

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Guatemala

### Retail Foods

#### Annual

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**Report Highlights:**

Almost 70 percent of retail food sales in Guatemala occur in open-air markets and small shops leaving ample opportunities in the formal retail food sector for U.S. consumer ready products. The formal retail sector is dominated by three supermarket chains that target middle and high-income consumers.

All sections of the Retail report have been revised, mainly to update economic data and import regulations.

**Post:**

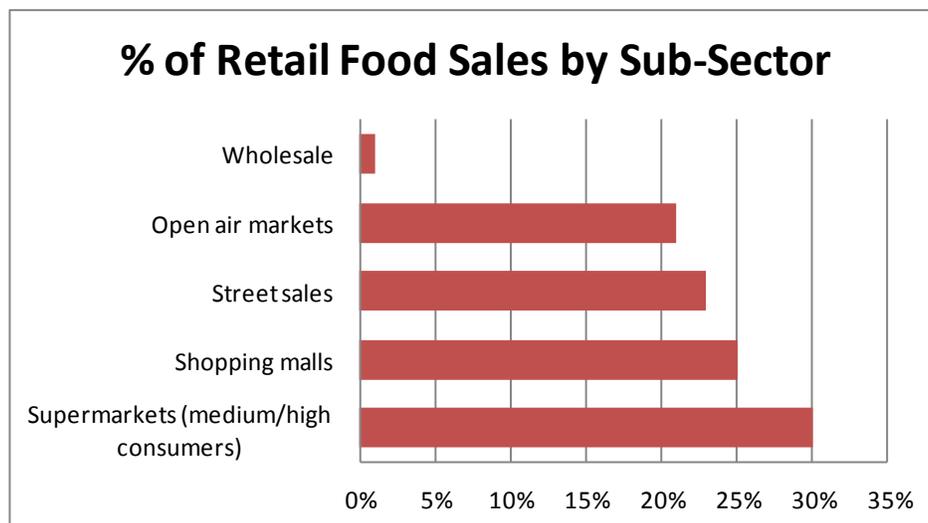
## Guatemala City

### I. MARKET SUMMARY

Guatemala's total population is estimated at 15.1 million people. Guatemala, as in many other Latin American countries, has high rates of social and economic inequality. Income distribution is concentrated in the upper class and poverty is severe among the rural and indigenous populations. Approximately, 63 percent of total income is in the hands of the top 20 percent of the population who are a group of high-income consumers concentrated mainly in Guatemala City.

Guatemalans spend more than 50% of their income on food purchases. According to the National Institute of Statistics (INE) the basic food basket in 2016 cost \$492 per month. The basic food basket includes: vegetables (tomatoes, onions, squash, potatoes, green beans); corn tortillas, black beans, rice, coffee, sugar, and dairy products (cheese and sour cream.)

The retail sector in Guatemala is dominated by three supermarket chains: Pricesmart, Wal-Mart Mexico y Centroamérica, and Unisuper (La Torre/Econosuper.) These supermarkets target middle and high income consumers; however, the two largest supermarket chains—Walmart and Unisuper—also have stores that service the lower-middle to lower income consumers. There are still ample opportunities for growth in the retail sector since only 30 percent of total food sales are made through supermarkets.



Data: Red Nacional de Grupos Gestores

### Sales in Grocery Retailers by Channel: Value 2010-2015

GTQ million	2010	2011	2012	2013	2014	2015

GTQ million	2010	2011	2012	2013	2014	2015
Modern Grocery Retailers	11,925.3	13,001.0	14,264.5	15,904.1	17,660.3	19,755.5
- Convenience Stores	63.6	82.0	106.9	171.2	255.6	307.6
- Discounters	3,815.5	4,507.2	4,834.5	5,004.0	5,318.6	5,560.1
- Forecourt Retailers	174.2	194.5	220.9	247.8	271.7	294.9
-- Chained Forecourts	127.4	140.5	159.9	175.0	186.2	198.7
-- Independent Forecourts	46.8	54.0	61.1	72.7	85.5	96.2
- Hypermarkets	2,120.0	1,961.0	2,046.5	2,350.4	2,502.9	2,884.6
- Supermarkets	5,752.1	6,256.3	7,055.6	8,130.7	9,311.4	10,708.3
Traditional Grocery Retailers	29,652.1	31,307.4	34,252.0	36,157.3	37,512.9	39,259.6
- Food/Drink/Tobacco Specialists	3,877.3	4,196.9	4,511.9	4,815.9	5,047.5	5,391.1
- Independent Small Grocers	22,756.2	23,920.1	26,381.5	27,849.8	28,849.7	30,105.3
- Other Grocery Retailers	3,018.6	3,190.4	3,358.6	3,491.6	3,615.8	3,763.1
Grocery Retailers	41,577.4	44,308.4	48,516.4	52,061.4	55,173.2	59,015.1

Source: Euromonitor International

Exchange rate: Q7.5 = \$1.00

b) Advantages and Challenges for U.S. Exporters in Guatemala

Advantages	Challenges
Guatemalans view U.S. products as high quality and safer than local products.	The economic condition of the country (such as poverty, poor road transportation infrastructure, low wages and limited ports capacity) limits imports.
Guatemalan consumers look for lower prices such as the ones found in outlets.	Low education level and extreme poverty of the majority of the population minimizes the opportunities for value-added products.
Importers are taking 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) is forcing the U.S. to be more competitive
Imported products have more opportunities while the supermarket sector continues growing.	Regional competition is strong, especially from Central American countries, Mexico, and Chile.
The Guatemalan Government (GOG) maintains an open trading policy,	Lack of a civil service career within the GOG, creates a fragile regulatory structure and makes it difficult to comply with international standards.
Every year more supermarkets are opening in the interior of the country.	Cold chain management continues to be a challenge for distributors into the interior of the country.
Guatemala has the highest GDP per capita in Central America.	Local produce (fresh fruits and vegetables) are sufficient to satisfy the local demand.

## II. ROAD MAP FOR MARKET ENTRY

### A. Super Stores and Supermarkets

#### Entry Strategy

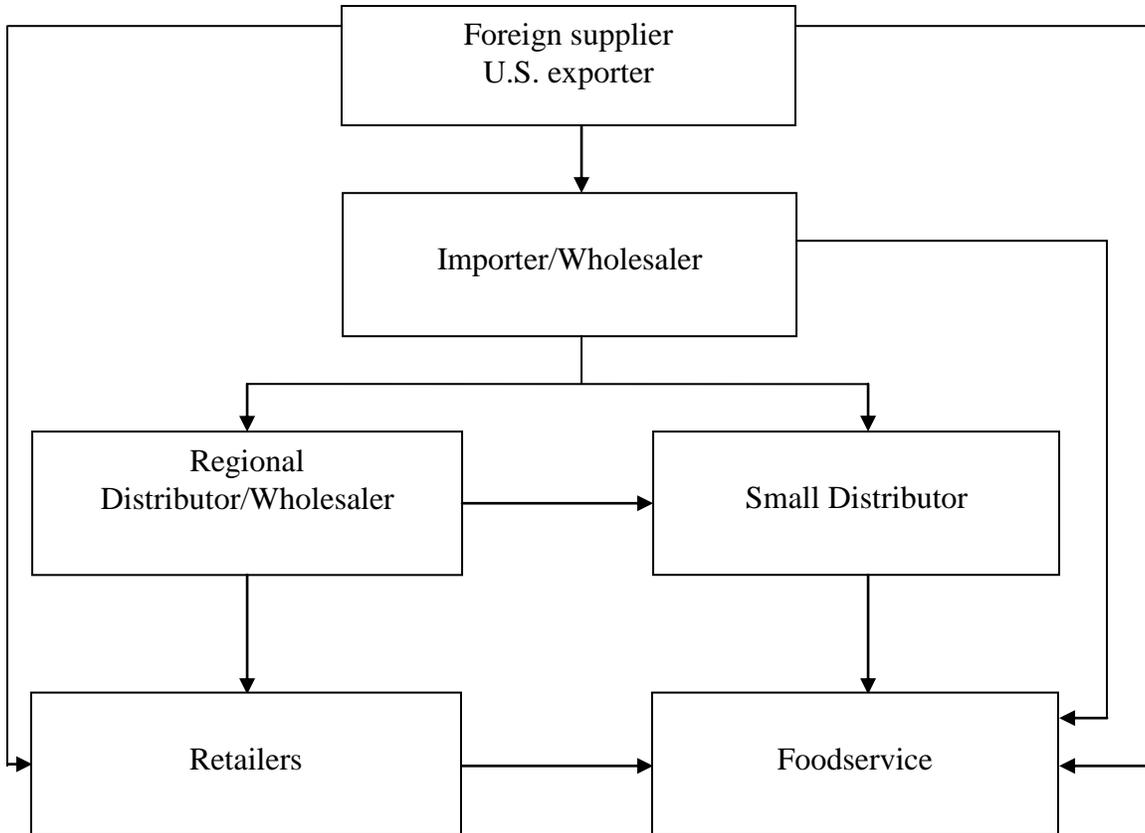
Success in introducing an imported product in the Guatemalan market depends on local representation and personal contact. Hiring a distributor is the easiest and fastest way to enter the market. In particular, it is best if this distributor is already supplying the supermarkets. The local representative or distributor should be able to provide sales contacts as well as market knowledge and guidance on business practices and trade related laws. In many cases the local representative or distributor is also the importer. The Foreign Agricultural Service (FAS) office in Guatemala maintains a list of companies that represent or distribute U.S. products in Guatemala. The office also has ongoing activities that provide opportunities to meet the Guatemalan traders. U.S. food products are very competitively priced and are sought out by both high-income and middle-income consumers. Guatemalan households spend more money on food than education and health.

Food and non-alcoholic beverages account for 50 percent of the basic basket of goods. Consequently, Guatemalan consumers are extremely sensitive to price changes in food items.

In order to improve the odds of success in entering the market, U.S. suppliers should provide labeling or re-labeling services, competitive pricing, credit, catalogs, printed material and samples to

importers/distributors. Firms should also consider providing support to importers by sharing advertisement costs of new brands, as well as support to train sales personnel.

### Distribution Channels



### Market Structure

- ❖ Typically, imported products are introduced into the country by a local importer, agent or distributor.
- ❖ The three largest supermarket chains in Guatemala have a regional office that imports/distributes products within their stores in Central America.
- ❖ Importers work directly with brokers to lower the costs of transportation and prefer brokers located in Miami.
- ❖ In the past (before Walmart was present in the country), supermarkets relied on local importers to display imported products; now, supermarkets prefer to import directly but through their holding groups, especially during peak seasons.
- ❖ Walmart Guatemala offers support to small local farmers by offering funds, technical support and market information to help them grow high quality, competitively-priced produces that can be sold to their stores and other retailers in the formal marketplace.

### Company Profiles

**Pricesmart:** A U.S. warehouse company that operates membership club stores in Latin America, and the Caribbean. Their headquarters offices are located in San Diego, California; the company sells food and consumer goods and members pay between \$35 and \$40 to shop at PriceSmart stores. In Guatemala there are only 3 membership stores located in Guatemala City and Fraijanes. Pricesmart is the only membership club in Guatemala.

**Save A Lot:** U.S. discount grocery store opened the first store in Latin America in April 2016 in Guatemala City. The supermarket offers more than 1,500 different products of which 75 percent are imported. No membership is needed and their brands are very exclusive offering a wide variety of products that include specialty goods such as gluten-free, sugar free, ready-to-eat sandwiches, and refrigerated home style cooking dinners. The company invested approximately \$3million to open the store and plans to open 12 new stores in the next five years throughout Guatemala City.

Walmart Mexico y Centroamérica is Guatemala's largest supermarket chain. In 2010, Wal-Mart Mexico bought Wal-Mart Central America and became "Walmart de México y Centroamérica", currently Guatemala's leading supermarket chain, accounting for more than 31,000 direct jobs within their 718 units in Central America (as per the company's last report in August 2015.) In Guatemala, the company also has smaller stores like Despensa Familiar and Maxi Despensa. Total stores in Guatemala are 218: Supertiendas Paiz (28), Walmart (9), Despensa Familiar (152), and Maxi Despensa (29). Walmart imports directly around 85 percent of its food products including, produce, cereals, processed foods and beverages. Walmart Guatemala and Costa Rica make most of the purchasing decisions for the rest of its Central American stores and are interested in expanding the lines of imported goods to supply their high-end hyper store and Paiz supermarket. Approximately 70 percent of the goods sold come from local suppliers.

UNISUPER is the second largest supermarket in Guatemala with 73 stores under the names of La Torre (65) and Econosuper (8). UNISUPER also works with two different store concepts: La Torre stores sell domestically produced and imported products and are targeted for upper and middle class consumers; and Econosuper is targeted to lower income consumers and sells mostly domestically produced products. Unisuper is remodeling its stores and upgrading the Econosuper stores to have the same structure and quality service in all its units. In the past, the company kept the individual names of the stores because customers associate La Torre's stores catering the more affluent sector, while Econosuper services lower income customers.

UNISUPER is also a member of Supermercados de Centroamérica y Panamá – SUCAP (Panama and Central America Supermarkets.) SUCAP incorporates the following supermarket chains: Gessa and AutoMercado (Costa Rica).La Colonia (Honduras), Súper Selectos (El Salvador), La Torre (Guatemala), La Colonia (Nicaragua), Súper 99 and El Machtetazo (Panamá).

These supermarkets total approximately 300 small, medium, and large stores that are present not only in the larger cities but also in the rural areas in each country. SUCAP's main objective is to keep its market share in Central America and to compete with the largest retail chains.

This alliance among these well-known Central American supermarket chains allows them to exchange and share knowledge on software technology, to train their personnel, and to provide other market intelligence resources that allows them to transfer lower prices to their customers.

Shopping malls and other entertainment areas attract the main supermarket chains to open new stores in the outskirts of the capital in areas such as Mixco, Villa Nueva, Fraijanes and San Jose Pinula, where housing construction is growing. Most people living in these areas have migrated from the interior of the country and usually commute daily back and forth from the city.

There are other smaller supermarkets in the country that are trying to gain market share in the retail sector, but these supermarkets are more targeted to the lower-middle and lower income consumers. They are smaller than a regular supermarket and in consequence have smaller shelf space to display their products. These supermarkets are:

1) Super Elmar, S.A. is a family-owned company and has eight stores within Guatemala City. This supermarket has stores located within walking distance of residential areas and far away from the traditional commercial areas where most of the bigger supermarket chains are located. The company buys imported products from local distributors and is still not planning to import directly. For the past five years the supermarket has not open any new stores.

2) Comercializadora Gigante, S.A., also known as La Barata, has 17 stores which are mainly located nearby the open-air markets within Guatemala City and its surrounding areas such as Mixco, Villa Nueva and Amatitlan. They have very few imported products supplied by local distributors and more than 80 percent of their food items are locally produced goods.

3) Super Del Barrio started its operations in 2007 and presently has 18 stores. The store offers daily discounts for food items and competes with larger stores attracting costumers that live in nearby residential areas.

Name of Retailer	Ownership	No. of Outlets	Locations	Purchasing Agent Type
Hiperpaiz / Hypermart	Local / Wal-Mart Central America Group	9	Guatemala City, Villa Nueva, Santa Catarina Pinula, Mixco and Quetzaltenango	Direct importer, wholesaler & distributor
Paiz / Supermarket	Local / Wal-Mart Central America Group	28	Guatemala City, Mixco, Quetzaltenango, Huehuetenango, Alta Verapaz, Chiquimula, Coatequeque & Escuintla	Direct importer, wholesaler & distributor
Despensa Familiar / Supermarket	Local / Wal-Mart Central America Group	152	Guatemala City, Baja Verapaz, Alta Verapaz, San Marcos, Coban, Sacatequepez, Suchitepequez, Escuintla, Santa Rosa, Jalapa, Chimaltenango, Totonicapán,	Direct importer, wholesaler & distributor

			Quetzaltenango, El Progreso, Peten, Solola, Zacapa, Izabal, Retalhuleu, Jutiapa, El Quiche, Peten, Coatepeque.	
Maxi Despensa	Local / Wal-Mart Central America Group	29	Guatemala City, Chimaltenango, Escuintla, Huehuetenango, Puerto Barrios, Retalhuleu, Peten, Santa Lucia Cotzumalguapa, Zacapa, Jutiapa, Jalapa, Mazatenango.	Direct importer, wholesaler & distributor
Unisuper / La Torre*	Local	65	Guatemala City, Escuintla, Quetzaltenango, Amatitlan, Boca Del Monte, Chiquimula, Coatepeque, Fraijanes, Jutiapa, San Marcos, Jalapa, Mazatenango, Peten, Retalhuleu	Direct importer & distributor
Unisuper / Econosuper*	Local	8	Guatemala City	Distributor
Pricesmart Warehouse	Local / U.S.	3	Guatemala City and Fraijanes	Direct importer & distributor

### Trends and Highlights

- Supermarkets are opening new stores in the interior of the country and expanding in that direction. Most of the units added in the past five years have been in the interior and in the outskirts of Guatemala City.
- Supermarket sales continue to grow and take sales away from wet markets and corner stores. Business people that live in residential areas outside the city limits have no option but to go to a supermarket close to their homes for smaller purchases during the week.
- Grocery products have the largest share of retail value sales.
- The membership discount club and bulk purchase concept has gained acceptance among consumers, as many find wholesale clubs much more suited for one-stop shopping.
- During weekends, going to the supermarkets continues to be a family activity. Many new products are sampled during peak hours to motivate and attract consumers to purchase new brands.
- Local festivities (Holly week; Independence Day, All Saints Day, and Mothers' Day) and International festivities (Halloween and Thanksgiving), are opportunities for the supermarkets to offer discounts on selected food products and introduce new products to consumers.

- In the major supermarkets, convenience and prepared foods are offered to customers as they try to lower time spent preparing foods at home. Also, among business people, who do not want to spend money on fast-food restaurants for lunch, look for prepared meals inside the supermarkets. A wide variety is found from typical foods to a roasted chicken. Most products are already cooked and served inside the supermarket mainly during lunch time.
- Eating healthy food, low in calories and cholesterol continues to be a growing trend among consumers. Most supermarkets have a diversity of dry, frozen and ready-to-eat products. Also, sugar-free products are expanding their shelf share and grow every year. These products include items such as candies, jams, cookies and crackers.
- Supermarkets offer a variety of additional services such as bill payment services, coffee, dry cleaning services, to mention a few.
- Walmart stores now offer to high-end consumers' on-line grocery sales and home delivery in specific areas within Guatemala City.
- Main supermarkets have discount programs through credit cards from local banks to offer 5 to 10 percent discounts on supermarket purchases year round. These discounts are in addition to already reduced prices or special discounts.
- Other marketing promotions encourage consumers to do their grocery shopping at certain supermarkets to keep loyalty to their stores. These promotions include collection of stickers that can be exchanged for home articles such as glasses, knives, pots, and pans, etc.

## **B. Convenience Stores, Gas Marts**

### Entry Strategy

Because their purchasing power is small, most convenience stores rely on agents (importers and/or distributors) to supply their products. The same companies that supply the supermarkets also supply the convenience stores. Entry into the market is very similar to the supermarkets, hypermarkets and clubs. However, there is one important difference that must be considered. The selected partner must have national distribution, or the distributor won't be able to service all the convenience stores spread throughout the country.

Direct distribution to the units is the preferred method of distribution and the best way to maximize sales. This allows the distributor/agent to monitor store inventories more closely, and make sure units are never out of product. Due to the service hours most gas marts sell their products at higher prices and offer a wide variety of prepared foods, alcoholic beverages, soft drinks, grocery items and over-the-counter medicines.

Super 24, a local convenience store, increased the number of outlets in the last few years, going from 82 outlets in 2013 to 130 in 2015. Super 24 is owned by the largest brewery in Guatemala, Cerveceria Centroamericana, and for this reason, most of the company's local products are sold in these stores.

These products include snacks, beverages (alcoholic and non-alcoholic), juices, energy drinks, cereals, and soups.

Carolina & H is a local company that began operations in 1981 as a pharmacy; but recently, the business combined the pharmacy with a convenience store to imitate CVS and Walgreens. The company now has a total of 62 stores around the country.

## Company Profiles

Name of Retailer	Ownership (Local/Foreign)	Number of Outlets 2016	Location	Purchasing Agent
Super 24	Local	130	Guatemala City, nearby cities and interior of the country	Distributors
Carolina & H / Supermarket & Drugstore	Local	62	Guatemala City, nearby cities and interior of the country	Distributors
Shell / Select	Local/Foreign	45	Guatemala City, nearby cities and interior of the country	Distributors
Texaco / Food Mart	Local/Foreign	30	Guatemala City, nearby cities and interior of the country	Distributors
Puma Energy / Super 7 Express	Local/Foreign	15	Guatemala City, nearby cities and interior of the country	Distributors
*Other gas stations	Local/Foreign	1500 (aprox.)	Guatemala City, nearby cities and interior of the country	Distributors

\*These gas stations do not offer convenience stores.

## Trends and Highlights

- Other than pharmacies, convenience stores are the only businesses that offers 24-hour service.
- Most convenience stores are found along main boulevards and busy avenues, as well as on the three national highways. These stores are smaller than the convenience stores found in the United States and they serve mostly fast food items such as hot dogs, nachos, sandwiches, soups, and beverages.
- They are also found in some of the major cities; however, the majority of the stores are located within the Guatemala City metropolitan area.
- Over 90percent of their non-gasoline sales are food items, including beer and liquor.
- Food sales have slightly dropped due to a new and stricter liquor law. In the past, consumers almost always bought food when buying liquor. However, the law restricts liquor purchases at convenience stores.

## C. Traditional Markets

## Entry Strategy

Around 70 percent of grocery items are sold in the traditional markets or open-air markets, where local farmers sell fresh local produce. These markets account for a large portion of national sales. Almost 90 percent of the produce sold in these markets is produced domestically. Additionally, imported fruits such as grapes, apples, pears, nectarines, and tangerines are sold year round in these markets and in larger amounts during the Christmas season.

The two most important open-air markets in the capital are Cenma and La Terminal. Both places offer fresh produce that come directly from the producers.

Inside the open-air markets, there are small stalls that sell grocery items from bulk grains to instant soups. Grocery items are sold in smaller presentations (130 grams) and 95 percent of these products are produced locally. A small amount of imported grocery items such as cookies, snacks, instant soups, candies and chocolates are sold in these markets.



Photo by: <http://www.mercadosdeguatemala.com>

The other type of traditional market is the small shops known as “tiendas de barrio.” There are more than 100,000 small retail shops in the country. The retail industry in Guatemala began through these stores that are located throughout the entire country. They are an important income source for informal retailers. The stores are usually tiny (30 square feet) and carry an inventory of approximately \$500 of products. According to a study made by the National Statistics Institute (INE), around 56 percent of household income is spent at small shops or open air markets. Soft drinks suppliers estimate that around 80 percent of their sales occur in these informal markets. Their customers usually live within 10 minutes from the stores and are preferred by the customers because of their convenience. Most people shop in these stores every day and customers also prefer these stores because they can find products sold in smaller sizes. The size is important not only because of price but also because of a lack of refrigeration.



Photo by: <https://guatemalatourism.wordpress.com>

These stores are commonly located in the medium and lower class neighborhoods to satisfy the demands of the housewives that need to buy a grocery items but live too far away from a supermarket. Distributors for these two groups are the same that supply products to the supermarkets and convenience stores. The main difference is the inclusion of at least one wholesaler, and sometimes more than one for products sold in the interior of the country.

The wholesaler gets the product to the open-air markets and the small shops by traveling store to store on a daily route. These stores do not use purchase orders and wholesalers carry sufficient inventory to supply the entire route.

#### Trends and Highlights

- Products entering the open-air markets should be low-cost and handled through a wholesaler.
- Products entering the small shops must be relatively non-perishable and low-cost.
- Traditional markets pull much of their product from farmers and small wholesalers.
- Guatemala's underdeveloped infrastructure limits the size of these wholesalers.
- Small shops have a higher price per unit than supermarkets.

### III. COMPETITION

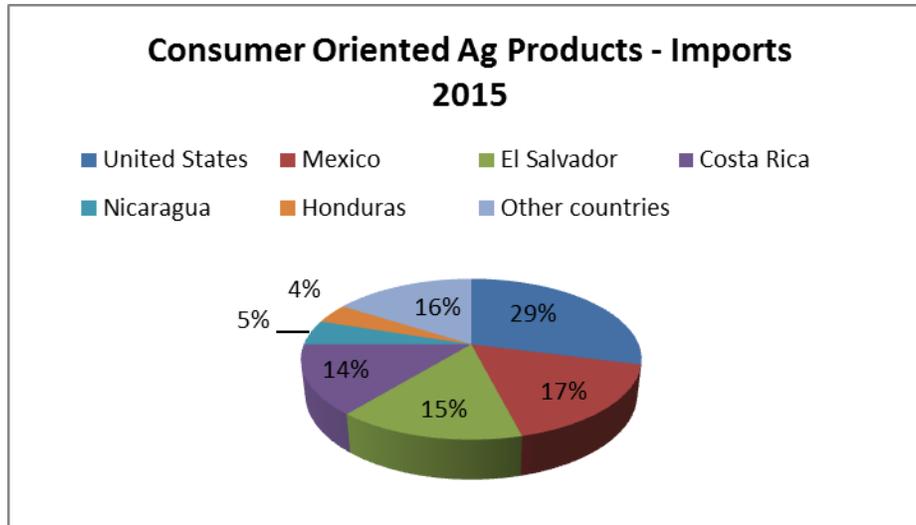
Guatemala's total agricultural imports from the world grew from \$2.5 billion in 2013 to \$2.8 billion in 2015. Guatemala is a net importer of goods in world trade; the United States is Guatemala's largest

trading partner; 39 percent of Guatemala's total agricultural exports go to the United States and Guatemala imports 42 percent of its agricultural products from the United States.

Guatemala Import Statistics from the World				
Commodity: Agricultural Total, Group 2 (2012)				
Commodity	Description	United States Dollars		
		2013	2014	2015
100590	Corn (Maize), Other Than Seed Corn	\$ 199,416,426.00	\$ 206,287,135.00	\$ 206,755,223.00
210690	Food Preparations Nesoi	\$ 143,273,570.00	\$ 163,282,863.00	\$ 176,232,753.00
230400	Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	\$ 171,069,680.00	\$ 183,839,514.00	\$ 170,177,892.00
330210	Mixtures Odoriferous Substance Use Food/Drink Ind	\$ 95,494,472.00	\$ 96,865,841.00	\$ 120,809,176.00
100199	Wheat And Meslin, Nesoi	\$ 74,417,178.00	\$ 91,601,645.00	\$ 92,292,895.00
100119	Durum Wheat, Nesoi	\$ 87,646,881.00	\$ 73,342,940.00	\$ 78,861,406.00
020714	Chicken Cuts And Edible Offal (Inc Livers), Frozen	\$ 65,088,876.00	\$ 62,291,219.00	\$ 75,063,082.00
220290	Nonalcoholic Beverages, Nesoi	\$ 49,989,394.00	\$ 51,629,406.00	\$ 67,313,415.00
210390	Sauces Etc. Mixed Condiments And Seasonings Nesoi	\$ 44,437,402.00	\$ 49,975,430.00	\$ 63,819,325.00
190590	Bread, Pastry, Cakes, Etc Nesoi & Puddings	\$ 45,632,448.00	\$ 56,924,283.00	\$ 57,342,284.00
190410	Prep Food, Swelling/Roasting Cereal/Cereal Product	\$ 56,409,299.00	\$ 53,531,966.00	\$ 54,217,167.00
150710	Soybean Oil & Fractions, Crude, Wheth/Not Degummed	\$ 92,725,019.00	\$ 57,675,187.00	\$ 54,063,768.00
520100	Cotton, Not Carded Or Combed	\$ 50,807,009.00	\$ 48,200,506.00	\$ 43,471,360.00
230990	Animal Feed Prep Except Dog Or Cat Food, Retail Pk	\$ 32,106,189.00	\$ 36,264,514.00	\$ 41,979,275.00
020230	Meat Of Bovine Animals, Boneless, Frozen	\$ 17,067,588.00	\$ 21,444,962.00	\$ 40,549,827.00
040221	Mlk/Cream Cnctrd Nt Swtn Pwd/Oth Solids Ov 1.5% Fa	\$ 46,923,429.00	\$ 48,799,767.00	\$ 39,409,315.00
190531	Cookies (Sweet Biscuits)	\$ 38,196,625.00	\$ 39,617,522.00	\$ 39,264,593.00
220300	Beer Made From Malt	\$ 10,275,380.00	\$ 24,534,957.00	\$ 32,585,705.00
100610	Rice In The Husk (Paddy Or Rough)	\$ 37,807,405.00	\$ 39,488,101.00	\$ 30,746,376.00
170490	Sugar Confection (Incl Wh Choc), No Cocoa, Nesoi	\$ 26,873,510.00	\$ 27,722,751.00	\$ 29,163,156.00
	Other products	\$ 1,095,557,699.00	\$ 1,155,247,282.00	\$ 1,148,025,278.00
<b>Total</b>	<b>Total</b>	<b>\$ 2,481,215,479.00</b>	<b>\$ 2,588,567,791.00</b>	<b>\$ 2,662,143,271.00</b>

Source of Data: World Trade Atlas

A total of 29 percent of consumer oriented agricultural products imported in Guatemala are imported from the United States, followed by Mexico with 17 percent; El Salvador with 15 percent and Costa Rica with 14 percent. In 2015, Guatemala imported \$1.4 billion from the world and \$408 million from the United States.



The Central American countries and Mexico are the main competitors with the United States for the Guatemalan import food market. Free trade agreements between Guatemala and the Central American countries and between Guatemala and Mexico, provide great opportunities for those countries to introduce more products in the Guatemalan market and become stronger competitors with the United States. Mexico has a strong presence in the market with products such as snacks, food preparations, beer, soups and broths, fresh produce and other consumer-oriented products.

### **Local production and exports**

According to the National Exporters Association (AGEXPORT), the processing industry represents 27 percent (around \$1.9 billion) of the country's total exports. Guatemala is a major importer of raw materials and ingredients for the food processing industry and therefore, U.S. ingredients have significant opportunities in the market. 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. Some of the processors use domestic inputs for processing but local production is not always enough to satisfy production needs; therefore, these companies look for inputs from other countries. Some large processors already import directly from the United States and many of the small processors rely on local distributors to import their inputs.

Since the implementation of CAFTA-DR, Guatemala has found new opportunities to increase exports of processed food products to other Central American countries and some companies are also looking to supply the demand of the so-called nostalgia market composed of Guatemalans and other Central Americans living in the United States. The main basket of products exported to Guatemalans living in the United States is made up of: tamales (corn based food), alcoholic drinks, preserved foods, dehydrated fruit punch, and plantain leaves used to prepare homemade tamales. Every year exports of these products increase approximately five percent during the Christmas holidays when these products have a larger demand.

The food processing industry is divided in to several different sub-sectors, but non-alcoholic beverages and preserved foods are two main categories that capture around 40 percent of total national production followed by baked goods, which has 15 percent of total exports.

**Guatemala Export Statistics To United States**  
**Commodity: \_\_ Processed Foods Total 2012,**

Commodity	Description	United States Dollars		
		2013	2014	2015
071080	Vegetables, Nesoi Raw/Cooked By Boiling, Frozen	\$ 8,548,525.00	\$ 30,639,826.00	\$ 31,884,099.00
030617	Shrimps And Prawns, Frozen, Nesoi	\$ 19,081,046.00	\$ 14,431,306.00	\$ 20,418,791.00
081190	Fruit Nesoi & Nuts, Sweetened Etc Or Not, Frozen	\$ 17,071,132.00	\$ 17,554,708.00	\$ 19,344,680.00
210410	Soups And Broths And Preparations Therefor	\$ 14,864,800.00	\$ 14,269,870.00	\$ 15,009,068.00
200559	Beans, Not Shelled, Prep/Pres Nesoi, Not Frozen	\$ 9,897,444.00	\$ 11,298,820.00	\$ 11,829,156.00
160529	Shrimp/Prawns Prep/Preserved In Airtight Container	\$ 2,476,934.00	\$ 12,545,577.00	\$ 11,598,211.00
170310	Cane Molasses From Extraction Or Refining Of Sugar	\$ 13,651,155.00	\$ 8,176,453.00	\$ 9,265,521.00
200799	Jams, Fruit Jellies, Pastes Etc Nesoi, Nut Pastes	\$ 2,758,373.00	\$ 3,324,709.00	\$ 6,633,428.00
071021	Peas, Raw Cooked In Boiling Water, Frozen	\$ 7,451,131.00	\$ 6,832,206.00	\$ 5,556,478.00
090831	Cardamoms, Neither Crushed Nor Ground	\$ 5,097,411.00	\$ 4,392,949.00	\$ 5,208,521.00
220840	Rum And Tafia	\$ 4,754,514.00	\$ 5,974,522.00	\$ 5,093,426.00
200899	Fruit & Edible Plant Parts Nesoi, Prep Etc. Nesoi	\$ 612,311.00	\$ 1,989,359.00	\$ 3,989,290.00
071022	Beans, Raw Cooked In Boiling Water, Frozen	\$ 5,947,897.00	\$ 3,060,267.00	\$ 2,883,859.00
170490	Sugar Confection (Incl Wh Choc), No Cocoa, Nesoi	\$ 2,531,794.00	\$ 3,583,815.00	\$ 2,766,491.00
200190	Vegt/Fruit/Nuts Etc Nesoi Prep/Pres By Vinegar Etc	\$ 2,705,854.00	\$ 2,472,839.00	\$ 2,680,361.00
220210	Waters, Incl Mineral & Aerated, Sweetnd Or Flavord	\$ 2,268,456.00	\$ 2,348,599.00	\$ 2,518,500.00
210690	Food Preparations Nesoi	\$ 2,685,663.00	\$ 2,566,243.00	\$ 2,354,794.00
220300	Beer Made From Malt	\$ 1,906,365.00	\$ 2,685,766.00	\$ 2,027,548.00
210390	Sauces Etc. Mixed Condiments And Seasonings Nesoi	\$ 1,525,224.00	\$ 1,837,857.00	\$ 1,903,959.00
200989	Juice Of Single Fruit/Veg, Not Fortified Etc Nesoi	\$ 2,255,715.00	\$ 2,483,784.00	\$ 1,779,683.00
<b>Total exports Processed Foods Total</b>		<b>\$ 147,897,570.00</b>	<b>\$ 175,748,677.00</b>	<b>\$ 182,764,894.00</b>

#### IV. BEST PRODUCT PROSPECTS

##### A. Products present in the market that have good sales potential

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

Product Category	2015 Market Size (Metric Tons)	2015 Imports (\$ in thousands)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S. products
Beef	11,244	55,673	4	Immediate duty-free access for “prime” and “choice” cuts. Other cuts phased-out in year 2021. Duties on other products, including offal’s were phased-out in 2016.	Competition from Nicaragua, Costa Rica, and Honduras	Of the 16 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 .  Guatemalans view U.S. products as of higher quality and safer than local products .  Importers are eager to take full advantage of CAFTA-DR and favor trading with U.S. exporters.
Poultry Meat	109,991	89,402	13	Tariffs on poultry and poultry products will be eliminated within 7 years. Chicken leg quarters are at 0% within quota.	Competition from: local production, Central American countries and Panama	
Processed Fruit & Vegetables	83,977	128,815	8		Competition from: Chile, Mexico, Peru, and Canada	
Dairy Products (excl. cheese)	83,859	122,542	4	Under CAFTA-DR dairy products will achieve free trade in year 2025.	Costa Rica and Nicaragua offer competitive prices due to low transportation costs.	
Snack Foods	49,694	111,134	2		Competition from: Mexico, El Salvador, and Costa Rica	

##### B. Trade Barriers/Tariff-Rate Quotas (TRQs)

Presently, there are no banned products in the market. Guatemala is in full compliance with its commitments to food and agricultural products under CAFTA-DR. Most fruits, nuts, processed foods, vegetables and feeds were been granted immediate duty-free access. The majority of other agricultural products will have their duties eliminated in five or eight years.

Guatemala fully complies with its World Trade Organization (WTO) tariff bindings. Tariffs of 0, 5, 10, and 15 percent are applied to food and agricultural products. Tariffs and tariff rate quotas (TRQs) for 2017 will be officially published in Diario de Centro America in December of 2016.

CAFTA-DR set TRQs on 12 products and product categories. The Ministry of Economy implemented a system for distributing quota and reporting on quota allocation. The International Commerce Administrative Directorate (DACE) of the Ministry of Economy has a website

(<http://www.mineco.gob.gt/mineco/cafta/cafta.htm>) with updated information on quota allocation procedures, advisory committee meetings, and quota utilization status by commodity.

## **V. POST CONTACT AND FURTHER INFORMATION**

For questions or comments regarding this report or assistance on exporting to Guatemala, please contact the U.S. Agricultural Affairs Office at the following address:

Office of Agricultural U.S. Embassy  
Avenida Reforma 7-01, Zona 10  
Guatemala, Ciudad 01010  
Tel: (502) 2332-4030  
Fax: (502) 2331-8293  
E-mail: [AgGuatemala@fas.usda.gov](mailto: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>