

Required Report: Required - Public Distribution

Date: December 14, 2021

Report Number: GT2021-0020

Report Name: Exporter Guide

Country: Guatemala

Post: Guatemala City

Report Category: Exporter Guide

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Report Highlights:

The Guatemalan economy relies on foreign exchange generated by international trade, remittances, and the tourism sector. Guatemala represents a growing market for U.S. companies and is a country with relative economic stability. U.S. exports of agricultural products to Guatemala in 2020 remained steady at \$1.2 billion, the same total reported in 2019. It is expected that some U.S. agricultural products exported to Guatemala in 2021 will have record export levels , including: red meats; poultry; table eggs; fresh vegetables; distilled spirits; wines, and pet foods.

Market Fact Sheet: GUATEMALA

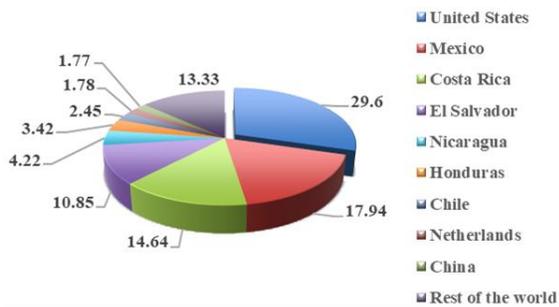
Executive Summary:

Guatemala is within the top 20 destinations for U.S. agricultural exports, and is the second largest market in the CAFTA-DR region. In 2020, U.S. agricultural exports to Guatemala were valued at \$1.2 billion.

Imports of Consumer-Oriented Products:

Guatemala's imports of consumer-oriented products from the world were impacted by the COVID-19 pandemic, with a decrease of 1.4 percent totaling \$1.88 billion. In 2020, Guatemalan imports from the United States decreased 3 percent, totaling \$469.7 million compared to \$484.3 million in 2019. Around 30 percent of consumer-oriented agricultural products imported to Guatemala are from the United States.

CONSUMER ORIENTED IMPORTS 2020



Food Processing Industry:

Guatemala is a food processing country and a large importer of food ingredients. There is growing domestic demand for bulk and intermediate products (yellow corn, wheat, soybean meal, soybean oil), and meats (chicken and red meats) for the food processing industry. The U.S. is the main supplier of wheat for the milling and bakery sectors.

Food Retail Industry:

The retail sector in Guatemala is dominated by three supermarket chains: Walmart, La Torre, and Pricesmart. These supermarkets mainly target middle and high-income consumers. However, there are still many opportunities in the retail sector for U.S. exporters. Only 30 percent of food sales are in supermarkets, with the rest coming from open-air markets and corner stores.

Top Guatemalan Retailers:

1. Walmart
2. Unisuper
3. Pricesmart
4. Tiendas del Barrio
5. La Barata
6. Super 24

List of Top 5 U.S. consumer-oriented products in Guatemala (million \$):

- 1) Poultry Meat & Products (\$111.4)
- 2) Pork & Pork Products (\$54.9)
- 3) Dairy Products (\$46.2)

Population: 18.3 million (2020)

GDP: \$77.6 (2020)

GDP per capita: \$8,637

GT Ag imports from the U.S.: \$1.4 billion

GT Ag exports to the U.S.: \$1.9 billion

Strengths	Weaknesses
Local processed foods industry continues growing as well as their need for inputs.	Mexico, and Costa Rica compete with the U.S. on inputs' supply to Guatemala.
Supermarket chains, fast food restaurants, and delivery apps, are working together to offer more food deliveries.	Insecurity is still a concern, and some areas are considered red zones in different cities.
Consumers are becoming more sophisticated in their food preferences.	Guatemala signed several free trade agreements with other countries.

Sources: BICO, Trade Data Monitor, CIA, World Bank, Bank of Guatemala, and Euromonitor.

SECTION I. MARKET OVERVIEW

Market Research

Guatemala has the largest economy and population in Central America, with GDP growth of 3 percent in 2021 reaching \$79.9 billion and a population of around 18.3 million. Due to the impact of COVID-19, Guatemala's economy shrank 1.5 percent in 2020 according to the World Bank. The capital, Guatemala City, has a population of approximately 3 million and features first-class hotels and restaurants.

In 2020, Guatemala's GDP was \$77.6 billion. Agriculture is one of the main economic drivers, accounting for 13.5 percent of GDP and 31 percent of the labor force. The economy relies on international trade (especially exports of goods to the United States and other Central American countries), remittances from the United States, and tourism. A key component of Guatemala's economy are remittances, with over a million Guatemalans who have settled in the United States. Remittances increased by 8 percent in 2020 and were equivalent to 13.5 percent of GDP.

The COVID-19 pandemic has continued to affect the tourism sector in 2021, with many tour operators, small hotels, and restaurants closing their businesses. Even with those impacts, the Guatemalan Tourism Institute reported that from January-June 2021, 257,873 tourists traveled to Guatemala, representing a 43 percent increase from 2020. The tourists came mostly from the United States (38 percent); followed by Salvadorans and locals who traveled to tourism sites in the interior of the country.

Foodservice importers are slowly returning to cater to the hotel and restaurant sector. However, the trend toward home delivery that developed as a result of the pandemic will most likely remain a part of their business operations.

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 18.3 million inhabitants live below the national poverty line, and poverty is mostly concentrated in the Western highlands. Guatemala City, with a population of around three million, is the business hub and has most of the economic activity and job opportunities.

U.S. companies that export to Guatemala must 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 (apart from the tourist areas in Antigua, Panajachel, and Puerto Barrios) and those who live in Guatemala City.

U.S. food products are competitively priced and are distributed to both high- and middle-income consumers. Other U.S. food products such as grains, poultry (chicken leg quarters), fats and oils, and preserved foods are oftentimes cheaper than domestically produced products.

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

Advantages	Challenges
Strategic geographic access to Guatemala on both the Atlantic and Pacific Oceans.	Roads throughout the country are in poor condition and transportation costs are high.
Most imported products from the United States enter duty-free thanks to CAFTA-DR.	FTAs with various countries create strong competition.
Low cost transportation of goods thanks to the proximity of U.S. ports. U.S. suppliers can export smaller quantities at competitive prices.	Many Guatemalan importers prefer that U.S. suppliers export their products through Miami to consolidate their products and reduce transportation costs.
Supermarket chains open stores every year and mostly in the interior of the country. These new stores sell domestic products and imported goods.	Registration is always a concern to importers because it takes more than two weeks to issue import permits to importers.
Guatemala, El Salvador, and Honduras signed the customs union among the three countries.	The harmonization of technical standards could restrict access for some U.S. products.
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.
Shipping products from the U.S. is cheaper and quicker than shipping products from Europe.	Guatemala implemented the on-line products registration system in 2021.
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.

During 2021, Guatemala released some of the temporary sanitary restrictions that were in place in 2020. However, the Government of Guatemala (GOG) is still limiting the schedule for restaurants to serve alcohol to 6:00 p.m.-11:00 p.m. Restaurants are also required to comply with sanitary measures, such as social distancing, obligatory use of face masks, and measurement of body temperature, among other requirements.

Food sales at the retail level were not restricted with their business hours' operations, and they continued with their on-line sales, and grocery delivery services throughout the country.

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs and Trends

The Government of Guatemala 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 close proximity to the United States.

Most business conducted in Guatemala is based on:

- Personal relationships, which are preferred by Guatemalans when doing business. Business executives and government officials place great importance on personal contact with suppliers. Because of COVID-19, both business executives and government officials are now willing to have virtual meetings and attend virtual events and trainings when possible, in order to comply with social distancing measures. Under normal conditions, U.S. suppliers should be prepared to have a local representative or distributor and be prepared to travel to Guatemala when possible. U.S. businesses often are surprised at the accessibility of 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 and distributors.
- Guatemalan importers typically require samples of products. 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.

Importer lists are available from the Foreign Agricultural Service for use by exporters of U.S. food and beverage products. In addition, around 22 U.S. cooperator and trade groups are present in Guatemala and can assist U.S. companies; these groups work under USDA-funded programs.

To find a list of USDA cooperators, please visit www.fas.usda.gov/pcd/PartnersSearch.aspx

Consumer Tastes and Preferences

Guatemalans have adopted much of U.S. culture, such as music, sports, fashion, and fast food. 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 for tourism are introduced to American food products; therefore, consumers prefer U.S. products as they are viewed as being of higher quality.

Imported refrigerated and frozen ready-to-eat products continue increasing their shelf space at the larger supermarkets. These imported products share the space with local processed products such as tacos, tortillas, burritos, beef and chicken patties, chicken nuggets, and corn-based tamales, which are among the preferred foods because they are easy to cook and have affordable prices.

Guatemalans have also followed the trend towards healthy eating, and are now demanding foods with less sugar, saturated fats, and cholesterol. This trend also includes organic products, sold and distributed mainly through specialized stores. Around 90 percent of organic products are imported, and these products include processed fruits and vegetables, juices, energy drinks, cooking oils, dairy, tree nuts, snacks, breakfast cereals, condiments & sauces, confectionary products, and chicken. Most Guatemalan consumers are price sensitive; however, organic-focused consumers are the exception, as they do not see price as an issue when making purchasing decisions.

The food truck business started in 2016 with approximately fifteen companies that owned 1-3 trucks. These companies offer a wide variety of foods and beverages such as gourmet style coffees and teas, sandwiches, tacos, hot dogs, pizzas, hamburgers, and international cuisine (Chinese, Mexican, French, and Italian, Japanese, and Mediterranean food.) Due to current social distancing measures, food trucks are limited as most of these businesses rely on populated pedestrian areas or catered social events, both of which are still prohibited. This sector has an association that legally represents the group of companies that own a food truck. The association was working with the Municipality of Guatemala to find a public space that will be a permanent location for the trucks, and it was expected to have all permits authorized by the end of 2020, but the process was delayed, and it is expected to continue in the coming years.

SECTION III: IMPORT FOOD STANDARDS & REGULATIONS / IMPORT PROCEDURES

Documents Generally Required by the Country Authority for Imported Food

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.

Spanish Language Labelling Requirements

Spanish language labelling is required by the office of Food Control at the Ministry of Public Health. This is the government agency responsible for all registrations of processed products. Regulations and registration procedures and requirements are available at their on-line site or see the FAIRS report referenced above:

<https://www.mspas.gob.gt/index.php/component/jdownloads/category/252-control-de-alimentos?Itemid=-1>

Tariffs and FTAs

The Dominican Republic-Central America 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. Some of the most important exported agricultural products to Guatemala are yellow corn, wheat, soybean meal, and poultry meat. The United States and the rest of Central American countries are the main trade partners with Guatemala.

Besides CAFTA-DR, Guatemala has free trade agreements (FTAs) with Central America (including Panama), Colombia, Mexico, Dominican Republic, Taiwan, Chile, and the European Union (EU.)

The customs union between Guatemala and Honduras started in June 2017, and as of December 7, 2018, El Salvador is part of the customs union. El Poy is the integrated border of the three countries and authorities believe that this customs union will turn the Central America northern triangle into the eighth strongest economy in Latin America. With this union, most import tariffs will be harmonized to facilitate cross-border trade and eliminate opportunities for triangulation of imports.

For information about the different FTAs signed by the Guatemalan government, please visit: <https://www.mineco.gob.gt/node/678>

Trademarks and Patents Market Research

For more information please read the Foreign Commercial Service Country Commercial Guide: <https://www.export.gov/article?id=Guatemala-Protecting-Intellectual-Property>

For additional information on import regulations and standards please refer to the FAIRS Report 2021 at <https://gain.fas.usda.gov/#/search>

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Food Retail

The two largest supermarkets in Guatemala are Walmart Mexico and Central America, with a retail value share of 51 percent; followed by Unisuper (La Torre/Econosuper), with 21.5 percent of retail value share.

These supermarkets target middle and high-income consumers and low to mid-low-income consumers. There are still many opportunities in the retail sector, since only 30 percent of total food sales are made by supermarkets. This opportunity is also an advantage for informal retailers who are mostly concentrated in the rural areas of the country and mainly attract low-income and mid-income consumers. According to Euromonitor, in 2020, sales at the supermarkets increased 5 percent from 2019 and totaled \$4.0 million.

The higher-end consumers are shoppers that buy groceries in the supermarkets on a weekly basis, as they have higher disposable incomes and value the service that modern channel retailers provide. For the past 10 years, Guatemala has built many apartment buildings in the high-end neighborhoods; this new living concept is causing shoppers to look for convenience stores that have quick and easy access to purchase items in smaller amounts than what they would usually purchase at the larger supermarkets. The middle and low-income consumers still prefer to buy groceries at the open-air markets or corner stores nearby their neighborhoods, which are mostly run by the informal markets. Customers prefer these stores because they can find products sold in smaller sizes, which are more convenient for those who do not own refrigerators and due to the lower price.

For more information about the supermarket sector in Guatemala, read the Retail Report 2020 at: <https://gain.fas.usda.gov/#/search>

Food Processing

Guatemala is a major importer of raw materials and ingredients, which are used by local companies for further processing for both domestic consumption and exports. In 2020, the United States exported \$445 million in bulk commodities (wheat, corn, and rice); \$372.5 million in intermediate products (soybean meal, soybean oil, vegetable oil, sweeteners, and beverage bases), and \$469.7 million in consumer-oriented products (chicken, dairy, pork, processed vegetables, prepared foods, beef, wine and beer, and fresh fruits), which are among the most exported products to Guatemala from the United States.

Guatemalan non-alcoholic beverages and preserved foods are the two leading sub-sectors and represent 40 percent of the total national production, followed by baked goods with 15 percent of total exports of processed products. The main processed products exported to the United States include corn-based foods, snacks, alcoholic drinks, and preserved foods, dehydrated products such as broths, and fruits for beverages.

The areas with the most growth potential for the food processing industry are:

Industry	Products
Processed meats:	mechanically separated poultry; boneless pork picnic; pork bellies, trimmings and offals; flours (fillers); animal fats
Beverages:	fruit concentrates and nectars; drink bases and syrups; soy flakes and soy powder; artificial fruit flavors
Snacks:	dehydrated potato flakes and powder; soy flakes; nuts; fresh potatoes; fruit fillings; raisins; pork rind; whey powder, protein concentrates; corn; rice.
Soups and Broths:	dehydrated potato flakes and powder; soy flakes; dehydrated vegetables; condiments

For more information about this industry sector in Guatemala, read the Food Processing Report 2020 at: <https://gain.fas.usda.gov/#/search>

Hotel & Restaurant

The capital, Guatemala City, has a population of approximately 3 million and features first-class hotels and restaurants. Guatemala represents a great opportunity for the foodservice industry, as most of the population is young and is very familiar with imported food products. The food and beverage industry presents promising opportunities for new products sought by health-conscious consumers, or products designed for consumers who require specialty foods for medical purposes or specific nutritional or dietary needs. The Guatemalan market is constantly adapting as consumers follow food trends that are popular in other countries around the world.

Most of the hotels in Guatemala City have at least one restaurant open to the public; and others have in addition to their restaurant, a bistro or coffee shop. Many of the international hotel chains include breakfast in their lodging rates and therefore, travelers eat that meal at the hotel, and have lunch and dinner at nearby restaurants.

The hotels and restaurants in Guatemala purchase products through wholesalers, retailers, and at informal markets; for imported food products, they buy from importers, supermarkets, or membership stores that can offer larger quantities. Food franchises, and high-end restaurants, import most of their ingredients to comply with international quality standards and franchise agreements. These restaurants import either directly or through a distributor. Medium and high-end restaurants usually have their chefs make the purchasing decisions. Typically, they cook their own baked goods or prepare their own flavored seasonings, to differentiate themselves from other restaurants.

For more information about this sector in Guatemala, read the Hotel, Restaurant & Institutional Report 2020 at: <https://gain.fas.usda.gov/#/search>

Competitive Situation

The major competitors with the United States in consumer-oriented product imports in Guatemala are Mexico, with an 18 percent market share, Costa Rica, with a 15 percent market share, and El Salvador, with a 13 percent market share.

U.S. products that face competition from other countries in the Guatemalan market are:

Guatemalan imports in 2020				
U.S. Competitors - Top 10 Consumer Oriented Products				
Product	World Imports (\$ millions)	Main Supplier	Exports to GT (\$ millions)	U.S. Exports to GT (\$ millions)
Dairy products	296.9	Costa Rica	65.7	50
Soups and other food preparations	279.3	Costa Rica	106.4	60.1
Bakery goods, cereals, and pasta	224.3	El Salvador	67.7	48.4
Non-alcoholic beverages (ex. juices, coffee, and tea)	110.9	El Salvador	33.2	14.5
Condiments and sauces	100	Costa Rica	41.6	21.5
Beer	67.7	Mexico	51.3	14.1
Processed fruit	61.3	El Salvador	15	7.5
Chewing gum and candy	44.6	Mexico	14.8	3.6
Dog and cat food	35.2	Mexico	15.5	9.9
Distilled spirits	18.4	United Kingdom	10.7	0.8

Source: Trade Data Monitor

**Guatemala Imports from United States
Consumer-Oriented Products
Calendar Year 2018-2020**

Description	January - December (Value: USD)		
	2018	2019	2020
*poultry meat & prods. (ex. eggs)	\$ 119,040,232	\$ 131,645,490	\$ 111,933,138
*soup & other food preparations	\$ 41,204,420	\$ 57,123,207	\$ 60,078,506
*pork & pork products	\$ 50,627,834	\$ 58,447,929	\$ 54,471,721
*dairy products	\$ 43,959,616	\$ 48,511,951	\$ 50,009,804
*processed vegetables	\$ 47,125,159	\$ 49,975,015	\$ 44,340,250
beef & beef products	\$ 33,645,072	\$ 37,789,178	\$ 37,508,236
fresh fruit	\$ 29,795,931	\$ 32,117,336	\$ 35,813,391
bakery goods, cereals, & pasta	\$ 25,553,487	\$ 26,008,807	\$ 24,101,653
condiments & sauces	\$ 23,092,197	\$ 24,058,169	\$ 21,550,426
meat products nesoi	\$ 15,856,051	\$ 16,715,907	\$ 18,015,076
chocolate & cocoa products	\$ 17,615,150	\$ 17,621,418	\$ 16,425,903
non-alcoholic bev. (ex. juices, coffee, tea)	\$ 14,297,536	\$ 17,162,149	\$ 14,458,475
beer	\$ 7,420,172	\$ 10,493,889	\$ 14,160,751
dog & cat food	\$ 9,435,260	\$ 10,351,888	\$ 9,950,137
tree nuts	\$ 7,314,028	\$ 7,337,429	\$ 9,551,079

*Five top U.S. consumer-oriented exports to GT in 2020.

SECTION V: AGRICULTURAL AND FOOD IMPORTS

Agricultural & Food Import Statistics (in millions of dollars)

Product	2016	2017	2018	2019	2020
Consumer Oriented	379.0	413.2	436.9	484.3	469.7
Bulk	426.0	395.1	497.9	463.7	445.4
Intermediate	308.0	314.9	352.9	339.6	372.5
Agricultural Related Products	14.0	18.4	16.6	11.4	10.9
Total Agricultural & Related Products	1,100	1,100	1,300	1,200	1,200

For a detailed report, please visit: www.fas.usda.gov/gats/BicoReport.aspx?type=country

SECTION VI: KEY CONTACTS AND FURTHER INFORMATION

Links to government sources:

Ministry of Agriculture, Livestock, and Food – Sanitary & Phytosanitary Import Requirements - www.maga.gob.gt

Ministry of Economy – CAFTA-DR import tariffs - www.mineco.gob.gt

Ministry of Health- Food Control Administration - www.mspas.gob.gt

Guatemalan Tax Authority – Customs - <https://portal.sat.gob.gt/portal>

Importers' listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

Foreign Agricultural Service – Guatemala

U.S. Department of Agriculture

Address: Avenida La Reforma 7-01, Zona 10. Guatemala, Guatemala

Phone: (502) 2332-4030 / 2334-8439

E-mail: AgGuatemala@fas.usda.gov /

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Attachments:

No Attachments