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Guatemala

Post: Guatemala

Apple Situation and Outlook

Report Categories:

Fresh Deciduous Fruit

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Report Highlights:

For Marketing Year (MY) 2008 apple production in Guatemala is estimated at 22,100 metric tons (MT), a reduction of only 1.34 percent from the previous year. In Guatemala the production of apples is stable. Domestic consumption relies on imported apples, and in 2008 the value of imports was US\$12.6 million. The United States is the major supplier of apples. In 2008, the United States exported a total of US\$7.2 to Guatemala.

Executive Summary:

Local production of apples is expected to remain stable for the following years but could be lower if the drought continues. Local consumption is supported by imported apples mainly from the United States and Chile. Consumption per capita in Guatemala is 5.16 pounds per person in a country of approximately 14 million inhabitants with a GDP of US\$36.3 billion, according to the Central Bank. U.S. apple exports have a duty free quota under the Central American and Dominican Republic

Free Trade Agreement (CAFTA-DR) and compete in price with Chilean apples.

General Information:

Production:

According to the Program for the Development of Fruits and Agricultural Industry (PROFRUTA) of the Ministry of Agriculture, Livestock and Food (MAGA), Guatemala produced an estimated 22,159 metric tons of apples in 2008; however, for 2009, there are no reliable or updated data on Guatemalan apple production.

In 2008, the area planted to apple orchards was 1,625 hectares with 650,000 bearing trees. It is estimated that 19.7 metric tons of apples are produced per hectare per year. In the 2003 National Agricultural Census, 85.5 percent of Guatemalan apple production is concentrated in five departments: Quiche (47 percent), San Marcos (12 percent), Alta Verapaz (11 percent) Totonicapan (8 percent) and Huehuetenango (8 percent.)

The apple harvest begins in May and ends in October. Local production includes four different varieties: Ana, Jonathan, Red Delicious and Wealthy. These products have very poor quality and therefore, do not compete with imported apples. Most of the local production is for domestic consumption (78 percent) and the rest is either for export to countries such as El Salvador, Honduras and Nicaragua, or for used in the processing industry.

| Guatemala: Fresh Apple Production | | | | |
|--|--------|--------|--------|-------------|
| | 2006 | 2007 | 2008 | 2009 (est.) |
| Cultivation Area in hectares (HA) | 3,080 | 3,080 | 3,080 | 3,080 |
| Production (MT) | 22,226 | 22,448 | 22,159 | 21,051 |
| Yield (MT/HA) | 7.22 | 7.29 | 7.36 | 7.43 |

Source: Policy and Strategic Information Unit (UPIE)/MAGA

Consumption:

Local apples are mainly purchased in the open-air-markets in the capital city and in the local markets of the producing areas in the interior of the country. The period with the highest prices and demand are at the beginning (May-June) and the end (November-December) of harvest season. According to MAGA, the lowest prices are in the months of August and September. In addition, there is a smaller demand and the local production dedicated to the processing industry that uses the apples for jams, juices and sauces.

As the local production is small and of poor quality the supermarkets, hotels, and restaurants demand imported apples. In 2008, imports of apples were 13,093 metric tons representing US\$13 million.

Guatemala is the most populated country in the Central American region with approximately 14 million inhabitants. MAGA reported that the per capita consumption of apples in Guatemala is 5.16 pounds per person a year.

Guatemalans have developed a taste for imported apples and according to a recent market study made by the U.S. Washington Apple Commission, Guatemalan consumers prefer Galas and other imported varieties because they have good size, color and flavor. Most fruit importers stock the following varieties: Gala, Fuji, Golden Delicious, Red Delicious and Granny Smith.

Trade:

A very small fraction of local production of apples is exported, 80 percent of which goes to El Salvador and a smaller portion is exported to Nicaragua and Honduras. According to MAGA, in 2008 Guatemala exported a total of 2,400 MT and imported 13,000 MT.

Apple distributors are very aggressive in their marketing strategies, and make the product available in supermarkets and open-air markets for most of the year.

Generally, in the Central American markets, two or three importers dominate each market. Importers sell to retailers and wholesalers, and street vendors buy their apples in the open wholesale market. Approximately 70 percent of U.S. apples are sold by retailers and 30 percent in street markets. These percentages change during the Christmas season when most imported apples and grapes are consumed. According to local importers, in December, almost 40 percent of imported apples are sold in the street markets and the rest is sold in the supermarkets. Apple importers have to pay an additional Q 0.12 (Q1=US\$0.01) per pound on imported apples, which is given to the local growers' cooperative.

The United States is the major supplier of apples to Guatemala. In 2008, the United States exported a total of 6,000 metric tons of apples accounting for US\$7.2 million. Chile is the second largest exporter of apples to Guatemala and in 2008, Chile exported a total of US\$5.3 million.

Marketing:

CAFTA-DR Agreement

Under CAFTA-DR, U.S. apples now enter duty-free and without quotas in Guatemala. The United States apples are competitive with those imported from Chile. In November 2009, Guatemala ratified a Free Trade Agreement with Chile and now, apples will also enter duty-free in Guatemala.

To export apples to Guatemala the following documents are required in order to have preferential tariffs under the CAFTA-DR agreement.

Certificate of Origin. This certificate complies with customs requirements in order to receive preferential tariffs. A CAFTA-DR Certificate of Origin format can be found at:

http://dace.mineco.gob.gt/mineco/cafta/doctos_cafta/Certificado%20de%20Origen%20DR-CAFTA%20.pdf

Under CAFTA-DR, a set of rules of origin has been included to promote trade among partners. The products will be granted the total preferential tariff if it is certified to be original from any of the trading partners within the CAFTA-DR agreement.

Phytosanitary Certificate. This certificate is required by MAGA and the Ministry of Public Health and Social Assistance to protect an importing country from bringing in pests or diseases in plant products (Guatemala has had in place since 2007) the requirement of a phytosanitary certificate even for processed food products, where the risk of transmitting a plant disease or pest is unlikely.

Free Sale Certificate. This certificate is issued by the official entity from the originating country and must indicate that the product is suitable for human consumption if applicable.

This certificate supports the exporter since it indicates that the exporting company is complying with the country's regulation regarding wholesomeness, food quality, and food safety standards, in general.

Specific Attestations Required on Export Certificate(s)

Each Export Certificate may have a series of specific attestations that are required, according to the "risk-analysis" of the importing country. Attestations on the Sanitary and Phytosanitary Certificates are established by MAGA. Attestations required on the Certificate of Analysis are set by MSPAS.

Each Ministry is responsible for authorizing the entry of a food product if it complies with its requirements. Compliance with one of the two ministries does not imply an import authorization. All paperwork and certificates need to be presented to clear Customs.

All original documents listed above need to accompany the product at the time of entry. The import license costs US\$ 12.20 (Q 100.00) and is valid for 30 days. If the product has not left the U.S. port, for any reason, and the 30 days have gone by since the license was issued, a revalidation can be obtained for US\$ 9.15 (Q 75.00), for an extra 30 days. The U.S. Certificates will be valid for 30 days. The certificate is unique for each shipment and does not apply to multiple shipments, though it applies for a consolidated shipment of different products for which the export certificate is valid. Import procedures are readily available on-line at: <http://portal.maga.gob.gt/vudi-web/>

For additional information on import requirements please refer to the FAIRS Country Report GT9012.

Production, Supply and Demand Data Statistics :

| Apples, Fresh | 2006 | 2007 | 2008 | 2009 |
|----------------------------|------------------|------------------|------------------|------------------|
| Guatemala | 2006/2007 | 2007/2008 | 2008/2009 | 2009/2010 |
| Market Begin Year | Jul-06 | Jul-07 | Jul-08 | Jul-09 |
| Area Planted (HA) | 1,625 | 1,625 | 1,625 | 1,625 |
| Area Harvested(HA) | 1,125 | 1,125 | 1,125 | 1,125 |
| Bearing Trees | 450,000 | 450,000 | 450,000 | 450,000 |
| Non-Bearing Trees | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Trees | 650,000 | 650,000 | 650,000 | 650,000 |
| Commercial Production (MT) | 22.2 | 22.4 | 22.1 | 22.1 |
| Non-Comm. Production(MT) | 0 | 0 | 0 | 0 |

| | | | | |
|-----------------------------|------|------|------|------|
| Production (MT) | 22.2 | 22.4 | 22.1 | 22.1 |
| Imports(MT) | 58.1 | 13.1 | 11.7 | 11.5 |
| Total Supply (MT) | 80.3 | 35.5 | 33.8 | 33.6 |
| Fresh Dom. Consumption (MT) | 74.1 | 29.9 | 28.9 | 29.0 |
| Exports, Fresh (MT) | 3.1 | 2.4 | 1.8 | 1.5 |
| For Processing (MT) | 3.1 | 3.2 | 3.1 | 3.1 |
| Withdrawal From Market (MT) | 0 | 0 | 0 | 0 |
| Total Distribution (MT) | 80.3 | 35.5 | 33.8 | 33.6 |

Source: Bank of Guatemala and MAGA