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## Peru

## Food Processing Ingredients

## 2011

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**Report Highlights:**

In 2010, total sales of the 90 major food processing companies in Peru reached \$8.5 billion. The food industry recovered 7 percent in 2010 from its downturn in 2009. It was mainly triggered by higher income levels, more employment and credit offer.

Tariff reductions after the implementation of the U.S. - Peru Trade Promotion Agreement, supported by favorable market conditions in Peru, could significantly expand U.S. food exports in this sector, especially for food ingredients, food preparations, snacks, confectionary, fruit and vegetable juices, dairy products and meat products.

**Post:**  
Lima

**Executive Summary:**  
**Section I. Market Summary**

The Peruvian economy is one of the most successful economies in Latin America. Increasing income and expenditure levels are creating opportunities for companies. A growing middle class and changes in consumer attitudes complete an attractive landscape for businesses that are able to capitalize on these trends. Peru has demonstrated to the world its economic stability and continuous growth within the region, even during times of world financial crisis. Peru posted impressive results in 2010, such as 8.8 percent growth of GDP – a proof that Peru's economy is highly dynamic and driven mostly by private investment, foreign trade, and domestic demand.

The food industry recovered 7 percent in 2010 from its downturn in 2009. It was mainly triggered by higher income levels, employment and credit.

There were two distinct trends defined by the direction taken by the market for goods. The first one was pushed by prepared and preserved meat production that climbed 4.8 percent -- the rate that has shown a steadily growth for twelve straight years. The leading companies, mainly from poultry and sausage industry, have been able to further diversify their offering of foodstuffs. The second trend relies on the notable expansion of oils and fat industry that grew 17 percent in 2010, mainly boosted by an aggressive competitive behavior between key players, being locals who had best performance at the end.

According to food industry perspectives for 2011, there is high growth expectancy for this sector due to expansion of local demand especially at provinces. Despite the rise of ingredients prices in the international market, the industry remains solid and it is gaining more presence abroad. In that sense, major companies such as Alicorp has acquired new plants in Central America and Uruguay. In respect of local market, Alicorp has announced a \$25 million investment for enlarging and improving its products lines.

The performance of the beverage industry has been positive over the past twelve years, boosted by the domestic market and particularly by the development of soft drinks and mineral waters. In 2010, sector's growth recovered and expanded 7 percent basically by an increment of domestic demand resulting from country's economic progress. Distilled beverages and spirits rose barely 0.5 percent as a result of lower production of pisco (4 percent) and other distilled spirits compared to previous year, closing the year with \$550 million in sales.

Consumption of spirits in Peru can be divided in two groups: low-priced spirits, which have achieved good penetration within the provinces, and high-value products that appeal to upper- and middle-income consumers in urban areas. The first group is constituted by low-priced rum, vodka and economy pisco, whilst the second one is formed by Whisky, tequila, standard pisco and rum.

Pisco production expects to grow 15 percent in 2011 as a result of an increment of new pisco producers driven by higher international demand aligned with Peruvian culinary expansion, receiving \$50 million new investments.

On the other hand, wine production showed a surprising recovery, achieving 21 percent growth in

2010. Peruvian wineries have launched new products resulting in the increased market shares domestically as well as in overseas' market. As a result, per capita wine consumption has climbed to 1.3 liters from 1 liter in a three year period.

The brewing industry also showed an increment of 6.2 percent in 2010 reaching \$1.2 billion of the total sales. New products were released for uncovered segments. Peru has the lowest per capita beer consumption in the region with 42 liters.

Soft drinks and mineral water have obtained over 7 percent growth in the same period, mainly boosted by vigorous growth of bottled water (22 percent) and energy drinks (14 percent).

According to Peru's customs data, total agricultural imports to Peru from United States grew to \$787 million in 2010, up 41 percent from the 2009 level. Moreover, consumer oriented products reached \$107 million in 2010 growing 81 percent in respect 2009. The United States became the second largest supplier of consumer oriented products, accounting the 14 percent of the market share which has certainly decreased the reach of Chile and has left Colombia as the third largest supplier of this category.

Companies	Sales in 2010 (\$ Million)
Beverages (Top 10)	1,940
Foods (Top 30)	3,912
Agribusiness (Top 50)	2,683
<b>Total</b>	<b>8,535</b>

**Source:** Estimated values based on The Top 10,000 Companies 2011 version, Peru Top Publications

The U.S. – Peru Trade Promotion Agreement (TPA) immediately provided duty free access for two-thirds of U.S. food and agricultural products upon entry into force in 2009. The TPA, supported by continued favorable market conditions in Peru, could significantly expand U.S. food exports in the food processing sector for food ingredients, food preparations, confectionary, fruit and vegetable juices and preparations, dairy products (especially cheeses, whey and lactose) and beef, pork and poultry meat products.

#### Advantages and Challenges Facing U.S. Products in Peru

Advantages	Challenges
<ul style="list-style-type: none"> <li>• TPA grants duty free access to most high-value foods.</li> <li>• Appreciation for U.S. food quality and culture.</li> <li>• Food ingredients will enter duty free upon TPA entry into force. Food ingredients are demanded for growing local production and exports.</li> <li>• Lower consumption rates in some categories such as: read meals, frozen food, snacks, beer, etc.</li> </ul>	<ol style="list-style-type: none"> <li>1. Local processed food consumption is still small, especially frozen food.</li> <li>2. Lack of brand awareness among consumers.</li> <li>3. New local food brands appearing in the market at very low prices.</li> <li>4. Lower production costs for Local companies.</li> <li>5. Local companies have</li> </ol>

<ul style="list-style-type: none"> <li>Higher rates of income employment and credit growth, especially of middle-class.</li> <li>Consumption of dietetic, light and healthy products is a growing trend. <ul style="list-style-type: none"> <li>The food processing industry is concentrated, with around 80 percent of the companies accounting for 75 percent of sales.</li> </ul> </li> </ul>	<p>increased their market share due to better understanding of local consumer.</p> <p>6. Stiff competition from other countries within the region.</p> <ul style="list-style-type: none"> <li>Smuggling.</li> </ul>
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## Section II. Road Map for Market Entry

### A. Entry Strategy

- To successfully enter the Peruvian food market, U.S. exporters should directly contact the local food processing company or indirectly establish connections through brokers, agents, or representatives.
- Personal visits are highly recommended. The local partner should be well known by the U.S. Company before any permanent contractual arrangement is made.
- The local partner should be able to provide updated information on consumer market trends, identify niche markets, and supply information on current market development and business practices.

### B. Market Structure



- Local processed food products cover around 85 percent of the market demand.
- Processed food imports are concentrated in the hands of a handful of distributors, importers, or wholesalers that usually distribute to both retail and food service sectors.
- Specialized importers usually provide food ingredients to the Peruvian market. Some of them are also producers or wholesalers/distributors.

## C. Company Profiles

### Profiles of Major Food Processing Companies

Company Name, Products	2010 Est. Sales (\$ Million)	End-Use Channels	Production Location	Procurement Channels
<b>Alicorp S.A.</b> Cooking ingredients, sauces, dried goods, canned fruit, prepared meals, ice cream	1,315	Retail HRI Traditional market	Lima Trujillo	Direct Importers
<b>Gloria S.A.</b> Dairy products, canned fish, pork products, fruit juices	712	Retail HRI Traditional Market	Lima Arequipa Cajamarca	Direct Importers
<b>San Fernando S.A.</b> Poultry, pork and their by- products.	457	Retail HRI Traditional Market	Lima	Direct Traders
<b>Nestle Peru S.A.</b> Breakfast cereals, confectionary, dairy products, smashed potatoes, instant beverages, bakery goods (pannettonne)	377	Retail HRI Traditional Market	Lima	Direct Importers
<b>Molitalia S.A.</b> Flour, pasta, ketchup, semolina	196	Retail HRI Traditional Market	Lima	Direct Importers
<b>Perales Huancaruna S.A.</b> Coffee Processor	141	Retail HRI Traditional Market	Amazonas	Direct
<b>Redondos S.A.</b> Poultry and by-products	125	Retail HRI Traditional Market	Lima	Direct Importers
<b>Laive S.A.</b> Dairy products, pork products, fruit juices	102	Retail HRI Traditional Market	Lima	Direct Importers
<b>Molinera Inca S. A.</b> Flour and other grain mill products	92	Retail HRI Traditional Market	Trujillo	Direct Importers
<b>Kraft Foods Peru S.A</b> Cookies, instant desserts and beverages, mayonnaise and ketchup, coffee	90	Retail HRI Traditional Market	Lima	Direct Importers
<b>Industrias del Espino S.A.</b> Oils, fats	71	Retail Wholesaler	San Martin	Direct
<b>Panaderia San Jorge S.A.</b> <b>Galletera del Norte S. A.</b> <b>CIA Molinera del Centro S.A.</b> Bakery goods (cookies and pannettonne) Flour and other grain mill products	68	Retail HRI Traditional Market	Lima Trujillo	Direct Importers
<b>Industrias Teal S.A.</b> Cookies, candies, pasta, flour, pannettone, chocolate	68	Retail Traditional Market	Lima	Direct Importers
<b>Cogorno S. A.</b> Flour, pasta and other grain mill products	60	Retail HRI Traditional	Lima	Direct Importers

		Market		
<b>Ajinomoto del Peru S.A.</b> Condiments, seasonings	59	Retail HRI Traditional Market	Lima	Direct
<b>Compañía Nacional de Chocolates de Peru S.A.</b> Confectionary chocolate	56	Retail Traditional Market	Lima	Direct Importers
<b>Anita Food S.A.</b> Noodles, pasta	55	Retail Traditional Market	Lima	Direct
<b>Machu Picchu Trading S.A.C.</b> Coffee, cocoa, chocolate	55	Wholesaler	Lima Ica	Direct
<b>Sociedad Suizo Peruana de Embutidos S.A.</b> Pork and beef products	43	Retail HRI Traditional Market	Lima	Direct
<b>Panificadora Bimbo del Peru S.A.</b> Bakery godos	39	Retail HRI Traditional Market	Lima	Direct Importers
<b>Corporacion ADC S.A.C.</b> Flour, noodles, bakery godos, animal feed, pulses, semolina	37	Retail Traditional Market	Tacna	Direct
<b>Central de Cooperativas Agrarias Cafetaleras</b> Coffee, Cacao, Honey Bee, Tea, anise, camomile, animal feed	36	Retail HRI Traditional Markets	Cuzco	Importers
<b>Molino El Triunfo S.A.</b> Flour, semolina, noodles	33	Retail Traditional Market	Lima	Direct Importers
<b>Braedt S. A.</b> Cheese and pork products	32	Retail HRI	Lima	Direct Importers
<b>Derivados del Maiz S. A.</b> Corn, potato and sweet potato products as ingredients	27	Retail Traditional Market	Lima	Direct Importers
<b>Confiperu S. A.</b> Confectionary	27	Retail Traditional Market	Lima	Direct Importers
<b>Industrial Alpamayo S.A.</b> Oils, fats	23	Retail HRI Traditional Market	Lima	Direct
<b>Ameral S.A.A.</b> Oils, chocolate, confectionery, condiments, seasonings	19	Retail HRI Traditional Market	Lima	Direct Importers
<b>Molino Las Mercedes S.A.C.</b> Bakery godos	13	Retail HRI Traditional Market	Arequipa	Direct

**Sources: Estimated sales for 2010, based on Peru: The Top 10,000 Companies 2010, Peru Top Publications**

### Profiles of Major Beverage Companies

Company Name, Products	2010 Est. Sales (\$ Millions)	End-Use Channels	Production Location	Procurement Channels
<b>Union de Cervecerias Peruanas Backus &amp; Johnston S.A.A. (Corporacion Backus)</b> Beer and soft drinks	870	Retail HRI Traditional market	Lima La Libertad Lambayeque	Direct Importers

<b>Corporacion Jose R. Lindley S.A.</b> Beer	494	Retail HRI Traditional market	Arequipa	Direct Importers
<b>Ajeper S.A.</b> Soft drinks, bottled water	173	Retail HRI Traditional market	Lima	Direct Importers
<b>Compañia Cervecera Ambev Peru S.A.C</b> Beer and soft drinks	154	Retail HRI Traditional Market	Lima	Direct
<b>Cerveceria San Juan S.A.A. (Corporacion Backus)</b> Beer	100	Retail HRI Traditional Market	Lima	Direct
<b>Embotelladora San Miguel del Sur S.A.C.</b> Soft Drinks	51	Retail HRI Traditional Market	Arequipa	Direct
<b>Ajeper del Oriente S.A.</b> Soft Drinks	36	Retail HRI Traditional Market	Ucayali	Direct
<b>Embotelladora Don Jorge S.A.C.</b> Soft Drinks	24	Retail HRI Traditional Market	Lima	Direct
<b>Destilerias Unidas S.A.</b> Alcoholic beverages	19	Retail HRI Traditional Market	Lima	Direct
<b>Santiago Queirolo S.A.C.</b> Alcoholic Beverages	19	Retail HRI Traditional Market	Lima, Ica	Direct

**Sources: Estimated sales for 2010, based on Peru: The Top 10,000 Companies 2010, Peru Top Publications**

## **D. Sector Trends**

### ***Dairy Products***

The sales of dairy products grew 13 percent in 2010, mostly driven by the increased consumption of evaporated milk (up 12.6 percent) and yogurt (up 16.7 percent).

Condensed/evaporated milk remains by far the most popular dairy products in Peru. In 2011, Peru's per capita consumption of condensed/evaporated milk is expected to reach 10 litres, the highest anywhere in the world, followed by that of Greece (7 liters). In most other countries, condensed/evaporated milk is only used in the preparation of special dishes and desserts.

Grupo Gloria remained the leading player in Peru's dairy sector in 2010, accounting for 78 percent of the total retail sales (in value). Company's Gloria brand has a long-standing presence in condensed/evaporated milk and has cultivated a loyal consumer base. In addition, the company periodically introduces innovative new products and offers a well-balanced portfolio across its Gloria, Bella Holandesa and Pura Vida brands. Due mainly to the strong performance on La Lechera brand condensed/evaporated milk and cream, Nestlé ranked second in 2010, with a retail sales share of 17 percent.

Cheese is expected to see a 5 percent growth in its retail sales in 2011, compared to the corresponding figure of 3 percent seen in 2010. While an average unit price of cheese is expected to increase by 2 percent in 2011, wider availability within traditional grocers and increased awareness of superior-quality packaged cheese is expected to result in higher sales volume in

2011 compared to 2010.

Furthermore, processed cheese spread is expected to achieve the highest retail sales growth rate of 6 percent in 2011. This category will benefit from a vast array of flavors available in small pack sizes, which make products more affordable to middle income consumers. In Peru processed cheese spread is mainly represented by soft spreadable cheese, as the presence of spray/aerosol remained negligible [what does this mean???]. Low and middle income consumers have, traditionally, shown a preference for unpackaged cheese, available at independent small grocers and open markets. Consumers appreciate low prices and convenience of unpackaged cheese, as they can purchase the exact quantity they desire and taste products prior to purchase.

Grupo Gloria, with its Bonlé brand, remained as the leading player in cheese in Peru in 2010, accounting for 41 percent of the total retail value. Company's position was based on the good quality of its products, their product availability through both modern and traditional retail channels, highly innovative products and affordable prices.

Local players are expected to introduce low-calorie and value-added products, in order to target health-conscious, upper-middle, and high income consumers. In addition, busier lifestyle, especially in urban areas, is likely to result in more middle income consumers relying on supermarkets/hypermarkets to obtain both packaged and unpackaged cheese.

Peru is expected to have a \$6 per capita consumption of drinking yogurt in 2011, substantially lower than that of other countries in the region, such as Uruguay and Brazil, which are expected to see corresponding figures of \$26 and \$12, respectively. This shows that potential exists for expansion in Peru.

Drinking yoghurt is very popular in Peru and expected to capture 71 percent of market share of total yogurt sales in 2011. Drinking yogurt is consumed both by adults and teenagers. In contrast, yogurt in conventional type of container is less popular and is mainly consumed as a snack by children.

Grupo Gloria remained the leading player of yoghurt in Peru in 2010, accounting for 82 percent market share of Peru's total yoghurt sales. The company benefitted from its longstanding presence in the country, excellent distribution network, good segmentation, frequent product innovation and strong advertising.

Health concerns and a desire to keep fit will drive demand for yogurt. It is expected that companies will focus on increasing the availability of pro/pre biotic and low-calorie products, in order to appeal to health conscious consumers.

## **Beer**

In 2010, beer accounted for 95 percent of the total consumption of alcoholic drinks in Peru, in terms of volume. The popularity of this product is based on its appeal to every socio-economic segment, its wide accessibility, intense competition amongst beer companies – which resulted in prices decreasing from 2001 to 2010 – and frequent product innovation to better meet Peruvian consumers' tastes. Nevertheless, Peru's per capita consumption of beer stood at 42 liters in 2010, which was still below the average of the Latin American region, and significantly lower than Brazil and Mexico, which had 65 and 61 liters per capita consumption respectively. In order to increase beer consumption in Peru, beer companies are promoting the idea that beer is suitable to drink with meals, the concept already being practiced in other Latin American countries.

Glass bottles is the most popular packaging style used in Peru, due to tradition and preservation of flavor. Beer in aluminum cans is mostly for individual consumption, while bottled beer is shared by several people. Canned beer carries the highest unit price.

Imported premium lager was the fastest-growing category, up 6 percent in volume in 2010 compared with a year ago level. Imported premium lager constitutes a niche segment in Peru, accounting for less than 1 percent of beer consumption in 2010, due to the strong tradition of consuming domestic beers, the high price of imported premium lagers and their limited distribution. Nevertheless, as Peru has the second lowest per capita consumption of imported premium lager in Latin America, it has a good potential to grow, as Peruvian consumers' purchasing power grows and the availability of the products through modern retail channels



increases.

Product innovation and further segmentation are the trends expected in this category. Local companies will continue to develop new flavors to better meet upper-income consumers' preferences and as a tool to strengthen current premium brands. Advertising and promotions are used to penetrate the market.

### ***Wine***

Thanks to the consumer education, wine consumption has continued to expand in Peru in 2010.

Wine companies have proactively participated in wine promotional activities held in supermarkets/hypermarkets and the trade press, and educated consumers about wine-dish combinations, the wine temperature that guarantees wine's preservation, and health benefit of wine, etc.

During 2010, wine sales achieved a 9 percent growth in terms of volume, after a drop of the same magnitude during the previous year. In 2010, as the Peruvian economy gradually recovered from the slowdown registered in 2009, consumers benefited from higher incomes and therefore increased their purchases of wine. Some consumers traded up to more expensive brands.

Red wine is still the leading category accounting for 73 percent of total wine sales in terms of volume, registering the fastest growth of 10 percent in terms of volume in 2010. The performance can be explained by the increased availability of good-quality red wines at affordable prices, through supermarkets/hypermarkets and liquor stores that periodically carry promotions and price discounts to boost sales.

Men and women between 25 and 45 years of age are considered to be major wine consumers.

There are two different types of consumers in Peru: the first one are low and middle income consumers, who do not have the habit of drinking wine, and prefer the sweetest flavor provided by Burgundy variety of wines. The second type of consumers belongs to middle-high to high socioeconomic segments, have a long wine culture and prefer dry wines and know which type of wine is suitable for different meals as well as the appropriate temperature for drinking it. Demands for wine among women are rising, as more women join the workforce and earn higher income.

### ***Baked Goods***

Baked goods, in particular bread, are a staple in Peruvian diet. Traditionally, most consumers choose artisanal bread (what is artisanal bread?) as they appreciate its freshness. A typical Peruvian buys bread at least once a day for breakfast, children's lunch, and afternoon tea.

Artisanal bread can be found at small grocers, bakeries, and supermarkets/hypermarkets.

It is expected to achieve a growth of 2 percent in retail volume for these products in 2011, which is in line with the performance registered the previous year. This moderate performance is explained by the fact that the largest category, artisanal bread, is a mature one, and therefore its growth follows the population growth.

Packaged/industrial bread is expected to be the fastest-growing category in 2011, with a value growth of 7 percent. Even if consumers prefer the freshness provided by artisanal bread, some high- and middle-income consumers are gradually turning towards packaged bread, either because they appreciate the value-added features provided such as wheat bread or fortified bread or because hectic lives favor the consumption of such products (as packaged bread has a longer shelf-life than artisanal bread).

Although artisanal bread will continue driving sales of the category, as it will continue to represent the main product sold within baked goods, there is a good potential for developing packaged/industrial products, as high- and middle-income consumers become more concerned about health issues and seek for products that can help them keep a healthy diet. Consumers in urban areas living busier lifestyles will also increase their demands for packaged products.

### ***Biscuits***

Biscuit is expected to obtain a 6 percent growth in sales in terms of value during 2011, which is in line with the performance registered the previous year. Savory biscuits and crackers are expected

to be the fastest-growing category in 2011, with a 7 percent growth. This performance can be explained by the fact that savory biscuits effectively addressed the trend towards innovation, in an effort to expand its consumer base. In addition, busier lifestyles favored the consumption of crackers as some people turn to them as a substitute of artisanal bread at breakfast and consume it at their workplaces.

Alicorp and Kraft Foods led sales in 2010, with a market share of 33 percent each with Alicorp slightly leading. Their privileged position is explained by the longstanding presence of their most representative brands.

Private labels offered by supermarkets/hypermarkets such as Wong, Metro, and Plaza Veja focus on offering products within the most affordable categories such as savory biscuits and sandwich biscuits. In addition, since 2009, they have adopted the strategy of favoring the companies that offer discounts for bulk sales. In 2010, private label accounted for only 2 percent of the total retail sales.

As consumers increasingly become health conscious, product innovation will be focused on value-added products that provide, for example, fewer calories or contain extra fibre. In addition, companies will try to update their portfolios with more premium biscuits that can attract consumers who are not willing to spend more money on expensive chocolate confectionery.

### ***Frozen Processed Food***

Peru is the country with the lowest per capita consumption of frozen processed food in Latin America. Traditionally, Peruvian consumers prefer to consume fresh food which is generally purchased daily at wet markets and independent small grocery stores. Peruvian consumers are not only attracted to the natural flavor of fresh food, but they also believe that fresh ingredients contain higher nutrition value than frozen food. This cultural norm stands against the development of frozen processed food in the country. Despite this, however, the increasingly hectic lifestyles of Peruvians living in urban areas and the increasing numbers of women joining the Peruvian workforce determine that more consumers are now purchasing frozen processed food as it is a category which constitutes practical meal solutions and convenient ingredients.

Frozen processed red meat and frozen processed poultry are the most popular categories in frozen processed food in Peru, together accounting for 95 percent of total retail sales. Frozen hamburgers are easy to prepare and cheaper than hamburgers eaten at restaurants. Frozen chicken meat is also popular in Peru as it comes with a wide range of product presentations which include burgers, nuggets, fillets and breaded chicken.

Frozen processed food is set to increase in value by 9 percent during 2011, commensurate with the value growth registered during 2010. The rising need for convenient packaged food products is combined with the increase in affordable frozen processed food options, especially under private label.

Supermarkets/hypermarkets represent the predominant distribution channel for frozen processed food in Peru, accounting for 85 percent of total retail sales in terms of value during 2011, while bodegas (traditional food retail channel) accounted for the remaining 15 percent. This can be explained by the fact that supermarkets/hypermarkets generally have the refrigeration equipment required to adequately preserve frozen processed food, while very few bodegas can afford to invest in this type of equipment. Furthermore, manufacturers of frozen processed food are not interested in providing the refrigeration equipment to small grocers as low demand would hardly justify the expense.

Frozen processed food will be a beneficiary of fast changing lifestyle of urban Peruvians, as they increasingly become interested in packaged food products which demand less preparation time. Furthermore, the growing trends towards wellness and health will enhance Peruvians' demands for value added and low-calorie products.

### ***Breakfast cereals***

Whereas in the past breakfast cereals in Peru were mainly purchased by upper income consumers due to their high prices, in recent times manufacturers have responded to the expansion of the

middle income segment and introduced more affordable variants in smaller package sizes. This trend continued during the review period, helping to maintain growth in retail sales, both in volume and in value. Another notable trend in breakfast cereals was the launch of new health and wellness products made from wheat or fortified with ingredients that provide functional health benefits. This trend was especially strong in the hot cereal category, where consumers can now purchase added value products fortified with ingredients that have traditionally had a very healthy image in Peru. Sales of breakfast cereals are expected to register a 7 percent in 2011. As more people live in urban areas and lead busier lifestyles, they try to take a balanced breakfast by increasing their consumption of this types of product.

Domestic company Global Alimentos SAC led sales in 2010, with a 28 percent share in value. The privileged position of the company is explained by its wide range of products at affordable prices that successfully attracted middle-income consumers. In addition, the company was the first to offer flexible packages and different package sizes to adjust to Peruvian consumers' preferences.

### ***Canned Preserved Food***

Canned/preserved fish/seafood is the most popular category in canned/preserved food in Peru, accounting for 76 percent of total canned/preserved food retail sales. Moreover, Peru has the third highest per capita consumption of canned/preserved fish/seafood in Latin America. This can be explained by several reasons. First, Peru is a coastal country on the Pacific Ocean and as most of its population lives in close proximity to the coast, they are used to consuming fish and seafood. Second, canned/preserved fish has a well established widespread distribution channel both within traditional and modern grocery retail stores. Third, canned/preserved fish/seafood benefits from intense competition which determines that unit prices remain fairly stable and the leading companies generally launch new products quite regularly. The most common types of canned fish in Peru include tuna, mackerel, sardines and anchovies, all of which can easily be preserved either in oil or in water.

Canned/preserved food is set to increase by 7 percent in value during 2011. This growth will be higher than the 5 percent value growth recorded during 2010. Products in canned/preserved food are gradually increasing in popularity as more consumers value the convenience it offers. Higher incomes allow consumers to purchase more canned/preserved food.

GW Yichang & Cia SA led sales of canned/preserved food in Peru during 2010 with a market share of 30 percent, thanks to the popularity and high quality of its Florida brand within canned/preserved fish/seafood and the high level of distribution the brand has achieved within the country's main distribution channels.

Domestic companies have a strong hold on canned/preserved food, since fishing and agriculture are main economic activities in Peru, which gives them a significant advantage over the multinationals. In addition, domestic companies are first to introduce product innovations, such as canned fish in tomato sauce, or a spicy sauce of tomatoes, ají and onions. Furthermore, the prices of the domestic brands are considerably more affordable than the international ones, thus attracting low- and middle-income consumers.

### ***Dried Processed Food***

Dried processed food accounted for 11 percent of total retail value sales in packaged food in Peru during 2011. This performance can be explained by the fact that rice is a staple in the Peruvian diet and is an essential item for lunch and dinner across every socioeconomic segment in the country. It is also worth noting that middle income and low income consumers in Peru still prefer unpackaged rice as it carries substantially lower unit prices than packaged options and it can be purchased the exact weight desired such as 200g, 500g or any weight which suits the individual customer. Rice companies offer several different package sizes and types of rice with a variety of prices that include economy, standard, and premium, in order to cater to the widely varying preferences and budgets of Peruvian consumers.

Dessert mixes accounts for less than 1 percent of retail sales of dried processed food in Peru.

There are two main underlying reasons for this situation. First, the most popular dessert mix is jelly, which carries very low unit prices. Jelly benefits from its widespread availability and appeals

mainly to low income and middle income consumers. Second, busier lifestyles coupled with higher disposable incomes determine that middle income consumers generally purchase ready-to-eat desserts, many of which are artisanal products prepared at bakeries and independent small grocers, rather than taking the time to prepare a dessert at home.

Alicorp led in 2010 with a 32 percent market share in overall dried food thanks to its strong presence in pasta. In rice and dessert mixes Corporación Transcontinental del Perú SAC led in Peru during 2010 with a 42 percent share thanks to the popularity of its Costeño brand in rice. This brand is appreciated for its high quality and also benefits from an excellent distribution network within both traditional and modern retail channels. Furthermore, the company has a well-balanced product portfolio with premium, standard and economy varieties which allows the company's products to appeal to different socioeconomic segments.

### ***Oils and Fats***

Vegetable oil and oil (do you mean rape oil?), which remained the most popular oils and fats category in Peru is expected to account for an 85 percent share of retail sales in volume in 2011. Vegetable and rape oil is a staple in most households in Peru and is traditionally used on a daily basis in the preparation of meals. There is a wide array of brands and packaging sizes available targeting low, middle and upper income consumers. Moreover, vegetable and rape oil is widely available both within traditional and modern grocery retail outlets. Despite this, more niche categories offered the best opportunity for higher growth. Producers focused on developing healthier options, such as low-calorie products and fortified products, in order to retain the interest of health-conscious consumers.

This category is expected to register retail sales growth of 9 percent in value in 2011, compared to the decline of 1 percent seen in 2010. In terms of retail sales in volume, oils and fats are expected to see growth of 3 percent in 2011, similar to that seen in 2010. As such, the strong retail sales growth in terms of volume is expected in 2011 which will be largely driven by price increases. The largest category, vegetable and rape oil is only expected to see modest retail sales growth of 3 percent in 2011, as a result of upper income consumers migrating to healthier alternatives, such as olive oil.

The local company Alicorp remained the leading player in oils and fats in 2010, accounting for 56 percent of market share in value. Alicorp continued to enjoy a very strong position in vegetable and seed oil, the largest category. The company offered a well balanced portfolio of brands, including Primor, Cocinero, Capri, Cil and Friol, which targeted different segments. In addition, the company's excellent distribution network ensured its presence through every grocery retail channel.

Peru was expected to have the third lowest per capita consumption of olive oil within Latin America in 2011, at 0.3kg. This represents an attractive opportunity for companies to increase penetration by offering more affordable options to middle income consumers, whose interest in consuming olive oil increased over the review period, due to the health benefits it offers.

### ***Ready Meals***

Peru is the country with the lowest per capita consumption of ready meals in Latin America, mainly due to two reasons. Firstly, traditionally, Peruvians prefer consuming fresh food, as they perceive it to be more nutritious than frozen products or ready meals. Secondly, the high prices of these products represent a big obstacle to their development: there are many affordable options at foodservice establishments, which can be cheaper than a ready meal or include several courses like an appetizer, main meal and soft drink. Despite this, time constraints of Peruvians living in urban areas; cause some of them to turn to ready meals. Due to the small size of the ready meals market, there are plenty of opportunities for other brands to enter the market and rapidly gain considerable share.

It is expected to increase ready meals value by 5 percent during 2011, which will be a slightly better performance than the 4 percent value growth registered during 2010. However, the 2 percent volume growth expected in 2011 is set to be in line with the 2 percent volume growth

recorded in 2010. This suggests that increasing unit prices is the main factor behind the higher value growth expected in 2011. There was no significant investment by any of the major companies in ready meals during 2010 or the first half of 2011.

Dried ready meals are expected to be the fastest growing category in ready meals in Peru during 2011, increasing by 5 percent in value. Dried ready meals continue to benefit from the fact that there are several traditional Peruvian dishes available in dried ready meals. Therefore, many consumers in search of practical options for a quick meal which offers a familiar taste, are attracted by dried ready meals.

Local company Redondos leads ready meals in Peru thanks to its wide range of ready meals based on traditional Peruvian dishes. Moreover, these products are offered in canned/preserved format and are therefore ready to be consumed after heating, a factor which appeals to the convenience that many upper income Peruvian are in search of. It is worth noting that, given the small size of ready meals in Peru, there remain ample possibilities for other brands to enter the category and quickly gain a significant value share.

### ***Sauces, dressings and condiments***

Peruvian consumers are very fond of spicy sauces to complement their meals. However, traditionally Peruvian consumers rely on home-made sauces which use Peruvian ingredients, such as different types of ají (a spicy ingredient which can be yellow, red or orange), or rocoto (another spicy Peruvian ingredient, which is red). However, packaged sauces, dressings and condiments registered healthy rates of growth in recent years, based on several factors. Firstly, local company Alicorp SAA has been at the forefront of the development of sauces which look to capture the flavour of home-made sauce, but offer the practicality of a ready-to-use sauce. Its most successful launches have been a Peruvian-style mayonnaise, a rocoto sauce and ají sauce. Secondly, busier lifestyles, especially in urban households, meant that a growing number of Peruvian consumers relied on sauces, dressing and condiments to save time when cooking. Thirdly, companies have eagerly launched a good variety of packaging formats and sizes, targeting every socio-economic segment.

It is expected to growth 7 percent in 2011, which will be slightly above of 2010 results. Peruvian consumers are increasingly relying on products in sauces, dressings and condiments as opposed to those that are artisanally produced, owing to concern about the sanitary conditions in which artisanal products are made. Moreover, leading companies in sauces, dressings and condiments offer periodic discounts on bulk sales and products in a variety of packaging size formats in order to meet the budgetary requirements of different consumers.

Soy based sauces is expected to register the strongest current retail value growth, of 8 percent, in sauces, dressings and condiments in 2011. However, in terms of retail volume growth, this category is expected to register growth of only 4 percent.

Like in other categories, Alicorp was the leading player in sauces, dressings and condiments in 2010 with a retail value share of 41 percent. The company has cultivated loyalty among many consumers due to its offer of good quality products that are carefully developed according to traditional homemade recipes. In addition, the company benefits from a widespread distribution network, its affordable product pricing and its wide array of packaging formats and packaging sizes, as a result of which its products meet the needs of a wide base of Peruvian consumers. Consumer migration from artisanal to branded packaged products, the continued search for increasingly convenient products, increased availability of products and new product development in line with the tastes of Peruvian consumers are all factors that are expected to help to boost demand for sauces, dressings and condiments in the future.

### ***Spreads***

Jams and preserves remained the dominant category within spreads in terms of retail volume sales. Jams and preserves are a traditional part of the Peruvian diet, usually consumed at breakfast and teatime. Rising health awareness and public concern over diet-related conditions like obesity and diabetes led to increased demand for jams and preserves products with reduced sugar

content. Another notable trend in the category was the introduction of new flavour variants based on traditional Peruvian plants and fruits like coca and aguaymanto by smaller local companies. In 2011, spreads is expected to achieve an 8 percent value growth, which is above the 6 percent growth achieved the previous year. Upper-income consumers continue to increase their demand for categories that constitute niches such as chocolate and nut-based spreads. In addition, higher incomes have resulted in some middle-income consumers opting to buy larger packaging formats or beginning to demand low-calorie versions of their preferred jams and preserves. Grupo Gloria continued to lead sales in 2010 with a value share of 33 percent, due to its longstanding presence in the market and the availability of different packaging formats and sizes within traditional and modern retail grocers to appeal to a large consumer base. Ranking in second position was GW Yichang & Cia with a 25 percent value share. This company frequently introduces new flavors and has developed an interesting line of light brands to meet preferences of health-conscious consumers.

#### *Sweet and Savory Snacks*

Per capita volume consumption of sweet and savory snacks in Peru is relatively low compared to in other countries in Latin America thus there are plenty of possibilities for further development of the category through the launch of products that better meet the preferences of Peruvian consumers. Peru has the third lowest per capita consumption of sweet and savory snacks in the region, standing at 0.5kg, while the average for the region is nearly 1.5kg. This determines that there are plenty of opportunities for the category to develop. The latest focus of the main companies in the category was the launch of products which better met Peruvians' tastes and preferences. This trend began in 2008 with the launch of chips based on native Peruvian potatoes by Snacks America Latina SRL, a move which was later replicated by local companies such as Deprodeca SAC. Snacks America Latina SRL remained the undisputed leading player in sweet and savory snacks in 2010, with a retail value share of 59 percent. Its leading position is due to its strong distribution network, the offer of products in various packaging sizes and frequent product innovation in order to better satisfy the preferences of Peruvian consumers. Product innovation is expected to continue to boost demand for products in sweet and savory snacks over the forecast period. It is expected that multinational player Snacks America Latina SRL will continue to update its product portfolio with brand extensions and new product launches that develop niche categories.

### **Section III. Competition**



Source: World Trade Atlas (2010)

- Peru grants tariff preferences to the Andean Community of Nations (CAN - Bolivia, Colombia and Ecuador), and to Mexico, Paraguay, Argentina, Brazil, Uruguay and Cuba.
- Peru's trade policy is oriented towards open markets. Peru has signed different commercial and trade agreements, while others have not entered into force yet and just a few still in negotiations:

Country	Type	Status
Andean Community (Bolivia, Ecuador and Colombia)	Free Trade Agreement	In force
MERCOSUR (Argentina, Brasil, Uruguay, Paraguay)	Economic Complementation Agreement	In force
Cuba	Economic Complementation Agreement	In force
Chile	Free Trade Agreement	In force
Mexico	Trade Integration Agreement	In force
United States	Free Trade Agreement	In force
Canada	Free Trade Agreement	In force
Singapore	Free Trade Agreement	In force
China	Free Trade Agreement	In force
South Korea	Free Trade Agreement	In force
European Free Trade Association (EFTA)	Free Trade Agreement	In force
Thailand	Third Protocol	To come into force
Japan	Economic Partnership Agreement	To come into force
European Union	Free Trade Agreement	To come into force

Costa Rica	Free Trade Agreement	To come into force
Panama	Free Trade Agreement	To come into force
Guatemala	Free Trade Agreement	Negotiating
El Salvador	Free Trade Agreement	Negotiating
Honduras	Free Trade Agreement	Negotiating

- The PTPA reinforces U.S. competitiveness within the Peruvian market. The quality of U.S. products is already appreciated among the high-end consumers.
- For a complete list of products that have benefited from PTPA, please check [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Peru\\_TPA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Section_Index.html).

### Competitive Situation facing U.S. Suppliers in the Food Processing Market in 2010

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (Excl. Cheese) (\$127.85 million)	New Zealand: 31 percent U.S.: 21 percent Chile: 12 percent Bolivia: 12 percent Argentina: 6 percent	- New Zealand is a major supplier of dairy ingredients, especially HS 040210 milk accounting 36 percent of total imports.	- Only two companies are major producers of evaporated milk and yogurt.
Cheese 2,431 tons (\$11.59 million)	U.S.: 38 percent Argentina: 15 percent Uruguay: 15 percent Netherlands: 7 percent New Zealand: 7 percent	Argentina and Uruguay are part of MERCOSUR and have tariff preferences	Local homemade cheeses are commonly sold. Gourmet cheeses are not made locally.
Snack Foods 19,505 tons (\$54.1 million)	Colombia: 52 percent Ecuador: 10 percent Chile: 7 percent U.S.: 7 percent Argentina: 6 percent	- Tariff preferences are applied to neighboring countries.	- Local producers are major food processors. They import food ingredients for snacks and snacks in bulk.
Processed Fruits and Vegetables 47,885 tons (\$65.93million)	Chile: 60 percent U.S.: 12 percent Argentina: 6 percent Netherlands: 4 percent Italy: 3 percent	<ul style="list-style-type: none"> <li>• Chile sells at cheaper prices due to proximity and tariff preferences.</li> </ul> - EU products are viewed as good quality. - Argentina has increased its potatoe exports and fruit jellies	- Local processors are major exporters, but their local supply is limited.



	China: 3 percent		
Fresh Fruits 69,174 tons (\$49.83 million)	Chile: 93 percent Argentina: 5 percent U.S.: 2 percent	- Chile is the main supplier because of proximity, price and duty free entrance. - Argentina has a window for pears and apples.	- There is an open window from November to February for that will benefit the United States - Local fruit sold in retail markets is of lower quality.
Fruit and vegetable juices 1,422,272 L (\$ 2.5 million)	U.S.: 31 percent Brazil: 23 percent Chile: 13 percent Argentina: 11 percent	- Chile has tariff and proximity advantages. - Brazil has increased its exports of pineapple juice	- Local brands are well positioned in the market at competitive prices.
Wine and Beer 17.42 Million liters (\$29.5 million)	Argentina: 41percent Chile: 22percent Spain: 11 percent Brazil: 8 percent Italy: 7percent France: 3 percent Ecuador: 3 percent U.S.: 2 percent	- Proximity and recognized quality of Chilean and Argentinean wines. - Brazil is the major supplier of imported beer.	- Major local breweries are well positioned, price competitive, and belong to international companies, representing 95 percent of the market. - Local wine is well positioned and price competitive, but does not satisfy demand.
Red Meats (fresh, chilled or frozen) 22,995 tons (\$45.67 million)	Brazil: 29 percent U.S.: 22 percent Chile: 14 percent Colombia: 11 percent Argentina: 11 percent Paraguay: 8 percent	- Major imports come from nearby countries. Colombia has grown very rapidly due to low prices.	- Peru's market for U.S. meats reopened in October 2006. - U.S. meats are of superior quality. - Peru imports three times more offals than meats. - Local meat does not satisfy the demand.
Red Meats (prepared, preserved) 1,238 tons (\$5.00 million)	Chile: 29 percent Bolivia: 15 percent Argentina: 11 percent Spain: 11 percent Italia: 10percent U.S.: 8 percent Denmark: 8 percent	- Chile has tariff and proximity advantages.	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease throughout 5 to 7 years.
Poultry Meat 24,410 tons (\$29.32 million)	Brazil: 32 percent Chile: 25 percent U.S.: 20	- Imports of U.S. poultry products reopened in October 2006. - Brazil and Chile are major suppliers of poultry cuts.	- TRQ for U.S. chicken leg quarters - Local poultry producers are major suppliers with good distribution channels.

	percent Argentina: 16 percent Bolivia: 8 percent		- Imports are mainly chicken and turkey parts.
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*Note: Net imports correspond to the three food sectors: Food Service, Retail and Food Processing.*

**Source: World Trade Atlas**

## Section IV. Best Product Prospects



Source: World Trade Atlas (2010)

### A. Products Present in the Market Which Have Good Sales Potential:

Product/ Product Category	Market Size 2010 est.	Imports 2010	Average Annual Import Growth (2005- 10)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for the U.S.
Cheese (HS 0406)	18,480 MT	2,341 tons	14.4 percent	040610, 20 and	- U.S. competitors are: Uruguay	- U.S. cheeses are mainly used in the

		(\$11.59 million)		40 percent 040630 040690 0 percent	(16percent) and Netherlands (16percent). - Strong preference for EU cheese at high-end HRI and Retail Sectors.	food processing sector, but have potential in the HRI and Retail Food Sectors. - In 2010, the United States was the first supplier with a market share of 38 percent. - TPA*: 17 years linear, 2,500 MT quota with 12 percent increase per year.
Confectionary – non chocolate (HS 1704)	N/A	14,492 tons (\$37.4 million)	16.1 percent	0 percent	- Major suppliers are Colombia(\$26 million) and Ecuador (\$4 million). - Local industry is strong. Major owners are foreign companies.	- United States represents 2 percent of total imports, however, U.S. imports grew 14% in 2010.
Confectionary – chocolate (HS 1806)	N/A	3,663 tons (\$13.6 million)	12.2 percent	0 percent	- Chile is the major supplier (24 percent of MS). - Local industry is competitive.	- The U.S. is the second major supplier with 17 percent. The U.S. strength is in chocolate for the retail sector. Imports grew 46 percent in 2010.
Food Preparations (HS 210690)	N/A	14,229 tons (\$120 million)	16.4 percent	0 percent	- Local Production is strong - Chile is the major importer (33 percent).	- United States is the second largest supplier and holds 17 percent of market share. - In 2010 imports grew 28 percent.
Prime and choice beef (HS 020230)	Total beef and offals market: 274,425 MT	1,435 tons (\$5.73 million)	7.9 percent	0 percent	- Competes with quality meats from Colombia, Argentina, Uruguay, Brazil and Bolivia.	- Due to an increment of income levels, local consumers are demanding high quality products, such as beef. - U.S. imports have grown 75 percent respect 2009 in this category - United States became the second largest beef supplier in 2010 and holds 25 percent of import market share
Edible Beef Offals (liver)	10,000 MT	3,911 tons	16.4 percent	0 percent	Local production covers most of	- The United States holds 95 percent of

(HS, 020622)		(\$5.4 million)			the market size.	import market.
Fruit and Vegetable juices (HS 2009)	N/A	14,222 hl (\$2.5 million)	30 percent	0 percent	- Brazil is the second largest supplier and holds 23 percent of market share in 2010.	U.S. imports grew 15 percent in 2010 and United States remains as the largest importer holding 31 percent of market share.
Pet foods (HS 230910)	45,000 MT	12,250 MT (\$13.84 million)	17.6 percent	0 percent	- Growing local pet industry. - There is an informal industry arising. - Colombia 42 percent), and Argentina (31 percent) are major competitors.	- The United States holds 22 percent of the market, with an 21 percent increase from 2009.
Turkey (HS 020727)	13,000 MT	4,598 tons (7.6 million)	27.2 percent	6 percent	- Major exporters are Brazil (52 percent) and Chile (34 percent) followed by the United States with 14 percent. - Local poultry industry is strong.	- Peruvians are major consumers of turkey during Christmas and New Year's. - The food retail sector is becoming more popular not only in Lima, but also in the province. - USAPEEC has initiated a market penetration plan.
Poultry meat cuts (HS 020714)	\$23,000 million	10,050 tons (\$8.53 million)	56.2 percent	TRQ: 13,997 tons 0 percent	- Strong local industry. - Frozen presentation is not common	- Peruvians are major consumers of poultry. - TRQ: 6 percent increase per year.
Bread, pastry, cookies (HS 1905)	N/A	4,449 tons (\$10.2 million)	21.1 percent	0 percent	- Colombia is the major import supplier and holds 22 percent of market share. Local companies are very strong.	United States holds 14 percent of import market share.
Soups & Broths (HS 2104)	N/A	1,152 tons (\$2.63 million)	20.6 percent	0 percent	- Local companies are very competitive	- United States grew 38 percent in 2010 and is the major import supplier in this category.holding 33 percent of import market share
Sauces (HS 2103)	N/A	5,557 tons (\$9.87 million)	15 percent,	0 percent	- Local companies are very competitive.	- United States grew 16 percent in 2010 and is the major import supplier in this category. Holding 32 percent of import market share
Nuts and	N/A	452 tons	40	0	- Chile (37	- U.S. imports have

almonds (HS 0802)		(\$2.7 million)	percent	percent	percent of the market) is the second largest supplier.	grown 161 percent in respect to 2009. The United States is the major supplier with 61 percent of the import market. - Importers recognize that U.S. quality of nuts and almonds is better than competitors.
Wine (HS 2204)	21 million liters	8.1 million liters (\$24.87 million)	15.7 percent	0 percent	- Argentina (53 percent), Chile (32 percent), and Spain (7 percent) are major exporters. - Only regular wine consumers recognize U.S. wine quality.	- There is a niche market for quality wines for which the United States can be appreciated and price competitive. - Peru's wine consumption is growing. Right now is above 1.3 liters.

**Note: TRQ = Tariff Rate Quota, on a first-come first-serve basis.**

**Sources: World Trade Atlas, USTR, Ministry of Agriculture (Minag), Gestion and El Comercio Newspapers**

## **B. Products not Present in Significant Quantities, but which have good sales Potential:**

Product/ Product Category	Imports 2010	Average Annual Import Growth (2005-10)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for the U.S.
Peaches, cherries and Nectarines (HS 0809)	2,968 tons (\$2.3 million)	13.6 percent	0 percent	- Chile is major supplier with 99 percent of the market.	- Importers are interested in U.S. peaches and nectarines. - Duty free access for this category.
Apples and Pears (HS 0808)	61,859 Tons \$44 million	20.2 percent	0 percent	- Chile is the major supplier with 92 percent of the market. - The United States is the third largest supplier with 2 percent of the market.	- There is a window of opportunity for the United States between November and February. Local consumers recognize U.S. apples and pears quality.
Grapes, raisins (HS 080620)	6,633 tons (\$14.3 million)	22 percent	0 percent	- Chile holds almost 88 percent of the market.	- U.S. window: September to December. In 2010 U.S. imports reached \$1.1 million due to a less Chilean production.
Citrus (HS 0805)	35 tons \$30,546	-23 percent	2.4 percent	- Chile is the second major supplier with 40 percent of the market.	- United States holds 60 percent of import market - Recognized quality of U.S. oranges and tangerines. - Export window for the

					United States is from January to March.
Pork Meat (HS 0203)	3,005 tons (\$6.9 million)	63 percent	2.4 percent	<ul style="list-style-type: none"> <li>- Peruvians are not used to eating pork.</li> <li>- Local industry produces more than 100,000 MT</li> <li>- The industry is the same as the poultry industry.</li> <li>- Chile is the major supplier with 79 percent of the market and second is Canada with 15 percent</li> </ul>	<ul style="list-style-type: none"> <li>- Pork imports are growing.</li> <li>- U.S. pork benefit from TPA implementation.</li> <li>-</li> </ul>
Sausages (HS 1601)	547 tons (\$1.6 million)	28 percent	2.4 percent	<ul style="list-style-type: none"> <li>- Major exporter is Chile with 44 percent of the market</li> </ul>	<ul style="list-style-type: none"> <li>- There is a high-end segment for gourmet sausages, in which the United States can compete.</li> <li>United States holds 19 percent of import market.</li> <li>Imports has grown 142 percent in 2010.</li> <li>Fast food restaurants are main channel for this category.</li> </ul>
Ham, processed HS 160241	74 tons (\$0.84 million)	32 percent	3.42 percent	<ul style="list-style-type: none"> <li>- Major suppliers are Italy (43 percent of the market) and Spain (39 percent).</li> </ul>	<ul style="list-style-type: none"> <li>- The United States has quality products to introduce to the gourmet market</li> <li>- TPA: 7 years</li> <li>U.S. imports grew 95 percent in 2010.</li> </ul>
Beer (HS 2203)	8.9 million liters (\$4.5 million)	5.6 percent	0 percent	<ul style="list-style-type: none"> <li>- Local breweries are very strong and owned by international companies.</li> <li>- Local breweries produce and import new brands for introduction in the market.</li> <li>Brazil is the major supplier (53 percent of the market).</li> </ul>	<ul style="list-style-type: none"> <li>- Niche market for premium beers.</li> <li>- Growing consumption of beer (over 40 lts per capita)</li> <li>- Duty free entrance.</li> <li>Lack of U.S. brands within the market.</li> </ul>

**Note: TRQ = Tariff Rate Quota, on a first-come first-serve basis.**

**Sources: World Trade Atlas, USTR, Ministry of Agriculture (Minag), Gestion and El Comercio Newspapers**

### **C. Products Not Present Because They Face Significant Barriers**

None.

### **Section V. Post Contact and Further Information**

If you have any question or comments regarding this report or need assistance exporting to Peru, please contact the Foreign Agricultural Service in Lima at the following address:

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