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Guatemala

Food Processing Ingredients

Annual

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Report Highlights:

Guatemala is one of the major food processing countries in Central America. U.S. suppliers have an opportunity to export bulk commodities and raw materials for further processing in Guatemala's food processing industry.

In 2018, U.S. exports of processed foods to Guatemala were \$500 million, and there is an increase in demand for ready-to-eat products. Supermarket growth is also increasing consumer demand. Growth in the tourism sector plays an important role in demand for quality food and beverage products in the market.

Post:

Guatemala City

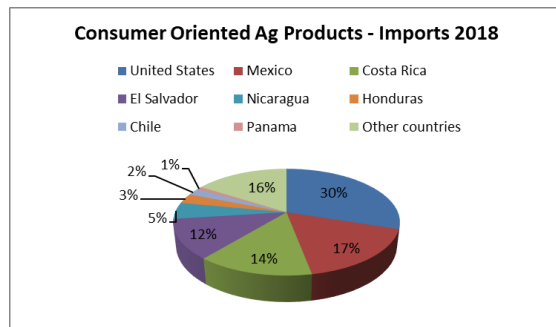
MARKET FACT SHEET: GUATEMALA

Executive Summary

Guatemala has the largest population in Central America with an estimated 17 million inhabitants. Per capita GDP was \$8,200 in 2017, but income distribution is highly skewed. Except for agricultural products, Guatemala is a net importer in world trade. Guatemala is one of the major food processing countries in Central America and domestic brands offer a variety of products that include shelf-stable 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 for raw materials for processed products for export. In 2018, Guatemala imported \$450 million of U.S. consumer-oriented agricultural products.



Source: Global Trade Atlas

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 companies 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 CY2018

Imports of Consumer-Oriented Products from the U.S.: \$450 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) Processed Foods
- 7) Condiments & Sauces
- 8) Fresh fruits
- 9) Wine and Beer
- 10) Snack foods

Processed Foods Sector

Guatemala exports to the world: \$2billion

Guatemala imports from the world: \$1.6 billion

Guatemalan imports from the U.S.: \$399million

Guatemalan exports to the U.S.: \$224 million

GDP/Population

Population (millions): 17

GDP (billions USD): \$138.3

GDP per capita (USD): \$8,200

Sources: Global Trade Atlas

CIA – The World Fact Book

U.S. Census Bureau Trade Data

Strengths	Weaknesses
Local processors use imported ingredients to increase production capacity.	Many small and medium 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 of higher quality.	Processing companies offer a variety of products to the foodservice sector that compete with imported products.

SECTION I. MARKET SUMMARY

The food processing companies in Guatemala are dedicated to manufacturing 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, 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 for export. In 2018, the United States exported \$470 million in bulk commodities (wheat, corn, rice); \$356 million in intermediate products (soybean meal; soybean oil; vegetable oils, sweeteners and beverage bases), and \$450 in consumer-oriented products: beef, pork, poultry, dairy products, and fresh fruits which are among the most exported products to Guatemala from the United States.

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

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

Advantages	Challenges
The food processing industry has ridden the supermarket expansion wave, 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 of the processing industry and compete with U.S. products.
Local processors are increasing their capacity and quality to export processed products to the U.S. 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 13 years of CAFTA-DR implementation, 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 and this could affect loyalty to brands in times of economic difficulty.
The United States is Guatemala's main trading partner and U.S. products are seen as of higher quality.	The United States competes with other countries that also have trade agreements with Guatemala.

SECTION II: ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Interested U.S. food ingredient exporters may contact local food processors or go through local importers/agents/distributors depending on the type of product. The larger food processors frequently prefer to import directly from the suppliers, while medium and small 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 2018: www.fas.usda.gov/scripts/attacherep/default.asp

U.S. exporters can also contact organizations that work closely with 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 that gathers U.S. commodity trade associations that promote U.S. agricultural exports, www.usaedic.org. Commodity Cooperator Groups conduct local market promotion activities throughout the year. In addition, they recruit foreign buyers to participate in U.S. trade shows providing an opportunity for U.S. suppliers of food ingredients to meet and do business with importers.

B. IMPORT PROCEDURES:

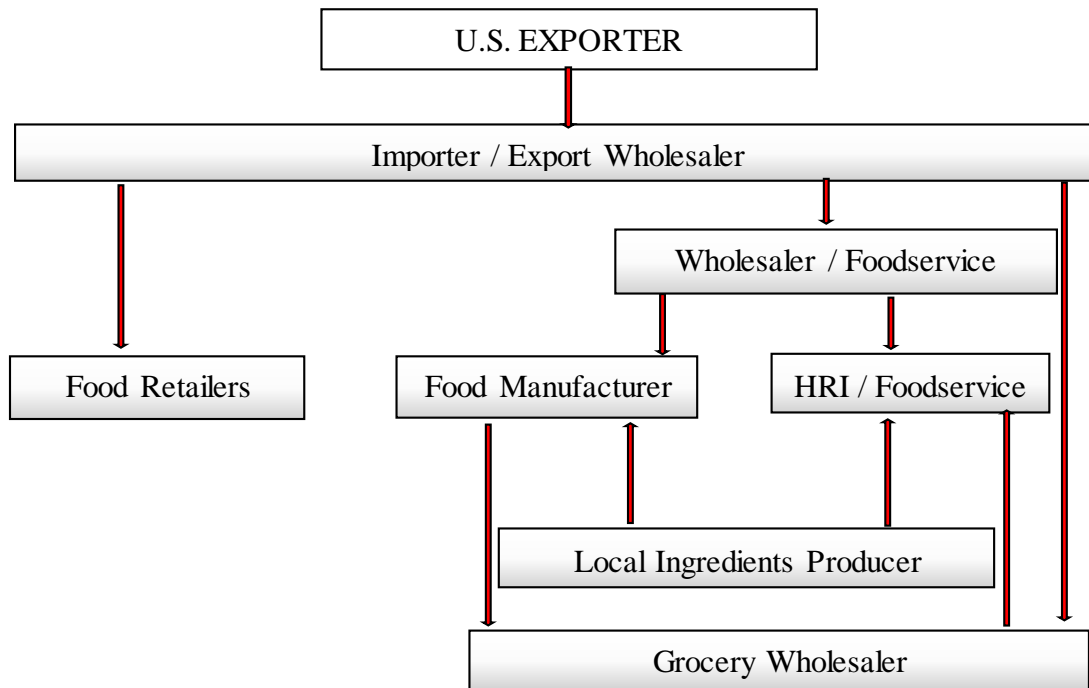
U.S. suppliers that want to ship to Guatemala must comply with local regulations for imported products to avoid problems when importing products. For further information on these regulations, please refer to FAIRS Report 2018: www.fas.usda.gov/scripts/attacherep/default.asp

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. Local companies are willing to establish a long-term business relationship with U.S. suppliers that in addition to quality products, can offer good credit terms, customer service, and marketing support.

The success in introducing an imported product in the Guatemalan market depends on local representation and personal contact. 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 foods 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 for lower-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; meat and bonemeals (fillers); animal fats
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 rind; whey powder, protein concentrates; corn; rice

E. SHARE OF MAJOR SEGMENTS IN THE FOOD PROCESSING INDUSTRY

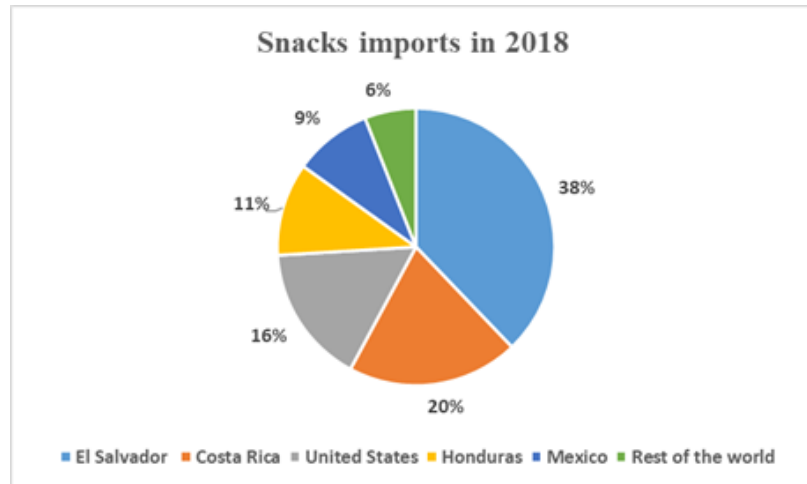
Snacks:

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.)

Confectionary products and cookies are also popular and preferred by Guatemalan consumers.

The United States, Mexico, Colombia, and other Central American countries are the main exporters of

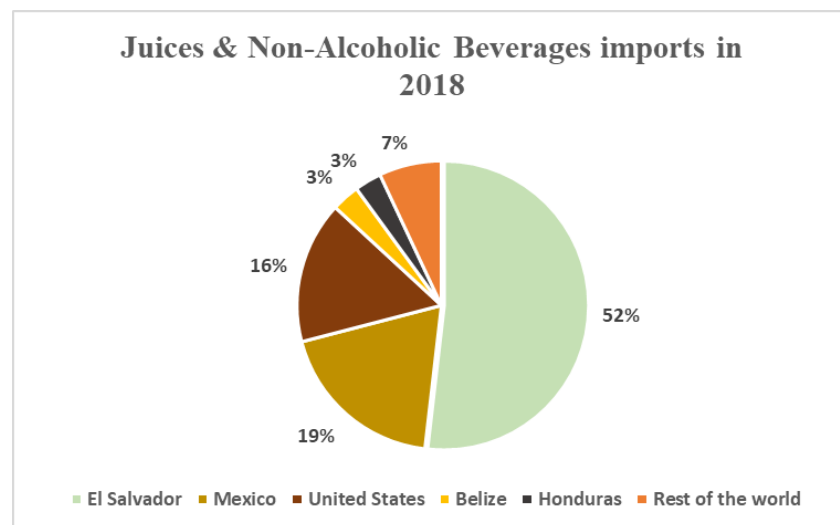
savory snacks, confectionary products, and cookies. Both domestic and international brands have a strong presence in Guatemala. These products are popular and cheap.



Beverages: juice concentrates, and non-alcoholic beverages:

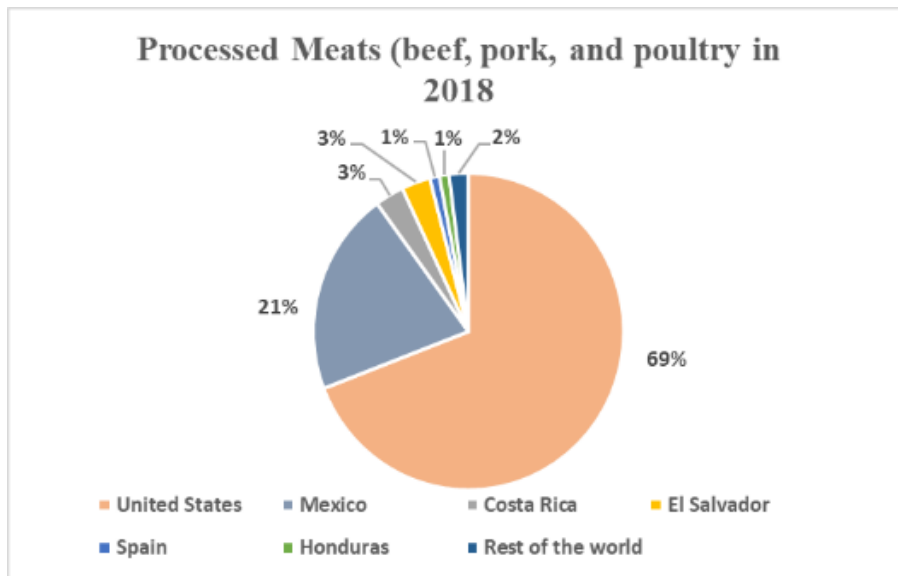
The non-alcoholic drinks sector is growing and generates more than 50,000 jobs. Sodas are among the leading beverages, followed by natural juices and other flavored drinks. Natural juice production is a mature market and growth relies mostly on new flavors. Consumers consider these products healthier than carbonated drinks. The United States

is one of the largest exporters of sweeteners and beverage bases to Guatemala, and in 2018, exported around \$18 million.



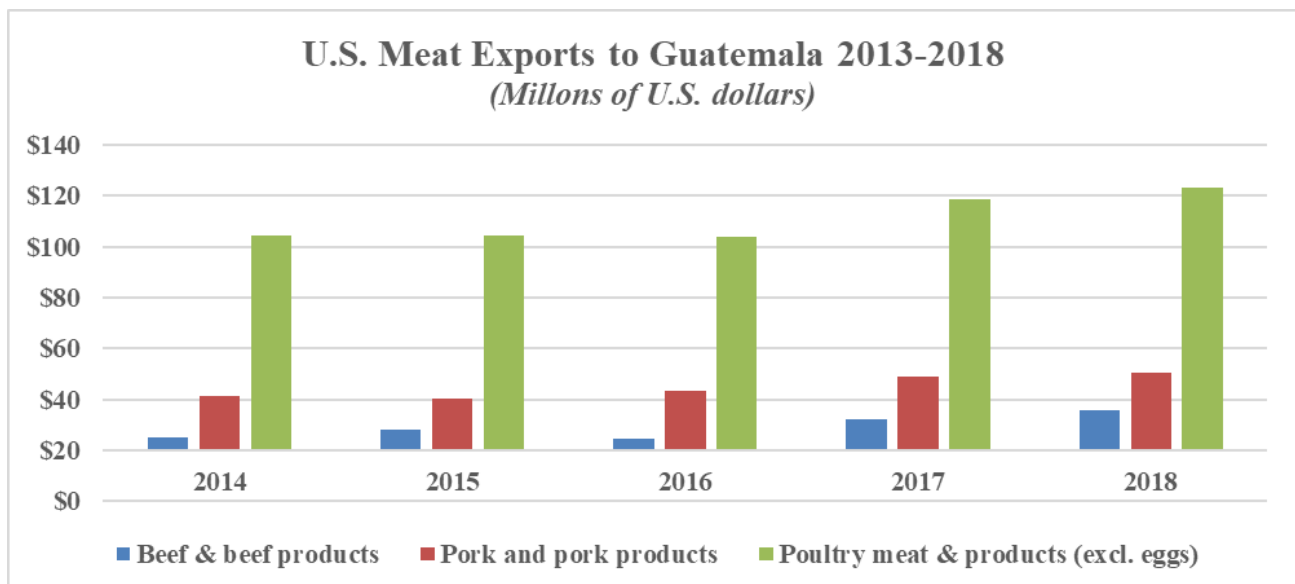
Processed meats:

The production of processed meats (deli meats) is also a dynamic sector and in 2018 Guatemala exported more than \$62 million to the rest of Central America, mainly El Salvador (approx. 60 percent of exports). Exported products include sausages, and prepared or preserved chicken, beef, and pork.



There are over 10 large meat-processing companies in Guatemala and approximately 750 small producers that mainly produce sausages and hams for local distribution at open-air markets.

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 located in Guatemala City and distribution is nationwide. Local meat processors compete with imported products from the United States, Mexico, and Costa Rica.



According to the U.S. Census Bureau Trade Data, in 2018, the U.S. exports to Guatemala of beef, poultry, and pork were the highest export levels reported since 1970.

F. COMPANY PROFILES

The Guatemalan Export Association's (AGEXPORT) National Commission of Food and Beverage Processors has member companies that benefit from training and promotion programs that prepare them to compete in international markets. According to AGEXPORT, the size of 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 within 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 members of AGEXPORT that are currently exporting to other countries, please visit the following site: <http://export.com.gt/directorio>

G. SECTOR TRENDS

- Consumption trends in Guatemala are strongly 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 one million Guatemalans living and working in the United States.
- The trend towards more ready-to-eat foods and demand for these types of products is growing in Guatemala. The local processing industry is taking advantage of this niche market and products such as refrigerated tacos, tortillas, burritos, corn-based tamales and instant soups are among the preferred foods in the supermarkets not only for their convenience but also affordable prices.
- Some of the major U.S. companies that have a presence in the Guatemalan food processing industry are Cargill, Chiquita Brands International, Frito Lay, PepsiCo, Ralston Purina, Del Monte, and Wal-Mart. Bimbo from Mexico and Nestlé from Switzerland are present in the country as important foreign investors. Local companies are also growing because of a higher local demand and increased exports.
- Healthy foods, natural, and organic are growing niche markets; however, these types of products are more commonly imported products and therefore marketed towards higher end consumers.

SECTION III: COMPETITION

In Guatemala, imported raw materials used in the food and beverage-processing sector are bulk grains (wheat, yellow corn, soybeans, rice); fruits and vegetables; meats (poultry, pork, and beef); dairy products; soybean meal; soybean oils; animal fats; and sweeteners and beverage bases. In 2018, Guatemala total imports of agricultural products from the world reached \$3.1 billion; although the United States is Guatemala's leading supplier, some of the major competitors for the United States are Mexico, Costa Rica, and El Salvador.

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• Fresh fruits (apples, grapes, pears, peaches, plums, citrus)• Processed fruits & vegetables• Snack foods• Condiments & sauces	<ul style="list-style-type: none">• Prepared foods• Wine & beer• Chocolate & confectionery• Soybean oil• Baking inputs, mixes & doughs• Ingredients & beverage bases• Dog & cat food• Prepared & preserved meats• Mixes of nuts & fruit	No significant products are currently blocked from the market.

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) 2332-8439
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:

Name: Bernardo Molina

Title: Director

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 City, 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>