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Report Highlights:

The Guatemalan economy relies on foreign exchange generated by remittances, international trade, and the tourism sector. Guatemala represents a growing market for U.S. companies and is a country with relative economic stability. U.S. exports of agricultural products to Guatemala in 2021 increased 28 percent from year 2020, reaching \$1.6 billion. Post estimates a 7 percent growth in 2022, reaching up to \$1.8 billion. This represents a cumulative growth percentage of 38 percent from year 2020 to year 2022.

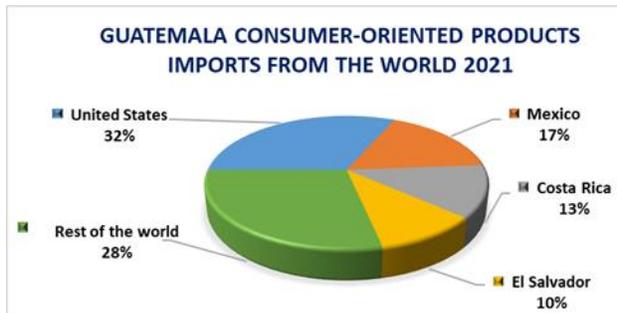
MARKET FACT SHEET: Guatemala

Executive Summary

Guatemala has the largest population in Central America, with nearly 17.1 million inhabitants. It is the horticultural hub of Central America. The United States is Guatemala's largest trading partner, accounting for nearly 40 percent of Guatemala's trade. As of January 1, 2022, nearly all U.S. consumer and industrial goods except some sensitive agricultural goods (white corn, milk, and dairy) enter duty free under the CAFTA-DR.

Consumer-Oriented Products

Around 32 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 17 percent, Costa Rica with 13 percent, and El Salvador with 10 percent. In 2021 Guatemala imported \$2.3 billion from the world and \$637 million from the United States.



Food Processing Industry

The food and beverage processing industry represents 36 percent of the manufacturing industry in Guatemala. U.S. agricultural exports to Guatemala play an important role in this industry for the supply of inputs. Guatemala's food industry is comprised of more than 1,200 food-processing companies dedicated to manufacturing food and

beverage products. This sector grew 28 percent in 2021 and represented 6.4 percent of the GDP.

Food Retail Industry

The retail sector in Guatemala is dominated by three supermarket chains. These supermarkets mainly target middle and high-income consumers. However, there are still many opportunities in the retail sector. Only 30 percent of food sales are in supermarkets. Other consumers still rely on open-air markets and corner stores.

Quick Facts CY 2021

Imports of Consumer-Oriented Ag Products from the U.S.: **\$637 million.**

List of Top 10 U.S. consumer-oriented products in Guatemala (million \$):

Poultry & Products (172.5)	Food Preps. (29.2)
Pork & Products (88.5)	Bakery goods, cereals, pasta (27.0)
Dairy Products (64.3)	Fresh fruits (22.7)
Beef and beef products (62.5)	Cond. & Sauces (22.6)
Processed Vegetables (52.1)	Dog & cat food (14.4)

Total ag imports from the U.S.: \$1.6 billion
Total GT ag exports to the U.S.: \$2.6 billion
Population (millions): 17.7
GDP (USD): \$141.5 billion (2021)
GDP per capita (USD, PPP): \$8,400 (2021)

Source: Trade Data Monitor / CIA World Factbook / BICO

SECTION I. MARKET OVERVIEW

Market Research

Guatemala has the largest economy and population in Central America, with GDP growth of 8 percent in 2021 reaching \$141.5 billion and a population of around 17.7 million. According to the World Bank's projections, it is estimated that for year 2022, the GDP growth will be around 3.4 percent. The capital, Guatemala City, has a population of approximately 3 million and features first-class hotels and restaurants. Agriculture is one of the main economic drivers, accounting for 13.5 percent of GDP and 31 percent of the labor force. A key component to Guatemala's economy is remittances from migrants, over a million of whom have settled in the United States. Remittances, mostly from the United States, increased by 30 percent in 2021 up to \$15 billion and were equivalent to 17.4 percent of GDP. The economy relies on international trade (especially exports of goods to the United States and other Central American countries), total exports increased 21% up to \$15.9 billion in 2021, almost the same as remittances.

U.S. companies that export to Guatemala must understand that market conditions are strongly affected by income distribution, and there is a major difference in consumer taste and purchasing decisions between Guatemalans who live in the interior of the country (apart from the tourist areas in Antigua, Panajachel, and Puerto Barrios) and those who live in Guatemala City. U.S. food products are competitively priced and are distributed to both high- and middle-income consumers. Other U.S. food products such as grains, poultry (chicken leg quarters), fats and oils, and preserved foods are oftentimes cheaper than domestically produced products. As of 2022, Guatemala released the temporary sanitary restrictions that were implemented in 2020 and 2021 due to Covid-19.

Advantages and Challenges in the Market Facing U.S. Exporters

Advantages	Challenges
Strategic geographic access to Guatemala on both the Atlantic and Pacific Oceans.	Roads throughout the country are in poor condition and transportation costs are high.
Most imported products from the United States enter duty-free thanks to CAFTA-DR.	FTAs with various countries create strong competition.
Low-cost transportation of goods thanks to the proximity of U.S. ports. U.S. suppliers can export smaller quantities at competitive prices.	Many Guatemalan importers prefer that U.S. suppliers export their products through Miami to consolidate their products and reduce transportation costs.
Supermarket chains open stores every year mostly in the interior of the country. These stores sell domestic and imported goods.	Registration is always a concern to importers because it takes more than two weeks to issue import permits to importers.
Guatemala, El Salvador, and Honduras signed the customs union among the three countries.	The harmonization of technical standards could restrict access for some U.S. products.
The growing food processing industry is looking for quality food ingredients for ready-to-eat products, bakery, deli meats, beverages, and snacks.	Lack of cold chain procedures, and limited infrastructure and distribution for perishable products.

Guatemala is unable to meet domestic demand for bulk commodities such as wheat, corn, beans, and rice.	Sanitary and phytosanitary rules are subject to an inconsistent regulatory structure, imposing non-technical measures on U.S. exports.
Shipping products from the U.S. is cheaper and quicker than shipping products from Europe.	Contraband is a growing problem; local business leaders, especially in the agricultural and manufacturing sectors, estimate that contraband has negatively impacted up to 30 percent of the formal economy, with a corresponding impact on tax collection.
Guatemalan food processors require imported bulk commodities, intermediate, and consumer-oriented ingredients to produce processed products for the domestic market and for exports to the world.	New Central American Technical Regulations are being implemented for importing food products and require U.S. companies to comply with more paperwork prior to entering the local market.

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs and Trends

The Government of Guatemala welcomes foreign investment and generally places few legal or regulatory restrictions on foreign investors. Guatemala represents a growing market for U.S. companies and is a country with economic stability, a strategic location with ports on both the Atlantic and Pacific Oceans, and proximity to the United States.

Most business conducted in Guatemala is based on:

- Personal relationships, which are preferred by Guatemalans when doing business. Business executives and government officials place great importance on personal contact with suppliers. U.S. suppliers should be prepared to have a local representative or distributor and be prepared to travel to Guatemala when possible. U.S. businesses often are surprised at the accessibility of key decision-makers and the openness and frankness of local buyers. Because of the pandemic, both business executives, and government officials, are open to have virtual meetings, events, and trainings, when required.
- 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 customer service to their buyers, agents, and distributors.
- Guatemalan importers typically require samples of products. Potential buyers request U.S. companies to provide support on marketing efforts of new products, and when placing orders for products, they will require specific volumes of products; meeting these requirements will result in successful business relationships.

Importer lists are available from the Foreign Agricultural Service for use by exporters of U.S. food and beverage products. In addition, around 24 U.S. cooperator and trade groups are present in Guatemala and can assist U.S. companies; these groups work under USDA-funded programs. To find a list of USDA cooperators, please visit www.fas.usda.gov/pcd/PartnersSearch.aspx

Consumer Tastes and Preferences

Guatemalans have adopted much of the U.S. culture, such as music, sports, fashion, and fast food. Local food tastes are changing, and more high-value foods are now preferred. In addition, many Guatemalans that travel to the United States on business or for tourism are introduced to American food products; therefore, consumers prefer U.S. products as they are viewed as being of higher quality. Imported refrigerated and frozen ready-to-eat products continue increasing their shelf space at the larger supermarkets. These imported products share the space with local processed products such as tacos, tortillas, burritos, beef and chicken patties, chicken nuggets, and corn-based tamales, which are among the preferred foods because they are easy to cook and have affordable prices. Guatemalans have also followed the trend towards healthy eating, and are now demanding foods with less sugar, saturated fats, and cholesterol. This trend also includes organic products, sold, and distributed mainly through specialized stores. Around 90 percent of organic products are imported, and these products include processed fruits and vegetables, juices, energy drinks, cooking oils, dairy, tree nuts, snacks, breakfast cereals, condiments & sauces, confectionary products, and chicken. Most Guatemalan consumers are price sensitive; however, organic-focused consumers are the exception, as they do not see price as an issue when making purchasing decisions.

The food truck business started in 2016 with approximately fifteen companies that owned 1-3 trucks. These companies offer a wide variety of foods and beverages such as gourmet style coffees and teas, sandwiches, tacos, hot dogs, pizzas, hamburgers, and international cuisine (Chinese, Mexican, French, and Italian, Japanese, and Mediterranean food.) Due to COVID restrictions, some businesses suspended their operations and some had to close; but as of January 2022, most businesses returned to normal operations and new food truck options were added to the list of foods that Guatemalans can enjoy, www.guatemala.com/comida/restaurantes/estos-son-los-nuevos-food-trucks-en-guatemala-que-tienes-que-probar/social.

SECTION III: IMPORT FOOD STANDARDS & REGULATIONS / IMPORT PROCEDURES

Documents Generally Required by the Country Authority for Imported Food

The first step to import food products in Guatemala is to register a product. Any producer, processor, packer, or distributor operating in Guatemala must operate under a sanitary license issued by the Ministry of Public Health's Food Control Division. Both the importers and the imported product must be registered. Product registration is required for all packaged food products in Guatemala.

Spanish Language Labelling Requirements

Spanish language labelling is required by the office of Food Control at the Ministry of Public Health. This is the government agency responsible for all registrations of processed products. Regulations and registration procedures and requirements are available at their on-line site or see the FAIRS report referenced above: <https://www.mspas.gob.gt/index.php/component/jdownloads/category/252-control-de-alimentos?Itemid=-1>

Tariffs and FTAs

The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) entered into force in Guatemala on July 1, 2006. CAFTA-DR has led to an increase in bilateral trade between Guatemala and the United States over the past ten years. Some of the most important exported agricultural products to Guatemala are yellow corn, wheat, soybean meal, and poultry meat. The United States and the rest of Central American countries are the main trade partners with Guatemala. Besides CAFTA-DR, Guatemala has free trade agreements (FTAs) with Central America (including Panama), Colombia, Mexico, Dominican Republic, Taiwan, Chile, and the European Union (EU.) The customs union between Guatemala and Honduras started in June 2017, and as of December 7, 2018, El Salvador is part of the customs union. El Poy is the integrated border of the three countries and authorities believe that this customs union will turn the Central America northern triangle into the eighth strongest economy in Latin America. With this union, most import tariffs will be harmonized to facilitate cross-border trade and eliminate opportunities for triangulation of imports.

For information about the different FTAs signed by the Guatemalan government, please visit: <https://www.mineco.gob.gt/node/678>

Trademarks and Patents Market Research

For more information, please read the Foreign Commercial Service Country Commercial Guide: <https://www.export.gov/article?id=Guatemala-Protecting-Intellectual-Property>

For additional information on import regulations and standards please refer to the FAIRS Report 2022 at <https://gain.fas.usda.gov/#/search>

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Food Retail

The two largest supermarkets in Guatemala are Walmart Mexico and Central America, with a retail value share of 49 percent; followed by Unisuper (La Torre/Econosuper), with 21.5 percent of retail value share. There are still many opportunities in the retail sector since only 30 percent of total food sales are made by supermarkets. This opportunity is also an advantage for the informal retailers who are mostly concentrated in the rural areas of the country and mainly attract low-income and mid-income consumers. The higher end consumers buy groceries in the supermarkets on a weekly basis, as they have higher disposable incomes and value the service that modern channel retailers provide.

Guatemala continues to build apartment buildings in different zones within the city, especially on those areas considered as the high-end neighborhoods; this new living concept is causing shoppers to look for convenience stores that have quick and easy access to purchase items in smaller amounts than what they would usually purchase at the larger supermarkets. The middle and low-income consumers still prefer to buy groceries at the open-air markets or corner stores nearby their neighborhoods, which are mostly run by the informal markets. Customers prefer these stores because they can find products sold in smaller sizes, which are more convenient for those who do not own refrigerators and due to the lower price.

On-line shopping remained as a purchasing method that was implemented because of the pandemic and is now a more common purchasing method at the larger supermarket. The discount supermarkets implemented e-commerce in 2022.

For more information about the supermarket sector in Guatemala, read the Retail Report 2022 at: <https://gain.fas.usda.gov/#/search>

Food Processing

Guatemala is a major importer of raw materials and ingredients, which are used by local companies for further processing for both domestic consumption and exports. In 2021, the Guatemalan Chamber of Food and Beverages (CGAB) reported that the processed food and beverage exports from Guatemala to the world increased 28 percent versus 2020, totaling \$1.1 billion, becoming the country's main exporting sector, followed by the textile and clothing sector with a growth of 26 percent over 2020. Main destinations of exports were to Central America with 43 percent; Mexico with 10 percent; and the United States with 8 percent. Palm oil, cookies and other bakery products, prepared sauces, and non-alcoholic beverages are among the largest exports of processed food goods. The food and beverage processing industry in Guatemala is the second largest exporting sector and represents 6.4 percent of the country's total GDP. The following chart shows the top 10 exports by value of the Guatemalan Food and Beverage Sector to the world (U.S. millions):

<i>HS Code</i>	<i>Description</i>	<i>2020</i>	<i>2021</i>	<i>% Change</i>	<i>% of total F&B</i>
1511100000	<i>Palm oil</i>	290.5	377.0	29.5	33.4
1905900000	<i>Baking products</i>	44.1	51.0	15.6	4.5
2103900000	<i>Prepared sauces</i>	43.8	46.9	7.1	4.2
2202999000	<i>Other beverages</i>	34.9	45.6	30.7	4.0
1513210000	<i>Palm oil NESOI</i>	27.1	45.1	66.4	4.0
1511909000	<i>Refined palm oil</i>	26.6	44.7	66.8	4.0
1740490000	<i>Candy</i>	31.1	42.3	36.0	3.7
2104100000	<i>Soup preparations</i>	24.3	37.2	53.1	3.3
2202100000	<i>Soft drinks/sweetened</i>	26.7	35.6	33.3	3.2
1905319000	<i>Other cookie products</i>	19.7	24.8	25.9	2.2
	TOTAL	569	750.2	31.8	66.4

Source: Guatemalan Chamber of Food & Beverage (CGAB)

For more information about this industry sector in Guatemala, read the Food Processing Report 2022 at: <https://gain.fas.usda.gov/#/search>

Hotel & Restaurant

The capital, Guatemala City, has a population of approximately 3 million and features first-class hotels and restaurants. Guatemala represents a great opportunity for the foodservice industry, as most of the population is young and is very familiar with imported food products. The food and beverage industry presents promising opportunities for new products sought by health-conscious consumers, or products designed for consumers who require specialty foods for medical purposes or specific nutritional or dietary needs. The Guatemalan market is constantly adapting as consumers follow food trends that are popular in other countries around the world. Most of the hotels in Guatemala City have at least one restaurant open to the public; and others have in addition to their restaurant, a bistro or coffee shop. Many of the international hotel chains include breakfast in their lodging rates and therefore, travelers eat that meal at the hotel, and have lunch and dinner at nearby restaurants. The hotels and restaurants in Guatemala purchase products through wholesalers, retailers, and at informal markets; for imported food products, they buy from importers, supermarkets, or membership stores that can offer larger quantities. Food franchises, and high-end restaurants, import most of their ingredients to comply with international quality standards and franchise agreements. These restaurants import either directly or through a distributor. Medium and high-end restaurants usually have their chefs make the purchasing decisions. Typically, they cook their own baked goods or prepare their own flavored seasonings, to differentiate themselves from other restaurants.

For more information about this sector in Guatemala, read the Hotel, Restaurant & Institutional Report 2022 at: <https://gain.fas.usda.gov/#/search>

Competitive Situation

The United States and Guatemala enjoy a strong bilateral trade in agriculture, and in 2021, Guatemala imported a total of \$4.4 billion in agricultural products from the world, 41 percent of which (\$1.8 billion) was from the United States. This represents a 192% increase since CAFTA-DR implementation began in 2006. In 2021, Guatemala's top ag imports from the United States were yellow (\$343.7 million), and soybean meal (\$221.0 million), both utilized in the feed industry. Guatemala has various free trade agreements with other countries, including the United States. It also represents 37.5 percent of total intra-regional exports to the rest of the Central American countries. The elimination of customs barriers with Honduras and El Salvador, because of the Customs Union among the three countries, contributes to the continued increase of Guatemalan exports to these countries. The major competitors with the United States for consumer-oriented product imports in Guatemala are Mexico with 17 percent, Costa Rica with 13 percent, and El Salvador with 10 percent.

SECTION V: AGRICULTURAL AND FOOD IMPORTS

U.S. Agricultural & Food Import Statistics (in millions of dollars)

Product	2017	2018	2019	2020	2021
Consumer Oriented	413.0	436.9	484.3	465.8	632.1
Bulk	395.0	497.0	463.7	445.4	545.8
Intermediate	315.0	352.9	339.6	372.5	471.7
Agricultural Related Products	18.0	16.6	11.4	10.9	15.3
Total Agricultural & Related Products	1,142	1,304	1,299	1,295	1,610

For a detailed report, please visit: www.fas.usda.gov/gats/BicoReport.aspx?type=country

SECTION VI: KEY CONTACTS AND FURTHER INFORMATION

Links to government sources:

Ministry of Agriculture, Livestock, and Food – Sanitary & Phytosanitary Import Requirements - www.maga.gob.gt

Ministry of Economy – CAFTA-DR import tariffs - www.mineco.gob.gt

Ministry of Health- Food Control Administration - www.mspas.gob.gt

Guatemalan Tax Authority – Customs - <https://portal.sat.gob.gt/portal>

Importers' listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

Foreign Agricultural Service – Guatemala / U.S. Department of Agriculture

Address: Avenida La Reforma 7-01, Zona 10. Guatemala, Guatemala

Phone: (502) 2332-4030 / 2334-8439

E-mail: AgGuatemala@fas.usda.gov / Website: www.fas.usda.gov

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