

Country Market Profile: South America

Market Overview

Focus Economics reports that in 2024, South America's economic expansion will remain well below the global average on persistent political and policy uncertainty and a general lack of economic competitiveness versus other emerging markets. However, nearshoring-related investment and reductions in interest rates and inflation will provide support. The impact of El Niño is a risk in both directions.

Regional inflation rose to 24.7% in December 2023 from 19.8% in November 2023, while most countries that have reported January 2024 data saw inflation fall. Regional inflation is set to pick up in 2024 from 2023. However, this is mainly due to soaring inflation in Argentina; most other countries will register notably lower average inflation in 2024 versus 2023.

The South American region has dropped to the sixth largest for U.S. processed food exports. In 2022, U.S. exports of these products to the region reached US\$2.3 billion. That represented growth of 8% from the prior year. In 2023 U.S. exports of processed foods to the region have declined 17%, to US\$1.9 billion, which adds up to US\$400 million towards the U.S. trade deficit in food and agricultural products. Market Assessments included below are for the Top 4 U.S. markets for processed food products – Brazil, Chile, Colombia, and Peru.

Top U.S. processed food products exported to South America in 2023 included:

- Food Preparations & Ingredients – down 10%.
- Processed/Prepared Dairy Products – down 17%.
- Alcoholic Beverages – down 33%.
- Condiments, Sauces Jams & Jellies – up 2%.
- Chocolate & Confectionery – down 8%.
- Dog & Cat Food – down 18%.
- Fats & Oils – down 56%.
- Non-Alcoholic Beverages – up 8%.

According to Euromonitor International, a market research provider, retail sales in the packaged food market in South America were estimated to reach US\$206.5 billion in 2023. That also represents a growth rate of 77.1% or US\$89.9 billion since 2019. The forecast for growth in this regional market is also quite promising. By the year 2028, the retail sales in the packaged food market in South America is expected to reach US\$463.7 billion, a growth rate of 92%, or US\$222.2 billion from 2024.

High growth rates in the forecast included:

- Processed Meat, Seafood and Alternatives to Meat
- Cheese
- Confectionery
- Baby Food

- Sweet Biscuits, Snack Bars and Fruit Snacks
- Sweet Spreads
- Savory Snacks
- Sauces, Dips & Condiments