

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Guatemala

Exporter Guide

Annual

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Report Highlights:

The Guatemalan economy relies on foreign exchange generated by the tourism sector, remittances from the United States and international trade, especially exports to the United States and other Central American countries.

In 2016, the United States exported a total of \$1.1 billion of agricultural products to Guatemala. Some of the most top U.S. agricultural exports are yellow corn, wheat, soybean meal, and poultry meat.

Post:

Guatemala City

I MARKET OVERVIEW

A. Current Economic Situation

Guatemala is Central America's largest economy, accounting for almost one-third of the region's gross domestic product (GDP). In 2016, Guatemala's GDP was \$68.7 billion, a 2.9 percent increase from 2015. Agriculture is one of the main economic drivers. The economy relies on foreign exchange generated by the tourism sector, remittances from the United States and international trade, especially exports of goods to the United States and other Central American countries.

The agricultural sector contributes around 13.5 percent of GDP and accounts for 41 percent of total exports. Industry accounts for 24 percent and services more than 63 percent of the country's GDP. Most manufacturing is light assembly and food processing for domestic consumption and export to the United States and Central America.

The United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) entered into force in Guatemala on July 1, 2006. CAFTA-DR has led to an increase in bilateral trade between Guatemala and the United States over the past ten years. In 2016, the United States exported a total of \$1.1 billion of agricultural to Guatemala. Some of the most important exported agricultural products to Guatemala are yellow corn, wheat, soybean meal, and poultry meat.

Besides CAFTA-DR, Guatemala has free trade agreements (FTA) with Central America (including Panama), Colombia, Mexico, Dominican Republic, Taiwan, Chile, and the European Union (EU.) Other partial free trade agreements were signed with Belize, Cuba, Ecuador, and Venezuela. These negotiations, but specifically the FTA with the European Union, are forcing greater integration within the Central American Customs Union. The customs union between Guatemala and Honduras officially started in June 2017. Almost all external import tariffs have been harmonized in the two countries to facilitate cross-border trade and eliminate opportunities for triangulation of imports.

B. Demographics and Income Distribution

Guatemala has an estimated population of 16 million, the largest in Central America. According to the National Statistics Institute (INE), in 2016, the labor force in Guatemala was 6.8 million people, the unemployment rate was 2.4 percent, and the informal economy made up around 4.6 million people, or 65% of Guatemala's workforce.

In Guatemala City and the surrounding region there are five million people, according to INE. Guatemala is a young country as almost 35 percent of the population is under 15 years of age compared to the rest of Central American countries' average of 25 percent.

Most economic activity in the country revolves around metropolitan areas. Guatemala City and its surrounding areas offer the biggest concentrated market and are considered the business hub for the rest of the country.

Guatemala has one of the most unequal income distributions in the Western Hemisphere with the richest 20 percent of the population accounting for more than 51 percent of Guatemala's overall wealth. More than half of the population is below the national poverty line, and is mostly concentrated in the interior of the country where up to 40 percent of the people are indigenous. In 2016, the exchange rate was

steady at 7.5 quetzales per 1 U.S. dollar. The skewed income distribution creates a particular pattern of consumption, where the majority of the population consumes merely for subsistence. Therefore, luxury goods can only be targeted to a small portion of society. However, U.S. food products are very competitively priced and are sought out by both high- and middle-income consumers. Other U.S. food products such as cereals, poultry (chicken leg quarters), pork, fats and oils, and preserved foods, are normally cheaper than domestically produced products.

It is important for U.S. firms considering exporting to Guatemala to understand that market conditions are strongly affected by income distribution and there is a major difference in consumer taste and purchasing decisions between Guatemalans who live in the interior of the country (with the exception of the tourist areas in Antigua, Panajachel, and Puerto Barrios) and those who live in Guatemala City.

C. Market Size

U.S. agricultural exports to Guatemala:

Product	2012	2013	2014	2015	2016
Bulk Total	358	321	412	393	396
Consumer Oriented Total	300	317	369	367	385
Intermediate Total	315	313	342	315	305
Ag Related Products	12	14	18	16	15
Total	986	966	1,141	1,091	1,101
1. Data Source: U.S. Census Bureau Trade Data					
2. Values in millions of dollars					

Guatemalan exports to the U.S.:

Product	2012	2013	2014	2015	2016
Bulk Total	792	546	535	473	440
Consumer Oriented Total	1,123	1,224	1,308	1,386	1,430
Intermediate Total	92	48	52	60	45
Forest Products	19	21	23	33	38
Seafood Products	29	30	34	41	31
Total	986	966	1,141	1,091	1,101
1. Data Source: U.S. Census Bureau Trade Data					
2. Values in millions of dollars					

D. Advantages and Challenges in the Market Facing U.S. Exporters

Advantages	Challenges
Strategic geographic access to Guatemala on both the Atlantic and Pacific Oceans, with	Roads throughout the country are in poor condition and transportation companies have

considerable infrastructure	increased their transportation costs up to 15 percent in 2017.
Guatemala is a trustworthy partner of the United States on trade issues.	The lack of a civil service within the government makes regulatory structures fragile. Compliance with international standards is challenging within the different government institutions that oversee imports of goods.
Most imported products from the United States enter duty-free thanks to CAFTA-DR	FTAs with various countries force U.S. products to be more competitive.
Low cost transportation of goods thanks to the proximity of U.S. ports. U.S. suppliers are capable to export volumes of products that adjusts to the Guatemalan importers' needs.	Many Guatemalan importers prefer that U.S. suppliers export their products through Miami to consolidate their products and reduce transportation costs.
Guatemalan consumers perceive U.S. products as high quality and safe; therefore importers prefer doing business with U.S. companies more than they do from companies from other countries.	Weaknesses to improve the business climate in Guatemala as local government authorities are implementing more import requirements for new products' registrations.
The two largest supermarket chains are opening new stores in the interior of the country and are interested in increasing the number of imported goods.	The Ministry of Health takes more than two weeks to issue import permits to importers.
Guatemala and Honduras signed the customs union between the two countries.	The harmonization of technical standards could restrict access for U.S. products, although it has not done so yet.
The growing food processing industry is looking for quality food ingredients for ready-to-eat products, bakery, deli meats, beverages, and snacks.	Lack of cold chain procedures, and limited infrastructure and distribution for perishable products.
Guatemala is unable to meet domestic demand for bulk commodities such as wheat, corn, beans, and rice.	Sanitary and phytosanitary rules are subject to an inconsistent regulatory structure, imposing non-technical measures on U.S. exports.
In Guatemala, there are around 20,000 restaurants and 3,000 hotels that demand quality products. This creates an opportunity for new imported goods and ingredients.	The tourism sector in Guatemala is large, but security is a concern and the local authorities need to improve their security programs.
Shipping products from the U.S. is cheaper and quicker than shipping products from Europe.	Guatemala does not have an on-line = products registration system; moving paperwork back and forth from the registration office could cause delays to review and approve/sign documents.
Guatemalan food processors require imported bulk commodities, intermediate, and consumer-oriented ingredients to produce processed products for the domestic market and for exports to the world.	New Central American Technical Regulations are being implemented for importing food products and require U.S. companies to comply with more paperwork prior to entering the local market.

II. EXPORTER'S BUSINESS TIPS

A. Business Customs

The Government of Guatemala (GOG) welcomes foreign investment and generally places few legal or regulatory restrictions on foreign investors. Guatemala represents a growing market for U.S. companies and is a country with economic stability, a strategic location with ports on both the Atlantic and Pacific Oceans, and a close proximity to the United States.

Most business conducted in Guatemala is based on personal relationships. Business executives and government officials place great importance on personal contacts with suppliers. U.S. suppliers should be prepared to have a local representative or distributor and be prepared to travel to Guatemala. U.S. businesspersons often are surprised at the accessibility to key decision-makers and the openness and frankness of local buyers.

Sales, service, and support rank high in the minds of Guatemalan buyers. U.S. firms, more than other foreign firms, generally have a reputation for providing good service and support. U.S. firms interested in penetrating the Guatemalan market should make a commitment to offer excellent customer service to their buyers, agents or distributors. This commitment should be made clear. Poor or mediocre service often results in lower sales. The Guatemalan business community is comparatively small and word travels fast about local and foreign firms that offer poor customer service. Guatemalan importers normally will require samples of products to look for potential buyers, request U.S. companies to provide support on marketing efforts of new products, and when placing orders for products, they will require specific volumes of products; meeting these requirements will result in successful business relationships.

B. Consumer Taste's and Preferences

Culturally speaking, Guatemalans have adopted much of the U.S. culture such as music, sports, fashion, and fast food. Through remittances sent by Guatemalans in the United States, local food tastes are changing and more high-value foods are now preferred. In addition, many Guatemalans that travel to the United States on business or tourism are introduced to American food products; therefore, consumers prefer U.S. products as they are viewed of higher quality. Approximately 43 percent of all Guatemalan imports of agriculture, fish, and forestry products come from the United States. Guatemalans have also followed the U.S. trend towards more natural and healthy products, and consumers are demanding food with less sugar, saturated fat, and cholesterol.

Convenience products have more demand and there is a niche market for refrigerated, ready-to-eat products, and organic foods. The local processing industry is developing and increasing the production of processed products such as refried beans, tacos, tortillas, burritos, and corn-based tamales, which are among the preferred foods in the supermarkets because they are easy to cook/heat and cheap.

Traffic during rush hour is becoming a common problem during the work week (Monday – Friday) and the majority of people that have a full time work schedule are not able to go back home for lunch which

is the main meal of the day. Full-time workers that do not bring lunch commonly eat at street food stands (where hot dogs also known as “shukos” are widely sold); cafeterias located nearby their office; or fast food restaurants. Fine dining is more common on the weekends or to celebrate special occasions for middle and upper class consumers.

In 2015, the Guatemalan Food Trucks Chamber was created and presently, there are 10 food truck companies that sell gourmet coffee, sandwiches, tacos, hot dogs, pizzas, hamburgers, and Chinese food. The food trucks do not have a specific location as they move to different areas where most businesses are located and mainly sell food during lunch hours. Also, they cater to specific social events or they partner with the Municipality and sell food at public events. This is still a new trend and is becoming more popular in Guatemala City.

C. Food Standards & Regulations

Import Procedures and Product Registration

The first step to import food products in Guatemala is to register a product. Any producer, processor, packer, or distributor operating in Guatemala must operate under a sanitary license issued by the Ministry of Public Health’s Food Control Division. Both the importers and the imported product must be registered. Product registration is required for all packaged food products in Guatemala.

Food Control in the Ministry of Public Health is responsible for all registrations of processed products. Regulations and registration procedures and requirements can be consulted on-line at: <http://portal.mspas.gob.gt/index.php/en/servicios/regulacion-y-control-de-alimentos-menu-servicios.html>

For animal origin products, Food Control requires a laboratory test before granting a sanitary registration number; this registration number is valid for five years and takes six weeks to be issued.

For additional information on import regulations and standards please refer to the FAIRS Report 2017 at www.fas.usda.gov/scripts/attacherep/default.asp.

III. MARKET SECTORS

A. Informal Market

According to the National Employment and Income Survey (INAE), around 4.6 million people work in the informal market. The informal market is composed of corner stores, open air markets and street vendors. The corner stores, also known as “tiendas de barrio,” are small stores with an inventory of \$500 of products that mostly sell individual-sized products. Consumers prefer to do their grocery shopping every day at these stores because of their reduced budget. There are more than 115,000 corner stores throughout the country. Their major suppliers are distributors, wholesalers and importers, which also supply to supermarkets. However, they offer very few imported products.

Open-air markets are mainly located in rural areas of the country; however, Guatemala City has 43

open-air markets registered within the city limits. The consumers that shop in the informal market are middle to low-income groups, but some local restaurants also shop in these markets for fresh produce, condiments, and other ingredients that can be purchased at lower prices. In Guatemala City there are two big open markets: La Terminal and Cenma which mainly sell fresh produce from the interior of the country at very competitive prices.

In terms of street sales, most food products are seasonal fruits and vegetables (strawberries, mushrooms, loroco, mangoes, tangerines, candies, nuts, snacks, baked goods, and candy cotton). Street vendors often migrate from the interior to Guatemala City.

B. Retail Sector

It is estimated that only 30 percent of food sales are made through the supermarkets. The retail sector in Guatemala is dominated by three supermarket chains: PriceSmart, Walmart, and Unisuper (La Torre/Econosuper.) Walmart continues to be the leading supermarket with 15 percent of the retail value share. There are some other smaller supermarkets that are trying to gain market share in the retail sector, but these supermarkets are more targeted to the lower-middle and lower-income consumers. These stores are smaller with less shelf space to display their products. These supermarkets are: 1) Super Elmar, S.A., a family-owned company with eight stores in Guatemala City. This supermarket has stores located within walking distance of residential areas and far away from the traditional commercial areas where most of the bigger supermarket chains are located. The company buys imported products from local distributors and is not currently planning to import directly. For the past five years Super Elmar has not opened any new stores. 2) Comercializadora Gigante, S.A., also known as La Barata, has 10 stores that are mainly located near the open-air markets within Guatemala City and Mixco, Villa Nueva and Amatitlan. They carry very few imported products and more than 80 percent of their food items are locally produced goods. 3) Super Del Barrio started its operations in 2007 and by the end of 2014 had opened 28 stores. In 2016, the company opened 5 new stores. The store offers daily discounts for food items and competes with larger stores attracting costumers that live in nearby residential areas.

In 2016, Save a Lot opened their first store in Guatemala City and most of their products are imported store-branded goods; however, the store also offers some domestic brands.

Grocery Retailers GBO Company Shares: % Value 2012-2016

% retail value rsp excl sales tax	2012	2013	2014	2015	2016
Wal-Mart Stores Inc	13.7	13.9	14.0	14.5	14.5
Unisuper SA	3.5	3.9	4.4	4.8	5.2
Pastelería Holandesa SA	0.3	0.3	0.4	0.4	0.5
Cervecería Centroamericana SA	0.2	0.2	0.4	0.4	0.4
La Barata SA	0.3	0.3	0.3	0.3	0.3
Super del Barrio	0.3	0.3	0.4	0.3	0.3
La Panería SA	0.2	0.2	0.2	0.2	0.2
Grupo Terra	0.1	0.1	0.1	0.2	0.2
Imaginova SA	0.1	0.1	0.1	0.1	0.1
Del Barrio Tiendas SA	-	-	0.0	0.1	0.1
Pan Pavallier SA	0.1	0.1	0.1	0.1	0.1

Super Elmar SA	0.0	0.1	0.1	0.1	0.0
Isopan SA	0.0	0.0	0.0	0.0	0.0
Distribuidora Marte SA	0.3	0.0	0.0	0.0	0.0
Others	80.7	80.3	79.5	78.3	77.7
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International

Supermarket sales continue growing and new supermarket units are being built not only in Guatemala City, but also in the suburbs and the interior of the country. Around seventy percent of the Guatemalan consumers still shop in open-air markets and corner stores.

Walmart Mexico y Centroamérica accounts for more than 35,000 direct jobs within their more than 700 units in Central America. In Guatemala, the company has stores that cater to different economic segments to satisfy the different tastes and demands of their customers. Total retail units in Guatemala are 232: Paiz (26), Walmart Supercenter (10), Despensa Familiar (161), and Maxi Despensa (35). Walmart imports directly around 85 percent of its food products including, meats, produce, processed foods, and beverages.

Headquarters are based in Costa Rica and most of the purchasing decisions are made in Guatemala and Costa Rica. Imported products are mainly sold at the high-end stores of Paiz, and Walmart Supercenter. Across Central America, Walmart has a social responsibility program in which they provide to local agricultural producers an opportunity to sell their products at their stores while complying with environmentally sustainable practices.

UNISUPER is the second largest supermarket in Guatemala with 78 stores throughout the country under the names of: Supermercado La Torre (67), Econosuper (9), and La Torre Express (2). UNISUPER also works with two different store concepts: La Torre stores that sell local and imported products; these stores cater to upper and middle class consumers; and Econosuper is targeted to lower income consumers and sells mostly local brands. Unisuper is remodeling its stores and upgrading the Econosuper stores to have the same structure and quality service in all its units. In the past, UNISUPER kept the individual names of the stores because customers associate La Torre's stores catering the more affluent sector, while Econosuper services lower income customers.

UNISUPER is also a member of Supermercados de Centroamérica y Panamá – SUCAP (Panama and Central America Supermarkets.) SUCAP incorporates the following supermarket chains: Gessa and AutoMercado (Costa Rica).La Colonia (Honduras), Súper Selectos (El Salvador), La Torre (Guatemala), La Colonia (Nicaragua), Súper 99 and El Machetazo (Panamá). These supermarkets total approximately 300 small, medium, and large stores that are present not only in the larger cities but also in the rural areas in each country. SUCAP's main objective is to keep its market share in Central America and to compete with the largest retail chains. This alliance among these well-known Central American supermarket chains allows them to exchange and share knowledge on software technology, to train their personnel, and to provide other market intelligence resources that allows them to transfer lower prices to their customers.

For the past seven years, Guatemalan consumers have demanded more organic products despite the fact that the market is relatively small. Usually, Guatemalan consumers perceive organic products as considerably more expensive than other products. Although Guatemalans are price sensitive, organic

buyers do not see price as an issue when making purchasing decisions.

It is estimated that around 90 percent of organic products are sold and distributed through specialized stores. Presently, Orgánica (5 stores) and Fresko (1 store) sell organic fresh and processed products. Natura Foods Market is an on-line supplier of organic foods. Caoba Farms also offers organic fresh produce that is sold at their farm in Antigua, Guatemala.

U.S. organic products have export opportunities to the Guatemalan market in the following product categories: processed fruits and vegetables, juices, energy drinks, cooking oils, dairy, tree nuts, snacks, breakfast cereals, condiments & sauces, confectionary products, and sweeteners.

Trends and Highlights

- Supermarkets continue their expansion to other cities in the interior of the country and to some of the nearby areas around Guatemala City.
- Supermarket sales continue to grow and are still competing with open markets and corner stores. For this reason, supermarkets are building stores closer to residential areas to capture more costumers.
- Consumers that live in residential areas outside city limits have no option but to go to a supermarket close to their homes for smaller purchases during the week.
- The membership discount club and bulk purchase concept has gained acceptance among consumers, as many find it more convenient for one-stop shopping.
- Going to the supermarkets is a family activity and therefore, marketing activities to promote new products during the weekends occur more often than any other day of the week. Many products are sampled during peak hours to motivate and attract consumers.
- In the three major supermarket chains, convenience and prepared foods are gaining acceptance as consumers try to reduce time spent preparing foods at home. Also, business people tired of fast-food restaurants for lunch, look for prepared meals sold in supermarkets. A wide variety can be found from local typical foods to imported foods.
- Overall, frozen prepared foods account for 10 percent of imported food sales. The product variety is very limited.
- There is a growing trend to eat healthier foods low in calories and cholesterol. Most supermarkets have a diversity of dry, frozen and ready-to-eat products. Also, organic, sugar and gluten-free products are expanding their shelf share and grow every year. These products include products such as yogurts, candies, jams, cookies, cereals, and crackers.
- Supermarkets offer a variety of services under the same roof from bill payment services, coffee shops, drugstores, and delis to dry cleaning services.

- Discounts of 10 percent on total purchases being offered by supermarkets when paying with credit cards issued by local banks.

U.S. Consumer Oriented Exports to Guatemala Values in Thousands of dollars					
	2012	2013	2014	2015	2016
Product	Value	Value	Value	Value	Value
Consumer Oriented Total	300,472	317,280	369,315	366,764	385,378
Poultry Meat & Prods. (ex. eggs)	92,115	104,834	104,347	104,345	103,669
Pork & Pork Products	28,916	27,471	41,104	40,424	43,492
Dairy Products	30,506	29,455	39,866	32,670	42,639
Prepared Food	23,809	29,563	31,330	28,461	32,138
Processed Vegetables	26,400	30,134	31,895	32,837	30,318
Beef & Beef Products	18,692	15,580	25,017	27,999	24,740
Fresh Fruit	21,981	21,583	25,309	25,056	21,652
Chocolate & Cocoa Products	8,865	8,270	11,572	14,961	16,189
Snack Foods NESOI	9,410	10,595	14,352	12,607	13,750
Condiments & Sauces	6,033	7,699	7,938	10,016	11,978
Wine & Beer	3,954	2,506	3,022	2,318	11,116
Dog & Cat Food	6,189	6,810	6,742	7,241	8,072
Tree Nuts	3,060	3,974	5,377	6,019	5,445
Non-Alcoholic Bev. (ex. juices)	3,903	4,533	4,836	3,887	4,148
Meat Products NESOI	1,814	2,160	2,710	3,352	3,204
Fruit & Vegetable Juices	4,076	2,186	3,095	4,104	2,865
Breakfast Cereals	1,549	1,856	3,675	2,674	2,698
Processed Fruit	2,208	3,397	2,335	3,429	2,693
Eggs & Products	3,392	2,345	2,607	1,801	1,748
Other Consumer Oriented	1,996	1,404	997	1,108	1,428

Fresh Vegetables	1,606	926	1,189	1,455	1,396
	300,4		369,3	366,7	385,3
Grand Total	72	317,280	15	64	78

1. Data Source: U.S. Census Bureau Trade Data

C. Hotel, Restaurant and Institutions

Hotels

Approximately 2,700 hotels, motels and bed and breakfasts operate in Guatemala and provide accommodation for both the business and the tourism sector. In 2017, four new hotels began operations in Guatemala: Hyatt Centric with an investment of almost \$29 million offering 138 rooms; and Marriott International with an investment of \$25 million, which opened two units: Courtyard Marriot with 147 rooms; AC Marriott with 114 rooms; and Hotel Latam in the interior of the country, offering 69 rooms.

Antigua Guatemala is the closest tourism destination to Guatemala City and has more than 150 hotels of which 15 are boutique hotels. According to the Guatemalan Tourism Institute (INGUAT), close to 70 percent of all tourists that travel to Guatemala visit Antigua Guatemala. Vacation rentals in Guatemala through services such as Airbnb are becoming more popular for international visitors as well for Guatemalan tourists.

INGUAT reported that 1.9 million tourists visited Guatemala generating an income in 2016 of more than \$1.7 billion. This sector also contributes 3.4 percent to the country's GDP. Guatemala City is where the greatest number of three to five-star hotels are located.

In 2016, the highest number of travelers to Guatemala was from Central America totaling 1million visitors, followed by North America with 491,591 visitors.

According to INGUAT 40 percent of the travelers visited Guatemala on vacations and spent 32 percent of their travel funds to eat. The most visited places were Antigua, followed by Guatemala City, and Peten (where the Mayan ruins of Tikal are located.)

Hotels rely on food service importers to purchase high-end products such as fine wines, meats, gourmet style dips, jellies, sauces, deli-meats, dairy products, baking mixes, and seafood. The purchase of fresh produce is regularly done at the farmer markets and supermarkets. Guatemala also has a well-developed food processing industry that offers a variety of food products that service most hotels and restaurants throughout the country.

D. Restaurants

According to the Guatemalan Restaurant Council (GREGUA), over the past ten years the number of restaurants increased from 13,605 restaurants in 2013 to 22,000 in 2015. Fast food restaurants have grown in sales by offering home delivery services. Fast food restaurants are also an option for business people.

A study carried out by Millward Brown, an American research organization, estimated that 76 out of 100 Guatemalans prefer to eat at fast food restaurants rather than formal dining restaurants. The preference for fast food restaurants is due to pricing, proximity to work and residential areas, and kids' entertainment areas. Consumer preferences are divided as follows: 19 percent prefer casual restaurants, 7 percent gourmet restaurants and the rest are divided among food stalls (27 percent), food carts (17 percent), sales on the street (12 percent) and other options (17 percent). The most popular types of fast food in Guatemala are hamburgers, pizza, tacos, and fried chicken.

There are more than 20 U.S. franchises in Guatemala and new ones are opening each year.

Guatemalan cuisine is diverse but most local dishes include white corn, the main staple of the country.

Restaurants also buy products directly from food service suppliers, local food processing companies, importers, supermarkets, and farmer markets.

E. The Institutional Market

The following sectors are considered important within the institutional market in Guatemala and depend on the Government of Guatemala (GOG) for acquisition of food products:

- Government social programs
- Public hospitals
- Penitentiary system
- Public schools for their feeding programs
-

In Guatemala there are more than twenty social and sport clubs; most of them are located within Guatemala City. These clubs buy food and beverages from local importers/distributors, farmer markets, and wholesale markets. Many of the clubs rent their facilities for social activities like weddings and baby showers, and are available for members and non-members.

F. Food Processing

The food and beverage processing industry represents more than 42 percent of industrial production. There are more than two hundred food processing companies that produce the following:

- Beverages: juice concentrates, powder drinks, alcoholic, and non-alcoholic beverages
- Preserved foods: canned fruits and vegetables, jams, jellies
- Confectionary: hard candies, chewing gum, chocolates, traditional candies
- Other processed foods: soups, snacks, condiments, sauces, bakery, deli meats, dairy

Guatemala is a major importer of raw materials and ingredients; therefore, U.S. ingredients have a big opportunity in the Guatemalan food processing industry. Guatemala imported a total of \$1.5 billion in 2016 of consumer oriented products from the world (from which \$385 million were exported from the U.S.) and exported \$2.4 billion mainly to the United States and Central America.

Since the implementation of CAFTA-DR, Guatemala has found new opportunities to increase exports of processed food products to other Central American countries and some companies are also focusing on the nostalgia market composed of Guatemalans and other Central Americans living in the United States.

The main basket of products exported to Guatemalans living in the United States is made up of tamales (corn based food), alcoholic drinks, preserved foods, dehydrated fruit punch, and plantain leaves used to prepare homemade tamales. Every year exports of these products increases approximately five percent during the Christmas holidays.

The food processing industry is divided into several different sub-sectors, but non-alcoholic beverages and preserved foods are two main categories that capture around 40 percent of total national production followed by baked goods, which has 15 percent of total exports.

IV. BEST PRODUCT PROSPECTS

The following is a list of product categories with the best export potential for U.S. suppliers.

Product Category	2016 Market Size (Metric Tons)	2016 Imports (\$ in thousands)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S. products
Beef	10,778	49,360	8	Immediate duty-free access for “prime” and “choice” cuts. Other cuts phased-out in year 2021. Duties on other products, including offal’s were phased-out in 2016.	Competition from Nicaragua, Costa Rica, and Honduras	Of the 16 million Guatemalans, one-half million are in a position to afford imported goods, and an additional 4 million can afford competitive U.S. food products.
Poultry Meat	125,823	99,984	11	In 2017, Guatemalan Ministry of Economy and the United States Trade Representative’s Office signed	Competition from: local production, Central American countries and Panama	Guatemalans view U.S.

				an agreement to eliminate the tariff on U.S. chicken leg quarters. The elimination of the tariff will allow U.S. leg quarters to continue entering into Guatemala duty-free.		products as of higher quality and safer than local products. Importers are eager to take full advantage of CAFTA-DR and favor trading with U.S. exporters.
Processed Fruit & Vegetables	85,394	125,936	7		Competition from: Chile, Mexico, Peru, and Canada	
Dairy Products (excl. cheese)	92,533	167,160	2	Under CAFTA-DR dairy products will achieve free trade in year 2025.	Costa Rica and Nicaragua offer competitive prices due to low transportation costs.	
Snack Foods	52,527	118,425	2		Competition from: Mexico, El Salvador, and Costa Rica	

V. POST INFORMATION

If you need assistance exporting to Guatemala, please contact the U.S. Agricultural Affairs Office at the following address:

Office of Agricultural Affairs
Avenida Reforma 7-01, Zona 10
Guatemala, Ciudad 01010
Tel: (502) 2332-4030
Fax: (502) 2331-8293
Email: AgGuatemala@fas.usda.gov

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>

VI. LIST OF MAJOR REGULATORY AGENCIES

Name: Bernardo Molina
Title: Deputy Director
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APPENDIXES

APPENDIX I STATISTICS

Table A. Key Trade and Demographic Information 2016

Agricultural, Fish & Forestry Imports from all countries (billions) / U.S. Market Share (%)	2.8/ (42)
Consumer Oriented Agricultural Imports from all countries (billions) / U.S. Market Share (%)	1.5/ (30)
Fish & Seafood Imports from all countries (millions) / U.S. Market Share (%)	55/ (14)
Total Population (millions) / annual growth rate (%)	17 / (1.75)
Urban Population (millions) / annual growth rate (%)	5 / (12)
Number of metropolitan areas	13 1/
Per Capita Gross Domestic Product (U.S. Dollars)	7,900
Real GDP growth (%)	3.1
Unemployment rate (%)	2.4
Exchange Rate (\$1 = X.X local currency)	Q7.5

1/ These are cities with more than 100,000 inhabitants

Source: Ministry of Economy

National Statistics Office
Central Bank of Guatemala
The World Fact Book

Table B. Consumer Food & Edible Fishery Product Import

Guatemala Imports	Imports from the world			Imports from the U.S.			U.S. Market Share		
	Millions of 2014	2015	\$US 2016	Millions of 2014	2015	U.S. 2016	Percent		
CONSUMER-ORIENTED	1,329	1,422	1,506	383	408	450	26%	27%	30
Snack foods (excl. nuts)	108	111	118	18	22	26	17	19	22
Breakfast cereals & pancake mix	61	62	67	4	4	5	7	7	8
Red meats, fresh/chilled/frozen	58	81	79	48	46	52	82	56	65
Red meats, prepared/preserved	46	49	49	26	27	28	56	56	58
Poultry meat	75	89	98	72	87	98	95	98	98
Dairy products (excl. cheese)	181	173	167	27	26	30	14	15	18
Cheese	48	52	51	17	19	24	37	36	47
Eggs & products	5	4	3	3	2	2	74	71	70
Fresh fruit	52	57	66	27	29	27	52	51	42
Fresh vegetables	12	13	14	1	1	1	11	12	11

Processed fruit & vegetables	124	128	125	52	52	52	42	41	42
Fruit & vegetable juices	20	16	15	4	4	3	20	29	23
Tree nuts	5	6	6	2	3	2	51	47	41
Wine & beer	36	42	52	4	2	8	10	6	15
Nursery products & cut flowers	6	4	6	0	0	0	8	14	13
Pet foods (dog & cat)	21	22	26	9	9	10	42	42	36
Other consumer-oriented	516	556		83	86		16	16	
FISH & SEAFOOD PRODUCTS	76	56	55	9	8	8	12	14	14
Salmon	0	0	0	0	0	0	98	72	85
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	59	40	37	2	1	0	4	4	1
Groundfish & flatfish	0	0	0	0	0	0	100	37	90
Molluscs	2	2	2	1	1	1	78	80	83
Other fishery products	15	14	15	5	5	5	35	32	34

Source: World Trade Atlas

Table C. Top 15 Exporters of Consumer-Oriented and Fish & Seafood Products

Consumer-Oriented Total (Thousands \$US)				Fish & Seafood Products (Thousands \$US)			
	2014	2015	2016		2014	2015	2016
United States	383,349	408,119	450,396	Argentina	0	1,125	14,449
Mexico	232,348	247,133	255,182	Ecuador	41,208	24,071	13,400
El Salvador	195,631	207,748	212,894	United States	9,230	7,981	7,930
Costa Rica	196,627	207,472	208,000	Thailand	3,805	4,572	3,939
Nicaragua	58,675	68,824	70,339	Honduras	9,574	5,299	3,789
Honduras	58,804	54,976	56,604	Vietnam	804	783	2,591
Chile	43,733	38,868	40,691	Nicaragua	2,419	4,619	2,441
Netherlands	18,783	21,116	25,491	Costa Rica	1,882	1,878	1,694
China	12,011	15,297	20,302	Norway	1,221	798	1,359
New Zealand	21,337	22,390	20,086	Panama	509	2,579	1,286
Panama	11,821	18,498	17,127	Peru	157	134	883

Spain	14,882	12,741	16,142
Colombia	9,631	14,041	14,415
Germany	8,040	7,991	11,833
Ireland	4,788	6,561	10,646
World	1,329,752	1,422,245	1,506,475

China	495	469	255
Spain	266	205	227
India	84	0	170
Indonesia	263	348	136
World	76,305	56,940	55,145

Source: World Trade Atlas