

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Guatemala

Food Service - Hotel Restaurant Institutional

Annual

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Report Highlights:

Guatemala has a population of almost 17 million inhabitants and approximately 5 million live in Guatemala City where most of the new hotels and restaurants are located in the country. There is a high demand for quality consumer-oriented products imported from other countries. Healthy, nutritious, and organic products are in demand as many restaurants and hotels are trying to adapt their menus to satisfy the demand of their high-end consumers.

Post:

Guatemala City

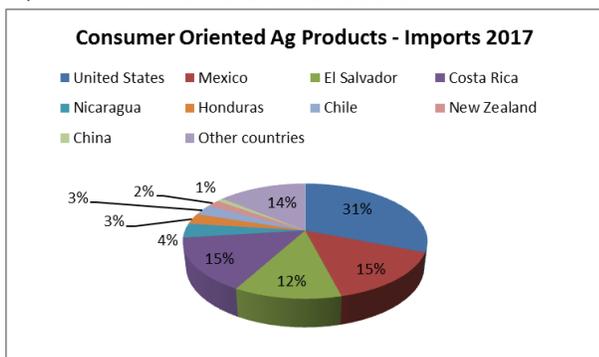
MARKET FACT SHEET: GUATEMALA

Executive Summary

Guatemala has the largest population in Central America with around 17 million inhabitants. It is the horticultural hub for Central America. The United States represents Guatemala's largest trading partner, and Guatemala is a net importer. After 12 years of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) implementation, almost all U.S. products have no import tariffs and nearly all remaining tariffs will be eliminated in five years. The United States is the largest agricultural product supplier to Guatemala, accounting for 30 percent of the market.

Imports of Consumer-Oriented Products

Around 31 percent of consumer-oriented agricultural products imported in Guatemala are from the United States, followed by Mexico and Costa Rica with 15 percent; and El Salvador with 14 percent. In 2017, Guatemala imported US\$1.4 billion from the world and US\$417 million from the United States.



Food Processing Industry

The food processing industry is divided into different sub-sectors, led by non-alcoholic beverages and preserved foods. These two sub-sectors represent 40 percent of the total national production, followed by baked goods (15 percent of total exports of processed products.) Guatemala is a major importer of raw materials and ingredients for food processing. The United States offers consistent and high-quality ingredients for the food processing industry.

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. The rest of

the consumers still rely on open-air markets and corner stores.

Quick Facts CY 2017

Imports of Consumer-Oriented Products from the U.S.: **\$417 million.**

List of Top 10 U.S. Products in Guatemala:

- | | |
|---------------------------------------|-------------------------|
| 1) Corn | 6) Dairy products |
| 2) Soybean meal | 7) Soybean oil |
| 3) Wheat | 8) Rice |
| 4) Poultry meat & products (ex. Eggs) | 9) Beef & beef products |
| 5) Pork & pork products | 10) Fresh fruits |

Guatemala exports to the world: \$2 billion

Guatemala imports from the world: \$1.5 billion

Guatemalan imports from the U.S.: \$369 million

Guatemalan exports to the U.S.: \$195 million

GDP/Population

Population (millions): 17

GDP (USD, PPP): \$138.3 billion

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

Top Guatemalan Retailers

- | | | |
|--------------|-----------------------|-----------|
| 1. Walmart | 4. Tiendas del Barrio | 7. Fresko |
| 2. Unisuper | 5. La Barata | |
| 3. Pricemart | 6. Save A Lot | |

Strengths	Weaknesses
Fast-food restaurants require specific quality on 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.
As Guatemalan consumers become more sophisticated, opportunities for higher quality products increase.	Other Central American countries and Mexico export products at competitive prices with lower shipping costs.
The number of restaurants in Guatemala is approximately 25,000 nationwide.	Guatemala is a price sensitive market and this could affect loyalty to brands in times of economic difficulty.

Source: BICO, Global Trade Atlas

SECTION I. MARKET SUMMARY

Guatemala is a net importer in world trade and is the largest country in Central America with around 17 million inhabitants. It is the horticultural hub for Central America. The United States is Guatemala's largest trading partner; U.S. exports of consumer-oriented products to Guatemala totaled a record \$416.6 million in 2017. The Dominican Republic-Central American Free Trade Agreement (CAFTA-DR) signed 12 years ago with the United States, has had a positive impact on bilateral trade; as of 2017, most U.S. products have no import tariffs and the remaining tariffs (except for white corn) will be eliminated in five years.

Guatemala represents a great opportunity for the foodservice industry, as the majority of the population is young. The food and beverage sector in Guatemala represents 11.3 percent of the total GDP. It generates more than 300,000 direct jobs for the hotel and restaurant industries, and many indirect jobs in the agricultural and food processing industries. This sector also offers good potential for new investments, as young consumers are looking for more health-conscious eating and new food trends popular worldwide.

Most working Guatemalans must eat outside of the home. Traffic is a key factor that forces workers to eat outside their homes. According to a recent study, 76% of Guatemalans that eat out usually look for fast food restaurants and informal dining places because of lower prices. Informal dining places are those small family owned cafeterias and street food vendors (where grilled hot dogs are widely sold) which are the other options that Guatemalans have for either breakfast or lunch. Fine dining is mostly for middle and high-income consumers and it is more common during the weekends or to celebrate special occasions.

Guatemala is a popular tourism destination for international travelers and according to the Guatemalan Tourism Institute (INGUAT) approximately 2.1 million tourists visited Guatemala in 2017 and generated more than \$1.2 billion. Most hotels offer breakfast as part of the lodging rate. These hotels acquire their products at open-air markets, supermarkets, and/or importers dedicated to the foodservice industry.

ADVANTAGES	CHALLENGES
As Guatemalan consumers become more sophisticated, opportunities for higher quality 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 on 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.

The increase in tourism creates the opportunity to increase sales.	The tourism sector in Guatemala is large, but high crime is a concern for visitors. Local authorities still lack a strong presence throughout much of the country.
Business people eat out at least two meals a day due to long working hours, distances and traffic.	Informal restaurants still use local products rather than imported 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 on perishable products is a challenge when transporting products.
Health concerns are opening the market for healthy and organic products.	Lack of knowledge about organic products limits consumption of these products to a niche market.
The growing food processing industry is looking for new and better food ingredients for bakery, deli meats, beverages and snacks.	El Salvador and Mexico can supply the local demand for raw materials for the processing industry.

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Market Entry Strategy

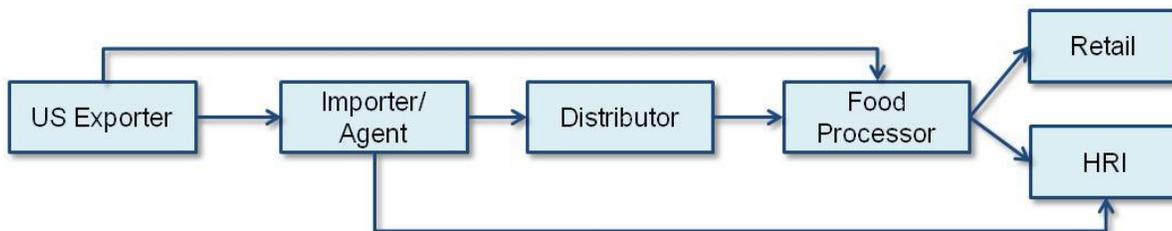
The Guatemalan Government (GOG) welcomes foreign investment and generally places few legal or regulatory restrictions for foreign investors. Guatemala represents a growing market for U.S. companies and is a country with relative stability, has a strategic geographic access to the region on both the Atlantic and Pacific Oceans and is very close to the United States. With the exception of fast-food restaurants, most hotels and restaurants buy products from different distribution channels. Since Guatemala is horticultural exporter, the HRI sectors prefer to buy 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.

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 supply hotels and restaurants in Guatemala City and the rest 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 the Guatemalan trade.

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 2017: www.fas.usda.gov/scriptsw/attacherep/default.asp

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 U.S. raw materials/ingredients imports 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

Approximately 2,700 hotels, motels and bed and breakfast operate in Guatemala and provide accommodation for both the business and tourism sector. The international hotel chains in Guatemala have at least one restaurant that is open to the public; most have at least two restaurants. International travelers that stay in Guatemala City for business purposes usually stay from two to four nights. Most of the international hotels include breakfast in their lodging rates and therefore, most travelers eat breakfast at the hotel and have lunch and dinner in nearby restaurants. The hotels in Guatemala purchase products through wholesalers, retailers, and informal markets; for imported food products, they buy from local distributors.

Antigua is the closest tourism destination to Guatemala City and has more than 150 hotels of which 15 are boutique hotels. According to INGUAT, close to 70 percent of all tourists that travel to Guatemala visit Antigua. Vacation Rentals in Guatemala through AirBnB or VRBO are becoming more popular for international and Guatemalan tourists.

Restaurants

According to the National Restaurants Council, approximately 25,000 restaurants operate in Guatemala, including 25 U.S. food franchises, local cafeterias, and formal dining restaurants. These restaurants require raw materials and ingredients for the preparation of menus. Some use local products (mostly for fruits & vegetables) but the majority import their products to comply with international quality standards and franchise agreements. These restaurants import either directly or through a distributor.

Fast-food restaurants have grown in sales by offering home delivery services. Fast-food restaurants are also an option for business people.

Fine dining restaurants are now doing home-delivery to consumers within Guatemala City (mainly where high-income families live) through food delivery phone apps that provide consumers the opportunity to try new restaurants and foods without leaving their homes. The top three services are Hugo, Glovo, and Uber Eats.

In addition, meal kits service is a new and growing trend in Guatemala.

The Institutional Market

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

- 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 the goods and services offered by local companies. For more information, please refer to the GUATECOMPRAS website www.guatecompras.gob.gt

III. COMPETITION

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 now El Salvador contributes to the increase of Guatemalan exports to these countries. The major competitors with the United States in consumer-

oriented products imports in Guatemala are Mexico with 19 percent market share, El Salvador with 15 percent market share and Costa Rica with 9 percent market share.

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

Product	Major Supply Sources	Imports in 2017 (\$millions)
Food preparations	Costa Rica	77.4
Beer made from malt	Mexico	35.9
Non-alcoholic beverages	El Salvador	34.2
Milk/Cream Cnctrd Powder	New Zealand	18.9
Meat of bovine animals, boneless, fresh or chilled	Nicaragua	17.7
Bread, pastry, cakes & puddings	Honduras	11.5
Fresh apples	Chile	8.9
Sugar Confection	China	5.2
Fresh grapes	Peru	3.6
Potatoes fresh	Canada	2.0

Source: Global Trade Atlas

IV. 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 (excluding eggs) • Dairy Products • Fresh fruits (apples, grapes, pears, peaches, plums, citrus) • Processed fruits & vegetables • Snack foods • Condiments & sauces 	<ul style="list-style-type: none"> • Prepared foods • Wine & beer • Chocolate & confectionery • Soybean oil • Baking inputs, mixes & doughs • Ingredients & beverage bases • Dog & cat food • Prepared & preserved meats • Mixes of nuts & fruit 	<p>There are few products that are not present in the Guatemalan market due to trade barriers, but there are some sanitary and phytosanitary issues that sometimes restrict trade.</p> <p>Following are some examples of trade issues affecting U.S. agricultural exports to Guatemala: 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; 2) the denial of preferential access due to errors, mistakes, and omissions on the certificates of origin; 3) required fortification for imported flours, salts, and sugars.</p>

Top Consumer- Oriented Products

Guatemala Import Statistics From United States				
25 Top Consumer-Oriented Agricultural				
Calendar Year: 2015 - 2017				
Commodity	Description	United States Dollars		
		2015	2016	2017
020714	Chicken Cuts And Edible Offal (Inc Livers), Frozen	\$73,720,469.00	\$88,638,101.00	\$ 100,090,626.00
210690	Food Preparations Nesoi	\$29,648,819.00	\$41,299,102.00	\$ 42,067,337.00
200410	Potatoes, Prepared Etc., No Vinegar Etc., Frozen	\$23,045,769.00	\$24,444,922.00	\$ 27,177,538.00
020329	Meat Of Swine, Nesoi, Frozen	\$19,541,041.00	\$23,784,852.00	\$ 25,748,445.00
020230	Meat Of Bovine Animals, Boneless, Frozen	\$19,968,137.00	\$19,181,625.00	\$ 24,341,316.00
160249	Prepared Etc. Swine Meat, Offal, Etc. Nesoi	\$12,984,174.00	\$13,328,081.00	\$ 15,030,348.00
210390	Sauces Etc. Mixed Condiments And Seasonings Nesoi	\$11,767,305.00	\$12,576,309.00	\$ 14,345,994.00
040620	Cheese Of All Kinds, Grated Or Powdered	\$ 6,494,989.00	\$12,779,663.00	\$ 13,423,543.00
080810	Apples, Fresh	\$12,625,406.00	\$10,790,016.00	\$ 11,654,746.00
040690	Cheese, Nesoi, Including Cheddar And Colby	\$ 9,191,416.00	\$ 7,988,128.00	\$ 11,177,174.00
160100	Sausages, Similar Prdt Meat Etc Food Prep Of These	\$ 7,520,376.00	\$ 8,529,383.00	\$ 11,040,309.00
080610	Grapes, Fresh	\$12,326,351.00	\$11,891,758.00	\$ 10,697,995.00
230910	Dog And Cat Food, Put Up For Retail Sale	\$ 9,551,941.00	\$ 9,816,342.00	\$ 10,322,254.00
220290	Nonalcoholic Beverages, Nesoi	\$ 8,632,964.00	\$ 9,838,946.00	\$ 10,008,357.00
180631	Chocolate & Othr Cocoa Preps, Not Bulk, Filled	\$ 8,969,438.00	\$ 9,420,541.00	\$ 7,276,925.00
180690	Cocoa Preparations, Not In Bulk Form, Nesoi	\$ 3,689,344.00	\$ 4,754,800.00	\$ 7,253,861.00
190120	Mixes & Doughs For Prep Of Bakers Wares Hdg 1905	\$ 6,113,695.00	\$ 7,397,916.00	\$ 7,048,307.00
210320	Tomato Ketchup And Other Tomato Sauces	\$ 4,836,184.00	\$ 5,997,150.00	\$ 6,175,067.00
190590	Bread, Pastry, Cakes, Etc Nesoi & Puddings	\$ 5,608,101.00	\$ 6,070,179.00	\$ 5,796,799.00
170490	Sugar Confection (Incl Wh Choc), No Cocoa, Nesoi	\$ 4,296,333.00	\$ 5,366,857.00	\$ 5,043,017.00
020727	Turkey Cuts And Edible Offal (Includ Liver) Frozen	\$ 3,774,843.00	\$ 3,645,202.00	\$ 4,621,746.00
020130	Meat Of Bovine Animals, Boneless, Fresh Or Chilled	\$ 206,799.00	\$ 1,640,780.00	\$ 4,555,863.00
200520	Potatoes, Prepared Etc. No Vinegar Etc, Not Frozen	\$ 4,579,265.00	\$ 5,267,842.00	\$ 4,537,071.00
200290	Tomato Paste Etc, Not Prepared With Vinegar Etc.	\$ 4,301,533.00	\$ 5,062,891.00	\$ 4,429,032.00
200819	Nuts (Exc Peanuts) And Seeds, Prepared Etc. Nesoi	\$ 3,960,694.00	\$ 4,408,153.00	\$ 4,413,175.00

Source of Data: World Trade Atlas

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>

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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