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## Guatemala

### Oilseeds and Products

#### Annual

#### 2001

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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 reached 124,000 MT in 2000 and 74,000 MT were exported to Mexico and the Central American region for the same year. Sunflower and soybean are the two main oil imports. In 2000, total vegetable oil imports were 76,000 MT, divided as follows: 26,000 MT of soybean oil and 50,000 MT of sunflower oil.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Guatemala [GT1], GT

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## Executive Summary

Guatemala's total vegetable oil consumption during 2000 was 126,000 MT. Palm is now the only crop being produced in Guatemala for oil production and is the most important for the total oil supply. This upward 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 and types depend mostly on international prices and local production of palm oil. Guatemala is a net exporter of vegetable oils. During 2000 Guatemala imported a total of 61,000 MT of vegetable oils. Palm oil exports to Mexico and the Central American region increased from 61,000 MT in 1999 to 74,000 MT in 2000. In 2001 vegetable oil imports are expected to increase to 77,000 MT, while local palm oil consumption remains steady.

PSD Table						
Country	Guatemala					

Commodity	Oil, Palm		Preliminary	2000	(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1999			Forecast	2001
	Old	New			Old	New
Market Year Begin		11/1999		11/2000		11/2001
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	108	108	108	124	0	124
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	108	108	108	124	0	124
MY Exports	61	61	65	74	0	74
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	47	47	43	50	0	50
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	47	47	43	50	0	50
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	108	108	108	124	0	124
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, Sunflowers eed				(1000 MT)(PERC ENT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
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	48	48	50	50	0	42
MY Imp. from U.S.	17	17	18	18	0	11
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	48	48	50	50	0	42
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.	48	48	50	50	0	42
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	48	48	50	50	0	42
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	48	48	50	50	0	42
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						
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Country	Guatemala					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
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	23	23	26	26	0	35
MY Imp. from U.S.	18	18	18	18	0	18
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	23	23	26	26	0	35
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.	23	23	26	26	0	35
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	23	23	26	26	0	35
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	23	23	26	26	0	35
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 expected to continue on an upward trend, as new trees begin to bear fruit and older trees mature and increase their yields. Guatemala has become self sufficient in palm oil production and it has displaced other traditional agricultural practices like raising cattle. Palm oil is currently the most important oil produced for the elaboration of finished oils and other oil products in the market. During 2000 total planted area was 24,000 hectares, from which 22,000 hectares were harvested. Total palm oil production reached 124,000 MT in 2000. In 2001 total planted area is expected to increase to 30,000 hectares although harvest area is expected to remain at 22,000 hectares. Production for 2001 is expected to remain at 124,000 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 specially in the Petén area. Palm operations are more popular every year because

of its income benefits in addition to the ecological and social benefits. The palm sector contributed 10,000 jobs in 2000 and it is expected that by the year 2,002 the sector will generate some 13,000 jobs.

## 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.

Export Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Mexico	35,000	Mexico	40,000
El Salvador	6,000	El Salvador	8,000
Honduras	5,000	Honduras	6,000
Costa Rica	15,000	Costa Rica	20,000
Total for Others	61000		74000
Others not Listed			
Grand Total	61000		74000

Import Trade Matrix			
Country	Guatemala		

Commodity	Oilseed, Sunflowerseed		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	1999		2000
U.S.	15,000	U.S.	15,000
Others		Others	
Argentina	33,000	Argentina	35,000
Total for Others	33000		35000
Others not Listed			
Grand Total	48000		50000

Import Trade Matrix			
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Country	Guatemala		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	
Imports for:	1999		2000
U.S.	18,000	U.S.	18,000
Others		Others	
Argentina	5,000	Argentina	8,000
Total for Others	5000		8000
Others not Listed			
Grand Total	23000		26000

## Trade

According to the oil refining companies, in the last few years the industry showed a preference for sunflower oil imports due to international prices, and because sunflower oil is a refining-friendly oil. Sunflower imports reached 50,000 MT in 2000, up 4% from the previous year. 30% of imports were from the United States and the rest came mainly from Argentina. In 2001, sunflower oil imports are forecast to decrease to 42,000 MT due to a switch to soybean oil.

Soybean oil imports for 2000 were 26,000 MT. 69% of the soybean oil was imported from the United States. In 2001, soybean oil imports are expected to increase to 35,000 MT due to better prices.

Currently, Guatemala is exporting finished 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 2000 and this is expected to continue for 2001. However,

palm oil producers argue that there is no need to import vegetable oil since Guatemala is capable of supplying the whole region and there's an effort 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 in 1999 the Guatemalan palm crop generated 300,000 tons of oxygen a day and 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 as the international market. 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.