

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Peru

Food Service - Hotel Restaurant Institutional

U.S.-Origin Food Opportunities to the World's Leading Culinary Destination

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Report Highlights:

Peru is world-renowned for its cuisine and restaurant scene. FAS Lima forecasts Peru's hotel, restaurant and institutional (i.e., HRI) sector growing 3 percent in 2016, driven by a booming restaurant sector. This report provides a road map for exporters wishing to enter the Peruvian food service market and who want to understand the key distribution channels for foods and beverages destined for food service.

Post:
Lima

Executive Summary:

SECTION I. MARKET SUMMARY

Peru's food service sector growth is driven by the international recognition of its gastronomy. In 2016, the World Travel Awards named the country the [World's Leading Culinary Destination](#) for the fifth year in row. Peru's government and private sector capitalize on this recognition, using it for international advertising. An increase of the number of restaurants occurred in recent years is the result of this popularity. FAS Lima forecasts Peru's hotel-restaurant-institutional (HRI) sector grossing \$8 billion in 2016, a 2.5 percent increase with respect to last year. This is based on a higher influx of international tourists seeking to taste Peruvian gastronomy. Casual dining restaurants accounts for 30 percent of total restaurant sales.

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. Tourism is a source of foreign exchange, and a major service sector employer. According to the Ministry of Foreign Trade and Tourism (MINCETUR) some 3.7 million foreigners are expected to visit Peru in 2016, generating nearly \$4.2 billion in revenues; food service soaks up to 18 percent of total foreign tourist revenues. Peru has over 19,000 hotels with almost a half-million 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 \$1.1 billion in calendar year 2015 and which will again surpass the \$1 billion mark in 2016.

The expansion of shopping centers is allowing fast food chains and restaurants to reach new consumers. Sixteen new projects are projected for the period 2016-2018 with an investment of almost \$700 million. Fast food and casual dining restaurants leverage 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-crunched 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 in Peru. MINCETUR estimates that the country has 200,000 full service restaurants. Lima alone has 66,000 restaurants.

Advantages	Challenges
<ul style="list-style-type: none"> J Recognition of U.S. food quality and an appreciation for U.S. culture. J Food service products benefit from the PTPA with low or no tariffs. J 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. J Peru is actively promoting tourism. J With culinary tastes increasingly sophisticated, demand for high-quality food products is growing. J Strong foreign franchise investment interest in Peru's HRI sector. J Market opportunities for health food products. J Government food programs (<i>Qaliwarma</i>) are expanding. 	<ul style="list-style-type: none"> J Less favorable economic conditions continue to weigh on domestic economic activity, leading to a considerable short-term slowdown in growth. J Cultural misperception about frozen products healthiness. J Peruvians prefer meals made using fresh products. J The limited number of five-star hotels hinders U.S. product market penetration. J U.S. exporters need to tailor products and ingredients to local tastes and expectations. J Limited infrastructure coupled with low quality service, discourages tourists from staying longer or repeat visits. J Peru is opening its market to rival foreign food service product providers. J Stiff competition from the region and other countries through multiple trade agreements.

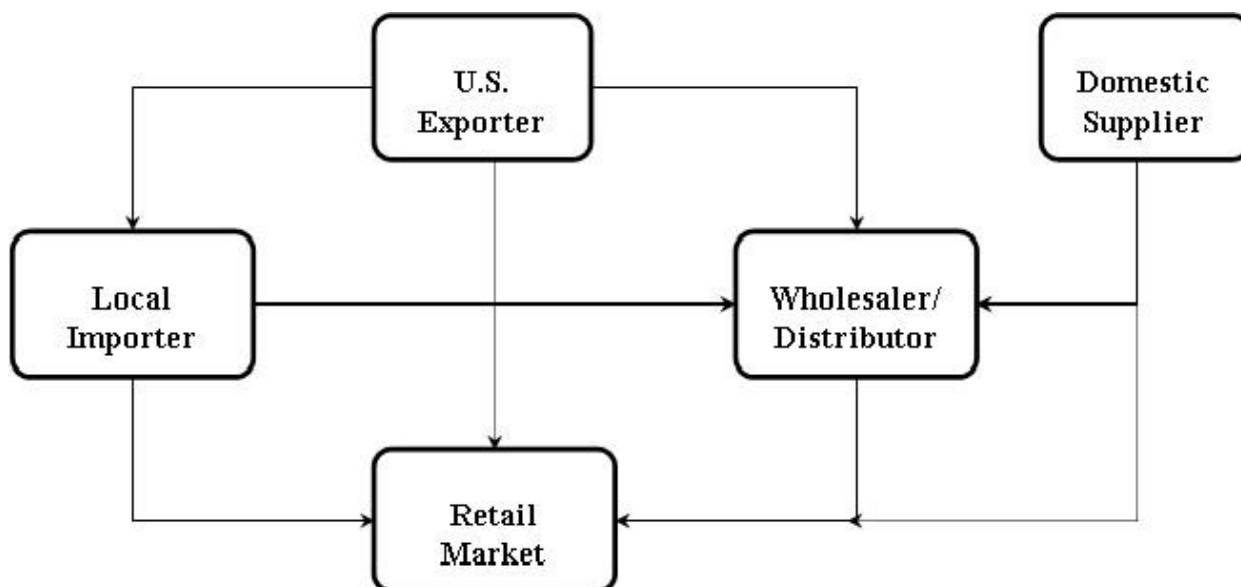
Section II. Road Map for Market Entry

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.

A. Entry Strategy

- J Determine if the product can be imported (see, FAIRS Country Report – Peru 2016).
- J Determine the product's category and competitiveness.
- J 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.
- J Visits to Peru are recommended. The import partner should be well known by the exporter before signing contractual agreements. Maintain contact with import partners.
- J Exporters should provide support to food service customers by participating in technical seminars, product demonstrations, and local trade shows whenever possible.
- J The import partner should be able to provide updated information on consumer trends, market developments, trade, and business practices.

B. 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.

C. Sub-Sector Profiles

1. Hotels and Resorts

Table 1: Peru, Accommodations by Category (2016)

Category	Number of Outlets	Number of Rooms	Number of Beds
Five-stars	56	6,045	11,136
Four-stars	101	6,886	13,062
Three-stars	1,023	29,535	56,868
Two-stars	1,752	36,792	64,496
One-stars	509	8,742	14,896
Not Categorized	16,168	157,054	263,824
Total	19,609	245,504	424,282

Source: Ministry of Foreign Trade and Tourism.

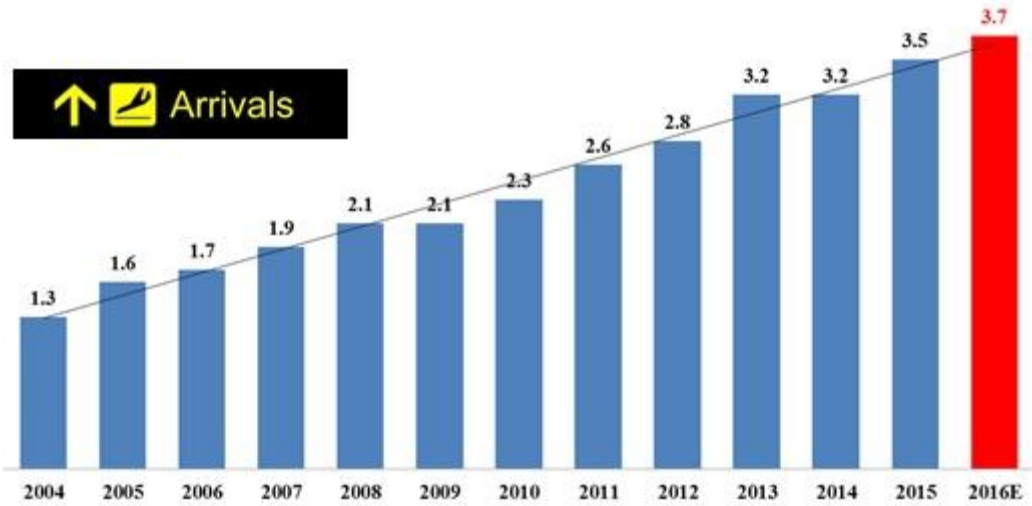
High-end hotels (i.e., four- and five-stars) are a niche market for U.S. food products. These hotels use

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.

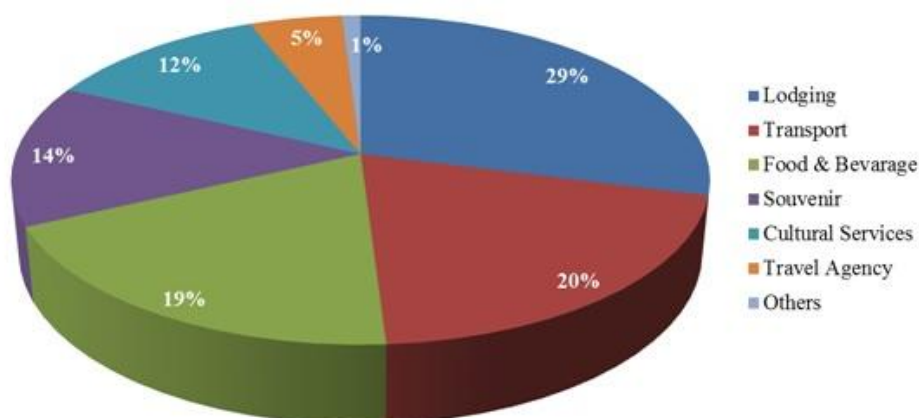
Peru's 3.7 million foreign visitors are forecast to drive \$4.2 billion in revenues in 2016, contributing significantly to the economy at a time when mining revenues are slowing. Foreign tourism today trails mining (\$14.5 billion) and agricultural exports (\$5 billion) as Peru's third largest foreign currency revenue generator. The latest available 2016 (January-August) data indicates that tourism numbers are up eight percent. FAS Lima estimates that food service soaks up to 15 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 - Millions



Source: Ministry of Trade and Tourism

Foreign Tourist Expenditure



Source: Ministry of Trade and Tourism

2. Restaurants

FAS Lima forecasts Peru's HRI sector growing 2.5 percent in 2016, driven by a better performing restaurant sub-sector. The competitive foodservice category is incorporating 14,000 new restaurants to the market in 2016. 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 (2016)

Company Name	Sales (\$million)	Brands	Location	Purchasing Agent
DELOSI	\$315 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.	\$151 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	\$69 million	Pardos Chicken, Juicy Lucy, Planet Chicken	Lima, Trujillo, Arequipa, Chiclayo, Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	Local
McDonalds (Operaciones)	\$58 million	McDonalds (fast food)	Lima, Trujillo, Arequipa, Chiclayo,	Direct Importer

Arcos Dorados de Perú S.A.)		– 54 outlets	Huancayo, Cuzco, Ica, Piura, Cuzco, Pucallpa,	
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, cheeses, and specialty products such as pork products, wines, and spirits.

The number of foodservice outlets continues to grow rapidly in Peru due to the expansion of shopping centers in Lima and cities located in the provinces where the cost of real estate is significantly lower than in Lima. Retail penetration in Peru is still low compared with other countries in the region; therefore, growth in this environment is expected to continue. Nevertheless, Lima remains the most important market for fast food chains. Delosi, the largest fast food operator in Peru, has initiated an ambitious plan to open 28 locations per year starting 2016.

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.

The booming Peruvian cuisine drives a significant expansion of gastronomy. This trend has been instrumental for the development of new restaurant formats. U.S. food agricultural products are perceived as of high quality and have found a niche market in high-end restaurants.

3. Institutional

The institutional sub-sector suffered during 2016 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 caterers supply the country's airports and mining companies. SODEXO, and APC Corporación S.A. are the largest Peru's main caterers. These companies account for half of the market. Institutional sales reached \$600 million in 2015 (or three percent of total food service sales), and will grow by 1.7 percent in 2016.

Peruvian Government Programs: The GOP sponsors programs aimed at improving nutritional standards for children attending public schools to address child malnutrition in low-income families. *Qaliwarma* is the premier food assistance program that provides a nutritionally balanced lunch supplement to approximately four million school age children (age 3 and up). The program is country-wide, reaching public schools in Peru's cities all the way to indigenous communities in the Amazonian

area. The *Qaliwarma* program is a public-private initiative co-managed by the Ministry of Development and Social Inclusion and the private sector. Currently, there are Program suppliers that are sourcing U.S. products (canned goods) for the Program.

Table 3: Peru, Major Food Service Sector Suppliers (2016)

Company Name	Sales (\$million)	Type of Company	Food Supply	Imported Food Products
Alicorp S.A.	1,315.0	Processor, importer, distributor	Pasta, wheat flour, margarine, food ingredients, mayonnaise, breakfast cereals, cookies, jelly, ice cream, sauces, pet food	Wheat, wheat flour, edible oils, soy cake, sauces
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,	Cookies, juices, cheeses	Cheese, sauces, bakery and dairy

		distributor		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 S.A.	30	Processor, importer, distributor	Chocolate, confectionary, bakery goods, canned fruit	Chocolate, confectionary, 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: FAS Lima projections.

Section III. Competition

Table 4: Peru, Trade Agreements (2016)

Country	Type	Status
Andean Community of Nations (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): Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Slovakia, Slovenia, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Leetonia, Lithuania, Luxemburg,	Free Trade Agreement	In force

Malta, Netherlands, Poland, Portugal, UK, Czech Republic, Romania, Sweden.		
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	Pending Ratification
Honduras	Free Trade Agreement	Pending Ratification
Brazil	Free Trade Agreement	Pending Ratification
El Salvador	Free Trade Agreement	Under Negotiation
Turkey	Free Trade Agreement	Under Negotiation

Source: FAS Lima office & Organization of American States

-) 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 reached \$232 million in 2015, slightly down (4 percent) compared to 2014. 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. However, FAS Lima expects demand for U.S. products to increase as the Peruvian market matures.
-) Chile remains the United States' chief competitor in 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 \$26 million enjoy a market share of about 48 percent compared to those of New Zealand that valued at \$17 million count with a market share of 32 percent.
-) The U.S. is the largest red meat supplier with \$30 million in 2015, accounting for 38 percent of the market share. Swine meat reached \$7.5 million which represents a 24 percent of market share. Some 75 percent of this red meat volume goes through restaurants.

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 2015, U.S. exports of food and agricultural products to Peru double fold from \$530 million to \$1.1 billion– a 108 percent increase. In 2015, U.S. consumer-oriented product exports reached a record \$226 million accounting for 20 percent of U.S. food exports to Peru. U.S. food and agricultural product exports to Peru are keeping the same pace in 2016.

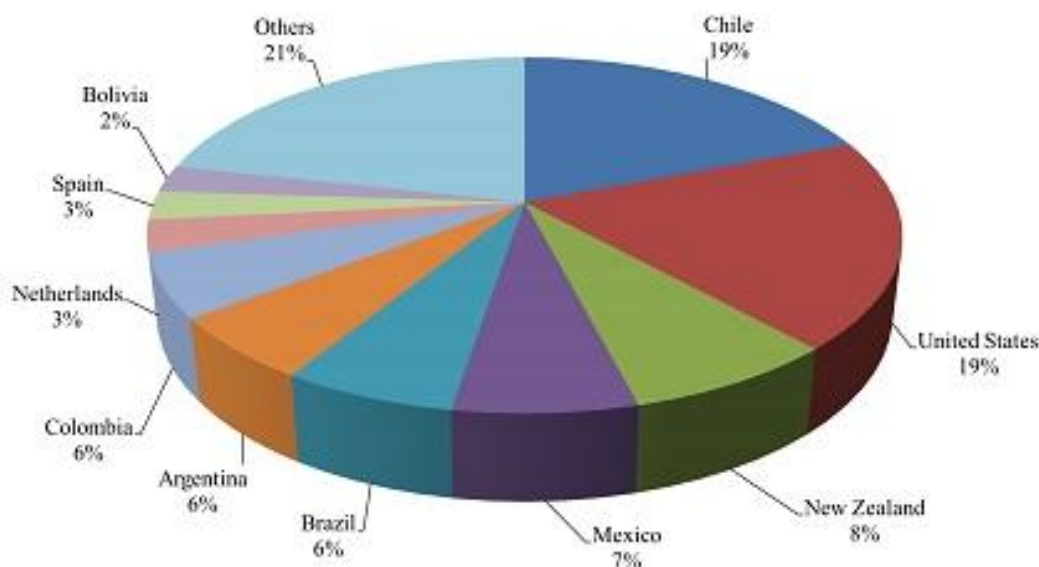
-) The U.S.-Peru Trade Promotion Agreement strengthens U.S.-origin food and agricultural products' competitiveness within the Peruvian market. High-end consumers are familiar with the

quality of U.S. products.

- J) 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.

Imports of Consumer Oriented Agricultural Products in Peru by Country 2016



Source: World Trade Atlas (2015), FAS Lima office research.

Table 5: Peru, Competitive Situation (2016)

Product Category/ Net Imports	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Dairy Products (excluding cheese) (\$33 million)	New Zealand: 47 percent USA: 20 percent Chile: 8 percent Bolivia: 7 percent France: 4 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.

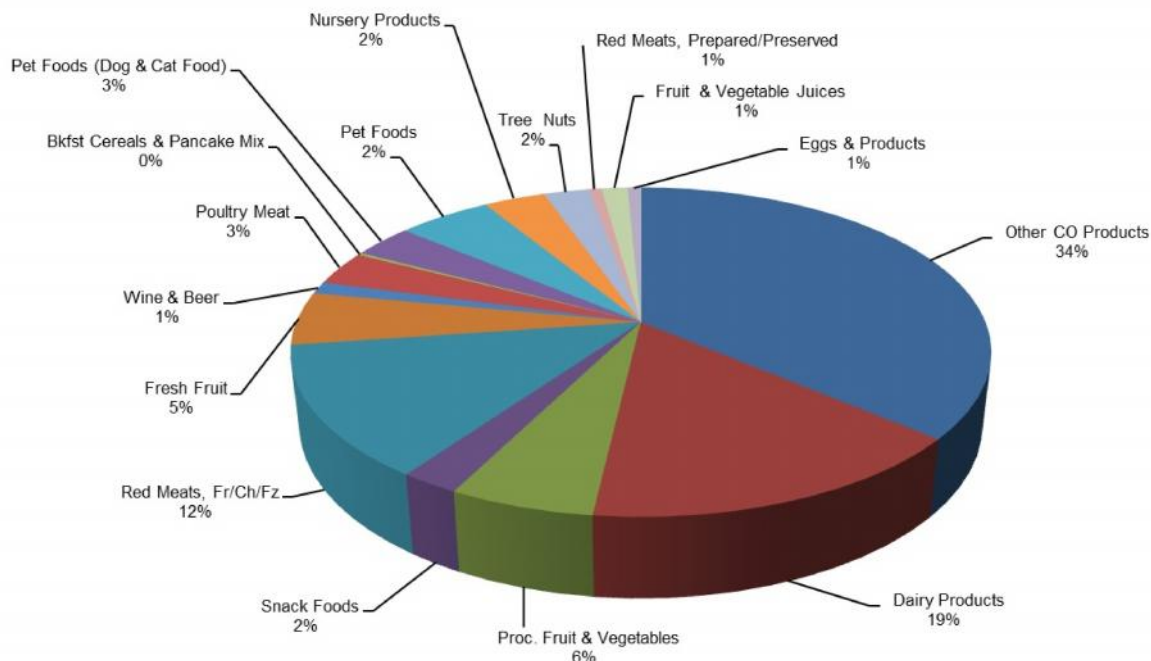
Cheese 4,923 MT (\$26 million)	USA: 52 percent Argentina: 17 percent Netherlands: 5 percent France: 5 percent Italy: 5 percent	MERCOSUR members Argentina and Uruguay enjoy tariff preferences, especially under HS 0406.90.	- Local homemade cheeses are commonly sold. - Gourmet cheeses are not made locally.
Snack Foods (excluding nuts) 28,000 MT (\$80 million)	Colombia: 21 percent Mexico: 18 percent Brazil: 18 percent USA: 8 percent Chile: 8 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 69,175 MT (\$112 million)	Chile: 36 percent Netherlands: 16 percent USA: 12 percent Argentina: 8 percent Belgium: 7 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 83,540 MT (\$74 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 3.1 million liters (\$9 million)	USA: 33 percent Chile: 23 percent Argentina: 14 percent Brazil: 9 percent China: 4 percent	- Although the United States controls the bulk of fruit and vegetable juice imports, Brazil enjoys a 90 percent market share in frozen orange juice.	- Local brands are well positioned in the market at competitive prices.
Wine and Beer 19.5 million liters (\$44 million)	Argentina: 30 percent Chile: 20 percent Italy: 14 percent	- Argentine and Chilean wines benefit from proximity, recognized quality,	- Major local breweries (market share of 95 percent) are well positioned, price competitive, and belong to

	Spain: 13 percent Mexico: 8 percent	and pricing advantages.	international companies. - Local wine is well positioned and price competitive, but does not satisfy demand.
Red Meats (Fresh/Chilled/Frozen) 27,000 MT (\$80 million)	USA: 39 percent Chile: 16 percent Bolivia: 9 percent Argentina: 8 percent Brazil: 7 percent	- Neighboring countries export lower price cuts. Chile, benefitting from proximity and pricing, holds 85 percent of imported pork 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) 2,100 MT (\$13 million)	USA: 52 percent Bolivia: 27 percent Italy: 7 percent Spain: 5 percent Brazil: 4 percent	Bolivian manufacturers have customized production according to local demand making inroads with fast food franchises. Poultry meat products are leading the category.	- The pork products industry also imports prepared meats. - U.S. product tariffs will decrease over the next 5 years.
Poultry Meat 52,000 MT (\$55 million)	Brazil: 55 percent USA: 30 percent Chile: 6 percent Argentina: 5 percent Bolivia: 3 percent	- Brazil diversifies its supply including offal, turkey and chicken cuts - Chile is supplying poultry cuts.	- 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 2016



Source: World Trade Atlas (2015), FAS Lima office research.

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

Product/ Product Category	2016 Market Size est.	2016 Imports	2010-15 Average Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Cheese (HS 0406)	28,950 MT	4,923 MT \$26 million	14%	0406.10, 0406.20, and 0406.40: 0% 0406.30 and 0406.90: 0%	- Competitors: Argentina (17 percent) and Netherlands (5 percent). - Strong preference for EU cheese at high-end HRI and Retail	- 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

					Sectors	percent growth). - PTPA: 17 years linear; 2,500 MT quotas with 12 percent increase per annum.
Confectionary – Non Chocolate (HS 1704)	29,000 MT	17,458 MT \$46 million	13%	0%	- Competitors: Mexico (29 percent), Brazil (25 percent) and Colombia (24 percent) - Strong local competition. Major owners are foreign companies	- United States 3 percent of total imports. Total imports estimated from the United States \$1.0 million in 2016
Confectionary – chocolate (HS 1806)	22,500 MT	5,850 MT \$25 million	15%	0%	- Chile is the largest supplier (21 percent of market share). - Local industry is competitive	- The United States' strength is in chocolate for the retail sector. Holds 19 percent of market share.
Food Preparations (HS 2106.90)	N/A	24,000 MT \$220 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 20 percent of market share. - In 2016 imports from the U.S. are projected to grow 8 percent.
Prime and Choice Beef (HS 0202.30)	Total Beef and Offal Market: 296,782 MT	1,700 MT \$10 million	22%	0%	- Competition with quality beef cuts from Uruguay, Paraguay and Bolivia	- Consumers' increased purchasing power is driving demand for high quality U.S. beef. - United States holds 39 percent market share of imported beef.
Edible Beef Offal (Liver) (HS 0206.22)	14,000 MT	4,420 MT \$5.4 million	0%	0%	Local production covers most of	- The United States holds 67 percent of import market.

					the market size	
Fruit & Vegetable Juices (HS 2009)	N/A	51,730 hl \$8.6 million	62%	0%	- Chile is the second largest supplier with a 2016 import market share of 24 percent. Main flavors apple and grape	U.S. is the largest supplier holding almost 34 of market share.
Turkey (HS 0207.27)	36,000 MT	10,670 MT \$15.4 million	16%	0%	- Major exporter is Brazil (63 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 33 percent of import market share.
Poultry Meat Cuts (HS 0207.14)	1.8 Million MT	27.100 MT \$23.4 million	75%	TRQ: 20,566 MT 0%	- Strong local competition. - Frozen presentation is not common. - Brazil is the second largest supplier (29percent)	- Peru is a major poultry consumer. - TRQ: 6 percent increase per annum. Active presence of USAPEEC in the region.
Bread, pastry, cookies (HS 1905)	N/A	10,536 MT \$246 Million	14%	0%	- Colombia with a 21 percent import market share is the main supplier. - Strong local competition.	- United States holds 8 percent of import market share. Frozen presentation is becoming attractive for HRI and Food Retail.
Soups & Broths (HS 2104)	N/A	1,047 MT \$2.5 million	1%	0%	- Strong local competition. - Chile is the largest supplier (32 percent)	- United States is the second largest supplier in this category holding 30 percent of import

						market share
Sauces (HS 2103)	N/A	7,663 MT \$16.6million	16%	0%	- Strong local competition.	- United States imports are project to growth 33 percent in 2016 and is the major import supplier in this category, holding 33 percent of import market share
Nuts and almonds (HS 0802)	N/A	1,399 MT \$10.1 million	26%	0%	- Chile is very competitive in almonds and walnuts production. Holds 37 percent of market share	- Importers recognize that U.S. quality of nuts and almonds is better than competitors. - U.S. exports are expected to gro 10 percent in 2016. U.S became largest supplier holding 62 percent of import market share.
Wine (HS 2204)	47 million liters	8.5 million liters \$31.2 million	13%	0%	- Argentina (40 percent), Chile (31 percent), and Spain (14 percent). - Small niche market for U.S. wines	- Niche market for quality wines. - Peru's wine consumption is growing to 1.5 liters / person. - HRI sector is growing and demanding high value products.

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	2016 Market Size Est.	2016 Imports	2010-15 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	4,805 MT \$5 million	12%	0%	- Chile has a 98 percent import market share.	- Interest in U.S. peaches and nectarines. - Duty free access.

Apples and Pears (HS 0808)	75,000 MT	72.322 MT \$55.4 million	20%	0%	- Chile has a 83 percent import market share.	- Export window opportunity: Nov- Feb. - Recognized quality of U.S. apples and pears.
Raisins (HS 0806.20)	8,900 MT	6,504 MT \$14 million	0%	0%	- Chile has an 76 percent import market share.	- Export window opportunity: Sept- Dec. U.S. exports grew 40percent in 2016.
Citrus (HS 0805)	130,000 MT	3,385 MT \$4.1 million	60%	0%	- Strong local competition.	- United States holds 95 percent of import market - Export window opportunity: Jan- March.
Pork Meat (HS 0203)	160,000 MT	7,074 MT \$1.5 million	24%	0%	- Strong local competition; production level of 160,000 MT. - Chile has a 67 percent import market share.	- U.S. pork benefit from PTPA implementation. - Beef importers can also import pork. Best quality and competitive prices.
Sausages (HS 1601)	18,000 MT	370 MT \$1.8 million	1%	0%	- Strong local competition.	- High-end gourmet offers best possibilities for U.S. product. - The United States holds a 76 percent of import market share - Fast food restaurants are the main channel.
Ham, processed HS 1602.41	115 MT	65 MT \$0.7 million	3%	0%	- Competitors: Italy (62 percent) and Spain (33 percent).	- High-end gourmet offers best possibilities for U.S. product.
Beer (HS 2203)	200 MM liters	10.1 million liters \$8.7 million	10%	0%	- Strong local competition. - Local breweries produce and	- Niche market for U.S. premium craft beers - Per capita consumption

					import new brands. - Mexico with a 55 percent import market share is the main supplier.	increasing to 40 liters. - Duty free entrance. - Few U.S. brands.
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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

U.S. Embassy Lima – FAS Office of Agricultural Affairs

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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.

Ministry of Foreign Trade and Tourism (MINCETUR) – Minister: Eduardo Ferreyros

Address: Calle Uno Oeste 050, Urb. Corpac, San Isidro, Lima 27

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Hotel and Restaurant Association (AHORA) – President: Jose M. Gamarra

Address: Av. Benavides 881, Miraflores, Lima 18

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