

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary _ Public

Date: 10/10/2012

GAIN Report Number:

Peru

Post: Lima

USDEC Trade Mission

Report Categories:

Market Development Reports

Approved By:

Emiko Purdy

Prepared By:

Alvaro Loza and Ann Murphy

Report Highlights:

The U.S. Dairy Export Council (USDEC) in conjunction with the Foreign Agricultural Service in Lima carried out a Cheese Trade Mission to Peru at the JW Marriott Hotel in Lima on September 13th and 14th. Four USDEC members visited Peru in order to promote and introduce their products within the competitive and growing Peruvian market.

General Information:

The U.S. Dairy Export Council (USDEC) in conjunction with the Foreign Agricultural Service in Lima carried out a Cheese Trade Mission to Peru at the JW Marriott Hotel in Lima on September 13th and 14th. Four USDEC members visited Peru in order to promote and introduce their products within the competitive and growing Peruvian market.

The Agricultural Attaché kicked off the event with a detailed presentation about Peru's market situation. She emphasized Peru's good economic performance over the last years, mainly driven by private and public investment and also buoyed by higher income levels. In addition, three local companies were invited to brief the USDEC delegation on Peru's dairy market situation. They focused mainly on the retail sector and on food processing and reached a consensus that Peru is insufficient in milk production which due to external factors might fall short of assuring an adequate and constant milk production for the upcoming years.

In 2011, cheese exports from the U.S. to Peru reached \$7 million (62 percent growth with respect 2010). The United States was the first supplier with 44 percent of market share, followed by Argentina with 18 percent. Most of this volume goes through fast food chains only a small portion goes through retail channels.

The retail channel represents almost \$4 billion of total food trade in Peru (20 percent of total trade). Despite food retail's growth in the last five years, its penetration is still low in comparison with other countries of the region. U.S. cheese brands occupy a very low presence within this channel, mainly dominated by European brands.

On the second day of the agenda, the USDEC delegation gave an overview of the U.S. Dairy industry as well as a short description of U.S. companies and their products and services. FAS Lima collaborated with USDEC organizers in identifying potential buyers for the mission. In total almost 50 local companies attended the second day session in which one-on-one meetings took place.

While imports maintain a growing tendency, FAS Lima informed USDEC members about importers' observations of obstacles they have encountered during registration of products with the sanitary authority. Later on this concern was confirmed by local companies and basically was linked to recently changed criteria put into place by DIGESA, the food health authority of the Environmental Health Bureau. These changes were implemented a few months ago. DIGESA issues sanitary registrations which fall under the Ministry of Health's jurisdiction. FAS Lima has received several complaints regarding the procedures recently implemented. They seem to be not aligned with current legislation. This sudden change has caused delays among importers in obtaining registration numbers needed to introduce new products onto the market.

In this respect, FAS Lima requested a meeting with the Vice Ministry of Health with the sole purpose to inform about delays on the process and offer suggestions on possible solutions. The FAS team was headed by the Agricultural Attaché and was accompanied by the Senior Vice President of Milk Producers Federation. On the Peruvian side, the Ministry of Health Chief of Staff along with DIGESA representatives Attended the meeting. After a long conversation, both parts agreed that FAS would document the instances of delays and contribute detailed suggestions from the private sector regarding things that should be cleared by DIGESA in order to make processes more expeditious and reduce misunderstandings.

The trade mission came to its end offering a cocktail to local participants. The USDEC consultant, Chef John Esser, presented different type of cheese brought by U.S. companies and he made suggestions on pairing cheese with different types of wines.

Favorable comments were given by Peruvian importers, not only about the good quality of products showcased during the presentation but also about how this well- organized event allowed both sides to understand better each other's requirements.