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Guatemala

Oilseeds and Products

Annual

2002

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Report Highlights: Vegetable oils are freely traded in Central America as part of the regional free trade zone. Palm is the only crop being produced in Guatemala for the production of oil. Total palm oil production in Guatemala for 2001 decreased by 20% due to lack of rain. Guatemala imported palm oil from Honduras in order to fulfill export commitments with Mexico and other Central American countries.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Guatemala's total vegetable oil consumption during 2001 was 129,000 MT. Palm is the only crop being produced in Guatemala for oil production and is the most important for the total oil supply. Although, 2001 was a downward year for palm oil due to lack of rain. An upward production trend is expected to continue as new farms go into production every year, new trees begin bearing fruit and older trees mature and increase their yields. Guatemala's oil imports depend mostly on international prices and local production of palm oil. Guatemala is a net exporter of vegetable oils. During 2001 Guatemala imported a total of 107,000 MT of vegetable oils. Palm oil exports to Mexico and the Central American region increased from 74,000 MT in 2000 to 78,000 MT in 2001. This was in spite of a decrease in local palm oil production and imports from Honduras in order to fulfill commitments with Mexico and other Central American countries. In 2002 vegetable oil imports are expected to increase to 134,000 MT, in order to fulfill the increasing domestic demand and exports to nearby countries.

In November of 2001, a soy milk plant opened in Guatemala. This plant uses U.S. soy flakes to process into milk. The plant's capacity is expected to reach 60,000 liters a day by mid-March. The plant was built to USDA specifications with the technical assistance of The American Soy Association.

PSD Table						
Country	Guatemala					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		11/2000		11/2001		11/2002
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	124	124	124	100	0	90
MY Imports	0	0	0	30	0	40
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	124	124	124	130	0	130
MY Exports	74	74	74	78	0	78
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	52	0	52
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	50	50	50	52	0	52
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	124	124	124	130	0	130
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		11/2000		11/2001		11/2002
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	26	26	35	35	0	38
MY Imp. from U.S.	18	18	18	18	0	20
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	26	26	35	35	0	38
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	26	26	35	35	0	38
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	26	26	35	35	0	38
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	26	26	35	35	0	38
Calendar Year Imports	37	0	35	0	0	38
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERCENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		11/2000		11/2001		11/2002
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	50	50	42	42	0	56
MY Imp. from U.S.	18	18	11	11	0	22
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	50	50	42	42	0	56
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	42	42	0	56
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	50	50	42	42	0	56
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	50	50	42	42	0	56
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Guatemala's palm oil production is experiencing a temporary period of lower output. The lack of rain affects directly the process of bearing fruit, slows the process of maturation and decrease yields. In spite of the situation Guatemala still is self sufficient in palm oil production and it has displaced areas previously used for other traditional agricultural practices like raising cattle or coffee production. Palm oil is currently the most important oil produced for the elaboration of

finished oils and other oil products in the market. During 2001 total planted area remains at 24,000 hectares, from which 22,000 hectares have been harvested. Total palm oil production reached 100,000 MT in 2001. In 2002 total planted and harvested area is expected to remain steady. Production for 2002 is expected to decrease further to 90,000 MT. Most of the planting seed for palm production comes from Costa Rica, and the two most popular varieties grown in Guatemala are Deli-Econa and Deli-Aurus. In the Guatemalan South Coast there are four extraction plants where most of the palm operations are located. Currently, new operations are starting in the North and the Northwest part of the country specifically in the Petén area. Palm operations are more popular every year because of its income benefits in addition to the ecological and social benefits. In 2002 the palm sector will employ some 13,000 people.

Consumption

The latest information from the oil refining companies shows that Guatemala's vegetable oil production continues to grow as local consumption of vegetable oil, shortening, and margarine increases, and exports of finished oils and margarine to neighboring countries rise. The food industry has grown tremendously in recent years. There are new fast food restaurants, bakeries, hotels, gourmet restaurants, confectioneries, and other food factories consuming vegetable oil products.

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.		U.S.	
Others		Others	
Honduras			30,000
Total for Others	0		30000
Others not Listed			
Grand Total	0		30000

Export Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
Mexico	40,000		50,000
El Salvador	8,000		8,000
Honduras	6,000		
Costa Rica	20,000		20,000
Total for Others	74000		78000
Others not Listed			
Grand Total	74000		78000

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	18,000	U.S.	23,000
Others		Others	
Argentina	8,000		12,000
Total for Others	8000		12000
Others not Listed			
Grand Total	26000		35000

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Sunflowerseed		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2000		2001
U.S.	15,000	U.S.	11,000
Others		Others	
Argentina	35,000		31,000
Total for Others	35000		31000
Others not Listed			
Grand Total	50000		42000

Trade

According to the oil refining companies, in the last few years the industry preferred sunflower oil imports due to the fact that sunflower oil is a refining-friendly oil, in spite of higher prices in comparison to palm and soybean oil. Sunflower imports reached 42,000 MT in 2001, 26% of imports were from the United States and the rest came mainly from Argentina. In 2002, sunflower oil imports are forecast to increase to 56,000 MT due to consumer tastes and preferences.

Soybean oil imports for 2001 were 35,000 MT. Two-thirds of the soybean oil was imported from the United States. In 2002, soybean oil imports are expected to increase to 38,000 MT due to competitive prices.

Currently, Guatemala is exporting fully refined oil products to the rest of the Central American countries, with no import tariffs due to the free-trade agreement among countries in the region. Representatives from the oil industry have expressed their concern about finished oil products being imported illegally from Mexico. Around 500,000 pounds a month of finished oil are being imported illegally across the river into Guatemala. To date nothing has been done to stop the contraband.

Policy

Import tariffs for crude vegetable oil are set at 0% for 2001 and this is expected to continue for 2002. However, palm oil producers argue that there is no need to import vegetable oil since Guatemala is capable of supplying the whole region (in spite of the downward trend). We understand there are efforts by countries like Honduras, Nicaragua and Costa Rica to increase tariffs to encourage local production of palm.

Marketing

Guatemalan producers are promoting palm oil as a healthy product contributing to the improvement of the environment. According to the industry's advertising for the year 2002 Guatemala's palm crop will generate 600,000 tons of oxygen. In addition, palm oil contains very low levels of cholesterol around the 18 p.p.m. level. Palm oil is a highly profitable alternative, which diversifies agricultural practices in the country and allows the small and medium farmer to access the local as well and international markets. Other sectors of the industry are trying to gain market share through promotions of sunflower and corn oil as the healthy alternatives in vegetable oils. At the retail level sunflower and corn oil are clearly marked, while vegetable oils containing palm oil are not. Nevertheless, these generic vegetable oils are typically less expensive and therefore very attractive to the average consumer.

The American Soybean Association continues many technical seminars in Guatemala. These marketing efforts help promote US soybean oil in the market and lead to expanded sales. In addition, they are supporting the expansion of the soy milk plants. ASA plans to use the first soy milk plant as a training center in hopes to expanding to 10 soy milk plants in Guatemala in the next three years. The goal is to reach a 600,000 liter per day production. The owner of the plant and ASA have a cooperation agreement in terms of technical assistance for this expansion.