

Overview

The following table shows the market size for cold storage equipment in Peru (in US\$ millions):

	2004	2005	2006E
Total Market Size	13.2	16.5	19.8
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	13.2	16.5	19.8
Imports from the U.S.	9.1	11.4	13.1

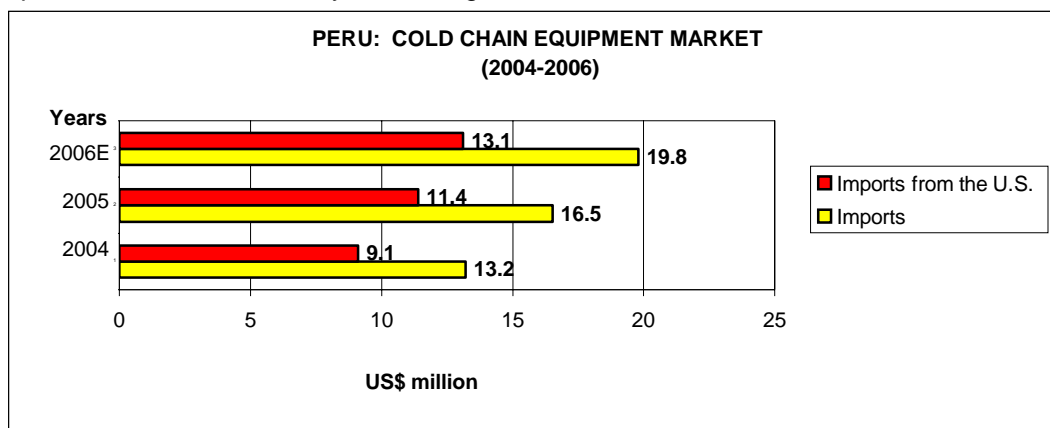
Source: SUNAT – Peruvian Customs

Market Demand

- ◆ The country's cold chain, especially cold storage rooms, refrigerated containers, and refrigerated trucks, will be in high demand. An estimated 40% increase in exports of perishable products (i.e., agribusiness and fish/seafood) is anticipated for 2006-2007.
- ◆ Price is and will be the key consideration issue in the purchase decision. Pricing is usually done in U.S. currency.
- ◆ It is necessary to provide value-added and customized solutions, both in equipment and services, to succeed as a supplier to this industry.
- ◆ There is no local production or exports of this equipment.

Market Data

- ◆ Cold storage equipment imports totaled US\$ 12.0 million in 2004 and US\$ 15.0 million in 2005. U.S. brands within this segment hold a combined market share of 66%, totaling US\$ 7.9 million in 2004 and US\$ 9.9 million in 2005.
- ◆ Refrigerated transportation or temperature-controlled line-haul trucking imports totaled US\$ 1.2 million in 2004 and US\$ 1.5 million in 2005. U.S.-based firms dominate this segment thanks to continuous market presence of more than 40 years through local distributors.



Source: Peruvian Customs – SUNAT

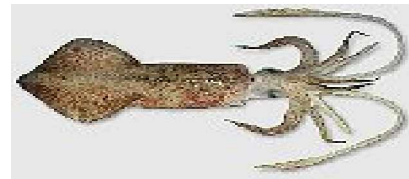
Best Prospects (HS Codes 8414 and 8419)

- ◆ Air or vacuum pumps and parts
- ◆ Air or other gas compressors and fans
- ◆ Parts of refrigerating or freezing equipment, electric or other
- ◆ Compressors used in refrigerating equipment mounted in motor vehicles which exceed 1/4 HP but not exceed 1 HP
- ◆ Refrigeration condensing units
- ◆ Heat pumps (compression type units whose condensers are heat exchangers)

Prospective Buyers

In Peru, there are six main perishable goods categories that need to maintain excellent cold storage conditions:

- ◆ **Agribusiness:** Peruvian fruits and vegetables are primarily exported and to a minor extent sold to local retail stores. Agribusiness activity in Peru grew 25% in 2005. According to industry specialists, it is expected to grow 40 to 50% in the coming years (2006-2007). Peruvian food-related entrepreneurs are currently investing in value added products due to their higher rate of profitability compared with traditional ready-to-eat crops. Also, local food producers and exporters are investing and working together in organic products sowing; this is a trend expected to continue.
- ◆ **Fish/seafood:** Major local players' cold storage conditions and product handling fulfills current international quality standards. Frozen fish is exported to Germany, Poland, Spain, China, and Italy. Frozen fish exports were US\$ 203 million in 2004 representing a 42% increase compared to 2003.
- ◆ **Beer:** In 2005, Peru's beer market totaled approximately US\$ 600 million. In 2004, Peru was ranked sixth among the Latin American beer producer countries with 2.7% of the Latin American share.
- ◆ **Poultry:** The poultry sector provides 70% of the total animal protein (poultry meat and eggs) consumed by Peruvians.
- ◆ **Dairy:** The Peruvian dairy market totaled US\$ 300 million in 2004 and approximately US\$ 320 million in 2005.
- ◆ **Frozen Dinners:** The frozen dinner (Peruvian meals) and entrée category constitute an emerging segment where U.S. cold chain equipment suppliers may have an interesting business opportunity. These types of meals are targeted to ethnic groups worldwide. Peruvian cuisine is one of the most diverse in the world and its similarity to Mexican and Thai dishes (spicy, contrasting tastes) make Peruvian meals a competitive alternative product. In order to accomplish local exporters' goals, cold storage equipment, i.e., individually quick-frozen (IQF) tunnels (working temperature between -18 and -20 °C), and accessories, will be required.



Market Entry

- ◆ U.S. exporters should hire a local representative that can track trends and advise them about the requirements for new/refurbished equipment.
- ◆ U.S. exporters should be open to adapting their marketing and sales policies to local market conditions.
- ◆ All specialized technology and patents should be registered with INDECOPI (the National Institute for the defense of Competition and the Protection of Intellectual Property – www.indecopi.gob.pe) as soon as possible.
- ◆ On April 12, 2006, the U.S. and Peru signed the U.S.-Peru Trade Promotion Agreement (PTPA). Peru imposes a 4% or 12% Ad-Valorem duty to industrial refrigeration equipment until the agreement is implemented.
- ◆ Imports are also subject to a 19% value added tax, as are domestically produced goods.

- ◆ The market is free and open to any brand or technology.
- ◆ There are no quantitative import restrictions for equipment. However, refrigerants are subject to some particular restrictions.

Trade Events

EXPO PESCA 2007 (Fish & Seafood Industry)

For further information: http://www.thaiscorp.com/expopesca_new/site/index_en.html

The U.S. Commercial Service in Lima (<http://www.BuyUSA.gov/peru/en>) will run a catalog exhibition promoting U.S. fishing-related equipment suppliers (including refrigeration equipment, which is high in demand in the local market.)

For More Information

The U.S. Commercial Service in Lima, Peru can be contacted via e-mail at: Flora.Muroi@mail.doc.gov; Phone: (51 1) 434-3040; Fax: (51 1) 434-3041 or visit our website: www.buyusa.gov/pe/en.

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