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## Guatemala

### Exporter Guide

### Annual

### 2008

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**Report Highlights:**

Guatemala has Central America's largest economy, accounting for almost one-third of the region's gross domestic product. In 2007, Guatemala's gross domestic product (GDP), estimated at US\$33.5 billion, grew by 5.7%, which represents the largest yearly increase in the last three decades.

CAFTA-DR has had a positive effect on bilateral trade and it is expected to add between 0.6 and 1.0 percentage points per year to Guatemala's GDP.

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Annual Report  
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[GT]

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## I MARKET OVERVIEW

### A. Current Economic Situation

Guatemala has Central America's largest economy, accounting for almost one-third of the region's gross domestic product (GDP). In 2007, according to the Central Bank (BANGUAT), Guatemala's GDP, estimated at US\$33.3 billion grew by 5.7%, which represents the largest yearly increase of the last three decades. The inflation rate that year reached 8.75%. Agriculture is the principal contributor to the production of goods, although wholesale and retail sales are the largest single sector in the GDP calculations.

According to the World Bank, Guatemala has one of the most unequal income distributions in the hemisphere. The wealthiest 10% of the population receives almost one-half of all income and the top 20% receives two-thirds of all income. As a result, about 32% of the population lives on less than US\$2 a day and 13.5% on less than US\$1 a day. The exchange rate has fluctuated little over the last four years and presently it is Q7.38 per US\$1.00 (Q=quetzal).

Guatemala's economy is dominated by the private sector, which generates about 85% of total GDP. Agriculture contributes directly 13.3% of the GDP and accounts for 41% of total exports. Most manufacturing is light assembly and food processing, geared to the domestic, U.S., and Central American markets.

Guatemala ratified the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) on March 10, 2005 and the agreement entered into force on July 1, 2006. CAFTA-DR has had a positive effect on bilateral trade and it is expected to add between 0.6 and 1.0 percentage points per year to Guatemala's GDP. Besides CAFTA-DR, Guatemala has free trade agreements with Mexico, the Dominican Republic, Taiwan and Chile. In addition, it has partial free trade agreements with Colombia, Cuba, Panama, and Venezuela, and is negotiating one with Belize and Canada.

U.S. agricultural exports to Guatemala have continued to grow during the last few years.

- Total U.S. agricultural exports totaled \$685 million in 2007.
- Bulk commodities grew from \$132 million in 2003 to \$311 million in 2007.
- Intermediate agricultural products grew from \$105 million in 2003 to \$204 million in 2007.
- Consumer-oriented products increased from \$111 in 2003 to \$160 million in 2007.
- Seafood products increased from 1.9 in 2003 to 2.3 in 2007.

Despite these positive factors, there are some factors like the recent global rise in food and energy prices that affect the economy in the country. It is important for U.S. firms considering exporting to Guatemala to understand that the market conditions are strongly affected by income distribution and there is a major difference between the interior of the country (with the exception of the tourist areas such as Antigua, Panajachel and Puerto Barrios) and Guatemala City.

### B. Demographics and Income Distribution

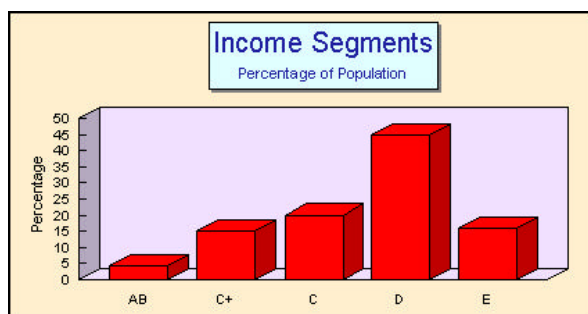
Guatemala's population is estimated at 13.34 million. Population growth has averaged 2.1% during each of the last four years, although in the highlands, it is much higher than the rest of the country. The breakdown of the population follows the pattern of an underdeveloped country. Approximately 41% of the population is less than 15 years of age; 53% of the population is between 15-64 years of age and only 6% is over 65 years of age. Internal migration towards Guatemala City has been constant in the last decade.

The population of Guatemala City with its surrounding seven cities totals 3 million inhabitants. The difference in population density between Guatemala City and the rest of the country is highly significant because it has determined the dynamics of economic and social growth of the nation. The department of Guatemala has a density of 1,212.9 inhabitants per square kilometer. The second densest department, Sacatepequez, has only 557.6 inhabitants per square kilometer. The rest of the departments are below 350 inhabitants per square kilometer. Within this framework, it is easy to understand why most economic activity in the country revolves around the metropolitan area. Guatemala City and its surrounding areas offer the biggest concentrated market in the country with an accessible infrastructure. However, this development has created a wealth of opportunities outside the metropolitan area in other departments, as they have been historically neglected. Presently, there is a marketing trend toward the interior of the country and local agricultural exporting firms in the highlands give opportunities to local growers in the surrounding areas to sell their products and reduce the migration towards Guatemala City.

Income is concentrated in the upper classes, with 63% of income in the hands of the top 20% of the population. The skewed income distribution determines a particular pattern of consumption, where the majority of the population consumes merely for subsistence. Therefore, luxury goods can only be targeted to a significant but small portion of society. However, U.S. food products are very competitively priced and are sought out by both high-income and middle-income consumers. Many U.S. food products such as grains, poultry (chicken leg quarters), dairy and pork are cheaper than domestically produced products.

Percentage of income allocated to food purchases:

- § Rural 46.9%
- § Urban 31.6%
- § Interior of the country 37.1%
- § Metropolitan area 28.2%
- § Per Capita income in Guatemala City is 265% above the interior of the country



**Income Segments**

AB—is the top 4% of the population, which can afford anything. The difference between A and B is that the A's are extremely wealthy.

C+ -is the upscale middle class that can afford most food products.

C -is the general middle class that must watch how they spend their income.

D—is the lower class that is just surviving.

E- is the population below the poverty line.

### C. Market Size

Guatemala in 2007:

- ❖ Total food expenditures of more than \$3 billion.
- ❖ Total consumer-oriented and edible fisheries' market estimated at \$542 million.
- ❖ Total agricultural, fishery and forestry imports were \$2.7 billion.
- ❖ U.S. share of total agricultural, fishery and forestry imports was 67%.
- ❖ U.S. total consumer-oriented imports were \$136 million
- ❖ U.S. share of consumer-ready imports was 25%. The biggest competitors for the U.S. are El Salvador, Costa Rica and Mexico.

Guatemala's economy is the largest in Central America with a GDP of over \$33.3 billion.

### D. Advantages and Challenges in the Market

| Advantages  | Challenges  |
|---|---|
| Of the 13 million Guatemalans, one-half million are in a position to afford any imported good, and an additional 4 million can afford competitive U.S. food products.                             | The economic condition of the country limits imports.   |
| Guatemalans view U.S. products as high quality and safer than local products.   | Low education level and extreme poverty of the majority of the population minimizes the opportunities for value-added products.                       |
| In Guatemala, there are around 3,600 formal restaurants and 1,225 hotels demanding quality products, which create an opportunity for new imported goods.  | The tourism sector in Guatemala is large but security is a concern and the local authorities still need to improve their security programs.           |
| Importers are eager to take full advantage of CAFTA-DR and favor trading with U.S. exporters.   | Free Trade Agreements (FTA's) with various countries, including potentially one with the European Union (EU), forcing the U.S. to be more competitive |
| The growing food processing industry is looking for new and better food ingredients for bakery, deli meats, beverages and snacks.   | There is limited infrastructure and distribution, especially for perishable products.   |
| CAFTA-DR gives an opportunity to U.S. companies to introduce new products into the Guatemalan market.   | Regional competition is strong, especially from Canada, Colombia, Mexico, El Salvador and Chile.  |
| The Guatemalan Government (GOG) maintains an open trading policy (first country to open market for U.S. poultry and live animals for beef and milk production)                                    | Lack of a civil service within the GOG, makes regulatory structures fragile and makes difficult compliance with international standards.              |
| The tourism sector in the interior of the country (Antigua, Puerto Barrios, Solola, Retahuleu) is growing and U.S. raw materials are preferred among visitors because of quality and food safety. | Distribution of food products in the interior of Guatemala represents a challenge to importers of U.S. products.                                      |

## **II. EXPORTERS' BUSINESS TIPS**

### **A. Business Customs**

The Guatemalan Government (GOG) welcomes foreign investment and generally few legal or regulatory restrictions are placed for foreign investors. Guatemala represents a growing market for U.S. companies and is a country with relative stability, has a strategic geographic access for the region on both the Atlantic and Pacific Oceans and is also very close to the United States. With the implementation of CAFTA-DR, one of the major benefits for U.S. exporters are the legal changes that improve Guatemala's transparency in customs dealings, anti-corruption measures in government contracting and procurement, and legal protection for U.S. investors.

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 service support 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 service support.

### **B. Consumer Taste**

Culturally speaking, Guatemalans have adopted much of the U.S. culture such as music, sports, fashion and fast food. Through the remittances sent by the 500,000 Guatemalans leaving in the United States, the local food consumption trend is changing and more high-value foods are affordable to them, and consumers are getting more accustomed to U.S. products. Many Guatemalans have traveled to the U.S. and have been introduced to American food products. U.S. products are viewed by consumers as higher quality and are preferred to other imports. Approximately 44% of all Guatemalan imports of agriculture, fish and forestry products come from the U.S. Guatemalans have also followed the trend in the U.S. 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. The local processing industry is taking advantage of this trend and is developing and increasing the production of these types of products such as tacos, tortillas, burritos, corn-based tamales and instant soups, etc. which are among the preferred foods in the supermarkets not only for being easy to cook/heat but also because of price wise.

### **C. Food Standards & Regulations**

#### **1. 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 needs to operate under a sanitary license issued by Food Control. Importers need to be legally registered and imported products need to be registered as well. Product registration is required for all packaged food products in Guatemala.

Food Control in the Ministry of Public Health is responsible for all registrations. Regulations and registration procedures and requirements can be consulted on-line at:  
<http://www.mspas.gob.gt/DGRVCS/DRCA/Iniciar.htm>

The requirements to register food products are as follows:

1. Application for registration of food products
2. Certificate of free sale
3. Receipt of payment for laboratory analysis Q1,650 approximately US\$215.00
4. Provide the applicable amount of samples
5. Provide example of label design as it will appear on the product
6. An authorized translator must translate all documents.
7. The importer or a Guatemalan legal representative of the exporter must do the registration.

There are a number of regulations for special food groups. Decree 66-83 regulates the commercialization of substitutes for maternal milk. Beer, wine and other liquors do not need a registration number. Products labeled as "diet" must be registered as medicinal products. All products that apply for registration must be tested by the Laboratorio Unificado de Control de Alimentos y Medicamentos (LUCAM) which is the Ministry of Health's only laboratory. Product samples must be provided at time of registration. On their website, <http://www.mspas.gob.gt/DGRVCS/DRCA/Iniciar.htm> Food Control provides a list of the microbiological parameters tested for each product during registration and later on, during official site inspection.

For import permits for imported foods of animal or vegetable origin, importers must comply and present the following documents: a phytosanitary and/or sanitary certificate, certificate of origin, commercial invoice, free sale certificate, bill of lading, and a microbiological certificate for products of animal origin. The Unit of Norms and Regulations of the Ministry of Agriculture, Livestock and Food (MAGA) controls all of these requirements and issues the import permit. Import procedures are readily available on-line at:  
[http://www.maga.gob.gt/maga\\_portal/](http://www.maga.gob.gt/maga_portal/).

Food Control issues a sanitary registration number after a laboratory test has been performed on high-risk products. This registration number is valid for five years and takes six weeks to obtain in the case of high-risk products such as meat, poultry, deli-meats, etc. In the case of non-risk products, it takes approximately 48 hours to obtain the registry number and laboratory tests will take place usually in routine surveillance, scheduled annually according to product category. If products do not comply with labeling standards or food safety parameters, importers will be notified. Non-risk products do not require a phytosanitary or sanitary certificate, nor do they require a microbiological certificate.

It is recommended that samples be sent prior to the exportation of high-risk products in order to obtain a sanitary registry number. Those samples must include the composition of the ingredients and the commercialization package, including proper labeling.

Government regulations require that any high-risk foods that will be sold at the wholesale and retail market must be inspected at the port of entry. This is in addition to the laboratory analysis. Natural foods, non-processed foods, raw materials and food additives do not require registration. Also, there is no environmental legislation that affects the importation of food products. The cost of registration and analysis of a product is about US\$215, independent of the risk category.

## 2. The Sample Law

Outlined in Article 37 of Ministerial Decree 969-99, the sample law strictly prohibits the importation of samples except for the sole purpose of registering the product. However, an agreement has been reached with USDA in which samples will be allowed to enter the country without requiring previous registration for the purpose of exhibition, special events and promotion. In order to enter these samples, the importer must provide Food Control a written request accompanied by a certificate of free sale. The written request must provide the product's information (description and volume) and a declaration from the U.S. exporter that the products are samples and are not intended for sale purposes. For exhibition, special events and promotion, Food Control will allow the import of 25-50 kg per product.

When a U.S. business person is traveling along with the samples, traveler must present to the Custom's official at the airport an import permit previously stamped and signed by Food Control. The samples import permit should be requested in advance to Food Control. The cost of the permit is Q15.00 approximately US\$2 and is given to the local importer after presenting the written request. To avoid problems it is best not to bring more than 2 samples of 200 grams each, per product.

## 3. Custom Clearance

The GOG introduced an automated electronic customs clearance system in 2001. This system has created increased transparency in this procedure, but it has also created problems. When the computer reads that the import product is of animal or plant origin, it will automatically require that the following documents accompany the entry application: bill of lading, phytosanitary or sanitary certificate, certificate of origin, free sale certificate, packing list, commercial invoice, microbiological certificate, and import permit. The FSIS export certificate is officially accepted for importing meat and poultry products. All documents must be originals. Below is the procedure to acquire the import certificate and the order in which to proceed.

A. The procedure begins at the Ministry of Agriculture, Livestock and Food. All imported products of animal or vegetable origin are inspected by the "ventanilla unica" ("single window") operated by the Unit of Norms and Regulations. The documents required are: phytosanitary or sanitary certificate or FSIS export certificate (for meat & poultry products), commercial invoice, bill of lading, certificate of free sale, packing list, and certificate of origin (applied for re-export products). In most cases a microbiological certificate is also required. These may be copies, but in order to clear customs, the originals will be needed. An application form with the above mentioned forms must be submitted along with a fee of Q100 (Q=quetzal, the national currency) or about US\$12.50, in order to receive an import permit. It is best to drop off applications before 10:00 am if the shipment is perishable. The license will be ready for pick-up after 2:00 pm.

For all regular shipments the license will be issued within 24 hours. This time frame usually holds if there are no problems with the documentation.

B. For processed foods and all products of animal origin, Norms and Regulations will require that the application be signed and stamped by Food Control. This is done to verify that the product has a Sanitary Registration number. In addition, Food Control will also require a Free Sale Certificate in order to process the request. These certificates are generally issued by state health or agricultural departments, and state that the products are free for human consumption. For non-processed foods, Food Control will require a Sanitary Certificate.



The application and certificates are received and issued in the offices of Food Control (5a. Avenida 13-27, Zona 9, Guatemala City), office hours from 07:30 a.m. to 3:00 p.m. from Monday to Friday.

C. Food Control and Norms and Regulations will authorize the import permit and the product will be inspected by the Regional International Agricultural/Livestock Organization (OIRSA). This is a regional inspection entity in Central America that has been delegated the responsibility of food safety by all the Central American countries. Whether the imported product comes by air, land or sea, inspectors from OIRSA will be on site to ensure that the paper work is in order.

Then, inspectors will perform a visual inspection of the imported products in order to authorize release from customs. In order to clear OIRSA, the original documents must be presented.

D. After the import certificate has been issued, this document is provided with all the above-mentioned documents to the customs official. The importer then pays the duties to the Superintendency of Tax Administration (SAT). The CAFTA-DR Certificate of Origin ([http://dace.mineco.gob.gt/mineco/cafta/doctos\\_cafta/Certificado%20de%20Origen%20DR-CAFTA%20.pdf](http://dace.mineco.gob.gt/mineco/cafta/doctos_cafta/Certificado%20de%20Origen%20DR-CAFTA%20.pdf)) must accompany the shipment. Duty payment is done in the form of a deposit at either of the two banks that are approved, and the deposit slip becomes the proof of payment. After all this has been done, the shipment will be released.

This final procedure is done at the port of entry. There is still a possibility of a red or green light at the exit gate of the container. If a red light is received, there will be an additional review of both documentation and contents of container. If a green light is received, the container is allowed to leave the yard. The clearing process is done electronically; however, at the final stage all the documentation needs to be handed over to the customs agent (in originals) so that the shipment is released.

It is important that all quantities in all of the documents match. If not, clearing customs will be a major problem. Do not add boxes to a container once the documentation has been totaled, and always make sure that the total on the phytosanitary or sanitary certificate equals the exact amount on the invoice. If there is any discrepancy, the container will be held and clearance will be extremely difficult.

U.S. exporters must always take into account that a tariff-rate quota (TRQ) system still applies to various commodities, with a 5 to 20 year phase-out period under CAFTA-DR. Following is a table for the CAFTA-DR TRQs. If you wish to look out for a particular product, you can visit [www.fas.usda.gov/info/factsheets/CAFTA/overall021105a.html](http://www.fas.usda.gov/info/factsheets/CAFTA/overall021105a.html)

#### 4. Labeling Regulation

The labeling requirements are described on the labeling standard #34039, set by Norms & Regulations Committee - Comisión de Normas y Regulaciones (COGUANOR.) It sets 40 requirements with respect to the appearance of the label, the information should be written on the label, and the requirement that it be written in Spanish. However, importers negotiated with COGUANOR and reached an agreement for a stick-on label to be used with the following information written in Spanish:

1. Product definition/description
2. Name of the product (this should be the official name as noted on the U.S. Certificate of Free Sale)
3. Physical characteristics, including ingredients (this has to be a qualitative composition, which was shown on the back of the registration form). If this information is in English, it must be translated.
4. Net weight/volume
5. List of ingredients (including allergens) and additives and the percentage of total for each
6. Name, address and telephone number of Guatemalan distributor
7. Food Control registration number (D.G.S.S.-D.R.C.A. \_\_\_\_\_)-Sanitary license obtained at a Center of Sanitation); the original license has to be presented. Approximate cost for each product: Q.1,650.00.
8. Country of origin
9. Lot production ID
10. Expiration date
11. If applicable "Keep Frozen" or "Form of Preparation"

Prior to the first importation, Ministry of Agriculture officials will inspect the warehouse where the imported product is to be stored, at importer's expense. If product is to be used in a processing plant, an environmental impact study must be carried out. For additional information please refer to the FAIRS Report 2008 GT8012 at [www.fas.usda.gov/scripts/attacherep/default.asp](http://www.fas.usda.gov/scripts/attacherep/default.asp)

#### **D. Opportunities and Challenges after the Implementation of CAFTA-DR**

Guatemala ratified the U.S.-Central America - Dominican Republic Free Trade Agreement (CAFTA-DR) on March 10, 2005, and the agreement entered into force on July 1, 2006. To date, CAFTA-DR has had a positive effect on bilateral trade, and it is expected to add between 0.6 and 1.0 percentage points per year to Guatemala's GDP. One of the major benefits for U.S. exporters are legal changes that improve Guatemala's transparency in customs dealings, anti-corruption measures in GOG contracting and procurement, and legal protection for U.S. investors.

The U.S. Census Bureau reported that in 2007, U.S. agricultural exports to Guatemala were \$693 million. The products with the most growth were: soybeans (77%); poultry (59%); red-meats (48%); coarse grains (25%); soybean meal (13%); wheat (8%). Guatemalan agricultural exports to the U.S. increased from \$962 million in 2006 to \$1.1 billion in 2007, an increase of 14 percent. The exports with major increases in value were: bananas (34%); coffee (40.7%); fresh fruits, dried and frozen (45%) and fresh vegetables (37%). The National Bank and the National Statistics Institute as well as the Ministry of Economy attribute this record growth to CAFTA-DR. However, many of these commodities also enjoyed an increase in international prices. The National Bank reported that the CAFTA-DR implementation contributed as 0.71 – 1.07 to total GDP, which again grew by 5.7% in 2007.

### III. MARKET SECTORS

#### A. Retail Sector

The retail sector in Guatemala is dominated by three supermarket chains: Pricesmart, Wal-Mart (Paiz/La Fragua) and Unisuper (La Torre/Econosuper.) These supermarkets mainly target middle and high income customers; however, there are still ample opportunities in the retail sector, since only 40% of food sales are made through supermarkets. Supermarket sales are expected to continue to grow by at least 10% a year for the next few years. The rest of the consumers, still rely on the open-air markets and the pop and mom stores. The open-air market is where local farmers sell their products, mostly fresh produce; they are similar to farmers' market in the United States. The mom 'n pop stores, also known as "tiendas de barrio", are small stores, on average 30 square feet, and carry an inventory of approximately US\$500. Their major suppliers are distributors, wholesalers and importers, which also supply to supermarkets. However, they offer very few imported products.

Paiz/La Fragua is Guatemala's largest supermarket chain and in 2005, became part of Wal-Mart Central America Group. Wal-Mart acquired 33 1/3 percent interests in Central American Retail Holding Co (CARHCO) from the Dutch retailer Royal Ahold. In 2006, CARHCO was changed to Wal-Mart Central America and presently is the region's largest retailer, with 450 supermarkets and 28,000 associates in Central America. Wal-Mart Guatemala is the leader supermarket chain in the country accounting more than 9,000 direct jobs and approximately 4,500 indirect jobs within their 145 sale units in five different stores: Paiz, Hiper Paiz, Despensa Familiar, ClubCo and Maxi Bodega.

In September 2001, the second and third largest supermarket chains in Guatemala merged, forming one company under the name of UNISUPER with 40 units under the names of La Torre (22) and Econosuper (18). Although, the organization is called UNISUPER, the stores kept their individual names for customers to keep in their minds that La Torre's stores cater to the more affluent sector, while Econosuper services the lower income customers. A review of the stores showed that imported products represent no more than 20% of La Torre's product mix, while Econosuper has less than 5% of imported products.

This year, UNISUPER, became a member of Supermercados de Centroamérica y Panamá – SUCAP (Panama and Central America Supermarkets.) SUCAP incorporates 16 different supermarket chains in Central America (approximately 279 stores), small, medium and large stores that are present not only on the larger cities but also in the rural areas of each country. SUCAP's main objective is to keep their market share in Central America and compete with Wal-Mart. According to the President of SUCAP, the alliance will allow these supermarkets to exchange & share their knowledge on software technology, to train their personnel, and to provide other market intelligence resources that will allow them reduce prices and transfer lower prices to their customers.

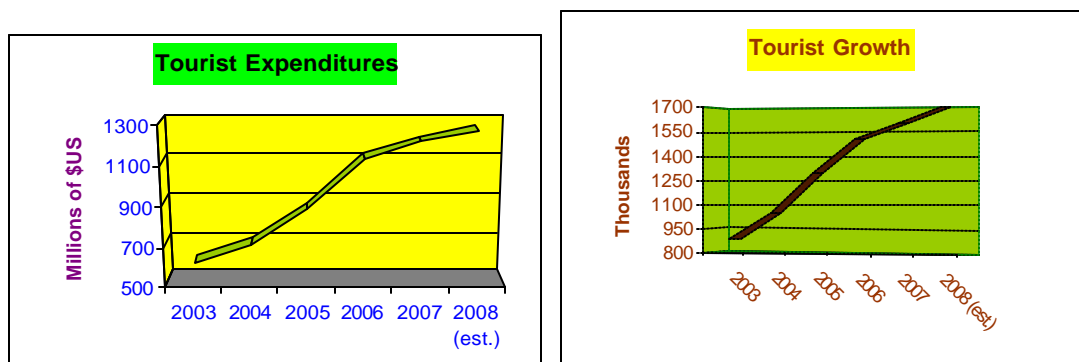
The members of SUCAP are: El Machetazo, Super 99, Mega Depot and Super El Rey from (Panamá); Perimercados, Super Compró, Jumbo and Automercados (Costa Rica), UniSuper /La Torre (Guatemala), La Colonia (Nicaragua), Super Selectos and Super Market (El Salvador) and La Colonia (Honduras).

## B. Hotel, Restaurant and Institutional

The Guatemalan Restaurant Council, estimates that there are around 3,600 formal restaurants and approximately 4,900 informal restaurants. This industry has been growing over the past five years because many Guatemalans in the interior of the country and the urban areas eat breakfast and lunch outside their homes. Also, opening a restaurant is an option for Guatemalans to begin a family-owned business. This sector generates around 481,000 direct and indirect jobs and has an average annual growth between 12 to 14%.

The hotel sector has also increased. Guatemala now accounts for 2,497 lodging places of which 1,225 are hotels, and the rest are motel facilities. According to the Guatemalan Tourism Institute, executive tourism is the sector growing rapidly; a regular businessman spends twice as much as a regular tourist that comes on vacations, approximately US\$107 per day.

Tourism is also key for this growth, since this sector has increased from 880,000 visitors in 2003 to 1,600,000 visitors in 2007. Last year, income from tourism totaled \$1.12 billion.



The tourism sector offers tremendous opportunity for high value products. There are many U.S. franchises that are in need of raw materials, and they can not always fulfill their needs with local product. Besides, some of the franchise agreements require U.S. raw materials as part of the contract. The following is a list of franchises operating in Guatemala:

- |                     |              |                 |
|---------------------|--------------|-----------------|
| o Subway            | Wendy's      | Burger King     |
| o Taco Bell         | Cajun Grill  | McDonald's      |
| o Dominos Pizza     | Pizza Hut    | Schlotzsky's    |
| o Applebees'        | TGIF'S       | Little Caesar's |
| o Chili's           | Pizza Inn    | Quizno's        |
| o The Bagel Factory | Cinnabon     | Ramada          |
| o Radisson          | Best Western | Holiday Inn     |
| o Westin            |              |                 |

Institutional sales in Guatemala are probably the most difficult of all sales. The procurement process is very difficult and very bureaucratic. (Development of good contacts on the inside is still the best way to make the sale.) Also, the repayment delay is usually from 90 to 120 days and sometimes even longer. This market should be approached with the use of a distributor who is already supplying institutions and is very familiar with the process.

### C. Food Processing

This is one of the fastest growing sectors in Guatemala, offering U.S. food exporters huge opportunities to capture some market share by supplying raw materials. Most food processors import their ingredients directly, others rely on importers and distributors to get their raw materials, and some others buy their inputs from the local market. The advantage that processors find in buying their raw materials from local suppliers is that more technical assistance is provided and also more options for financing are available to them.

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

|                   |  |
|-------------------|--|
| Deli meats:       | MDM; boneless picnic; pork bellies, trimmings and offals; flours (fillers)   |
| Beverages:        | fruit concentrates and nectars; drink bases and syrups; soy flakes and soy powder; artificial fruit flavors  |
| Baking:           | pancake mixes; pre-mixes; bulk cake flours   |
| Snacks:           | dehydrated potato flakes and powder; soy flakes; nuts; fresh potatoes; fruit fillings; raisins; pork skin pallets; whey powder, protein concentrates |
| Soups and Broths: | dehydrated potato flakes and powder; soy flakes; dehydrated vegetables; condiments   |

U.S. products such as beef, pork, wheat, soybeans, and vegetables, as well as other food items, can easily be introduced to improve the quality of the goods being processed in the above-mentioned sectors. Many of these plants already use U.S. raw materials. However, there are still plenty of opportunities.

The processing industry is growing because:

- Local processors are increasing their capacity and quality to export to the U.S. as a result of the implementation of CAFTA-DR.
- As Central American consumers become more sophisticated, opportunities for higher value-added products increase.
- Many local companies are taking advantage of their lower cost to fill market niches normally filled by imported products.
- The food processing industry has ridden the supermarket expansion wave, and now is directing its attention to the export market.

**IV. BEST PRODUCT PROSPECTS**

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

| Product Category                | 2007 Market Size (Metric Tons) | 2007 Imports (U.S.\$ in thousands) | 4-Yr. Avg. Annual Import Growth (%) | Import Tariff Rate   | Key Constraints Over Market Development                                   | Market Attractiveness for U.S. products  |
|---------------------------------|--------------------------------|------------------------------------|-------------------------------------|--|---|--|
| Read Meat, Fresh/Chilled/Frozen | 10,525                         | 14,880                             | 2.79                                | Immediate duty-free access for "prime" and "choice" cuts. Other cuts phased-out over 15 years. Duties on other products, including offal's phased-out over 5-10 years. | Competition from Nicaragua, Costa Rica and Canada                         | Of the 13 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. |
| Snack Foods                     | 71,215                         | 10,550                             | 9.87                                | All snacks are tariff free.  | Competition from Mexico, Costa Rica and El Salvador                       |  |
| Poultry Meat                    | 64,352                         | 58,796                             | 0.06                                | All Central American tariffs on poultry and poultry products will be eliminated within 18 years. Chicken leg quarters are at 0% within quota.                          | Competition from: local production, Central American countries and Panama | Guatemalans view U.S. products as of higher quality and safer than local products.   |
| Fresh Fruit                     | 42,933                         | 17,035                             | 19.69                               | Almost all U.S. fresh fruits are tariff free, except for oranges (10 yrs)  | Competition from: Chile, Honduras, Ecuador and Mexico                     | The GOG maintains an open trading policy (first country to open market for U.S. poultry and live animals for beef and milk production)                             |
| Processed Fruit & Vegetables    | 59,699                         | 12,308                             | 8.45                                | All U.S. vegetables are tariff free, except the following: Frozen Vegetables (10 yrs); Mixed Vegetables (5 yrs).   | Competition from: Chile and Canada  |  |
| Dairy                           | 99,565                         | 12,946                             | 2.75                                | TRQ's for nearly 6,000 MT, growing at 5% annually. Tariff phase-out over 20 years. Tariff cuts back loaded. Safeguards.  | Competition from: Costa Rica, New Zealand, Nicaragua                      |  |

**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: Licda. Gladys Arreola  
Title: Jefe  
Institution: Departamento de Regulación y Control de Alimentos  
Address: 3 Calle final, 2-10 Zona 15. Valles de Vista Hermosa. Guatemala  
Telefax: (502) 2369-8784 / 6

Name: Lic. Mario López  
Title: Director  
Institution: Unidad de Normas y Regulaciones/Ministerio de Agricultura  
Address: 7 Avenida 3-67 Zona 13, Guatemala City, Guatemala  
Telephone: (502) 2475-3058  
Fax: (502) 2475-3058

Name: Dr. Anibal Menéndez  
Title: Director OIRSA-SEPA-SITC  
Institution: Organismo Internacional Regional de Sanidad Agropecuaria  
Address: 21 Avenida 3-12, Zona 15, Guatemala  
Telephone: (502) 2369-5900  
Fax: (502) 2334-0646

Name: Lic. Julio Recinos  
Title: Minister  
Institution: Ministry of Agriculture, Livestock and Food  
Address: 7 Avenida 3-67 Zona 13, Guatemala  
Telephone: (502) 2413-7000  
Fax: (502) 2413-7002

Name: Lic. Alejandro Cutz  
Title: CAFTA-DR Administrator  
Institution: Foreign Commerce Administration Direction (From the Ministry of Economy)  
Address: 6 Avenida 10-43 Zona 1, Guatemala  
Telephone: (502) 2412-0200

## APPENDIXES

**Table A. Key Trade and Demographic Information 2007**

|  |              |
|--|--------------|
| Agricultural Imports from all countries (millions) / U.S. Market Share (%)                 | 1,752 / (44) |
| Consumer Oriented Agricultural Imports from all countries (millions) / U.S. Market Share % | 773 / (23)   |
| Edible Fishery Imports from all countries (millions) / U.S. Market Share (%)               | 38 / (14)    |
| Total Population (millions) / annual growth rate (%)                                       | 13 / (2.11)  |
| Urban Population (millions) / annual growth rate (%)                                       | 3 / (3.5)    |
| Number of metropolitan areas   | 38/1         |
| Per Capita Gross Domestic Product (U.S. Dollars)   | 2,502        |
| Real GDP growth (%)  | 5.7          |
| Unemployment rate (%)  | 3.2          |
| Per Capita Food Expenditures (U.S. Dollars)  | 382          |
| Percent of Female Population Employed  | 34.6         |
| Exchange Rate (US\$1 = X.X local currency)   | Q7.50        |

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

Source: Ministry of Economy  
National Statistics Office  
Central Bank of Guatemala



Table B. Consumer Food &amp; Edible Fishery Product Import

| Guatemala Imports                           | Imports from the world |              |              | Imports from the U.S. |            |              | U.S. Market Share |            |            |
|---|------------------------|--------------|--------------|-----------------------|------------|--------------|-------------------|------------|------------|
|   | Millions<br>2005       | of<br>2006   | \$US<br>2007 | Millions<br>2005      | of<br>2006 | U.S.<br>2007 | Percent<br>2005   | 2006       | 2007       |
| <b>CONSUMER-ORIENTED AGRICULTURAL TOTAL</b> | <b>613</b>             | <b>652</b>   | <b>773</b>   | <b>147</b>            | <b>155</b> | <b>182</b>   | <b>24%</b>        | <b>23%</b> | <b>23%</b> |
| Snack foods (excl. nuts)                    | 54                     | 63           | 71           | 6                     | 7          | 8            | 12                | 11         | 12         |
| Breakfast cereals & pancake mix             | 34                     | 39           | 40           | 3                     | 3          | 3            | 9                 | 9          | 8          |
| Red meats, fresh/chilled/frozen             | 18                     | 23           | 27           | 7                     | 10         | 14           | 39                | 43         | 52         |
| Red meats, prepared/preserved               | 14                     | 14           | 18           | 7                     | 7          | 10           | 52                | 50         | 56         |
| Poultry meat                                | 43                     | 33           | 42           | 22                    | 27         | 38           | 50                | 83         | 91         |
| Dairy products (excl. cheese)               | 83                     | 85           | 99           | 15                    | 10         | 7            | 18                | 12         | 7          |
| Cheese                                      | 16                     | 20           | 22           | 1                     | 2          | 3            | 8                 | 10         | 16         |
| Eggs & products                             | 4                      | 4            | 4            | 1                     | 1          | 1            | 39                | 43         | 32         |
| Fresh fruit                                 | 25                     | 32           | 42           | 12                    | 16         | 20           | 47                | 50         | 47         |
| Fresh vegetables                            | 5                      | 4            | 5            | 1                     | 0          | 0            | 23                | 11         | 11         |
| Processed fruit & vegetables                | 40                     | 46           | 59           | 12                    | 20         | 20           | 31                | 42         | 33         |
| Fruit & vegetable juices                    | 19                     | 24           | 26           | 6                     | 6          | 8            | 33                | 28         | 31         |
| Tree nuts                                   | 0                      | 1            | 1            | 0                     | 0          | 0            | 68                | 69         | 64         |
| Wine & beer                                 | 6                      | 8            | 10           | 0                     | 0          | 0            | 3                 | 4          | 5          |
| Nursery products & cut flowers              | 2                      | 2            | 2            | 0                     | 0          | 0            | 14                | 14         | 14         |
| Pet foods (dog & cat)                       | 7                      | 8            | 9            | 4                     | 4          | 4            | 56                | 50         | 49         |
| Other consumer-oriented                     | 233                    | 239          | 289          | 44                    | 34         | 37           | 18                | 14         | 12         |
| <b>FISH &amp; SEAFOOD PRODUCTS</b>          | <b>35</b>              | <b>32</b>    | <b>38</b>    | <b>5</b>              | <b>4</b>   | <b>5</b>     | <b>16</b>         | <b>14</b>  | <b>14</b>  |
| Salmon                                      | 0                      | 0            | 0            | 0                     | 0          | 0            | 58                | 42         | 26         |
| Surimi                                      | 0                      | 0            | 0            | 0                     | 0          | 0            | 99                | 78         | 14         |
| Crustaceans                                 | 3                      | 4            | 5            | 1                     | 2          | 2            | 59                | 52         | 48         |
| Groundfish & flatfish                       | 0                      | 0            | 1            | 0                     | 0          | 1            | 59                | 66         | 75         |
| Molluscs                                    | 1                      | 1            | 1            | 0                     | 0          | 0            | 42                | 56         | 61         |
| Other fishery products                      | 29                     | 25           | 29           | 2                     | 0          | 0            | 9                 | 2          | 2          |
| <b>AG PRODUCTS TOTAL</b>                    | <b>1,244</b>           | <b>1,341</b> | <b>1,664</b> | <b>544</b>            | <b>614</b> | <b>764</b>   | <b>44</b>         | <b>45</b>  | <b>45</b>  |
| <b>AG FISH &amp; FOREST TOTAL</b>           | <b>1,289</b>           | <b>1,411</b> | <b>1,752</b> | <b>556</b>            | <b>627</b> | <b>777</b>   | <b>43</b>         | <b>44</b>  | <b>44</b>  |

**Table C. Top 15 Exporters of Consumer-Ready and Edible Fisheries**

| <b>Consumer-Oriented Total (Thousands \$US)</b> |                |                |                | <b>Edible Fishery (Thousands \$US)</b> |               |               |               |
|---|----------------|----------------|----------------|--|---------------|---------------|---------------|
|   | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    |  | <b>2005</b>   | <b>2006</b>   | <b>2007</b>   |
| United States                                   | 147,979        | 155,935        | 182,437        | Mexico                                 | 151,766       | 48,700        | 7,403         |
| El Salvador                                     | 108,201        | 118,797        | 120,695        | Panama                                 | 17,773        | 10,842        | 7,137         |
| Costa Rica                                      | 84,769         | 91,608         | 109,951        | Venezuela                              | 0             | 3,035         | 5,777         |
| Mexico  | 84,193         | 85,558         | 104,041        | United States                          | 5,930         | 4,792         | 5,529         |
| Nicaragua                                       | 13,105         | 26,643         | 43,685         | Costa Rica                             | 3,397         | 3,944         | 4,324         |
| Chile   | 24,729         | 31,994         | 35,676         | Thailand                               | 608           | 3,233         | 3,280         |
| Honduras  | 30,897         | 27,530         | 30,638         | Nicaragua                              | 536           | 797           | 1,126         |
| New Zealand                                     | 21,109         | 24,965         | 24,162         | Honduras                               | 210           | 826           | 903           |
| Netherlands                                     | 10,748         | 15,312         | 21,599         | Ecuador                                | 36            | 3,032         | 799           |
| Australia                                       | 8,945          | 13,929         | 16,646         | El Salvador                            | 331           | 520           | 613           |
| Canada  | 9,666          | 3,267          | 8,760          | Colombia                               | 478           | 481           | 496           |
| Spain   | 4,327          | 5,010          | 8,442          | Spain                                  | 245           | 823           | 155           |
| Brazil  | 5,716          | 6,260          | 7,354          | Vietnam                                | 0             | 81            | 136           |
| China   | 2,984          | 5,320          | 6,790          | Philippines                            | 122           | 110           | 127           |
| Panama  | 29,730         | 8,983          | 6,168          | India                                  | 0             | 0             | 95            |
| <b>World</b>                                    | <b>613,352</b> | <b>652,022</b> | <b>773,255</b> | <b>World</b>                           | <b>35,462</b> | <b>32,949</b> | <b>38,163</b> |

Source: World Trade Atlas