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Report Name: Food Service - Hotel Restaurant Institutional

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Report Highlights:

The HRI report provides U.S. agricultural exporters current information on market trends and the best product prospects for the Guatemalan market. Although the COVID-19 pandemic had a major negative impact on the food service industry, in 2021 this sector began to slowly recover as new business opportunities emerged with the implementation of home delivery services, sales of ready-made meals, etc. Full-service restaurant sales in 2021 totaled \$2.2 billion, an increase of 2 percent from 2020.

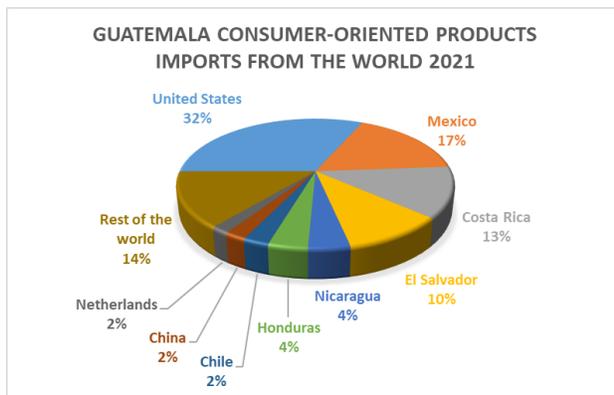
MARKET FACT SHEET: Guatemala

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 Meat & Products (172.5)	Food Preparations (29.2)
Pork & Pork Products (88.5)	Bakery goods, cereals, and pasta (27.0)
Dairy Products (64.3)	Fresh fruit (22.7)
Beef and beef products (62.5)	Condiments & Sauces (22.6)
Processed Vegetables (52.1)	Dog & cat food (14.4)

Total ag imports from the U.S.: \$1.6 billion

Total ag exports to the U.S.: \$2.6 billion

Population (millions): 17.7

GDP (USD): \$141.5 billion (2020 est.)

GDP per capita (USD, PPP): \$8,400 (2020 est.)

Source: *Trade Data Monitor / CIA World Factbook / BICO*

SECTION I. MARKET SUMMARY

Guatemala has the largest economy and population in Central America, with a GDP growth of 7.5 percent in 2021 to reach \$86 billion and a population of around 17.1 million. 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 (F&B) sector in Guatemala accounts for 5 percent of total GDP, with 1,200 active companies, and 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.

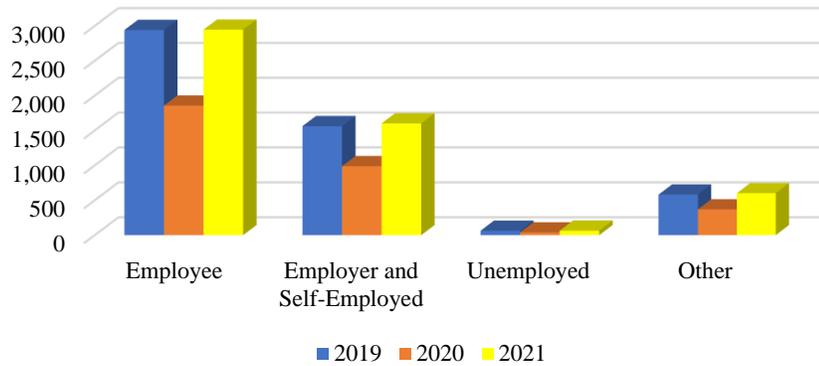
The Guatemalan market is constantly adapting as consumers follow food trends that are popular in other countries around the world. In 2021, with the reduction of COVID-related sanitary restrictions, the opening of tourism, and the availability of COVID vaccinations in the country, Guatemala began a path towards recovery in most economic sectors that were severely affected since the beginning of the pandemic, such is the case of the hotel and restaurant sectors.

For the restaurant sector, new business opportunities developed as restaurants improved services like home delivery, preparation of ready-made meals, and meals designed to be quickly re-heated and served at home. Technology played a major role in publicizing these services, and social media channels made it easier for restaurants to continue operating. The top on-line food delivery apps available in Guatemala are: Pedidos Ya, Hugo, and Uber Eats.



According to a report from Euromonitor, during the first half of year 2022, Guatemala reached \$2.2 billion in full-service restaurant sales, representing a 2 percent increase from 2021. In the second quarter of 2022, most people in the workforce returned to normal work schedules and returned to the routine of finding places to eat while away from home. Workers usually look for informal dining places which are generally small family-owned cafeterias that offer lunch meal specials at affordable prices. Other consumers eat at street food stands that offer products like grilled hot dogs to go. Fine dining is mostly for middle and high-income consumers, and these restaurants have the highest demand during the weekends or when people celebrate special occasions like birthdays, Valentine's Day, Mother's Day, etc.

Guatemala Annual Expenditure on Hotels and Catering (USD million)



Source: Euromonitor

ADVANTAGES	CHALLENGES
As Guatemalan consumers become more sophisticated, opportunities for higher quality and specialty products increase.	Guatemala is a price-sensitive market, and this could affect loyalty to brands in times of economic difficulty.
Fast-food restaurants require specific quality standards in the ingredients used for their menus; this requires importing more value-added products to meet international standards.	Uncertainty with Customs policies and procedures that can result in delays, fines, or denial of preferential tariff treatment.
Businesspeople eat out at least two meals a day due to long working hours, commute distances, and traffic.	Informal and family-owned restaurants offer businesspeople meals when eating out from home; however, these restaurants usually purchase local ingredients rather than imported products.
Local supplies of many products are inconsistent, creating opportunities for U.S. products that offer a consistent supply.	There is limited infrastructure. Maintaining the cold chain for perishable products is a challenge during transit.
Health concerns and consumer preferences are opening the market for health foods and organic products.	Lack of knowledge about organic products limits consumption to a niche market.

The growing food processing industry is looking for new and better food ingredients for bakeries, deli meats, beverages, and snacks.	Mexico, Costa Rica, and El Salvador can supply the local demand for raw materials for the processing industry.
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SECTION II: ROAD MAP FOR MARKET ENTRY

A. Market Entry Strategy

The Guatemalan Government (GOG) continues to make efforts to enhance competitiveness, promote investment opportunities, and work on legislative reforms aimed at supporting economic growth. More than 200 U.S. and other foreign firms have active investments in Guatemala, benefitting from the U.S. Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). The GOG welcomes foreign investment and generally places few legal or regulatory restrictions on foreign investment. Guatemala represents a growing market for U.S. companies and is a country with relative stability, strategic geographic access to the region on both the Atlantic and Pacific Oceans, and proximity to the United States. Except for fast-food restaurants, most hotels and restaurants buy products from different food suppliers. Since Guatemala is a horticultural exporter, the HRI sectors prefer to buy fresh fruits and vegetables from local growers. For other products, the HRI sector relies on imported products to satisfy the demand, especially for those restaurants and hotels that specialize in international cuisine. A few examples of these products are fine meat cuts, wines, seafood, and frozen fruits and vegetables.

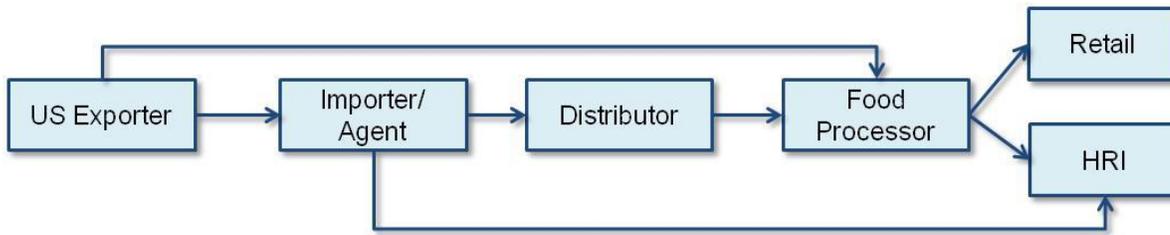
The key to success in entering the Guatemalan market is to try to match local prices with higher quality U.S. products, as this is a price-conscious market. At major international hotel chains, the Executive Chefs and the General Managers usually make purchasing decisions for the Food and Beverage Divisions. These hotels have international cuisine promotions and include many imported food products that are used as ingredients for the preparation of specialty menus.

U.S. food exporters that want to enter the Guatemalan market may contact local food importers/agents/distributors directly depending on the type of product. Most of the foodservice importers mainly supply hotels and restaurants in Guatemala City but for the past five years, these companies are doing weekly deliveries to other hotels and restaurants to the interior of the country. Hiring a distributor is sometimes the easiest and fastest way to enter the market, particularly if the distributor is already supplying other imported products throughout the country. The Foreign Agricultural Service (FAS) office in Guatemala City 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 key Guatemalan trade industry representatives.

U.S. suppliers that want to enter the country 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 2022 <https://gain.fas.usda.gov/#/search>

B. MARKET STRUCTURE

The following is an overview of the distribution channel for imported products to the HRI:



Food processors also play an important role in importing U.S. raw materials/ingredients since they also supply the HRI sector. The local food processing companies usually have their own distribution channels for wholesalers, retailers, and the HRI sector.

Hotels and Restaurant Sectors

Hotels

Tourism in Guatemala represents 10.2 percent of total GDP, and in the first semester of 2022 the Guatemalan Tourism Institute (INGUAT) reported that tourism had increased 200 percent from 2021, totaling 770,876 travelers. Almost 52 percent of tourists came from El Salvador and the rest came from the United States, Europe, and other Central American countries. Although many hotel chains in Guatemala have implemented biosafety measures for Covid and other infectious diseases, the country is still far from reaching the same tourism figures recorded before the pandemic in 2019, where almost 2.5 million visitors traveled to Guatemala. The Guatemalan Tourism Commission reports that hotel occupancy rates at the large city hotels are still low at only 30 percent of total occupancy capacity compared to the 75 percent occupancy rates reported in 2019. In the interior of the country most of the visitors are local tourists and have reached only 40 percent of total occupancy capacity.

Most of the hotels in Guatemala City have at least one restaurant open to the public and many have a bistro or coffee shop in addition to their restaurant. International travelers that stay in Guatemala City for business purposes usually stay from two to four nights. 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 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. Antigua Guatemala is the closest tourism destination to Guatemala City and has more than 150 hotels, of which approximately fifteen are boutique hotels. According to INGUAT, close to 70 percent of all tourists that travel to Guatemala visit Antigua.

For more information about the hotel chains in Guatemala, please check the website:

<http://camtur.org/nuestros-asociados/>

Restaurants

According to the Guatemalan Restaurant Association (GRECA), from the 18,000 restaurants that operated in year 2019, almost 3,700 restaurants have closed their businesses as they were impacted by the Covid-19 pandemic. The restaurant sector provides more than 200,000 direct jobs and more than 25,000 have already been lost, as of 2022. The level of sales in the sector is still between 60 to 70 percent normal and although restaurants implemented home delivery services to increase their food sales, these services only represent 10 percent of their revenues and do not allow restaurant owners to cover the additional operational expenses such as salaries for the new personnel, transportation costs, etc.

The pandemic affected restaurants in different ways, depending on their size: a) some of the small- and medium-size restaurants had to close; and others, had to change their business operations to add takeout services and home delivery options; b) fast-food restaurants had the advantage that they already offered home delivery services and although in some cases, they had to close some restaurants, the majority of these restaurants remained opened; c) fine-dining restaurants had to close for the beginning of the pandemic and re-established operations around September 2020. The greatest impact for them was the investment they had to make to implement biosafety measures. For all the restaurant formats, the use of digital platforms for home delivery services were key to maintain their business operations.

In 2021, the Guatemalan Tourism Institute released the “Guide for Good Practices for the Prevention of Covid-19”. This guide provided the rules that restaurants needed to follow to prevent the spread of the virus within their employees and their clients. However, in 2022, although Guatemala is still reporting Covid-19 infections, restaurants are operating “business as usual”, and have reduced the safety measures. Nevertheless, restaurants continued expanding outdoor spaces such as terraces and outdoor kids’ playground areas for those consumers who are still looking for open-air spaces to keep with the social distancing measures when eating out.

Most of the restaurants purchase their ingredients from local suppliers; supermarkets, and wet markets (especially for herbs and fresh fruits & vegetables). 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. To see a detailed list of the main restaurants registered in the Guatemalan Restaurant Association, please check the website:

<https://gregua.com/>

The Institutional Market

The following sectors are important within the institutional market in Guatemala and depend on the Government of Guatemala (GOG) for food product acquisition:

- Government social programs
- Public hospitals
- Penitentiary system
- Public schools for school meals programs

Guatemalan law stipulates that the GOG must use an electronic system called Information System for Contracting and Acquisitions for the Government, also known as GUATECOMPRAS, for purchases and contracts when goods and contract services are higher than \$161,000. The main objective of GUATECOMPRAS is to provide 1) transparency for the purchasing or contracting of services and goods; 2) efficiency by reducing costs and number of declines to potential suppliers during the bidding process; 3) protection against monopoly, which is an open process that is accessible to small and medium companies or foreign suppliers. The GOG requires that foreign suppliers who want to bid for goods or services available through GUATECOMPRAS must have a local representative that places the bid, and that company or person must fulfill all pre-qualification requirements. However, it is important to mention that the GOG gives preference to goods and services offered by local companies. For more information, please refer to the GUATECOMPRAS website www.guatecompras.gob.gt

III. COMPETITION

Although Guatemala is a net food exporter, the United States and Guatemala enjoy strong bilateral trade in agriculture. In CY2021 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. Guatemala's top ag imports from the United States were yellow corn and soybean meal, both utilized in the feed industry.

The United States is also an important supplier of chicken, soybean oil, food preparations, cotton, wheat, and red meats. Major competitors include Mexico, an important beer and sauce preparation supplier; Costa Rica, which supplies food preparations, cookies, and dairy products; and El Salvador with pastries and chips.

Guatemala is a member of the WTO, the World Organization for Animal Health (OIE), International Plant Protection Convention (IPPC), Codex Alimentarius, and the International Union for the Protection of New Varieties of Plants (UPOV). Guatemala follows the regional technical regulations established for general and nutritional labeling of packaged food products. The regional technical regulations also include non-processed food and products, pet food, and SPS regulations. The United States was granted equivalence recognition for its poultry and meat inspection systems with CAFTA-DR implementation in 2006. In 2019, the United States was granted market access for table eggs, seafood and products, and lamb.

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. U.S. products that face competition from other countries in the Guatemalan market include:

Product	Country	Guatemalan imports from this competitor in 2021 (\$ millions)	Guatemalan imports from the U.S. in 2021 (\$ millions)
Soups and other food preparations	Costa Rica	128	79
Beer	Mexico	87.2	2.3
Bakery goods, cereals, and pasta	El Salvador	80.4	29.5
Non-alcoholic beverages (ex. juices, coffee, and tea)	El Salvador	48	16
Condiments and sauces	Costa Rica	45	28
Chewing gum and candy	Mexico	21.4	5.2
Dog and cat food	Mexico	21.1	15.1
Coffee Roasted and Extracts	Mexico	18.5	1
Processed fruit	El Salvador	16	9
Fruit and vegetable juices	El Salvador	9	1.8

Source: Trade Data Monitor

BEST PRODUCT PROSPECTS CATEGORIES

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 • Dairy Products • Fresh fruits (apples, grapes, pears, 	<ul style="list-style-type: none"> • Prepared foods • Wine • Chocolate & confectionery • Soybean oil • Baking inputs, mixes & doughs • Ingredients & beverage bases 	<p>There are few products that are not present in the Guatemalan market, but there are some sanitary and phytosanitary issues that sometimes restrict trade.</p> <p>The following are some examples of trade issues affecting U.S. agricultural exports to Guatemala:</p>

<ul style="list-style-type: none"> peaches, plums, citrus) • Processed fruits & vegetables • Snack foods • Condiments & sauces • Craft beers • Frozen potatoes 	<ul style="list-style-type: none"> • Dog & cat food • Prepared & preserved meats • Tree nuts • Table eggs and eggs processed products 	<p>1) The denial of preferential treatment for U.S. products under CAFTA-DR due to errors when assigning HS codes in the classification of the products.</p> <p>2) The denial of preferential access due to errors, mistakes, and omissions on the certificates of origin.</p> <p>3) The addition of vitamins required for some imported products such as flours, salts, and sugars.</p>
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**Guatemala Imports from United States
Consumer-Oriented Products / Calendar Year 2019-2021**

Description	January - December (Value: USD)		
	2019	2020	2021
poultry meat & prods. (ex. eggs)	\$131,645,490	\$111,933,138	\$184,101,730
pork & pork products	\$58,447,929	\$54,471,721	\$88,260,291
soup & other food preparations	\$57,123,207	\$60,078,506	\$79,569,788
dairy products	\$48,511,951	\$50,009,804	\$65,828,098
beef & beef products	\$37,789,178	\$37,508,236	\$62,864,381
processed vegetables	\$49,975,015	\$44,340,250	\$59,635,309
fresh fruit	\$32,117,336	\$35,813,391	\$30,409,734
bakery goods, cereals, & pasta	\$26,008,807	\$24,101,653	\$29,503,857
condiments & sauces	\$24,058,169	\$21,550,426	\$28,421,319
meat products nesoi	\$16,715,907	\$18,015,076	\$21,146,087
chocolate & cocoa products	\$17,621,418	\$16,425,903	\$19,840,933
non-alcoholic bev. (ex. juices, coffee, tea)	\$17,162,149	\$14,458,475	\$16,083,344
dog & cat food	\$10,351,888	\$9,950,137	\$15,121,899
tree nuts	\$7,337,429	\$9,551,079	\$9,306,257
processed fruit	\$7,348,274	\$7,481,987	\$8,691,832
eggs & products	\$1,167,333	\$3,964,293	\$6,433,112
chewing gum & candy	\$4,734,722	\$3,692,351	\$5,252,595
fresh vegetables	\$3,212,542	\$3,447,014	\$3,629,905
wine & related products	\$1,491,863	\$1,809,458	\$2,631,646
beer	\$10,493,889	\$14,160,751	\$2,302,493

Source: Trade Data Monitor

SECTION V: 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>

Private sector Association Contacts:

Gremial de Restaurantes y Procesadores de Alimentos de Guatemala (GREGUA)

Address: 21, Ruta 6, Ciudad de Guatemala, Guatemala

Phone: +502 2380 9000

www.gregua.com

Asociación de Pequeños Hoteles de Guatemala (APEHGUA)

Dirección: 7 avenida 14-19 zona 1 Hotel Ajau Colonial

Phone: +502 58792463 / 54298413

www.apehgua.com

For questions or comments regarding this report, or assistance exporting to Guatemala, please contact the Foreign Agricultural Service. 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

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Attachments:

No Attachments