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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. Guatemala is recovering from the effects of the pandemic and tourism reached 1.8 million visitors representing an increase of 177 percent from 2021. The Hotel, Restaurant and Institutional (HRI) sector represents 4.5 percent of the country's GDP. Guatemalan consumers have returned to eating out looking for restaurants that can offer innovation in the gastronomic industry not only focusing on food preparation, but also on presentation, fusion cuisine, and the technology applied to food production processes.

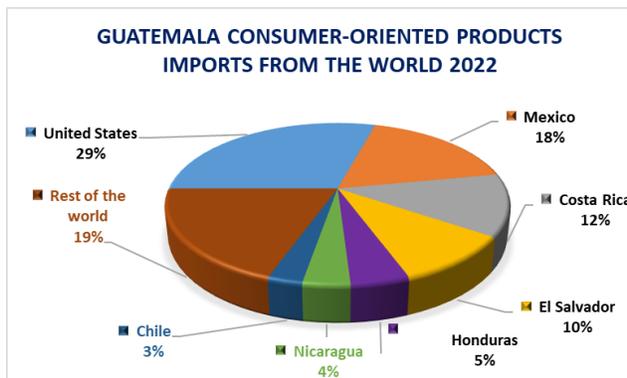
MARKET FACT SHEET: Guatemala

Executive Summary

Guatemala has the largest population in Central America, with nearly 17.1 million inhabitants and 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, 2023, 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 29 percent of consumer-oriented agricultural products imported to Guatemala are from the United States, followed by Mexico with 18 percent, Costa Rica with 12 percent, and El Salvador with 10 percent. In 2022 Guatemala imported \$2.8 billion from the world and \$708.4 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.

Food Retail Industry

The retail sector in Guatemala is dominated by three supermarket chains: Walmart, La Torre, and Pricesmart. These supermarkets cater to all economic segments of the population through their different supermarket formats. There are still many opportunities in the retail sector as only 30 percent of food sales are in supermarkets. Other consumers still rely on open-air markets and corner stores.

Quick Facts CY 2022

Imports of Consumer-Oriented Ag Products from the U.S.: **\$708.4 million.**

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

| | | | |
|-------------------------|---------|----------------------------------|--------|
| Poultry Meat & Products | (175.6) | Beer | (36.0) |
| Dairy Products | (93.3) | Bakery goods, cereals, and pasta | |
| Pork & Pork Products | (80.2) | Condiments & Sauces | |
| Beef and beef products | (62.9) | Fresh fruits | (19.9) |
| Processed Vegetables | (62.8) | Meat products NESOI | (15.3) |

Total ag imports from the U.S.: \$1.8 billion

Total ag exports to the U.S.: \$2.8 billion

Population (millions): 17.1

GDP (USD): \$152.7 billion (2021 est.)

GDP per capita (USD, PPP): \$8,900 (2021 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 4 percent in 2022 (\$95 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. It is estimated that there are about 18,000 restaurants operating nationwide, which generate around 400,000 direct jobs. 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.

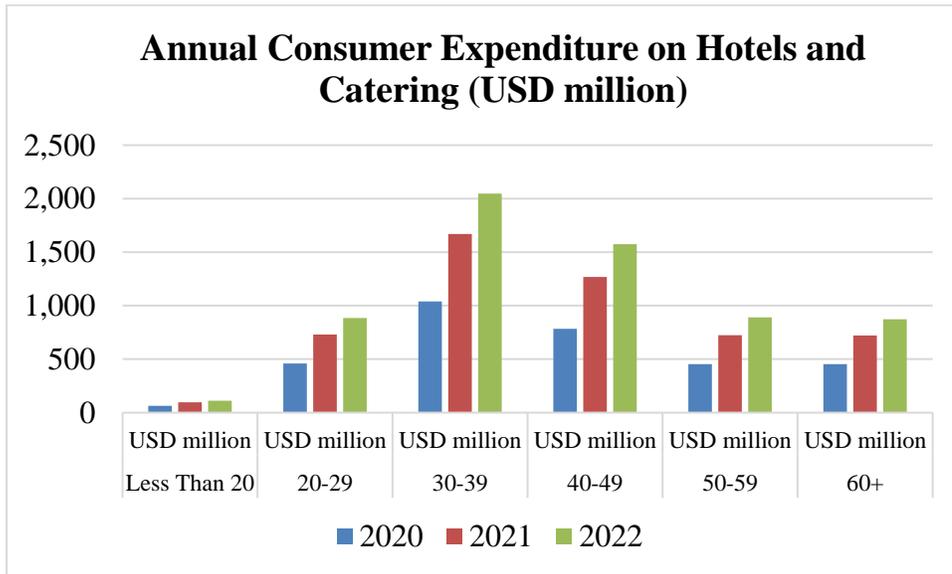
The Guatemalan market is constantly adapting as consumers follow food trends that are popular in other countries around the world. For the restaurant sector, new business opportunities developed after the pandemic as restaurants improved services like home delivery, preparation of ready-made meals, and meals designed to be quickly re-heated and served at home. Technology plays a big role in advertising these services, and restaurants often use social media channels to capture the attention of younger generations within the Millennials and Generation Z age groups. The top on-line food delivery apps available in Guatemala are: Pedidos Ya, Hugo, and Uber Eats.



According to Euromonitor, during the first half of 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 has a young population that is very familiar with imported food products and has rising expectations in the food service sector. In 2022, the annual spending per household on eating out, according to Euromonitor, was \$3,559 or approximately \$297 per month.

Table 1



Source: Euromonitor

Table 2

| ADVANTAGES | CHALLENGES |
|--|--|
| U.S. brands are seen as high quality and many U.S. brands are present in the market. | There is a strong competition from countries such as Mexico and Central American countries that export consumer-oriented products to Guatemala. |
| 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 chains are expanding the number of restaurants in Guatemala City and its suburbs, as well as other cities in the interior of the country such as Chimaltenango, Quetzaltenango, and Escuintla. | 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. |
| 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. |

| | |
|--|--|
| 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. |

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Market Entry Strategy

The Government of Guatemala (GOG) continues 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 imposes few legal or regulatory restrictions. 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 sector prefers 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.

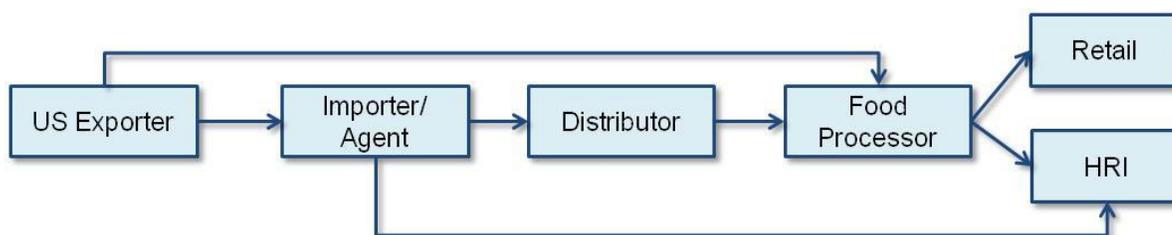
U.S. food exporters that want to enter the Guatemalan market may contact local food importers/agents/distributors directly depending on the type of product. Most of the foodservice importers mainly supply hotels and restaurants in Guatemala City and have expanded their business operations to the major cities in 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 during 2022, the Guatemalan Tourism Institute (INGUAT) reported that 1,844,739 tourists traveled to Guatemala, representing an increase of 177 percent when compared to the number of tourists who traveled to Guatemala in 2021. Almost 39 percent of tourists came from El Salvador and the rest came from the United States, Europe, and other Central American countries.

The hotel sector in Guatemala consists of international chains, boutique hotels, and hostels. 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

In 2023, the restaurant sector in Guatemala has increased the number of units around the country, this also applies for the fast-food sector. It is estimated that there are 18,000 restaurants nationwide and they generate around 400,000 direct jobs. This sector represents 15 percent of the tax collection and 4.5 percent of the GDP. After the decline recorded during 2020 because of the Covid-19 restrictions, the restaurant sector began its reactivation in 2021 and 2022, seeking to reach pre-pandemic growth levels in 2023.

Guatemalan Franchise Association (GFA) reports that franchised restaurant businesses there are some segments that are growing more rapidly, and one of the fastest growing segments of the industry is the fried chicken business, that according to the GFA, it is a preferred food among Guatemalan consumers. Guatemala has approximately 450 franchises from which almost half percent are food related businesses, these are local and international franchises such as Starbucks, McDonalds, Taco Bell, Burger King, Burger King, Pizza Hut, Domino's, Little Caesar's, etc. These businesses have expanded their business operations to the interior of the country where new shopping malls are opening in the major cities.

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.gt/

III. COMPETITION

Although Guatemala is a net food exporter, the United States and Guatemala enjoy strong bilateral trade in agriculture. In CY2022 Guatemala imported a total of \$5.3 billion in agricultural and related products from the world, 39 percent of which was from the United States. 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, dairy products, wheat, and red meats. Major competitors include Mexico, an important beer and distilled spirits' supplier; Costa Rica, which supplies soups and other food preparations, condiments, and sauces; and El Salvador with bakery goods, cereals, and pastas.

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

18 percent, Costa Rica with 12 percent, and El Salvador with 10 percent. U.S. products that face competition from other countries in the Guatemalan market include:

Table 3

Competitors to U.S. exports in the Guatemalan market:

| Product | Country | Guatemalan imports from this competitor in 2022 (\$ millions) | Guatemalan imports from the U.S. in 2022 (\$ millions) |
|---|-------------|---|--|
| Soups and other food preparations | Costa Rica | 160.1 | 82.3 |
| Bakery goods, cereals, and pasta | El Salvador | 86.7 | 32.7 |
| Beer | Mexico | 79.9 | 3.3 |
| Condiments and sauces | Costa Rica | 60.6 | 34.1 |
| Non-alcoholic beverages (ex. juices, coffee, and tea) | El Salvador | 60.5 | 12.1 |
| Chewing gum and candy | Mexico | 25.9 | 6 |
| Coffee Roasted and Extracts | Mexico | 25.7 | 1 |
| Dog and cat food | Mexico | 24.7 | 15.8 |
| Processed fruit | El Salvador | 15.4 | 8.3 |
| Distilled spirits | Mexico | 8.4 | 1.5 |

Source: Trade Data Monitor

Table 4

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 | <ul style="list-style-type: none"> • Prepared foods • Wine • Chocolate & confectionery • 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> |

| | | |
|--|---|--|
| <p>(apples, grapes, pears, peaches, plums, citrus)</p> <ul style="list-style-type: none"> • Processed fruits and vegetables • Snack foods • Condiments & sauces • Craft beers • Frozen potatoes | <ul style="list-style-type: none"> • Prepared & preserved meats • Tree nuts • Table eggs and eggs processed products | <ol style="list-style-type: none"> 1) The addition of vitamins required for some imported products such as flours, salts, and sugars. 2) A Central American Technical Regulation (RTCA) requirement stipulates that the word “dairy” should only be used for products coming from an animal origin. Other products such as soy, wheat, rice, oats should be referred as beverages on their packaging. In the labels the word “imitation” should not be used. 3) Another RTCA for yogurt products requires that this product be derived from “live microorganisms”; otherwise, they should not be called yogurt, but fermented milk. |
|--|---|--|

Table 5

**Guatemala Imports from United States
Consumer-Oriented Products / Calendar Year 2020-2022**

| Description | January - December (Value: USD) | | |
|----------------------------------|---------------------------------|---------------|---------------|
| | 2020 | 2021 | 2022 |
| Poultry Meat & Prods. (ex. eggs) | \$109,683,450 | \$169,269,798 | \$173,401,855 |
| Dairy Products | \$45,382,240 | \$63,471,916 | \$96,436,824 |
| Pork & Pork Products | \$52,776,900 | \$86,399,338 | \$78,123,967 |
| Cheese | \$33,792,914 | \$44,035,438 | \$64,979,258 |
| Processed Vegetables | \$37,435,021 | \$52,003,662 | \$62,844,789 |
| Beef & Beef Products | \$37,242,939 | \$62,023,359 | \$62,528,829 |
| Soup & Other Food Preparations | \$34,923,383 | \$46,162,512 | \$47,132,555 |
| Bakery Goods, Cereals, & Pasta | \$20,910,987 | \$27,092,542 | \$29,544,852 |
| Condiments & Sauces | \$15,153,184 | \$22,611,241 | \$26,479,037 |
| Fresh Fruit | \$27,921,738 | \$22,720,102 | \$19,912,280 |
| Meat Products NESOI | \$13,714,166 | \$17,573,387 | \$19,860,509 |
| Skim Milk Powder | \$5,929,976 | \$10,709,512 | \$17,485,726 |
| Chocolate & Cocoa Products | \$11,452,541 | \$12,667,728 | \$15,066,929 |
| Dog & Cat Food | \$9,459,794 | \$14,372,496 | \$13,970,784 |
| Beer | \$21,623,075 | \$3,565,163 | \$10,027,609 |
| Tree Nuts | \$8,956,415 | \$8,279,906 | \$9,467,532 |
| Processed Fruit | \$4,526,179 | \$6,146,027 | \$6,753,655 |

| | | | |
|--|-------------|-------------|-------------|
| Whey | \$2,849,756 | \$4,733,955 | \$5,968,982 |
| Fresh Vegetables | \$3,537,409 | \$4,659,965 | \$5,805,091 |
| Non-Alcoholic Bev. (ex. juices, coffee, tea) | \$5,624,623 | \$6,852,076 | \$5,790,222 |

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

<https://es-la.facebook.com/GREGUAGT/>

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