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## Argentina

### Kosher Foods

### Report

### 2004

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**Report Highlights:**

As the country with the largest Jewish community in Latin America, Argentina offers good opportunities for imported kosher foods and beverages. After the devaluation of 2002, several local companies began manufacturing kosher products to supply export markets, taking advantage of market competitiveness. However, as the economy continues to recover, there is an increased demand for certain high-value kosher foods and food ingredients, which are not produced domestically.

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**SECTION I. Executive Summary**

Argentina is home to the largest Jewish community in Latin America. The market for kosher foods has been growing steadily over the past decade and is expected to continue its expansion. After the devaluation of the peso in 2002, several local companies began manufacturing kosher foods to supply export markets. This prompted an import substitution process, reducing drastically the presence of imported kosher products in the market. It is estimated that 90 percent of the kosher food consumed in Argentina is produced domestically, and the remaining 10 percent is imported. As the economy continues to recover, demand for imported kosher products is expected to grow.

| <b>Advantages</b>  | <b>Challenges</b>   |
|--|---|
| Argentina has the largest Jewish community in Latin America, and the fifth in the world, after Israel, the United States, France, and Russia.  | As a consequence of the devaluation of the peso in early 2002, domestic production of kosher food products increased, creating more competition for imports.            |
| Argentina's economy is expected to grow by approximately 7-8 percent in 2004.  | High value of the dollar (relative to the peso), which makes imported U.S. products more expensive and prompts import substitution.                                     |
| Value and variety of U.S. kosher food and beverage products.   | Small purchases by importers, which discourage U.S. suppliers and increase unit costs.  |
| U.S. companies are reliable suppliers of high-quality, innovative kosher products.   | Limited knowledge about kosher foods among mainstream consumers, different from the United States, where consumers look for kosher foods because of their high quality. |
| Best prospects include kosher products that are not produced domestically, and well-known U.S. brands.   | Additional kosher certification for some imported foods required by each local rabbinical authority.  |
| Increasingly, supermarkets are carrying kosher food products. Stores that have kosher sections often stock Jewish specialty foods in those sections, including seasonal and holiday items, such as Passover foods. |   |
| Need for imported kosher food ingredients that are not produced domestically.  |   |

**SECTION II. KOSHER CERTIFICATION ACCEPTANCE/PREFERENCE**

Each Jewish congregation in the country requires kosher certification by various rabbinical organizations. Certain well-known U.S. kosher certifications are widely accepted. However, in some cases, local kosher authorities and consumers prefer products that have been kosher certified by local certification agencies. In such cases, U.S. companies can opt for local

kosher certification if recommended by kosher authorities and trade, and if the potential sales are deemed large enough to justify the additional costs.

Argentina's import regulations and labeling requirements for conventional food products also apply to kosher foods. (For additional information, please refer to our report on "Food and Agricultural Import Regulations and Standards – AR4007, in the FAS website: [www.fas.usda.gov](http://www.fas.usda.gov)).

## SECTION III. CONSUMPTION AND MARKET SECTORS

### CONSUMPTION

Argentina has the largest Jewish community in Latin America with approximately 200,000-220,000 people, and the fifth largest Jewish community in the world, after Israel, the United States, France, and Russia. Of the total, around 10-15 percent are Orthodox Jews, who eat kosher foods at all times, and 30-40 percent (called "Traditionalists") follow the kosher diet only during religious holidays, such as Passover, Rosh Hashanah, and Yom Kippur. Some Muslims, Seventh Day Adventists, vegetarians, celiacs, and lactose intolerants also eat kosher foods, but they represent a small portion of the market.

It is estimated that 80 percent of the Jewish population live in Buenos Aires and its suburbs, and the remainder in larger cities, such as Cordoba, Rosario, Mendoza, Mar del Plata, Tucuman, Parana, and Santa Fe, among others.

During the past few years, it has been noted that kosher foods are becoming fashionable among younger Jews. In contrast to the United States, mainstream consumers in Argentina are not aware of kosher foods. Therefore, there is no demand for these types of products based on their high quality. Several imported kosher products carry kosher certification symbols, which are not well known among non-Jewish consumers.

### MARKET SECTORS

#### *Retail Foods*

#### **Entry Strategy**

In general, imported kosher food and beverage products enter Argentina as follows:

- Through a local importer/representative within the Jewish community who is knowledgeable about the kosher food market.
- Through supermarkets and superstores, which import products directly. They usually have a representative of the Jewish community who provides advice about various imported kosher products that are in demand. Currently, supermarkets are not importing kosher foods targeted for consumption by the Jewish community (e.g. ethnic specialty foods), but some stores are planning to do this in the near future. However, most of the mainstream food products that they import from the United States are kosher certified, and purchased by kosher consumers as well as consumers who are unaware of the kosher symbols.

The most effective ways to promote U.S. branded kosher products are: encouraging Argentine buyers to visit trade shows in the United States, such as Kosherfest and the Fancy Food Shows; including U.S. kosher products in retail promotions in Argentina (e.g. table-top displays and supermarket in-store promotions); and recruiting U.S. kosher food suppliers to participate in the U.S. pavilion at major regional food shows, such as SIAL Mercosur. The focus should be on making mainstream consumers aware of the quality standards of kosher foods. Marketing strategies should be targeted to customers with relatively high purchasing power.

In 2003, the first-ever kosher food show in Argentina, ArgenKosher, was held in Buenos Aires, and a second show took place in 2004. The focus of ArgenKosher was the export market and only one U.S. wine company participated as an exhibitor. However, as food imports increase, this could become an effective event for the introduction of imported U.S. kosher products.

### **Market Summary/Company Profiles**

The Argentine market for kosher foods grew slowly but steadily during the 1990's. Currently, it accounts for approximately \$20-25 million including the retail, food service (hotel, restaurant and institutional) and food processing sectors. However, it is difficult to determine this figure accurately due to the lack of sales statistics for kosher products. The annual growth rate for kosher product sales is estimated to be around 15-20 percent, primarily due to significant number of companies that began recently to produce kosher food lines. Of the total kosher food production in Argentina, 80 percent is exported and the balance is marketed domestically. Passover accounts for approximately 45 percent of the total annual kosher food sales.

Following the economic crisis of 2001-2002 and devaluation of the Argentine peso, imported products became three times more expensive. As a result, total food and beverage imports decreased by approximately 70 percent, and imported kosher foods virtually disappeared from the market. By mid-2003, the market began to recover and, currently, a few imported products (notably from Israel and the United States) are available in the market.

The peso devaluation created excellent opportunities for several small and medium-sized Argentine companies, which began producing kosher foods primarily for the export market. Currently, over 20 firms export kosher foods to other Mercosur countries (Brazil, Paraguay and Uruguay), the United States and Israel. Local kosher food companies are aware that, internationally, "kosher" means high quality, and many suppliers use this concept as a marketing tool to promote their products. Argentina ranks third among Spanish-speaking countries in terms of the number of kosher certified food producers, following Spain and Chile.

There are a few large, medium and small-sized companies involved in kosher food and beverage manufacturing in Argentina, including: Arcor (confectionery products), Swift Armour (beef and hamburgers), Alisana (soy-based products), Corporacion General de Alimentos (rice cookies, rice), Havanna (cookies), Benvenuto/La Campagnola (canned fruit and vegetables), McCain (potato flakes), Quilmes (beer), Coca-Cola and Pepsi-Cola (carbonated drinks), and Pribokaar (wine), among others.

Kosher-observant consumers do their regular shopping in over 30 small supermarkets and specialty stores, where only kosher foods are sold. They offer kosher deli products and other food products, either imported or manufactured locally. Some stores offer home delivery service.

Kosher-observant consumers purchase packaged or canned products in large supermarkets. However, they prefer to buy fresh kosher foods in smaller supermarkets and specialty stores that specialize in kosher products.

A few importers from Chile, Paraguay, Uruguay, and Israel usually travel to Argentina to buy kosher foods to supply their markets, especially for religious holidays.

### **Sector Trends**

As a consequence of the devaluation in early 2002, several local companies began manufacturing kosher foods prompted by an import substitution process, which affected most sectors of the economy. The variety of imported kosher food products decreased drastically, and remains limited to cookies, non-dairy cream, matza, snacks (from the United States and Israel), and other products, such as tuna fish (from Thailand). Several attempts have been made to import wine from the United States. However, there are two requirements stated by the National Wine Institute, which have not been resolved. They are related to: 1. the analytical composition of the wine— especially the percentage of sugar component and the grape variety, and 2. the corresponding analytical certificate – which refers to the chemical and quantitative analyses of kosher wines.

It is expected that, as the economy continues to recover, kosher food imports will gradually increase. The best product prospects include products for religious holidays, matza, matza meal, grape juice, snacks, cookies, non-dairy cream, soups, cucumber preserves, borscht, and wine (should the import requirement issue be resolved).

There are over 400 kosher-certified products in the Argentine market, and in 2002, 85 companies obtained kosher certification status. Moreover, 350 firms showed interest in applying for kosher certification. The wide variety of domestically-produced kosher foods and beverages includes beef and other meat products, fish, dairy products, cookies and pastries, crackers, wine, non-alcoholic beverages, confectionery products, marmalades, fresh produce, canned fruits and vegetables, sauces, soups, cereals, chocolate, cold cuts, cheese, canned fish, mayonnaise, soy/based products, “dulce de leche”, fruit juices, honey, pasta, olive oil, olives, aromatic herbs, sugar, and grape must, among others.

Argentine kosher beef is the product most widely sold in export markets. Other products which are exported are: marmalades, cereals, olive oil, confectionery products, sugar, honey, concentrated grape must, cheese, wine, bakery products, frozen fish products, chocolate, dairy products, poultry, lamb, juices, tuna fish, “dulce de leche”, etc.

Other non-conventional foods in the market are: organic and natural foods (some local companies are working on obtaining both kosher and organic certification), and other ethnic foods. However, they account for a small portion of the domestic market.

Prices of many kosher foods are higher than those of conventional products, often 10-50 percent higher than locally produced ones. This is due to: 1. the special requirements these types of products need for their manufacturing, transport, and handling, and 2. the rabbinical certification. There are a few large Argentine food manufacturers that have separate lines of production for kosher foods. Thus, their products (e.g. juices and candy) cost the same as their conventional counterparts. However, prices may increase significantly during religious holidays.

### **Food Ingredients**

## Entry Strategy

In general, imported kosher food ingredients enter Argentina through a local importer/representative within the Jewish community who is knowledgeable about the kosher food market.

An effective way to promote kosher food ingredients in Argentina is to invite or encourage Research and Development Managers of local kosher food processing companies, kosher food ingredient importers/representatives, and rabbinical authorities, to visit the Institute of Food Technologists' (IFT) Annual Convention to expose them to U.S. products.

## Market Summary/Sector Trends

Kosher ingredients for which there is a relatively high demand are: non-dairy cream, spices, powdered milk, colors, additives, and enzymes.

### *Food Service Products*

Most conventional five-star and a few four star hotels in Argentina use kosher food products. Important holidays events, such as Passover seders, and other celebrations, such as weddings and bar mitzvahs, are frequently held at high-end hotels.

There are approximately 15 kosher restaurants, including steakhouses, pizza shops, and ice-cream parlors in Buenos Aires, and one kosher fast food restaurant (McDonald's -- located in a neighborhood with a large Jewish community). In addition, there are about 6 companies that provide kosher food catering services. To meet the needs of customers with special dietary requirements, most airlines will provide kosher foods upon request.

Hotels and restaurants often buy kosher products from importers. Occasionally, hotels import kosher foods directly.

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