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Peru

Food Service - Hotel Restaurant Institutional 2015 Annual

Boom Times for U.S. Consumer-Oriented Food Products

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Report Highlights:

Peru's gastronomic prowess dazzles the international community, winning for a third consecutive time the World Travel Awards prize as the "World's Leading Culinary Destination." With food offerings diversifying, new restaurant venues are opening to meet ever more sophisticated palates. Here U.S. food products can be fused with local ingredients to form diverse, complex mouth-watering dishes. Additional opportunities exist within the \$125 million red and poultry meats import markets, where U.S.-origin imports already enjoy a market share of 30 percent. Sources report that total food service in 2015 reached \$7.8 billion. Casual dining restaurants account for 30 percent of total restaurant sales. Peru attracted 3.2 million foreign visitors in 2014, generating \$4 billion in revenues; food service soaks up to 18 percent of total foreign tourist revenues.

SECTION I. MARKET SUMMARY

Peru's gastronomic prowess dazzles the international community, winning for a third consecutive time the World Travel Awards prize as the "World's Leading Culinary Destination." With food offerings diversifying, new restaurant venues are opening to meet foodies' ever more sophisticated palates. Here U.S. food products can be fused with local ingredients to form diverse, complex mouth-watering dishes. Additional opportunities exist within the \$125 million red and poultry meats import markets, where U.S.-origin imports already enjoy a market share of 30 percent. FAS Lima sources report that total food service in 2015 reached \$7.8 billion. The draw of Peru's international tourist destinations, like Cuzco, provides a tremendous platform as well. Casual dining restaurants accounts for 30 percent of total restaurant sales.

Advantages	Challenges
<ul style="list-style-type: none">- Recognition of U.S. food quality and an appreciation for U.S. culture.- Food service products benefit from the PTPA with low or no tariffs.- Fast food chains are expanding the number of locales in Lima and its suburbs, as well as in major cities such as Arequipa, Trujillo, Chiclayo, and Piura.- Peru is promoting tourism.- With culinary tastes increasingly sophisticated, demand for high-quality food products is growing.- Strong foreign franchise investment interest in Peru's HRI sector.	<ul style="list-style-type: none">- Less favorable economic conditions continue to weigh on domestic economic activity, leading to a short-term slowdown in growth.- Preference for meals made using fresh products.- The limited number of five-star hotels hinders U.S. product market penetration.- U.S. exporters need to tailor products and ingredients to local tastes and expectations.- Limited infrastructure coupled with low quality service, discourages tourists from staying longer or repeat visits.- Peru is opening its market to rival foreign food service product providers.

The expansion of shopping centers is allowing fast food chains and stand-alone restaurants to reach new consumers. Fast food and casual dining restaurants are leveraging the popularity of shopping centers to open outlets in Lima and the provinces. FAS Lima estimates that 25 percent of all food service sales occur at shopping centers, catering to younger, time-starved consumers.

The best prospects for U.S.-origin food products reside in supplying high-end hotels and restaurants. Casual dining and family-style restaurants, along with coffee shops and fast food chains (averaging eight percent growth over the past five years), also afford good possibilities.

The National Statistics Institute (INEI) reports that 33 percent of consumer's food expenditures today are allocated towards restaurant meals. Demand for restaurant meals is forcing the foodservice category to become more competitive; roughly 14,000 restaurants open yearly. The Ministry of Foreign Trade and Tourism (MINCETUR), estimates that the country counts with 200,000 full service restaurants; Lima alone has 66,000 restaurants.

Tourism is a strong hotel-restaurant-institutional (HRI) sector driver. The government is aggressively promoting Peru as a cultural and gastronomic destination to diversify an economy reliant on extractive mining (i.e., copper and gold). Tourism is a source of foreign exchange, as well as a major service sector employer. Some 3.2 million foreigners visited Peru in 2014, generating nearly \$4 billion in revenues. The sector counts with over 2,500 hotels with some 120,000 beds. High-value U.S. consumer-oriented products (e.g., wines, beef and pork) are being served in Peru's more sophisticated restaurants and hotels.

Demand for U.S. food products and ingredients has benefitted from the [U.S.-Peru Trade Promotion Agreement \(PTPA\)](#), which has doubled U.S. food and agricultural product exports to Peru; reaching \$1.2 billion in calendar year 2014, and which will again surpass the \$1 billion mark in 2015.

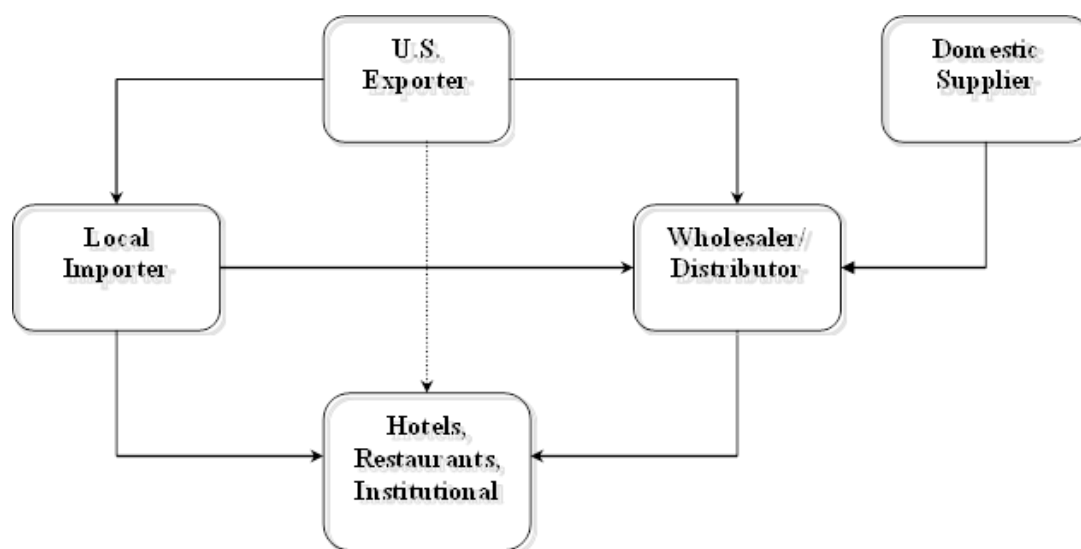
SECTION II. ROAD MAP FOR MARKET ENTRY

There is continued strong demand for imported food products and ingredients, despite Peru's economic slowdown. FAS Lima attributes the increase to a combination to strong middle class consumption, population growth, and tourism. U.S. food products are known for their quality, consistency, and practicality.

Entry Strategy

- Determine if the product can be imported (see, FAIRS Country Report – Peru 2015).
- Determine the product's category and competitiveness.
- U.S. exporters can gain access to the Peruvian food service market through large importers, wholesalers/distributors or specialized importers. Most food service companies buy imported goods from local intermediaries.
- Personal visits are recommended. The import partner should be well known by the exporter before signing contractual agreements. Maintain contact with import partners.
- 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, market developments, trade, and business practices

Market Structure



- Food service institutions largely source domestic food ingredients; Peruvians prefer locally produced affordably priced fresh food products.

- Food service importers supply the retail market.
- Almost 95 percent of food service businesses purchase through intermediaries.
- International franchises (e.g., KFC, Pizza Hut, Burger King, McDonalds), along with the local Bambos chain, import some of their food ingredients directly.
- Local and imported products are distributed directly to food service outlets or through sub-distributors, a practice common in secondary cities.

Sub-Sector Profiles

1. Hotels

Table 1: Peru, Hotels by Category (2015)

Hotel Category	Number of Outlets	Number of Rooms	Number of Beds	Outlet Location	
				Lima	Provinces
Five-stars	42	5,074	9,397	22	20
Four-stars	75	5,542	10,081	35	40
Three-stars	702	20,577	39,156	88	614
Two-stars	1,345	28,496	49,945	264	1,081
One-stars	403	6,600	11,229	54	349
Total	2,567	66,289	119,808	463	2,104

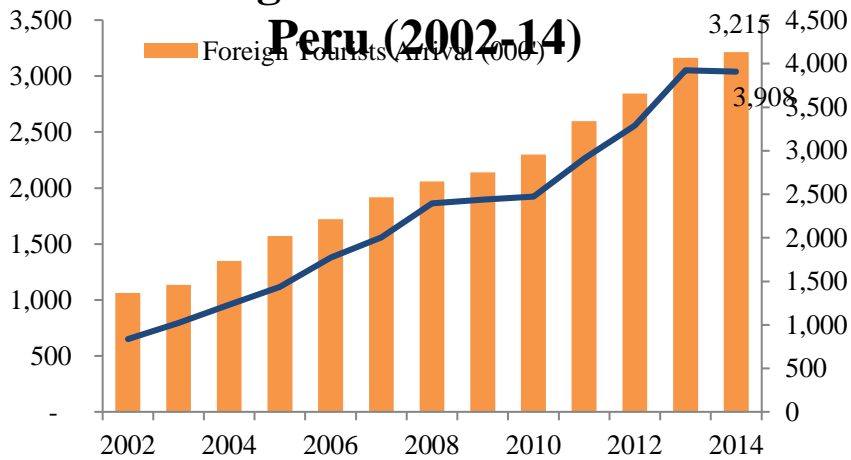
Source: Ministry of Foreign Trade and Tourism.

High-end hotels (i.e., four- and five-stars) are a niche market for U.S. food products. These hotels use higher proportions of imported food products. Foreign imports account for about 15 percent of the food served in high-end hotels. Half of all Peruvian high-end hotels are located in Lima. Hotels are developing strategic alliances with international chains and major investor groups.

While Lima remains the main market for corporate hotel chains, future projects are targeting the central part of the country. New investment through 2018 should reach \$1.2 billion. While 65 percent of investment is earmarked for hotel construction in the central region, northern areas will see investment of around 10 percent and southern region should see investment of 25 percent.

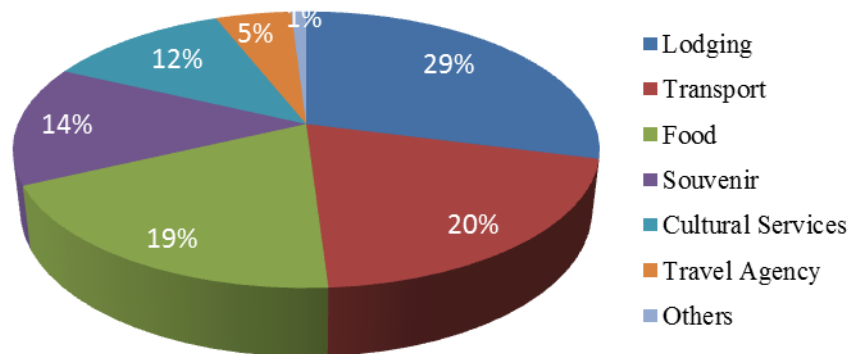
Peru's 3.2 million foreign visitors spent nearly \$4 billion in 2014, contributing significantly to the economy at a time when mining revenues are slowing. Foreign tourism today trails mining (\$14.5 billion) and agricultural exports (\$5 billion) as Peru's third largest foreign currency revenue generator. Latest available 2015 (January-August) data indicates that tourism numbers are up eight percent. FAS Lima estimates that food service soaks up to 18 percent of total foreign tourist revenues; over half of all tourists are South Americans while about 20 percent today are from the United States and Canada.

Foreign Visitors Arrival to Peru (2002-14)



Source: Ministry of Foreign Trade and Tourism.

Foreign Tourist Expenditure



Source: Ministry of Foreign Trade and Tourism (MINCETUR).

2. Restaurants

FAS Lima forecasts Peru's HRI sector growing 4.3 percent in 2015, driven by a better performing restaurant sub-sector. The competitive foodservice category is incorporating 14,000 new restaurants to the market. Fast food chicken is Peru's favorite quick meal option; in low-income areas there is often one street-side chicken restaurant per block.

Table 2: Peru, Restaurant Company Profiles (2015)

Company Name	Sales (\$million)	Brands	Location	Purchasing Agent
DELOSI	\$410 million	KFC, Starbucks, Pizza Hut, Burger King, Pinkberry, Chili's, Doggis, Olive Garden	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
NG Restaurants S.A.	\$179 million	Bembos, Chinawok, Don Belisario, Popeyes, Dunkin Donuts, Papa Johns	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Franquicias Pardo SAC	\$138 million	Pardos Chicken, Juicy Lucy, Planet Chicken	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Local
McDonalds (Operaciones Arcos Dorados de Perú S.A.)	\$58 million	McDonalds (fast food) – 54 outlets	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Direct Importer
Cinco Millas S.A.C.	\$10 million	Astrid & Gaston, Madame Tusan, Chicha, La Mar, Panchita, Tanta, Papachos, Los Bachiche, Los Valientes	Lima, Trujillo, Piura, Cuzco, Arequipa	Local

Source: FAS Lima office research.

High-end restaurants, casual dining eateries, coffee shops, and fast food chains represent niche market opportunities for U.S. exporters. These establishments absorb 15 to 25 percent of all imported food products. Main imported food ingredients include sauces, meats, processed fruits and vegetables, chesses), as well as specialty products such as pork products, wines and spirits.

New franchises reportedly will be launched over the medium-term. The franchisee Delosi and NGR Restaurants are seeking to expand into healthy food, Mexican-style food, and others.

3. Institutional

The institutional sub-sector suffered during 2015 due to the mining sector's slowdown, which accounts for 65 percent of total sector sales. Large caterers remain potential buyers of U.S. food products; these supply the country's airports and mining companies. SODEXO, Aramark, and APC Corporación S.A. are Peru's main caterers. These companies account for half of the market. Institutional sales reached \$600 million in 2014 (or three percent of total food service sales), and will grow by 1.7 percent in 2015. Mining camp vending machines and stores stock imports (e.g., snacks, canned goods, and sweets).

Table 3: Peru, Major Food Service Sector Suppliers (2015)

Company Name	Sales (\$million)	Type of Company	Food Supply	Imported Food Products
Alicorp S.A.	1,315.0	Processor, importer,	Pasta, wheat flour, margarine, food ingredients,	Wheat, wheat flour, edible oils, soy cake, sauces

		distributor	mayonnaise, breakfast cereals, cookies, jelly, ice cream, sauces, pet food	
Gloria S.A.	712	Processor, importer, distributor	Dairy and pork products, juices, canned seafood	Dairy ingredients, juices, lactose and other sugars
Corporación José R. Lindley S.A.	472	Processor, importer.	Sodas, juices	Canned fruit, gelatin
Química Suiza S.A.	393	Importer, distributor	Sweeteners, fishmeal, chocolate, wine, processed fruit	Canned food, food ingredients, sweeteners, animal feed
Deprodeca S.A.C	389	Distributor	Dairy products, jellies, canned food	Dairy products, jellies, canned food
Nestle Peru S.A.	377	Processor, importer, distributor	Dairy products, soups and broths, infant formula, instant coffee and chocolate, breakfast cereal, cookies, chocolates, bakery goods	Dairy ingredients, chocolate, infant formula, food preparations, baked goods, chicory extract, sauces, soup preparations
Axur S.A.	158	Importer, distributor	Canned food, food preparations, bakery goods, liquors	Canned fruit, bakery
G.W.Yi Chang & Cia S.A.	114	Importer, distributor	Canned fruits, canned seafood, chocolate, wine and spirits	Canned fruits, canned seafood, chocolate, wine and spirits
Laive S.A.	102	Processor, importer	Dairy and pork products	Cheese, butter and pork products
Kraft Foods Peru S.A.	90	Processor, importer, distributor	Cookies, juices, cheeses	Cheese, sauces, bakery and dairy ingredients, chocolates
Unilever Andina Peru S.A.	75	Processor, importer	Sauces, soups	Sauces, soups
Perufarma S.A.	71	Importer, distributor	Chocolate, confectionary, wine and liquors	Chocolate, confectionary, wine and liquors
Delosi S.A.	50	Fast food franchise	Hamburgers, salads	French fries, bakery goods, sauces, cheese
Sociedad Suizo Peruana de Embutidos	44	Processor, importer	Sausages, cheese	Pork products, poultry, edible offal, cheese
Mayorsa S.A.	40	Wholesaler, importer	Peas and lentils, popcorn, canned fruit, starch	Peas and lentils, popcorn, canned fruit, starch.
Sigdelo S.A.	38	Fast food chain	Hamburgers, pizza	Cheese, meat preparations, sauces, French fries, condiments
Braedt S.A.	33	Processor, importer, distributor.	Pork products, cheese	Pork products, cheese, dairy ingredients, condiments
Arcor del Peru	30	Processor,	Chocolate, confectionary,	Chocolate, confectionary,

S.A.		importer, distributor	bakery goods, canned fruit	canned fruit, bakery goods, and bakery ingredients
Bembos S.A.C.	26	Fast food chain	Hamburgers	French fries, meat, cheeses
Diageo Perú S.A.	22	Importer, distributor	Liquors	Liquor.
Drokasa Perú S.A.	17	Importer, distributor	Wine and liquors	Wine and liquors
Halema S.A.	15	Processor, importer	Processed meats, meats and edible offal	Meats and edible offal.
Agro Corporación S.A.C.	15	Processor, importer	Processed meats, meats and edible offal	Meats and edible offal
Oregon Foods S.A.C.	15	Importer, distributor	Processed meats, meats and edible offal, fresh fruits	Meats and edible offal, fresh fruit.
Servicios Frigoríficos S.A.	10	Processor, importer, distributor	Processed meats, meats and edible offal	Meats and edible offal
L.S. Andina S.A.	7	Importer, distributor	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods	French fries preserved, chocolates, sweeteners, confectionary, olive oil, baked goods
KMC International S.A.C.	4	Importer, distributor	Microwave popcorn, soups, baked goods	Microwave popcorn, soups, baked goods
Destilería Peruana S.A.	6	Processor, importer	Wholesalers, retailers, food service	Liquors
L C e Hijos S.A.	6	Importer, distributor	Wine and liquors	Wine and liquors
Industrias Molitalia S.A.	4	Processor, importer, distributor	Chocolates, pasta, confectionary, sauces	Wheat

Note: Total food imports are distributed between the three food sectors: HRI, retail and food processing.

Source: The 10,000 Major Companies in Peru (2014), SUNAT (Peru Customs), FAS Lima office research.

SECTION III. COMPETITION

Table 4: Peru, Trade Agreements (2015)

Country	Type	Status
Andean Community of Nations (Bolivia, Colombia, Ecuador)	Free Trade Agreement	In force
MERCOSUR (Argentina, Brasil, Uruguay, Paraguay)	Economic Complementation Agreement	In force
Cuba	Economic Complementation Agreement	In force
Chile	Free Trade	In force

	Agreement	
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): Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Slovakia, Slovenia, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Portugal, UK, Czech Republic, Romania, Sweden.	Free Trade Agreement	In force
European Union	Free Trade Agreement	In force
Thailand	Third Protocol	In force
Japan	Economic Partnership Agreement	In force
Costa Rica	Free Trade Agreement	In force
Panama	Free Trade Agreement	In force
Trans-Pacific Partnership (TPP)	Free Trade Agreement	Pending Ratification
Guatemala	Free Trade Agreement	Under Negotiation
El Salvador	Free Trade Agreement	Under Negotiation
Honduras	Free Trade Agreement	Under Negotiation

Source: FAS Lima office research.

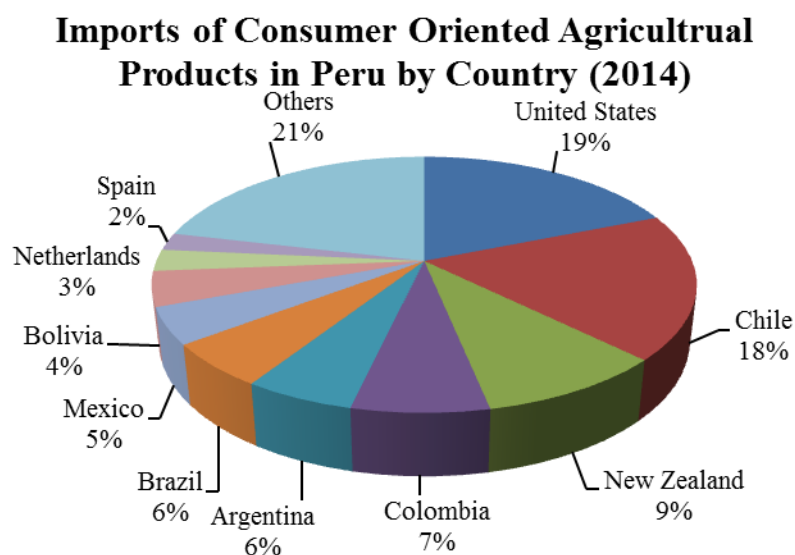
- Peru provides preferential tariff treatment to fellow Andean Community (CAN) member states Bolivia, Colombia, and Ecuador, as well as to Mexico, Paraguay, Argentina, Brazil, Uruguay, and Cuba.
- U.S. consumer-oriented food exports to Peru at \$240 million in 2014 are up 15 percent compared to 2013. Growing demand for U.S. product has cut into Chilean consumer-oriented product exports to Peru; currently Chile and the United States each enjoy a 19 percent market share.
- Competition from local food processors is strong, especially at the lower income levels. FAS Lima expects however demand for U.S. product to increase as the Peruvian market matures.
- Chile remains the United States' chief competitor within the Peruvian imported fruit market. Proximity, along with year round supply allows its fruit to sell in the market at lower prices.

- U.S. powder milk faces competition mainly from New Zealand-origin product. U.S.-origin powder milk imports of \$38 million enjoy a market share of about 55 percent compared to those of New Zealand that valued at \$25 million count with a market share of 35 percent.

U.S.-Peru Trade Promotion Agreement (PTPA): The U.S.-Peru Trade Promotion Agreement has been instrumental in boosting bi-lateral trade in food and agricultural products between the United States and Peru. Seven years after entering into force (February 1, 2009), trade between the two partners is at record highs. From 2009 to 2014, U.S. exports of food and agricultural products to Peru double fold from \$568 million to \$1.2 billion; with U.S. consumer-oriented product exports at a record \$240 million accounting for 19 percent of U.S. food exports to Peru. U.S. food and agricultural product exports to Peru are growing by three percent in 2015.

- The U.S.-Peru Trade Promotion Agreement strengthens U.S.-origin food and agricultural products' competitiveness within the Peruvian market. High-end consumers are familiar with the quality of U.S. products.
- FAS Lima foresees exports of U.S.-origin consumer-oriented products to Peru becoming as important as U.S. bulk commodity exports in the next few years.

Trans-Pacific Partnership: The Trans-Pacific Partnership (TPP) agreement's final text released on November 5, 2015, is accompanied by a joint declaration on macro-economic policy agreed to by the twelve signatories. Trans-Pacific Partnership country lawmakers now need to ratify the deal. The TPP doubles-down on what is already working in the U.S.-Peru Trade Promotion Agreement. Due to the PTPA bilateral food and agricultural products trade from 2009 to 2014 jumped from \$1.46 billion to \$3.17 billion – up 117 percent. The agreement has allowed U.S. exports of food and agricultural products to Peru to grow during this period from \$530.3 million to \$1.28 billion – a 143 percent increase.



Note: Calculations based on latest full calendar year (January-December) data.

Source: World Trade Atlas, FAS Lima office research.

Table 5: Peru, Competitive Situation (2014)

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (excluding cheese) (\$311 million)	New Zealand: 37 percent USA: 19 percent Bolivia: 12 percent UK: 7 percent Ireland: 6 percent	New Zealand is a major supplier of dairy ingredients, especially HS 0402.21 and 0402.10 and accounts for almost 70 percent of imports.	- Only two local companies are major producers of evaporated milk and yogurt.
Cheese 4,394 MT (\$24 million)	USA: 48 percent Argentina: 23 percent Netherlands: 6 percent Uruguay: 5 percent Italy: 4 percent	MERCOSUR members Argentina and Uruguay enjoy tariff preferences, especially under HS 0406.90.	- Local homemade cheeses are commonly sold. - Gourmet cheeses are not made locally.
Snack Foods (excluding nuts) 26,000 MT (\$81 million)	Colombia: 47 percent Brazil: 10 percent China: 6 percent USA: 6 percent Argentina: 4 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 67,196 MT (\$111 million)	Chile: 43 percent USA: 14 percent Netherlands: 10 percent Belgium: 7 percent Greece: 6 percent	- Chilean products are more affordable due to proximity and tariff preferences. - EU products are viewed as good quality. - Netherlands has increased its potato preparations exports due to fast food growth.	- Local processors are major exporters, but their local supply is limited.
Fresh Fruits 77,313 MT (\$69 million)	Chile: 70 percent USA: 17 percent Argentina: 12 percent	- Chile is the main supplier because of proximity, price and duty free entrance. - Argentina supplies pears and apples from January to October.	- U.S. Export window of opportunity: November to February. - Local fruit sold in retail markets is of lower quality.
Fruit and Vegetable Juices 2.0 million liters (\$11 million)	USA: 79 percent Brazil: 7 percent Argentina: 4 percent Chile: 3 percent	- Although the United States controls the bulk of fruit and vegetable juice imports, Brazil however enjoys a 93 percent market share in frozen orange juice.	- Local brands are well positioned in the market at competitive prices.

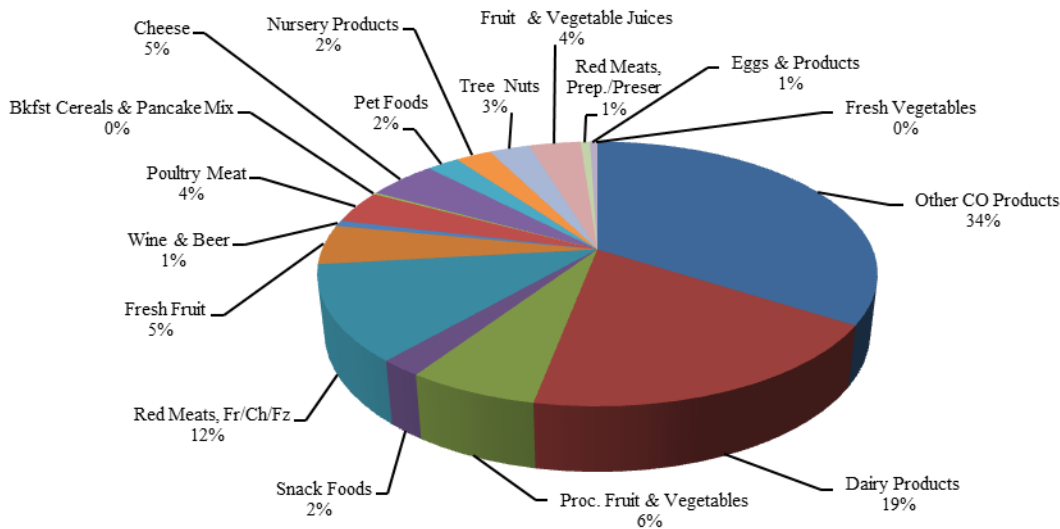
Wine and Beer 16 million liters (\$44 million)	Argentina: 33percent Chile: 23 percent Italy: 13 percent Spain: 12 percent USA: 4 percent	- Argentine and Chilean wines benefit from proximity, recognized quality, and pricing advantages..	- Major local breweries (market share of 95 percent) are well positioned, price competitive, and belong to international companies. - Local wine is well positioned and price competitive, but does not satisfy demand.
Red Meats (Fresh/Chilled/Frozen) 23,000 MT (\$72 million)	USA: 39 percent Chile: 18 percent Bolivia: 12 percent Argentina: 10 percent Brazil: 6 percent	- Neighboring countries export lower price cuts. Chile, benefitting from proximity and pricing, holds 85 percent of imported pork meat market.	- The market for U.S.-origin meats reopened in October 2006. - U.S.-origin meat is seen as being superior in quality. - Peru imports three times more offal than meats. - Local meat production does not satisfy demand.
Red Meats (prepared, preserved) 1,350 MT (\$8 million)	Bolivia: 40 percent USA: 20 percent Spain: 13 percent Italy: 10 percent Denmark: 8 percent	- Bolivia exports in 2014 are up 4 percent compared to 2013. Bolivian manufacturers have customized production according to local demand, making inroads with fast food franchises.	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease over the next 5 years.
Poultry Meat 29,000 MT (\$43 million)	Brazil: 52 percent USA: 23 percent Argentina: 17 percent Bolivia: 6 percent Chile: 2 percent	- Brazil diversifies its supply including offal, turkey and chicken cuts - Almost 95 percent of Argentine exports are offal.	- Imports of U.S. poultry products reopened in October 2006. - TRQ for U.S. chicken leg quarters. - Local poultry producers are major suppliers with good distribution channels.

OBS: Latest full calendar year (January-December) data.

Source: World Trade Atlas, FAS Lima office research.

SECTION IV. BEST PRODUCT PROSPECTS

Imports of Consumer-Oriented Agricultural Products 2014



Note: Calculations based on latest full calendar year (January-December) data.

Source: World Trade Atlas, FAS Lima office research.

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

Product/ Product Category	2014 Market Size est.	2014 Imports	2009-14 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Cheese (HS 0406)	24,956 MT	4,394 MT \$24 million	14%	0406.10, 0406.20, and 0406.40: 0% 0406.30 and 0406.90: 0%	- Competitors: Argentina (23 percent) and Netherlands (6 percent). - Strong preference for EU cheese at high-end HRI and Retail Sectors	- U.S. cheeses are used in the food processing sector, but have potential in the HRI and Retail Food Sectors. - The United States is the main supplier with a market share of 48 percent (18 percent growth). - PTPA: 17 years linear; 2,500 MT quota with 12 percent increase per annum.
Confectionary – Non Chocolate (HS 1704)	24,000 MT	17,458 MT \$48 million	13%	0%	- Competitors: Colombia (\$32 million China (\$4 million). - Strong local competition. Major owners are foreign companies	- United States 3 percent of total imports. Total imports from the United States \$1.3 million in 2014.
Confectionary – chocolate (HS 1806)	24,500 MT	5,548 MT \$25 million	15%	0%	- USA is the largest supplier (14 percent of market share). - Local industry is competitive	- The United States’ strength is in chocolate for the retail sector.

Food Preparations (HS 2106.90)	N/A	19,000 MT \$180 million	18%	0%	- Local production is strong. ALICORP is the main competitor. Foreign companies are present in Peru.	- United States is the largest supplier and holds 23 percent of market share. - In 2014 imports grew 38 percent.
Prime and Choice Beef (HS 0202.30)	Total Beef and Offal Market: 296,782 MT	2,000 MT \$13 million	41%	0%	- Competition with quality beef cuts from Bolivia, Argentina and Uruguay	- Consumers' increased purchasing power is driving demand for high quality U.S. beef. - United States holds 47 percent market share of imported beef.
Edible Beef Offal (Liver) (HS 0206.22)	12,000 MT	4,142 MT \$5.5 million	0%	0%	Local production covers most of the market size	- The United States holds 67 percent of import market.
Fruit & Vegetable Juices (HS 2009)	N/A	20,636 hl \$10.9 million	54%	0%	- Brazil is the second largest supplier with a 2014 import market share of 7 percent	U.S. is the largest supplier Imports have grown 258 percent in respect to 2013. U.S. holds almost 80 of market share.
Pet Foods (HS 2309.10)	46,000 MT	16,244 MT \$22.4 million	12%	0%	- Growing local pet industry. - Informal industry. - Major competitors: Argentina (49 percent) and Colombia (15 percent)	- The United States holds a 24 percent import market share.
Turkey (HS 0207.27)	36,000 MT	7,055 MT \$6.5 million	8%	0%	- Major exporter is Brazil (84 percent) - Local poultry industry is strong.	- Peruvians are major consumers of turkey during the Christmas and New Year's holidays. - The food retail sector is growing in Lima and in the interior. - USAPEEC has initiated a market penetration plan. U.S. holds 14 percent of import market share.
Poultry Meat Cuts (HS 0207.14)	1.8 Million MT	10,949 MT \$11 million	45%	TRQ: 15,117 MT 0%	- Strong local competition. - Frozen presentation is not common. - Brazil is the second largest supplier (26 percent)	- Peru is a major poultry consumer. - TRQ: 6 percent increase per annum. Only 15 percent of TRQ is being utilized.
Bread, pastry, cookies (HS 1905)	N/A	5,789 MT \$17.6 Million	7%	0%	- Colombia with a 26 percent import market share is the main supplier. - Strong local competition.	- United States holds 14 percent of import market share.
Soups & Broths (HS 2104)	N/A	1,279 MT \$4	9%	0%	- Strong local competition. - Chile is the second	- United States is the major import supplier in this category holding 31

		million			largest supplier (30 percent)	percent of import market share
Sauces (HS 2103)	N/A	6,663 MT \$15 million	11%	0%	- Strong local competition.	- United States grew 14 percent in 2014 and is the major import supplier in this category, holding 34 percent of import market share
Nuts and almonds (HS 0802)	N/A	1,131 MT \$9 million	50%	0%	- Chile is very competitive in almonds and walnuts production. Holds 23 percent of market share	- Importers recognize that U.S. quality of nuts and almonds is better than competitors. - U.S. exports have grown 85 percent in 2014. U.S. became largest supplier holding 73 percent of import market share.
Wine (HS 2204)	41 million liters	9 million liters \$37 million	17%	0%	- Argentina (39 percent), Chile (27 percent), and Spain (14 percent). - Small niche market for U.S. wines	- Niche market for quality wines. - Peru's wine consumption is growing to 1.3 liters/person. - Import value has grown 76 percent in respect 203. Low cost wines are gaining ground

Note: HS = Harmonized Tariff System. TRQ = Tariff Rate Quota. Latest full calendar year (January-December) data.

Sources: World Trade Atlas, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers.

Category B: Products Not Present in Significant Quantities, but with Good Sales Potential:

Product/ Product Category	2014 Market Size Est.	2014 Imports	2009-14 Average Annual Import Growth	Import Tariff Rate	Key Constraints over Market Development	Market Attractiveness for the U.S.
Peaches, cherries and Nectarines (HS 0809)	8,500 MT	1,558 MT \$2 million	0%	0%	- Chile has a 99 percent import market share.	- Interest in U.S. peaches and nectarines. - Duty free access.
Apples and Pears (HS 0808)	75,000 MT	68,899 MT \$59 million	45%	0%	- Chile has a 71 percent import market share.	- Export window opportunity: Nov-Feb. - Recognized quality of U.S. apples and pears.
Grapes, Raisins (HS 0806.20)	8,900 MT	6,858 MT \$18 million	460%	0%	- Chile has a 82 percent import market share.	- Export window opportunity: Sept-Dec. U.S. exports grew 187 percent in 2014.
Citrus	120,000	2,515 MT	135%		- Chile with a 5 percent	- United States holds 95

(HS 0805)	MT	\$3.5 million		0%	import market share is the second major supplier. - Strong local competition.	percent of import market - Export window opportunity: Jan-March.
Pork Meat (HS 0203)	160,000 MT	5,803 MT \$19 million	260%	0%	- Strong local competition; production level of 100,000 MT. - Chile has a 60 percent import market share.	- Pork imports are growing. - U.S. pork benefit from PTPA implementation. - Beef importers can also import pork. Best quality and competitive prices. - USMEF representative for the region. - U.S. exports grew 70 percent in 2014.
Sausages (HS 1601)	18,000 MT	330 MT \$18 million	55%	0%	- Strong local competition.	- High-end gourmet offers best possibilities for U.S. product. - The United States holds a 62 percent of import market share - Fast food restaurants are the main channel.
Ham, processed HS 1602.41	115 MT	105 MT \$1.4 million	31%	3.6%	- Competitors: Italy (48 percent) and Spain (39 percent).	- High-end gourmet offers best possibilities for U.S. product.
Beer (HS 2203)	200 MM liters	6.5 million liters \$7 million	25%	0%	- Strong local competition. - Local breweries produce and import new brands. - Mexico with a 23 percent import market share is the main supplier.	- Niche market for U.S. premium craft beers - Per capita consumption increasing to 40 liters. - Duty free entrance. - Few U.S. brands.

Note: TRQ = Tariff Rate Quota. Latest full calendar year (January-December) data.

Sources: World Trade Atlas, FAS Lima office research, Office of the U.S. Trade Representative (USTR), Ministry of Agriculture, Gestion and El Comercio (Peru) Newspapers.

Category C: Products not Present Because They Face Significant Barriers

None.

SECTION V. POST CONTACTS AND FURTHER INFORMATION

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For further information, see www.fas.usda.gov. See also FAS Lima's Exporter Guide and Food and Agricultural Import Regulations and Standards (FAIRS) reports.

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