



Food and Beverage to Argentina.

Trends and opportunities

The market

Argentina is one of the most highly developed countries in Latin America and benefits from having the resources to achieve a high standard of living. It is the second largest country in South America and although it is still under-populated, the population of 36 million is growing at a rate of 1.4 per cent per annum.

In the past few years, the Argentine food and beverage industry has experienced a number of changes. Economic stability, the opening of the economy and the growth of supermarket and hypermarket chains determined an important flow of investments in this area.

Foreign investment and joint ventures between local and multinational firms resulted in an increase in the diversity and quality of products, without reflecting a change in price. The sectors that have benefited the most include:

- ≠ mineral water
- ≠ beer
- ≠ soft drinks
- ≠ concentrated soups
- ≠ biscuits
- ≠ ice creams
- ≠ confectionery

Although Argentina is one of the world's top food exporters, there are a number of items the country imports to an even greater extent. These include **prepacked convenience foods (especially snack foods) and processed fruit and vegetable products**. Growth should remain solid, especially in the area of processed foods, and domestic consumption of frozen foods is expanding due to the increasing presence of freezers and microwaves.

Dairy products

Milk production in Argentina during the late 90's reached nine billion litres, and since it has the potential to keep on growing, the country will soon be one of the biggest 10 milk producers in the world. The dairy industry has become one of Argentina's largest food industries, second only to beef.

Since 1991 the Argentine dairy sector has been totally deregulated and milk prices are determined freely through individual negotiations between farmers and dairy companies. Each company designs a matrix for calculating prices paid to farmers, built on factors such as fat and protein contents, milk temperature, sanitary conditions, and volume delivered.

Beverages

The consumption of both alcoholic and non-alcoholic beverages has increased during the last decade, in particular mineral water, diet drinks and fruit juice. Investment in this sector totalled US\$3.3 billion - more than seven per cent of the total investment in manufacturing industries.

There is a limited market for imported wines into Argentina due to the extent of local production and high duty rates. However, **as wine awareness increases, there is a growing market for boutique wines**, which would match the Argentine palate.

Argentina's wine export sales account for US\$100 million and current production is 16 million hectolitres per year.

Argentine wine producers are interested in improving their wine quality and are actively looking to incorporate new technology. There are 800 producers, most of whom would present projects for Australian companies willing to expand their foreign operations.

Opportunities

Consumers' tastes and habits are becoming more sophisticated, so **there is a niche for speciality and exotic products such as emu and kangaroo meats and exotic fruits**. Argentines in the middle to upper income bracket are increasingly interested in gourmet-type specialty foods and beverages, an area in which Australian exporters should be very successful.

The products and services that present the best opportunities in the Argentine food market are:

- ≠ gourmet food items (eg. spices, nuts, exotic fruit and seafood)
- ≠ organic produce
- ≠ convenience foods
- ≠ snack foods
- ≠ processed fruit and vegetable products
- ≠ culinary skills and training
- ≠ processing equipment and technology for the food manufacturing industry
- ≠ boutique wines

The packaging sector, which includes both materials and equipment, is another export niche:

- ≠ environmentally-friendly packaging
- ≠ bag-in-box and bag-in-drum systems
- ≠ canning for foodstuffs
- ≠ flexible packaging for pastas
- ≠ large containers for bulk shipping
- ≠ freezer and microwave packaging

Despite the high levels of dairy production **opportunities exists in the dairy sector**:

- ≠ technology
- ≠ dairy cattle breeds
- ≠ milk powder
- ≠ low calorie products
- ≠ cheese

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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