

**Required Report:** Required - Public Distribution

**Date:** March 28, 2022

**Report Number:** GT2022-0002

**Report Name:** Food Processing Ingredients

**Country:** Guatemala

**Post:** Guatemala City

**Report Category:** Food Processing Ingredients

**Prepared By:** Edith Vasquez

**Approved By:** Andrew Hochhalter

**Report Highlights:**

Guatemala is one of the top food processing countries in Central America; meats and bakery and dairy products continue to lead the domestic food processing sector. U.S. suppliers have good opportunities to export bulk, intermediate, and consumer-oriented products that can be used as ingredients for further processing. After two years of Covid-19, Guatemalans have changed some of their consumer habits and preferences. They are cooking more at home, increasingly use social media platforms to purchase products, and seek healthier food and beverage options. In 2021, Guatemala imported \$636.9 million of U.S. consumer-oriented food and agricultural products.

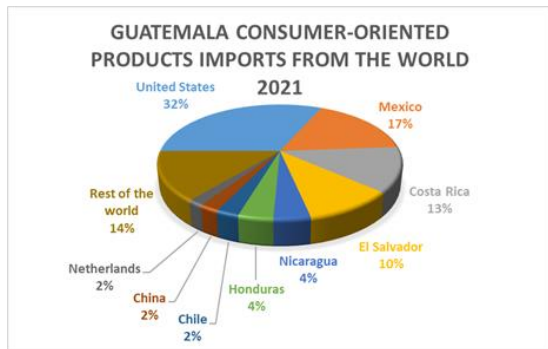
**MARKET FACT SHEET: GUATEMALA**

**Executive Summary**

Guatemala has the largest population in Central America with an estimated 17 million inhabitants. Per capita GDP was \$4,603 in 2020, but income distribution is highly skewed. Except for agricultural products, Guatemala is a net importer in world trade. Guatemala is one of the top food processing countries in Central America, and domestic brands offer a variety of products that include shelf-stable and frozen ready-to-eat foods.

**Consumer-Oriented Products**

The food and beverage processing industry represents 36 percent of the total manufacturing industry in Guatemala. U.S. agricultural exports to Guatemala play an important role in this industry for raw materials for the elaboration of processed products in the domestic market for export. In 2021, Guatemala imported \$636.9 million of U.S. consumer-oriented agricultural products.



Source: Trade Data Monitor

**Food Processing Industry**

Guatemala’s food industry comprises more than 1,500 food-processing companies. The majority are small companies with less than 20 employees. These companies supply the domestic market and mainly export to other Central American countries and the United States.

**Quick Facts CY 2021**

Imports of Consumer-Oriented Products from the U.S.: \$636.9 million.

List of Top 10 U.S. Consumer-Oriented Products in Guatemala in U.S. million:

- 1) Poultry Meat & Products (exc. eggs) - \$172.5
- 2) Pork & Pork Products - \$88.5
- 3) Dairy Products - \$64.3
- 4) Beef & Beef Products - \$62.5
- 5) Processed Vegetables - \$52.5
- 6) Prepared Foods - \$29.2
- 7) Fresh Fruits - \$22.7
- 8) Condiments & Sauces - \$22.6
- 9) Dog & Cat Food - \$14.4
- 10) Meat Products - \$13.6

**Processed Foods Sector**

Guatemala exports to the world: \$3 billion  
 Guatemala imports from the world: \$2.4 billion  
 Guatemalan imports from the U.S.: \$439 million  
 Guatemalan exports to the U.S.: \$562.5 million

**GDP/Population**

Population (millions): 17  
 GDP (billions USD): \$77.5  
 GDP per capita (USD): \$4,603

Sources: Trade Data Monitor / CIA – The World Fact Book  
 Bank of Guatemala

Strengths	Weaknesses
Local processors use imported ingredients to increase their production capacity.	Many small and medium size-processing companies lack good manufacturing practices that comply with international standards.
The United States is Guatemala’s main trading partner.	Guatemala has trade agreements with many other countries.
Guatemalans perceive U.S. products as being of higher quality.	Domestic processing companies compete with imported products and are price competitive.

## SECTION I. MARKET SUMMARY

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

*Source: Camara Guatemalteca de Alimentos & Bebidas (CGAB) / Guatemalan Chamber of Food & Beverage*

Guatemala is a major importer of raw materials and ingredients, used by local companies for further processing for both domestic consumption and exports. In 2021, top U.S. exports to Guatemala included US\$545.9 million in bulk commodities (wheat, corn, and rice); \$470.2 million in intermediate products (soybean meal, soybean oil, vegetable oil, sweeteners, and beverage bases), and \$636.9 in consumer-oriented products (chicken, bakery goods, condiments & sauces, dairy products, prepared foods, processed vegetables, and red meats). The main processed products exported to the United States include corn-based foods, snacks, alcoholic drinks, preserved foods, dehydrated products such as broths, and fruits for use in beverages. Animal feed manufacturers are also large importers of U.S. grains.

The main food processors are: Alimentos S.A./Alimentos Maravilla (cereals, refried beans, snacks, non-alcoholic beverages; soy based foods; seeds); Bimbo (bakery products); Cargill/Perry (poultry, processed meats; pet food); CMI Corporation (cookies, crackers, cereals, pasta, animal feed, processed meats; pet food); Fresh Del Monte (canned fruits, and vegetables, refried beans, ketchups and tomato paste; dried fruits; fruit nectars, juices); Nestlé/Malher (soups; dairy; chicken, and beef dried broths, confectionary, etc.); Pepsico/Frito Lay (snacks, beverages.)

The main consumer trends in Guatemala are healthy products that include seeds, nuts, or dried fruits or contain less fat, sugars, and additives; ready-to-eat meats which are either breaded, pre-cooked, or flavored; a preference for private label products, as they are perceived as more affordable products with the quality of a well-known brand. Among the preferred processed food products, the list includes dairy products (yogurts; fresh cheeses, cream); rice, noodles, soups, wheat, and corn flours; canned tuna; refried beans; cookies, and processed meats.

**Advantages and Challenges Facing U.S. Food Processing Ingredients:**

<b>Advantages</b>	<b>Challenges</b>
The food processing industry has ridden the supermarket expansion wave, and food processors need imported ingredients to increase their production capacity to supply the supermarkets.	Nearby countries, such as El Salvador and Mexico, can supply the local demand for processing industry inputs and offer lower prices compared with U.S. products.
Local processors are increasing their capacity and quality to export processed products to the United States as a result of CAFTA-DR.	Guatemala has not yet complied with international food safety standards to export meats or meat content products to the United States.
Under the CAFTA-DR, tariff rate quotas for sensitive agricultural products like white corn, beans, and dairy remain, but more than 95 percent of agricultural products are tariff free.	Many local companies are taking advantage of their lower production costs to fill market niches, sometimes replacing imported products.
As Guatemalan consumers become more sophisticated, opportunities for higher value-added products increase.	Guatemala is a price sensitive market, which could affect loyalty to brands in times of economic difficulty.
The United States is Guatemala’s main trading partner, and U.S. products are of higher quality.	The United States competes with other countries that also have trade agreements with Guatemala.
A new on-line product registration system has been implemented in Guatemala by the Ministry of Health for imported food products.	The main challenges import processes face at ports is the lack of a truly risk-based system, which delays the cargo while inspections take place, even for containers of frozen or processed products.
Guatemala is an agricultural producer, and	Guatemala is a price sensitive market, and

exporter; but it is not self-sufficient in some basic products such as wheat, yellow corn, and soybeans, and therefore, depends on imported products.	the United States has competition from other countries such as Canada, Brazil, and Argentina.
Guatemala recognizes the U.S. meat and inspection system as equivalent, therefore all poultry, red meats and products, enter Guatemala without prior inspection required, and all federally inspected facilities are eligible.	There are some delays at customs due a verification process by the Guatemalan Customs Administration which includes the revision of the declared value, or the confirmation of the tariff code classification declared on the import documentation.
Guatemala accepts all U.S. seafood and aquaculture products accompanied by a certification from the authority of the National Oceanographic and Atmospheric Authority (NOAA) of the Commerce Department.	Registration on a product-by-product basis is sometimes required.
Guatemala is part of the Central American Common Market, which establishes technical regulations for food, feed, and agricultural inputs, as possible. If there is no specific Central American Technical Regulation (RTCA), Guatemalan laws and regulations will prevail.	The main challenge U.S. exporters will face is that each Central American country relies on its own interpretation of the RTCAs, which could eventually delay the commercialization of the product.

## SECTION II: ROAD MAP FOR MARKET ENTRY

### A. ENTRY STRATEGY

Interested U.S. food ingredient exporters may contact local food processors or local importers, agents, and/or distributors depending on the type of product. Although some raw materials are available locally, many processed products contain imported ingredients.

The larger food processors frequently prefer to import directly from the suppliers, while medium and smaller processors are sometimes not familiar with importing procedures and prefer to have a local distributor supply their inputs. For more information on how to export products to Guatemala, please refer to the 2021 Exporter Guide: <https://gain.fas.usda.gov/#/search>.

U.S. exporters can also contact organizations funded by USDA/FAS to enter the local market, as these groups have marketing funds to promote U.S. agricultural products overseas.

- a) State Regional Trade Groups (SRTG): non-profit trade development organizations, <https://www.fas.usda.gov/programs/market-access-program-map/state-regional-trade-groups>.
- b) U.S. Agricultural Export Development Council: a non-profit private sector trade association that gathers U.S. commodity trade associations that promote U.S. agricultural exports, [www.usaedc.org](http://www.usaedc.org).
- c) Commodity Cooperator Groups: conduct local market promotion activities on a yearly basis. In addition, they recruit foreign buyers to participate in U.S. trade shows, providing an opportunity for U.S. suppliers of food ingredients importers to meet and do business.

### B. IMPORT PROCEDURE:

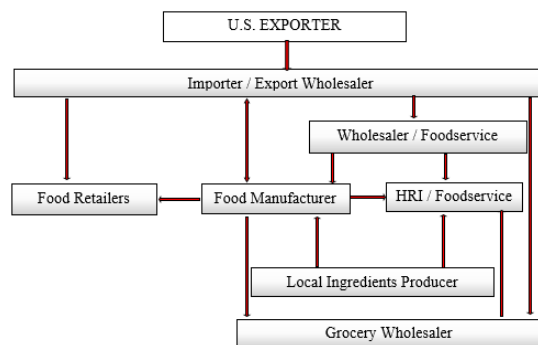
U.S. suppliers that want to ship to Guatemala must comply with local regulations for imported products to avoid problems when importing products. For further information on these regulations, please refer to FAIRS Report 2021: <https://gain.fas.usda.gov/#/search>.

### C. DISTRIBUTION CHANNELS:

The advantage that processors find in buying raw materials from local suppliers is that they often provide products faster than international suppliers do. However, Guatemalan food processors view U.S. ingredients as of higher quality and safer than domestic supplies and those imported from other countries. Local companies are willing to establish a long-term business relationship with U.S. suppliers that offer good credit terms, customer service, and marketing support, in addition to quality products.

The success of introducing an imported product in the Guatemalan market depends on local representation and personal contacts. Hiring a distributor is the easiest and fastest way to enter the market, particularly if the distributor is already supplying other imported products throughout the country.

### Supply Chain



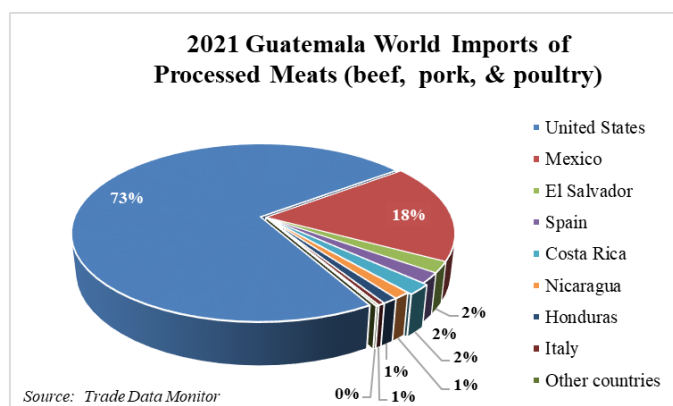
## D. MARKET STRUCTURE

Guatemalan brands offer a wide variety of products that include shelf-stable, ready-to-eat food such as refried beans (mostly black beans), flavored tomato sauces, soy-based meals, and instant-noodle soups. These products are available in supermarkets, local stores, and open-air-markets throughout the country and are affordable to the lower and middle-income consumers.

Local processors also manufacture custom-made products for local restaurants that compete with imported processed products. The areas with the most growth potential for the food processing industry is:

Industry	Products
Processed meats:	mechanically separated poultry; boneless pork picnic; pork bellies, trimmings and offal; flours (fillers); and animal fats
Bakery products:	pancake mixes, pre-mixes, and bulk cake flours
Dairy products:	yogurts; artisanal cheeses (fresh); processed cheeses; ice-cream; butters.

## E. SHARE OF MAJOR SEGMENTS IN THE FOOD PROCESSING INDUSTRY

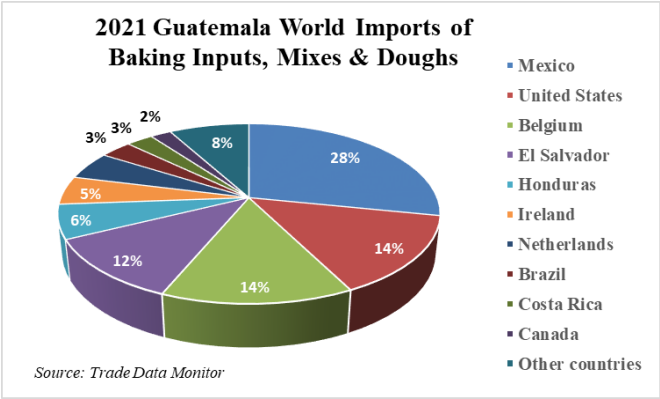


**Processed meats:** The production of processed meats is a dynamic sector and retail value sales increased 1 percent in 2021 from the previous year reaching \$94 million. Since the pandemic, Guatemalan consumers increased their purchases of processed meats, especially those products that have a longer shelf life such as canned tuna, canned beef, and canned chicken meat, as well as other ready-to-cook products.

The larger beef and chicken meat processors, adapted to new consumers' demand of ready-to-cook products and expanded their production lines of products such as patties, breaded, and seasoned meats, etc. In Guatemala, larger sales of meats are made in butcher's shops or farmer's markets, where products usually do not have a specific brand and prices are lower than those sold at grocery stores. As for chilled meats in grocery stores, ham and sausages are very popular, as they are considered proteins at affordable prices that are easy to prepare.



The smallest product format is frozen processed meat, which suffers from a lack of freezers in traditional channels. Modern grocery retailers have the equipment to handle frozen processed meat, although these stores mainly cater to a small middle-to-upper-income consumer. Frozen burgers are among the preferred choice for the barbecues which are popular and usually take place on Sundays during the family gatherings. Local restaurants are launching their own lines of frozen burgers to recreate the products made in their restaurants for consumers at home.



**Bakery Products:** Guatemala is the largest market in Central America for U.S wheat and is the only country in the region with wheat production, which is estimated at 8,000 MT; however, the local production does not compete with wheat imports from the United States. In Guatemala the two largest wheat mills are Molinos Modernos and Grupo Centia. Guatemala has an annual per capita consumption of baked goods estimated at 40 kg.

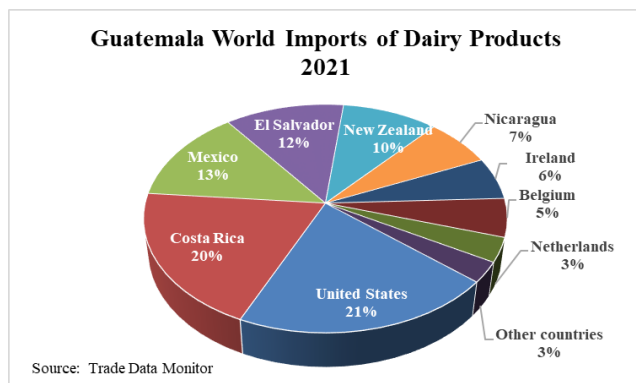
In Central America the milling, baking, cookie, cracker, and pasta sectors are led by multinational companies: Grupo Bimbo, Nestle, Mondelez (formerly Kraft Nabisco), Molinos Modernos (which owns Cuetara), MOLSA, Noel (which owns Pozuelo), La Moderna, ADM, Cargill, and Colombina. Bread is one of the main products included in the Guatemalan basic food basket and consumers eat artisanal baked breads known as “pan frances” (French bread), and “pan dulce (sweet bread)” as products that complement daily meals.

Bread is mostly sold through typical bakeries which are small, family-owned businesses and are usually located close to neighborhoods throughout the country. Other foodservice companies opened larger stores which are a combination of gourmet bakeries and restaurants that offer both services in one place.

The multinational companies have a strong distribution channel selling to all grocery stores, but also to small corner stores. During the past two years during the pandemic, consumers demanded healthier baking goods, creating opportunities for bakeries to expand their production lines by introducing other baked goods which contain dried fruits; nuts; and cereals. Larger bakeries and cake businesses are using delivery service platforms and created their own social media platforms for home delivery services which were very popular during the Covid-19 lockdown especially when curfew schedules were imposed.

Guatemala imports and exports bakery products; in 2021, Guatemala imported a total of \$247 million from the world; and exported \$210 million, having as their main exporting market, the rest of the Central American countries and the United States.





**Dairy Products:** In 2021, Guatemala’s imports of U.S. dairy products reached a record high of \$64.3 million, an increase of 39 percent from 2020. The products with the largest sales in the Guatemalan market include milk (fresh, UHT, powdered); butter; cheese (processed, fresh); yogurt; cream (heavy cream, sour cream, etc.); ice cream; whey, and casein (for the dairy processing industry.)

The Guatemalan basic food basket includes 34 products, and milk (fresh/powdered); cheese (fresh); and cream (heavy cream); are included in this list. Cheese production is growing and in 2021, the sector grew around 4 percent in value from the previous year, totaling \$128.1 million.

Most of the dairy processing companies are dedicated to the production of fresh cheeses which are sold at supermarkets, wet markets, and corner stores. These products are mainly produced by local companies as it is an artisanal production, and the most popular varieties are feta, fresco, and panela. For other processed cheeses the most frequent varieties sold at supermarkets are Cheddar, Colby, Mozzarella, Gouda, Parmesan, and Swiss. The market is also following the trend of “healthy” products which in the cheese industry includes those products with less fat content or lactose free. However, these types of products are targeted for the consumers with a high purchasing power that can afford them. This is also the trend for yogurts which are also increasing sales at the supermarkets and consumers prefer yogurts in a drinking presentation which are mainly purchased by children for the school lunch boxes.

## F. COMPANY PROFILES

The National Commission of Food and Beverage Processors of the Guatemalan Exporters Association (AGEXPORT) has member companies that benefit from training and promotion programs, which prepare them to compete in international markets. For more information about Guatemalan food processing companies that are members of AGEXPORT and are currently exporting to other countries, please visit the following site: <http://export.com.gt/directorio>.

## G. SECTOR TRENDS

- Consumption trends in Guatemala are influenced by the United States, not only because it is Guatemala’s largest trading partner but also because high-value foods are more affordable to some families thanks to remittances sent by more than 1 million Guatemalans living and working in the United States.

- Demand for more ready-to-eat foods is growing in Guatemala. The local processing industry is taking advantage of this niche market. Products such as refrigerated tacos, tortillas, burritos, corn-based tamales, and instant soups are among the preferred foods in supermarkets since they are easy to prepare and affordable.
- Some of the U.S. companies that have a large presence in the Guatemalan food processing industry are Cargill, Chiquita Brands International, Frito Lay, Pepsi-Co Bottling Co., Ralston Purina, Del Monte, and Wal-Mart. Bimbo from Mexico and Nestlé from Switzerland are important foreign investors in the country. Local companies are also growing, not only because of a higher local demand but also because exports are increasing every year.
- Healthy foods, such as natural and organic foods, are growing niche markets; however, they are more commonly imported and, therefore, marketed to upper-class consumers.

### SECTION III: COMPETITION

In Guatemala, imported raw materials used in the food and beverage-processing sector are bulk grains (wheat, yellow corn, soybeans, and rice); fruits and vegetables; meats (poultry, pork, and beef); dairy products; soybean meal; soybean oils; animal fats; and sweeteners and beverage bases. In 2021, Guatemala’s total imports of agricultural products from the world had 30 percent increase from 2020, reaching \$4.6 billion. Although the United States is Guatemala’s leading supplier, some of the major U.S. competitors are Costa Rica, El Salvador, and Mexico.

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*

### SECTION IV: BEST PRODUCT PROSPECTS

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"> <li>• Beef &amp; Beef Products</li> <li>• Pork &amp; Pork Products</li> <li>• Poultry Meat &amp; Products (excluding eggs)</li> <li>• Dairy Products</li> <li>• Prepared Foods</li> <li>• Fresh Fruits (apples, grapes, pears, peaches, plums, citrus)</li> <li>• Processed Fruits &amp; Vegetables</li> <li>• Snack Foods</li> <li>• Condiments &amp; Sauces</li> <li>• Dog &amp; Cat Food</li> <li>• Beer</li> </ul>	<ul style="list-style-type: none"> <li>• Wine</li> <li>• Chocolate &amp; Confectionery</li> <li>• Baking Inputs, Mixes &amp; Doughs</li> <li>• Ingredients &amp; beverage bases</li> <li>• Prepared &amp; Preserved Meats</li> <li>• Mixes of Nuts &amp; Fruit</li> <li>• Table Eggs</li> </ul>	<p>Some examples of trade barriers affecting U.S. agricultural exports to Guatemala include the denial of preferential treatment under CAFTA-DR because: 1) there are errors when assigning HS codes in the classification of the products and/or 2) mistakes and/or omissions on the certificates of origin.</p>

## SECTION V: KEY CONTACTS AND FURTHER INFORMATION

If you need assistance exporting to Guatemala, please contact the U.S. Agricultural Affairs Office at the U.S. Embassy at:

Office of Agricultural Affairs

U.S. Embassy

Telephone: (502) 2332-4030 / (502) 2326-4300

Email: [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>.

### Government sources for data:

Bank of Guatemala: [www.banguat.gob.gt](http://www.banguat.gob.gt)

Ministry of Agriculture: [www.maga.gob.gt](http://www.maga.gob.gt)

Ministry of Economy: [www.mineco.gob.gt](http://www.mineco.gob.gt)

National Statistics Institute: [www.ine.gob.gt](http://www.ine.gob.gt)

### Government regulatory agency contacts:

Institution: Food Control Unit/Ministry of Health (MSPAS): <http://portal.mspas.gob.gt>

Norms and Regulations Unit/Ministry of Agriculture (MAGA): <http://visar.maga.gob.gt>

Foreign Commerce Administration Direction/Ministry of Economy: <http://portaldace.mineco.gob.gt>

### Attachments:

No Attachments