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Report Name: Food Processing Ingredients

Country: Guatemala

Post: Guatemala City

Report Category: Food Processing Ingredients

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Report Highlights:

Guatemala is one of the most significant food processing countries in Central America, and U.S. suppliers are well-positioned to export bulk commodities and raw materials for further processing by this sector in Guatemala. In 2019 Guatemalan exports of processed foods to the world reached \$2.3 billion, while at the same time there was an increase in local demand for ready-to-eat products, as the number of modern supermarkets continues to grow and the tourism sector expands.

MARKET FACT SHEET: GUATEMALA

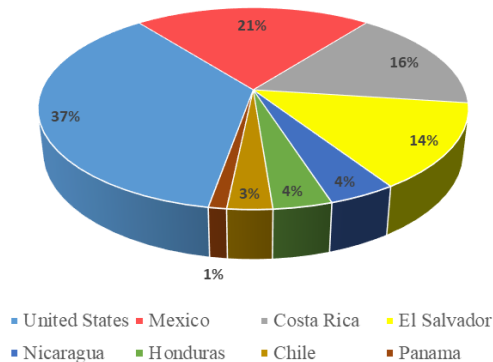
Executive Summary

Guatemala has the largest population in Central America with an estimated 15 million inhabitants. Per capita GDP was \$4,535 in 2018, but income distribution is highly skewed. Except for agricultural products, Guatemala is a net importer in world trade. Guatemala is one of the most important food processing countries in Central America, and domestic brands offer a variety of products that include shelf-stable, fresh, and frozen ready-to-eat foods.

Imports of Consumer-Oriented Products

The food and beverage processing industry represents 36 percent of the total manufacturing industry in Guatemala. U.S. agricultural exports to Guatemala play an important role in this industry as a source of raw and intermediate materials that allow continued expansion. At the same time, U.S. products can enhance the selection of consumer-oriented goods offered at Guatemalan supermarkets, restaurants, and hotels. In 2019 Guatemala imported \$510 million of U.S. consumer-oriented agricultural products.

Consumer-Oriented Ag Products - Imports 2019



Source: Trade Data Monitor

Food Processing Industry

Guatemala's food industry is comprised of more than 1,200 food-processing companies dedicated to manufacturing food and beverage products. Approximately 500 of these are small companies with less than 20 employees. These companies supply the domestic market and mainly export to other Central American countries and the United States.

Quick Facts CY 2019

Imports of Consumer-Oriented Products from the United States: \$510 million.

List of Top 10 U.S. Consumer-Oriented Products in Guatemala:

- 1) Poultry Meat & Products (exc. eggs)
- 2) Dairy Products
- 3) Pork & Pork Products
- 4) Processed Vegetables
- 5) Beef & Beef Products
- 6) Prepared Foods
- 7) Wine and Beer
- 8) Fresh Fruits
- 9) Snack Foods
- 10) Condiments & Sauces Snack foods

Processed Foods Sector

Guatemala exports to the world: \$2.3 billion
 Guatemala imports from the world: \$1.8 billion
 Guatemalan imports from the United States: \$439 million
 Guatemalan exports to the United States: \$213 million

GDP/Population

Population (millions): 15

GDP (billions USD): \$138.3

GDP per capita (USD): \$4,535

Sources: Trade Data Monitor

CIA – The World Fact Book

U.S. Census Bureau Trade Data

Bank of Guatemala

Strengths	Weaknesses
Local processors use imported ingredients to increase their production capacity.	Many small and medium size-processing companies lack good manufacturing practices to comply with international standards.
The United States is Guatemala's main trading partner.	Guatemala has trade agreements with many other countries.
Guatemalans perceive U.S. products as having high quality.	Processing companies offer a variety of products to the foodservice sector that compete with imported products and are price competitive.

SECTION I. MARKET SUMMARY

The food processing companies in Guatemala manufacture various types of food products under the following categories:

- Beverages: juice concentrates, powdered drinks and mixes, non-alcoholic beverages
- Preserved foods: canned fruits and vegetables, jams, jellies
- Snacks: potato and corn chips, confectionary, nuts, seeds and trail mixes
- Other processed foods: frozen products (tacos, tamales, and pupusas), soups, condiments, sauces, bakery, deli meats, dairy products

Guatemala is a major importer of raw materials and ingredients, used by local companies for further processing for both domestic consumption and exports to the world. In 2018, the United States exported US\$437 million in bulk commodities (wheat, corn, and rice); \$341 million in intermediate products (soybean meal, soybean oil, vegetable oil, sweeteners, and beverage bases), and \$510 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, which make up 15 percent of total exports of processed products. The main processed products exported to the United States include corn-based foods, snacks, alcoholic drinks, preserved foods, dehydrated products such as broths, and fruits for beverages.

Advantages and Challenges Facing U.S. Food Processing Ingredients:

Advantages	Challenges
The food processing industry has benefitted from continued supermarket expansion, and food processors need imported ingredients to increase their production capacity.	Nearby countries, such as El Salvador and Mexico, can supply the local demand for inputs for the processing industry and compete with U.S. products.
Local processors are increasing their capacity and quality to export processed products to the United States as a result of CAFTA-DR.	Guatemala has not yet complied with international food safety standards to export meats or meat content products to the United States.
After almost 14 years since Guatemala implemented CAFTA-DR, more than 95 percent of U.S. food products have no import duties.	Many local companies are taking advantage of their lower production costs to fill market niches, sometimes replacing imported products.
As Guatemalan consumers become more sophisticated, opportunities for higher value-added products increase.	Guatemala is a price sensitive market, which could affect loyalty to brands in times of economic difficulty.
The United States is Guatemala's main trading partner, and U.S. products are of high quality.	The United States competes with other countries that also have trade agreements with Guatemala.

quality competitors.	
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SECTION II: ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Interested U.S. food ingredient exporters may contact local food processors or local importers, agents, and/or distributors depending on the type of product. The larger food processors frequently prefer to import directly from the suppliers, while medium and smaller processors are sometimes not familiar with importing procedures and prefer to have a local distributor supply their inputs. For more information on how to export products to Guatemala, please refer to Exporter Guide Report 2019: <https://gain.fas.usda.gov/#/search>.

U.S. exporters can also contact organizations funded by USDA/FAS to enter the local market, as these groups have marketing funds to promote U.S. agricultural products overseas.

- a) State Regional Trade Groups (SRTG): non-profit trade development organizations, <https://www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups>.
- b) U.S. Agricultural Export Development Council: a non-profit private sector trade association that gathers U.S. commodity trade associations that promote U.S. agricultural exports, www.usaedc.org.
Commodity Cooperator Groups: conduct local market promotion activities on a yearly basis. In addition, they recruit foreign buyers to participate in U.S. trade shows, providing an opportunity for U.S. suppliers of food ingredients importers to meet and do business.

B. IMPORT PROCEDURE:

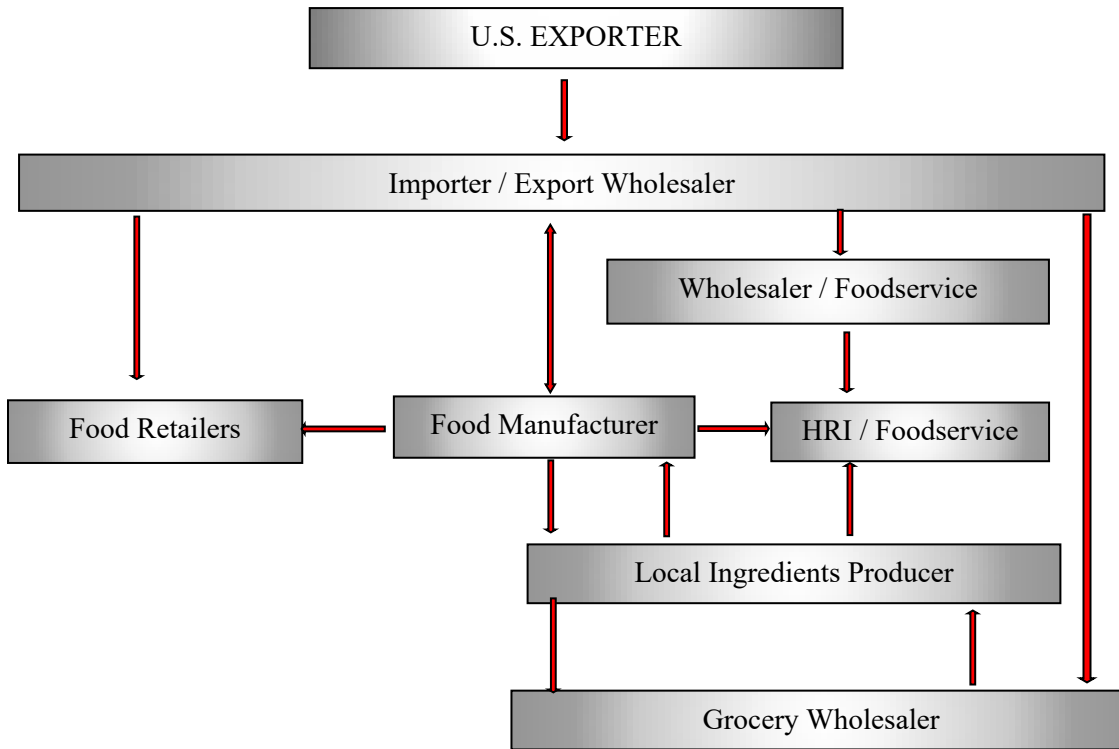
U.S. suppliers that want to ship to Guatemala must comply with local regulations for imported products to avoid problems when importing products. For further information on these regulations, please refer to FAIRS Report 2019: <https://gain.fas.usda.gov/#/search>.

C. DISTRIBUTION CHANNELS:

The advantage that processors find in buying raw materials from local suppliers is that they provide products within a shorter period than what other international suppliers can provide. However, Guatemalan food processors view U.S. ingredients as of higher quality and safer than those imported from other countries. Many local companies are willing to establish a long-term business relationship with U.S. suppliers that offer good credit terms, customer service, and marketing support in addition to quality products.

The success of introducing an imported product in the Guatemalan market depends on local representation and personal contacts. Hiring a distributor is the easiest and fastest way to enter the market, particularly if the distributor is already supplying other imported products throughout the country.

Supply Chain



D. MARKET STRUCTURE

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. These products are available in supermarkets, local stores, and open-air-markets throughout the country and are affordable to the lower and medium-income consumers.

Local processors also manufacture custom-made products for local restaurants that compete with imported processed products. 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); and animal fats
Beverages:	fruit concentrates and nectars, drink bases and syrups, soy flakes and soy powder, and artificial fruit flavors
Baking goods:	pancake mixes, pre-mixes, and bulk cake flours
Snacks:	dehydrated potato flakes and powder, soy flakes, nuts, fresh potatoes, fruit fillings, raisins, pork rind, whey powder, protein concentrates, corn, and rice

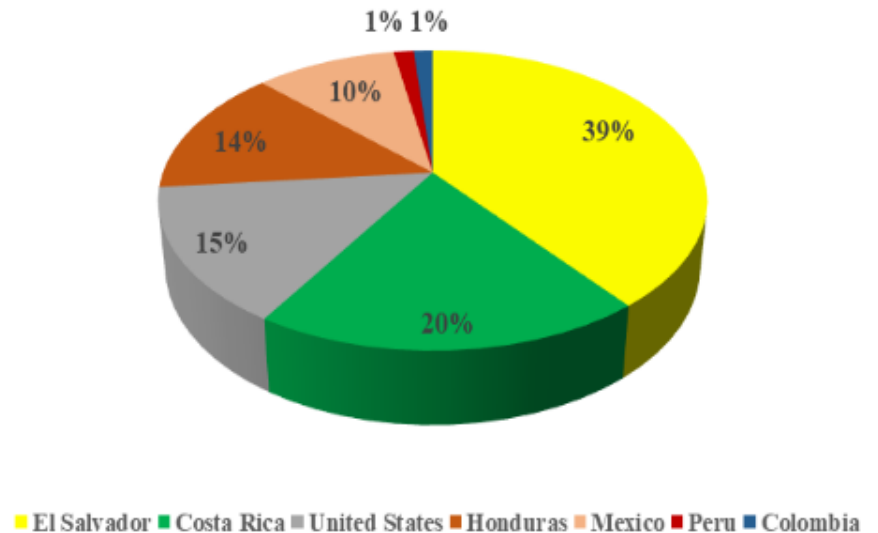
E. SHARE OF MAJOR SEGMENTS IN THE FOOD PROCESSING INDUSTRY

Snacks:

Guatemala produces a wide range of snacks. Its leading local product is a tortilla chip that comes in different flavors (barbeque, spicy, cheese, and tomato sauce). The United States, Mexico, Colombia, and other Central American countries are the main exporters of savory snacks, confectionary products, and cookies to Guatemala. Local brands are the most affordable products and are sold in all distribution channels. Guatemalan consumers prefer savory snacks and these products are sold not only at the supermarkets but also at local corner stores and street vendors. Usually, the products come in small packages and have lower prices, which makes them affordable for low-income consumers. Local manufacturers of savory snacks are constantly introducing new products to adapt to consumers' demand, such

as gluten free, low-sodium, or added nutritional value by mixing the products with other seeds such as chia, sesame, and flax seeds. Guatemalan consumers also enjoy confectionary products and cookies. Both domestic and international brands have a strong presence in Guatemala.

Guatemala Imports of Snacks 2019



Juice concentrates and non-alcoholic beverages:

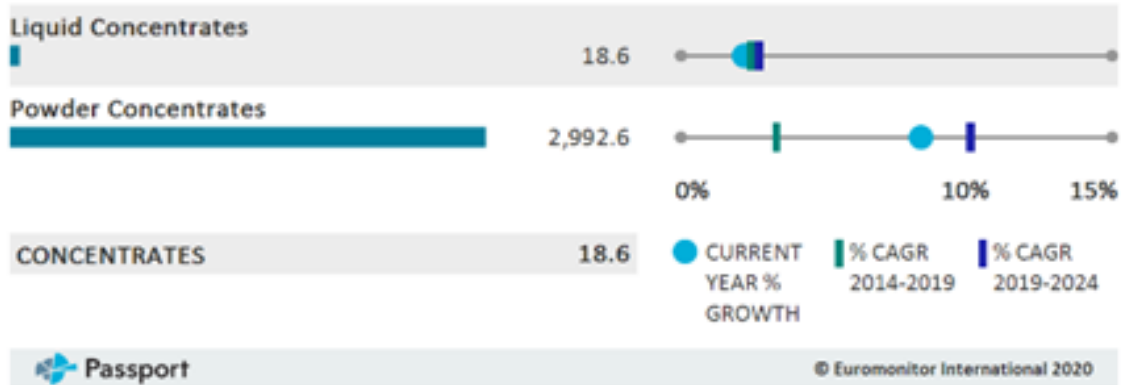
The fast growing non-alcoholic drinks sector in Guatemala directly employs more than 50,000 people. Sodas are among the leading beverages consumed in Guatemala, followed by natural juices and other flavored drinks. Health and wellness trends have affected consumer preferences. Mid-to-high income consumers that can afford to pay a higher price for these products purchase sodas with no-sugar or reduced-sugar. Low-to-mid income consumers are the main buyers of juices, which consumers consider healthier than carbonated drinks.

Natural juice production is a mature market segment, and growth relies mostly on new flavors. Powdered beverage concentrates also represent a segment that is considered matured; however, younger consumers are constantly demanding new flavors that are healthy and exotic. These products are mostly sold at convenience stores and small groceries located throughout the country. They are sold at affordable prices and have a long shelf life.

Sales of Concentrates in Guatemala by Category

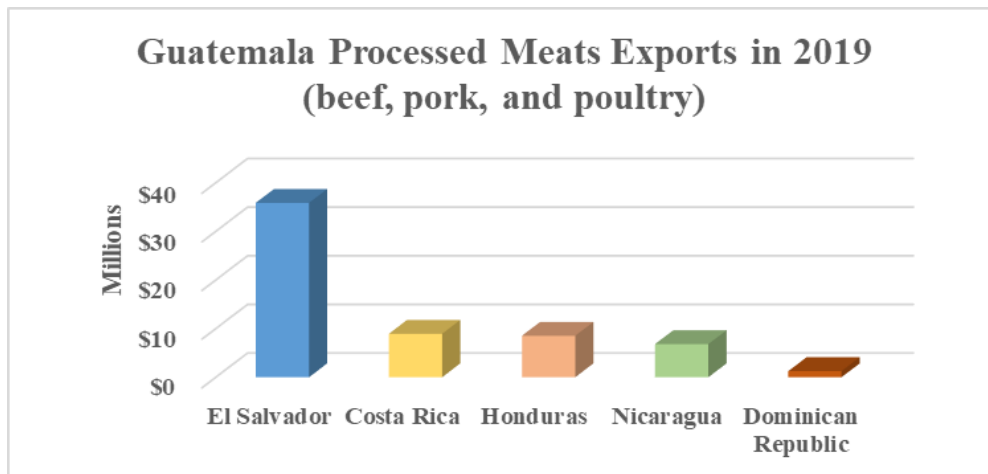
Off-trade Volume - million litres - 2019

Growth Performance



The United States is one of the largest exporters of sweeteners and beverage bases to Guatemala, and in 2019 supplied around \$19 million.

Processed meats:



The production of processed meats (deli meats) is also a dynamic market segment. In 2019, Guatemala exported more than \$61.5 million of these products to the rest of the Central American countries and the Dominican Republic. The largest portion of exports went to El Salvador (approximately 58 percent). Exported products include sausages and prepared or preserved chicken, beef, and pork. There are more than ten large meat-processing companies in Guatemala and approximately 750 small producers that mainly produce pork products such as sausages and hams for local distribution at open-air markets around the country.

The small producers mainly use local pork and poultry meat as the raw material to manufacture their products. Larger companies use a combination of imported raw materials and local meats (chicken, pork, and beef). Most of these companies are in Guatemala City, and distribution is nationwide. Local meat processors compete with imported products from the United States, Mexico, and Costa Rica.

Walmart Mexico and Central America started producing its own deli-meats under the local brands Suli and Don Cristobal; they own a processing plant in Guatemala City where they process and pack their products using imported meats from the United States. The supermarket also imports Great Value, Butterball, and Land O-Frost deli meats from the United States.

Guatemalan Imports of U.S. Meats 2015-2019

Description					
	2015	2016	2017	2018	2019
BICO-Poultry Meat & Prods. (ex. eggs)	\$92,249,722	\$101,935,623	\$114,083,850	\$119,040,232	\$131,645,490
BICO-Pork & Pork Products	\$38,376,520	\$ 42,652,868	\$ 47,121,346	\$ 50,627,834	\$ 58,447,929
BICO-Beef & Beef Products	\$21,033,478	\$ 22,209,880	\$ 31,002,497	\$ 33,645,072	\$ 37,789,178

Source: Trade Data Monitor

According to the U.S. Census Bureau Trade Data, in 2019 U.S. exports to Guatemala of beef, poultry, and pork were the highest export levels reported since 1970.

F. COMPANY PROFILES

The National Commission of Food and Beverage Processors, which are an association under the Guatemalan Exporters Association (AGEXPORT) has member companies that benefit from training and promotion programs, which prepare them to compete in international markets. According to AGEXPORT, the Guatemalan food processing industry dedicated to exports is one of the fastest growing sectors and is composed of large, medium, and small companies. Only 25 percent of the food and beverage companies in Guatemala are large processors, 50 percent are medium sized companies with growth potential, and the rest are small processing companies. Approximately 90 percent of these companies are located in Guatemala City and the rest are located in western Guatemala where most vegetables are grown. Guatemalan companies are not required by law to provide information on sales to the public; therefore, this information is only available upon request. For more information about Guatemalan food processing companies that are members of AGEXPORT and are currently exporting to other countries, please visit the following site: <http://export.com.gt/directorio>.

G. SECTOR TRENDS

- Consumption trends in Guatemala are very much influenced by the United States, not only because it is Guatemala's largest trading partner but also because high-value foods are more affordable to some families thanks to remittances sent by more than 1 million Guatemalans living and working in the United States.

- Demand for more ready-to-eat foods is growing in Guatemala. The local processing industry is taking advantage of this niche market. Products such as refrigerated tacos, tortillas, burritos, corn-based tamales, and instant soups are among the preferred foods in supermarkets since they are easy to prepare and affordable.
- Some of the U.S. companies that have a large presence in the Guatemalan food processing industry are Cargill, Chiquita Brands International, Frito Lay, Pepsi-Co Bottling Co., Ralston Purina, Del Monte, and Wal-Mart. Bimbo from Mexico and Nestlé from Switzerland are other important foreign investors in the country. Local companies are also growing.
- Healthy foods, such as natural and organic foods, are a growing niche markets; however, they are more commonly imported than produced domestically, and are marketed to upper-class consumers.

SECTION III: COMPETITION

In Guatemala, imported raw materials used in the food and beverage-processing sector are bulk grains (wheat, yellow corn, soybeans, and rice); fruits and vegetables; meats (poultry, pork, and beef); dairy products; soybean meal; soybean oils; animal fats; and sweeteners and beverage bases. In 2019, Guatemala’s total imports of agricultural products from the world reached \$3.4 billion. Although the United States is Guatemala’s leading supplier, some of the major U.S. competitors are Costa Rica, El Salvador, Honduras, and Mexico.

SECTION IV: BEST PRODUCT PROSPECTS

Products present in the market which have good sales potential	Not present in significant quantities, but which have good sales potential	Not present because they face significant barriers
<ul style="list-style-type: none"> • Beef & Beef Products • Pork & Pork Products • Poultry Meat & Products (excluding eggs) • Dairy Products • Prepared Foods • Fresh Fruits (apples, grapes, pears, peaches, plums, citrus) • Processed Fruits & Vegetables • Snack Foods • Condiments & Sauces • Dog & Cat Food • Beer 	<ul style="list-style-type: none"> • Wine • Chocolate & Confectionery • Soybean Oil • Baking Inputs, Mixes & Doughs • Ingredients & beverage bases • Prepared & Preserved Meats • Mixes of Nuts & Fruit • Table Eggs 	<p>Some examples of trade barriers affecting U.S. agricultural exports to Guatemala include the denial of preferential treatment under CAFTA-DR because: 1) there are errors when assigning HS codes in the classification of the products and/or 2) mistakes and/or omissions on the certificates of origin.</p>

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

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

Office of Agricultural Affairs
U.S. Embassy
Avenida Reforma 7-01, Zona 10
Guatemala, Ciudad 01010
Telephone: (502) 2332-4030
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>

Government sources for data:

Bank of Guatemala: www.banguat.gob.gt
Ministry of Agriculture: www.maga.gob.gt
Ministry of Economy: www.mineco.gob.gt
National Statistics Institute: www.ine.gob.gt

Government regulatory agency contacts:

Institution: Food Control Unit/Ministry of Health (MSPAS)
Address: 3 Calle final, 2-10 Zona 15, Valles de Vista Hermosa, Guatemala
Telephone: (502) 2502-2502
Website: <http://portal.mspas.gob.gt>

Name: Dr. Nelson Ruano
Title: Food Safety Director
Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)
Address: 7 Avenida 3-67 Zona 13, Guatemala
Telephone: (502) 2413-7389
Website: <http://visar.maga.gob.gt>

Name: Alexander Cutz
Title: CAFTA-DR Administrator
Institution: Foreign Commerce Administration Direction/Ministry of Economy
Address: 6 Avenida 10-43 Zona 1, Guatemala
Telephone: (502) 2412-0200
Website <http://portaldace.mineco.gob.gt>

Attachments:

No Attachments