46% Mexico: 13% Colombia: 12% Chile: 9% Uruguay: 6% USA: 3%	Chilean beverage manufacturer supplies its subsidiary in Peru. Price is key driver.	Large manufacturers source internationally.
Flour Meals and Pellets Meat or Offal (HTS 23011090) \$25 million	USA: 40% Brazil: 28% Argentina: 24%	Price and quality are key drivers.	Pet food industry is the largest buyer. Local industry is growing.
Other preparations of semolina, starch flour, or malt extract (HTS 190190) \$25 million	Colombia: 32% Chile: 16% Brazil: 11% USA: 11%	Price is the key driver. Colombian manufacturers supply to Peru subsidiary.	Category continues growing. Large food processors based in the region supply Peru's market.
Vegetable Saps, Extracts (HTS 1302) \$17 million	China: 29% Mexico: 18% Chile: 12% USA: 11%	Price is the key driver.	The category continues growing and the U.S. is competitive in mucilages and thickeners.

Source: SUNAT, Trade Monitor Data. FAS Lima office research.  
Note: Calculations based on latest full calendar year (January-December) data

**Table 3: Products with Small Presence in Market but Which Have Good Sales Potential**

Product Category/ Net imports	Major Supply Sources	Market Overview
Malt Toasted or not. (HTS 1107) \$30 million	Australia: 70% Canada: 20% Ukraine: 2%;	Beer market continues recovering.
Starches (HTS 1108) \$25 million	Germany: 38% Denmark: 19% Poland: 8%	Potato starch imports reached \$20 million, and it is the largest imported ingredient. Also, cornstarch with \$4 million.
Mechanically deboned meat (HTS 0207140010) \$6 million	Brazil: 76% Chile: 18% USA: 6%	Price driven market. U.S. exports resumed in 2023.
Whey and Modified Whey (HTS 040410) \$10 million	Chile: 51% USA: 20% Canada: 13%	Chilean suppliers benefit from proximity and tariff preferences. Not a lot of suppliers for these products. Local industry non-existent.

Source: SUNAT, Trade Monitor Data. FAS Lima office research.  
Note: Calculations based on latest full calendar year (January-December) data

## **Section V: Key Contacts and Further Information**

U.S. Embassy Lima, Foreign Agricultural Service (FAS), Office of Agricultural Affairs  
Street Address: Avda. La Encalada, Cuadra 17, Monterrico - Surco, Lima 33  
E-mail: [Aglima@usda.gov](mailto:Aglima@usda.gov)

For additional information, see [www.fas.usda.gov](http://www.fas.usda.gov). See also our [Exporter Guide](#) and other marketing reports on the FAS Global Agricultural Information Network (GAIN).

### **Attachments:**

No Attachments