

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Guatemala

Exporter Guide

Annual

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Report Highlights:

This report provides general economic and business information in Guatemala. 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 2017, the United States exported a total of \$1.5 billion of agricultural products to Guatemala. Some of the top U.S. agricultural exports are yellow corn, wheat, soybean meal, and poultry meat.

Post:

Guatemala City

MARKET FACT SHEET: GUATEMALA

Executive Summary

Guatemala has the largest population in Central America with around 17 million inhabitants. It is the horticultural hub for Central America. The United States represents Guatemala’s largest trading partner, and Guatemala is a net importer. After 12 years of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) implementation almost all U.S. products have no import tariffs and nearly all remaining tariffs will be eliminated in five years. The United States is the largest agricultural product supplier to Guatemala, accounting for 30 percent of the market.

Imports of Consumer-Oriented Products

Around 31 percent of consumer-oriented agricultural products imported in Guatemala are from the United States, **followed** by Mexico and Costa Rica with 15 percent; and El Salvador with 14 percent. In 2017, Guatemala imported \$1.4 billion from the world and \$417 million from the United States.



Food Processing Industry

The food processing industry is divided into different sub-sectors, led by non-alcoholic beverages and preserved foods. These two sub-sectors represent 40 percent of the total national production, followed by baked goods (15 percent of total exports of processed products.) Guatemala is a major importer of raw materials and ingredients for food processing. The United States offers consistent and high-quality ingredients for the food processing industry.

Food Retail Industry

The retail sector in Guatemala is dominated by three supermarket chains. There are still many opportunities in the retail sector as only 30 percent of food sales occur in supermarkets.

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the U.S.: **\$417 million.**

List of Top 10 U.S. Products in Guatemala:

- | | |
|---------------------------------------|-------------------------|
| 1) Corn | 6) Dairy products |
| 2) Soybean meal | 7) Soybean oil |
| 3) Wheat | 8) Rice |
| 4) Poultry meat & products (ex. Eggs) | 9) Beef & beef products |
| 5) Pork & pork products | 10) Fresh fruits |

- Guatemala exports to the world: \$2 billion
- Guatemala imports from the world: \$1.5 billion
- Guatemalan imports from the U.S.: \$369 million
- Guatemalan exports to the U.S.: \$195 million

- GDP/Population
- Population (millions): 17
- GDP (USD, PPP): \$138.3 billion
- GDP per capita (USD, PPP): \$8,200

Top Guatemalan Retailers

- | | | |
|--------------|-----------------------|-----------|
| 1. Walmart | 4. Tiendas del Barrio | 7. Fresko |
| 2. Unisuper | 5. La Barata | |
| 3. Pricemart | 6. Save A Lot | |

Strengths	Weaknesses
Fast-food restaurants require specific quality on the ingredients used for their menus; this requires importing more value-added products to meet international standards.	Uncertainty with Customs policies and procedures that can result in delays, fines, or denial of preferential tariff treatment.
As Guatemalan consumers become more sophisticated, opportunities for higher quality products increase.	Other Central American countries and Mexico export products at competitive prices with lower shipping costs.
The number of restaurants in Guatemala is approximately 25,000 nationwide.	Guatemala is a price sensitive market and this could affect loyalty to brands in times of economic difficulty.

Source: BICO, Global Trade Atlas

SECTION I. MARKET OVERVIEW

Market Research

Guatemala is Central America's largest economy, accounting for almost one-third of the region's gross domestic product (GDP). In 2017, Guatemala's GDP was \$75.6 billion, and 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. The manufacturing industry consists of light assembly and food processing for domestic consumption and export.

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 17 million inhabitants live below the national poverty line, and poverty is mostly concentrated in the Western Highlands. The skewed income distribution creates a particular pattern of consumption, where the majority of the population consumes merely for subsistence. Guatemala City, with a population of around five million, is the business hub and has most of the economic activity and job opportunities

U.S. firms that export to Guatemala must understand that market conditions are strongly effected 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. 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 have increased up to 15 percent in the past two years.
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.
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 at their stores.	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.
Shipping products from the U.S. is cheaper and quicker than shipping products from Europe.	Guatemala does not have an online 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.

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs and Trends

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 businesses conducted in Guatemala are 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.

- Guatemalan importers normally will 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 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 as being of higher quality.

Imported refrigerated and frozen ready-to-eat products are 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 the 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. The majority of Guatemalan consumers are price sensitive; however, the organic consumers are the exception, as they do not see price as an issue when making purchasing decisions.

Food trucks are also gaining traction in the food business. The Guatemalan Food Trucks Association reports that more than fifteen food truck companies are present in the market and they sell a variety of foods and beverages such as gourmet style coffees and teas, sandwiches, tacos, hot dogs, pizzas, hamburgers, and international cuisine (Chinese, Mexican, French, Italian, Japanese, and Mediterranean food.) These 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. The food trucks also cater to specific social events or they collaborate with the local Municipality and sell food at public events. This is still a new trend and is becoming more popular in Guatemala City.

Home-delivery is a new trend among Guatemalan consumers who mainly live in Guatemala City in the high-end residential areas. Through food delivery phone apps consumers can order food from cafeterias and fast food restaurants, to high-end restaurants. Delivery service is available according to the restaurant's individual schedule.

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.

For additional information on import regulations and standards please refer to the FAIRS Report 2018 at <https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

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: <http://portal.mspas.gob.gt/index.php/en/servicios/regulacion-y-control-de-alimentos-menu-servicios.html>

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. In 2017, the United States exported a total of \$1.5 billion of agricultural products to Guatemala. 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 (FTA) with Central America (including Panama), Colombia, Mexico, Dominican Republic, Taiwan, Chile, and the European Union (EU.) 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 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>

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Food Retail

The retail sector is the fastest growing food sector in Guatemala, followed by informal retail and online. New shopping centers are opening in Guatemala City and its surrounding cities and this provides many opportunities for grocery retailers to increase sales as only 30 percent of total food sales occur at supermarkets.

The middle and high-income consumers buy groceries in the supermarkets. The informal retailers who are mostly concentrated in the rural areas of the country attract middle-low and low-income consumers who prefer to shop at the open-air markets or small stores located near their neighborhoods. Online sales mostly come from international websites. Guatemalans use courier services to obtain the products purchased online.

Most Guatemalan consumers are familiar with U.S. products and prefer them to other imported or domestic products because they are perceived as safer and of higher quality.

Grocery retailers offer a wide variety of U.S. products but there are still many opportunities for products such as red and poultry meat; wines and beers; snacks, condiments and sauces, frozen foods, dairy, and organic products.

For more information about the supermarket sector in Guatemala, read the Retail Report 2018 at: <https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Food Processing

Guatemala is a major importer of raw materials and ingredients for food processing; the United States offers consistent and high-quality ingredients for the food processing industry. In 2017, the United States exported \$686 million in bulk commodities and raw materials with soybean meal, yellow corn, rice, and wheat as the top products. Guatemalan brands offer a wide variety of products that include shelf-stable, ready-to-eat food such as refried beans (mostly black beans), flavored tomato sauces, soy-based meals, and instant-noodle soups.

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 the supermarket sector in Guatemala, read the Food Processing Report 2018 at: <https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Hotel & Restaurant

Guatemala represents a great opportunity for the foodservice industry, as the food and beverage sector in Guatemala represents 11.3 percent of total GDP. It generates more than 300,000 direct jobs for the hotel and restaurant industries, and many indirect jobs in the agricultural and food processing industries. This sector also offers good potential for new investments, as young consumers are looking for more health-conscious eating and new food trends popular worldwide. Guatemala is a popular tourism destination for international travelers and according to the Guatemalan Tourism Institute, approximately 2.1 million tourists visited Guatemala in 2017 and generated more than \$1.2 billion. Most hotels offer breakfast as part of the lodging rate. These hotels acquire their products at open-air markets, supermarkets, and/or importers dedicated to the foodservice industry.

For more information about the supermarket sector in Guatemala, read the Hotel, Restaurant & Institutional Report 2018 at: <https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

Animal Feed Industry

The animal feed industry in Guatemala depends mainly on grain imports from the world. The largest supplier is the United States. In 2017, the U.S. exported the following products to Guatemala, which are used as feed inputs by the industry:

Corn (yellow):	\$144.8 million
Soybean meal:	\$136.0 million
Distill DDGS:	\$8.7 million
Feeds & fodders:	\$17.2 million

Livestock, pork, poultry, and fish producers are within the industries that utilize these inputs. Aquaculture (shrimp, freshwater fish, and marine fish) is an important area for market development as it is rapidly expanding in Guatemala from large feeding companies to small farmers in the interior of the country.

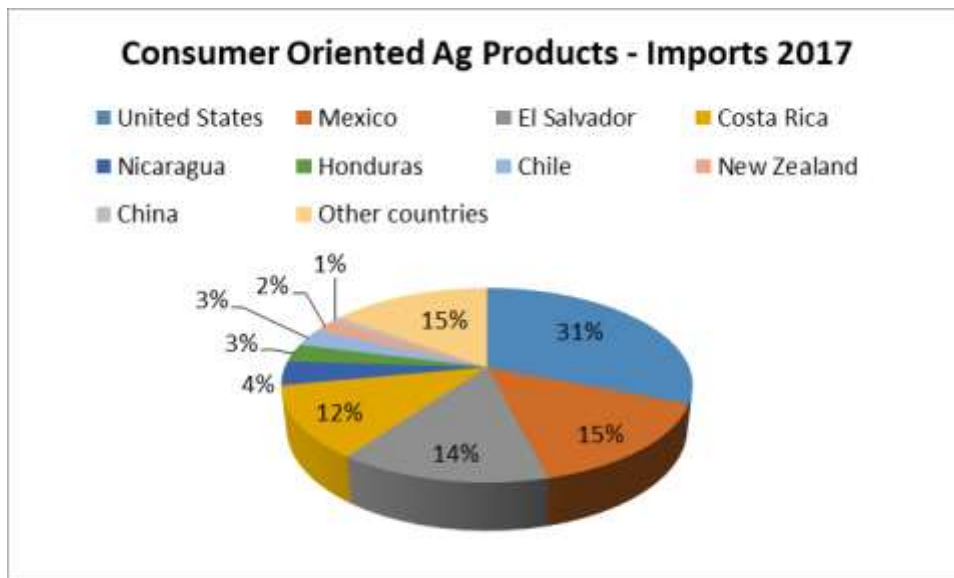
Baking industry

Guatemala wheat consumption is growing, as the per capita consumption of baked goods is approximately 40 kg., positioning Guatemala as Central America’s largest per capita consumer. Guatemala has many small-to-medium-sized family-owned businesses, large corporations like Bimbo, ADM, Cargill, and other Central American companies that also sell pre-mixes to the small bakeries. According to the U.S. Wheat Associates, a USDA Cooperator, the evolution of franchising, fast foods, convenience stores, and consumers that are more demanding, has led to the increase demand for new products, and a larger overall market for wheat-based foods.

As the consumption of baking goods continues growing, other U.S. inputs have an opportunity to grow in the market: sugars & sweeteners; dairy (butter, cream cheese, sour cream); vegetable oils; shortening; extracts and flavorings; chocolate (chocolate chips, unsweetened cocoa powder, cocoa powder); frostings and glazes; dried fruits (raisins and cranberries); rolled oats; nuts; jams, jellies, and fruit preserves for cakes and cookies; peanut or almond butter; food coloring and sprinkles.

Competitive Situation

The major competitors with the United States in consumer-oriented products imports in Guatemala are Mexico with 15percent market share, El Salvador with 14 percent market share and Costa Rica with 12 percent market share.



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

Product	Major Supply Sources	Imports in 2017 (\$millions)
Food preparations	Costa Rica	77.4
Beer made from malt	Mexico	35.9
Non-alcoholic beverages	El Salvador	34.2
Milk/Cream Cnctrd Powder	New Zealand	18.9
Meat of bovine animals, boneless, fresh or chilled	Nicaragua	17.7
Bread, pastry, cakes & puddings	Honduras	11.5
Fresh apples	Chile	8.9
Sugar Confection	China	5.2
Fresh grapes	Peru	3.6
Potatoes fresh	Canada	2.0

Source: Global Trade Atlas

SECTION V: AGRICULTURAL AND FOOD IMPORTS

Agricultural & Food Import Statistics (in millions of dollars)

Product	2013	2014	2015	2016	2017
Consumer Oriented	317.3	369.3	366.8	385.4	416.6
Bulk	320.9	412.2	393.0	396.3	369.7
Intermediate	313.5	341.6	314.7	305.0	314.8
Agricultural Related Products	14.2	18.2	16.1	14.8	19.1
Total Agricultural & Related Products	965.8	1,141.3	1,090.5	1,101.5	1,120.2

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

Five Best Consumer-Oriented Product Prospects Categories (in thousands of dollars)

Product Category	2013	2014	2015	2016	2017
Food Preparations (baking inputs & bev. Bases)	62,710	65,616	72,967	88,913	87,822
Fats & Oils	29,642	48,618	41,370	41,143	55,194
Processed Vegetables & Pulses	30,086	31,799	32,723	29,890	33,736
Processed/Prepared Dairy Products	20,902	26,472	24,075	28,478	33,395
Prepared/Preserved Meats	23,976	28,751	33,408	29,350	33,162

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>

For questions or comments regarding this report, or assistance exporting to Guatemala, please contact the Foreign Agricultural Service. 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

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