

GUATEMALA

CENTRAL AMERICA'S ENGINE

A place to invest



GUATEMALA

**Capital:**

Guatemala City

Area:

108,889 km²

Official language:

Spanish, 22 Mayan languages,
I Garifuna and I Xinka

Form of government:

Democratic republic

Head of State:

President

Time zone:

UTC-6

Currency:

Quetzal (Q)

**Population 2018:**

17,302,084

Economically active population (EAP) 2018:

7,145,191

(Central America's largest EAP)



GUATEMALA
CENTRAL AMERICA'S ENGINE

HUMAN TALENT

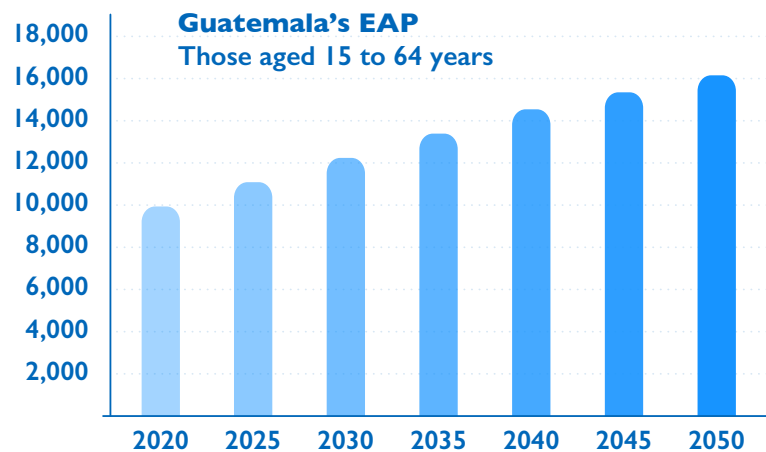


AT COUNTRY LEVEL:

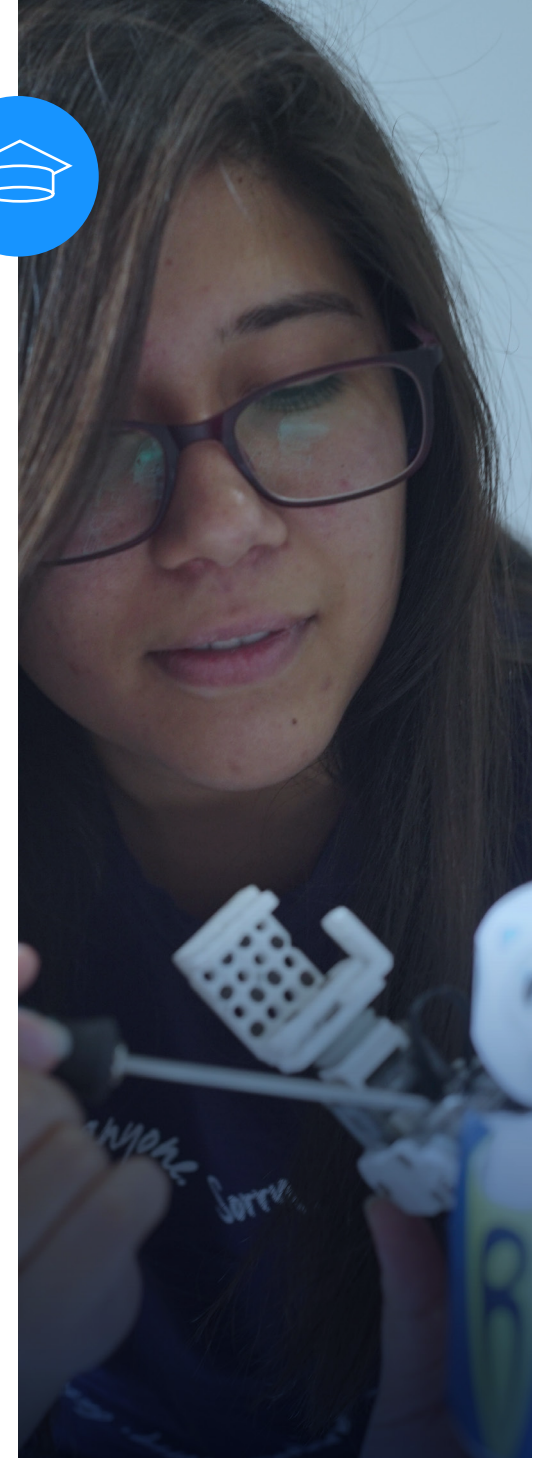
- **11,735,646** - Working age population (WAP)
- **7,145,191** - Economically active population (EAP)
- **28% of the WAP is between 15 a 24 years old** and 72% is 25+.

GUATEMALA CITY

- Guatemala City was awarded as **Major City – Best for Cost Effectiveness** in the fDi American Cities of the Future ranking for 2019/20.
- Guatemala City's win showcases its foreign direct investment capabilities in terms of cost effective talent:
 - **1st place on average annual salary** for an unskilled worker (\$)
 - **4th place on average annual salary** for a semi-skilled and skilled worker (\$)



GUATEMALA
CENTRAL AMERICA'S ENGINE





MACROECONOMIC INFORMATION

Economic Growth 2017/2018:

3.1% interannual

GDP 2018:

US\$ 78.46 billion

GDP per capita 2018:

US\$ 4,534.8

Foreign direct investment 2018:

US\$ 1 billion

Remittances 2018:

US\$ 9.28 billion

Exports 2018:

US\$ 10.97 billion

Imports 2018:

US\$ 19.67 billion

Tax revenue 2018:

US\$ 8.07 billion

Foreign exchange reserves:

US\$ 14.78 billion

Exchange rate average 2019:

Q 7.70 = US\$ 1

ESTIMATED ECONOMIC PARTICIPATION AT REGIONAL LEVEL



GUATEMALA

38.9%



EL SALVADOR

12.9%



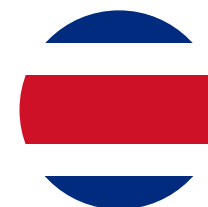
HONDURAS

11.8%



NICARAGUA

6.5%



COSTA RICA

29.9%

4 OUT OF 10 PRODUCTS ARE MADE IN GUATEMALA

GUATEMALA
CENTRAL AMERICA'S ENGINE

WHY GUATEMALA?



MACROECONOMIC STABILITY

- Top 10 in Latin America and the Caribbean in the **macroeconomic stability pillar** of the Global Competitiveness Index (2018).
- GDP - US\$ 78.46 billion, **the biggest economy in Central America.**
- **Solid financial system**, US\$42.7 billion of total assets.
- **Moderate and stable inflation rate**, 4% average in the last 12 years.
- **US\$14.78 in foreign exchange reserves**, the largest in Central America.
- **Lowest government debt in Central America** and one of the lowest in Latin America (24.6%).
- Investment grade (2018) Fitch Ratings (BB stable), Moody's (Ba1 table), Standard & Poor's (BB stable), OCDE (4)
- US\$ 67.26 billion, Central American country **with the highest household final consumption.**

WHY GUATEMALA?



LOGISTIC PLATFORM



Direct access to the coastlines on both the Pacific and Atlantic Oceans
(402 km between both coastlines)



Connectivity: 2 international airports, 9 local aerodromes, 22 commercial airlines and 11 cargo airlines.



The second largest sea freight operation in Central America (17.89%), after Panama, in 3 ports: Santo Tomás de Castilla and Puerto Barrios in the Atlantic Coast and Puerto Quetzal in the Pacific Coast.



Central America's largest installed capacity for energy production 4,073.8 MW-YR, above Costa Rica (3,529.9 MW-YR) and Panama (3,336.1 MW-YR).
Guatemala has the most competitive price of energy US\$55.20 / MWh (average of the last three years).

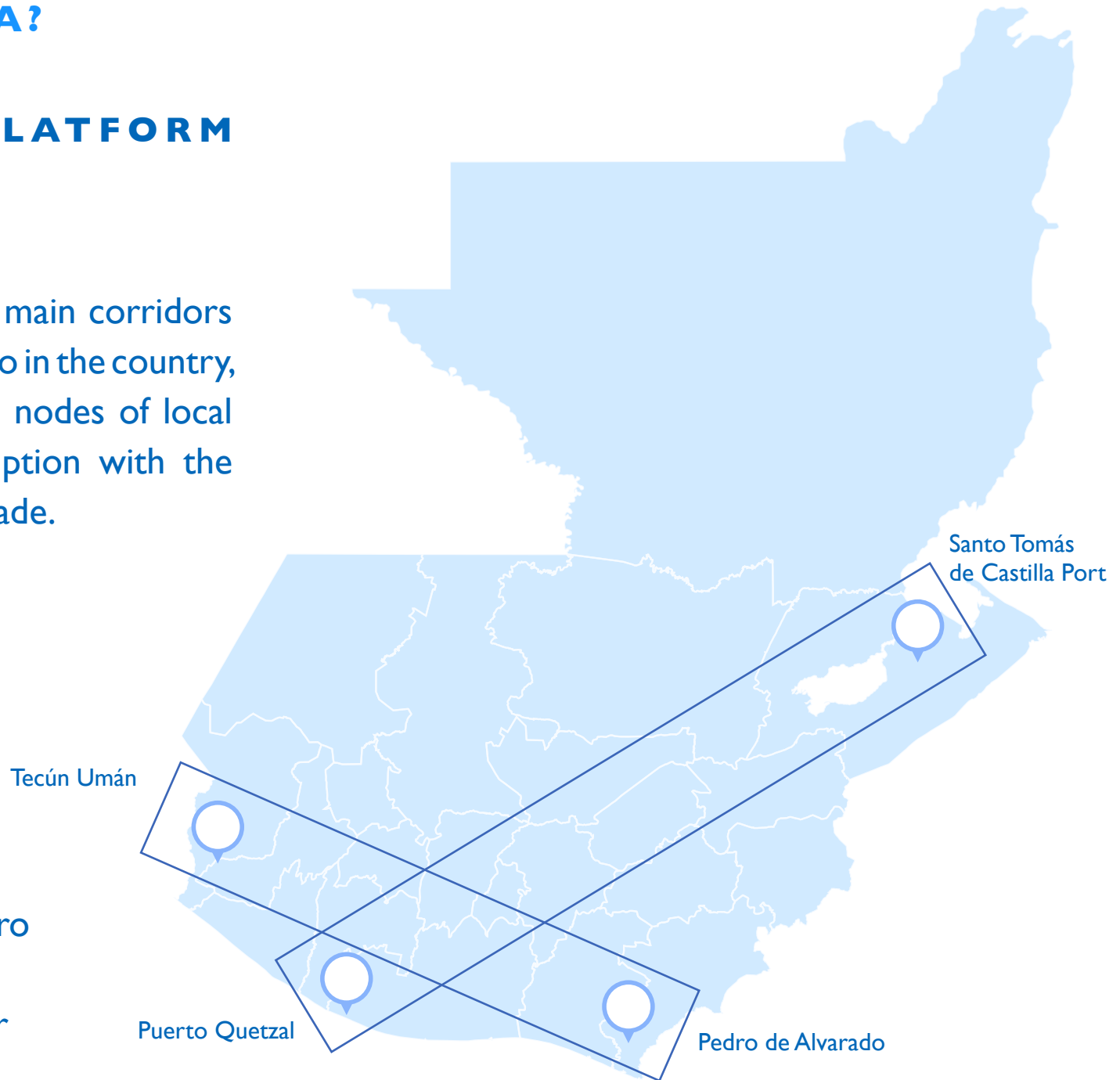
WHY GUATEMALA?



LOGISTIC PLATFORM

The LNP prioritises the main corridors for the movement of cargo in the country, which connect the main nodes of local production and consumption with the main nodes of foreign trade.

1. Pacific Tecún Umán - Pedro de Alvarado Corridor
2. Pacific - Atlantic Corridor



GUATEMALA
CENTRAL AMERICA'S ENGINE

WHY GUATEMALA?



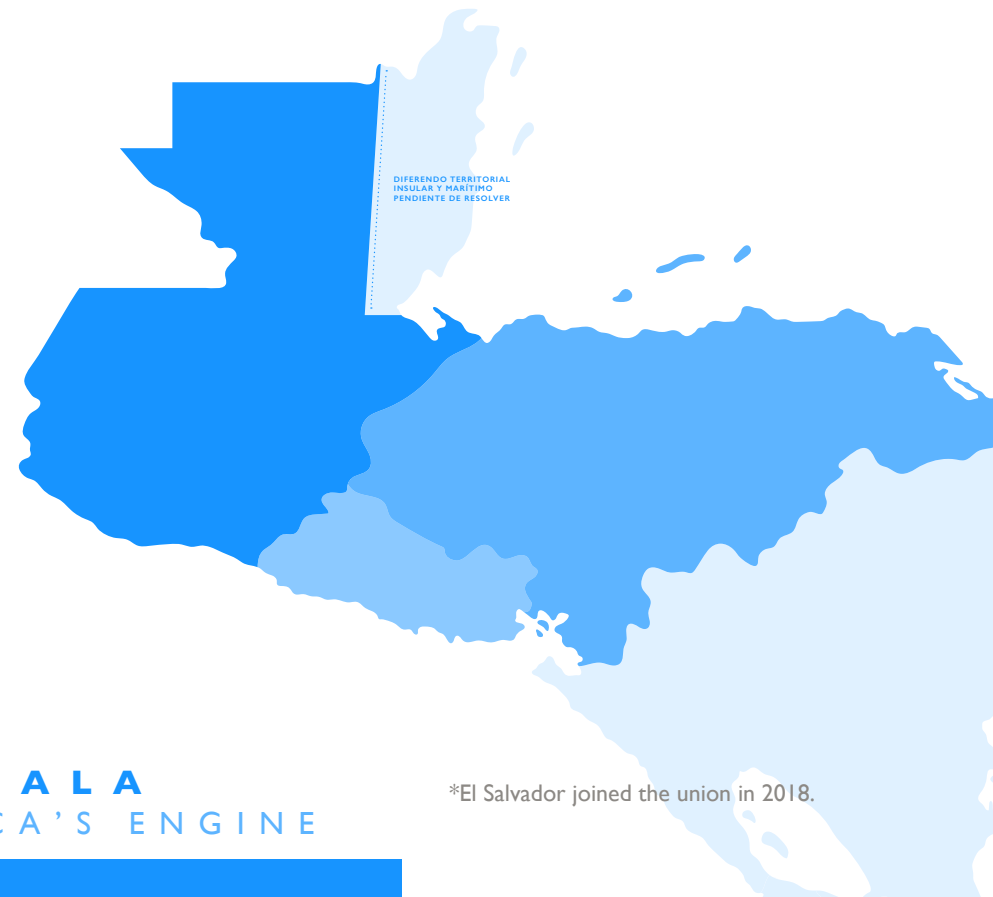
ACCESS TO MAIN MARKETS

- **Gateway to the largest Hispanic American market,** Mexico, US\$ 1,223.8 billion GDP.
- **Closeness and Free Trade Agreement with the United States,** the largest market in the world, US\$ 20,494.100 billion GDP.
- **Preferential access to the Central American market** of US\$ 266 billion
- **Access to the European market** through the European Union Central American Association Agreement (EU-CAAA)



CUSTOMS UNION BETWEEN GUATEMALA, HONDURAS Y EL SALVADOR*

- ✓ The customs union between Guatemala, Honduras and El Salvador represents **75% of the region's population** (33 million out of 44 million Central Americans) and **48.5% of the regional GDP**.
- **More than 77% of products are now in free circulation** and 98% of tariffs are harmonised.
- Commercial exchange of more than **US\$ 4.46 billion in 2018**.
- The implementation of the Central American Single Invoice and Declaration (FYDUCA in Spanish) **reduced the process time from 11 hours to 5 minutes**.
- **Reduction of transit time** from 55 to 6 hours.
- **Trade grew 8.1%** in the last semester since the customs union entered into force.
- **Taxes are paid** in 6 hours in average.



GUATEMALA
CENTRAL AMERICA'S ENGINE

*El Salvador joined the union in 2018.



GUATEMALA IN THE REGION



GLOBAL COMPETITIVENESS INDEX 2019

- ✓ 1st place in Latin America in **entrepreneurial culture** and **attitudes towards entrepreneurial risk**
- ✓ 2nd place in Latin America in **soundness of banks and domestic competition**
- ✓ 5th place in Latin America in **electricity supply quality and competition in professional services**



2020 DOING BUSINESS RANKING:

Guatemala was one of the five Latin American countries that improved in the 2020 Doing Business Report:

- ✓ **Dealing with Construction Permits Indicator**
- ✓ **Protecting Minority Investors Indicator**
- ✓ **Trading Across Borders Indicator**

This due to recurring efforts in e-Government, among other reasons.



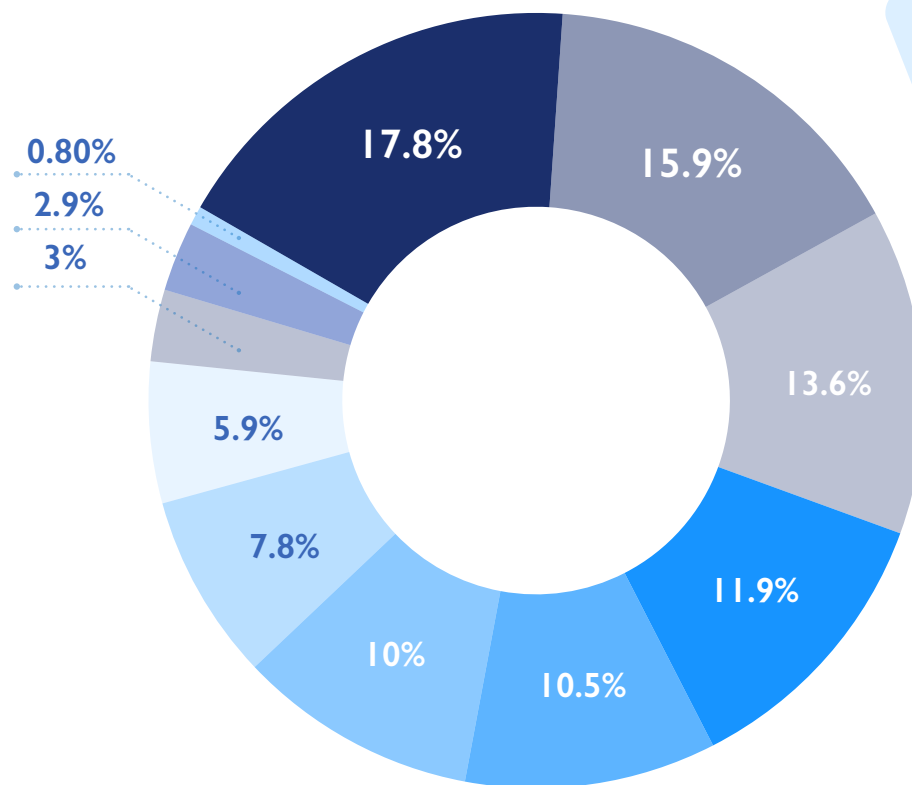
IN THE 2019 DOING BUSINESS RANKING, GUATEMALA IMPROVED 50 POSITIONS.



1st place in Latin America and the Caribbean in **starting a business**.



GROSS DOMESTIC PRODUCT



**2013 - 2018
AVERAGE**

- Manufacturing industries
- Private services
- Agriculture, livestock, hunting, forestry and fishing
- Wholesale and retail trade
- Transportation, storage and communications
- Rental housing
- Public administration and defense
- Financial intermediation, insurance and auxiliary activities
- Electricity supply and water collection
- Construction
- Mining and quarrying

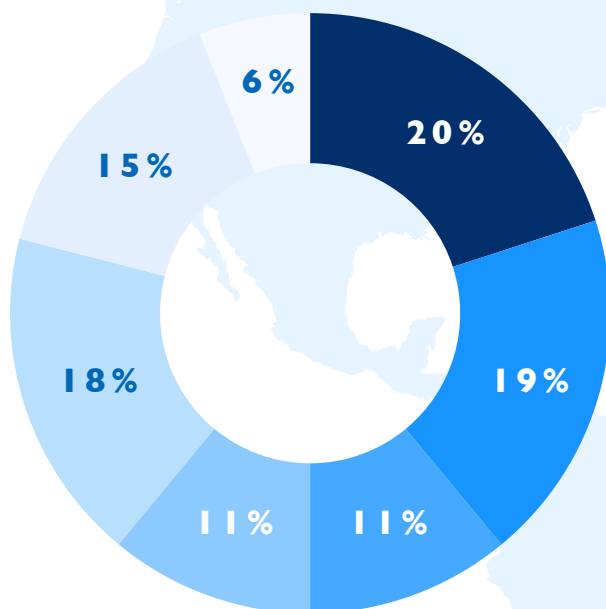
GUATEMALA
CENTRAL AMERICA'S ENGINE



FOREIGN DIRECT INVESTMENT

Accumulated FDI

Based on economic activity from 2007 to June, 2019



- Trade
- Manufacturing industry
- Banks and insurers
- Telecommunications
- Electricity
- Agriculture, oil, mining and quarrying
- Other activities

Central America
and Dominican Republic

7%

Spain

5%

9%
Canada

4%

United Kingdom

20%

Other countries (i.e.
Luxembourg, Germany,
Switzerland, Israel,
Chinese Taipei)

Russia 4%

South Korea 3%

11%
Mexico

11%
Colombia

26%
United States
of America

Accumulated FDI
based on country of origin from 2007 to June, 2019

ACCUMULATED FDI US\$ 12.97 BILLION (2007 - JUNE 2019)

GUATEMALA
CENTRAL AMERICA'S ENGINE

Source: Banguat



TRADE AND INVESTMENT AGREEMENTS

● TRADE AGREEMENTS

• **PSA – Partial scope agreement**

Belize
Cuba
Ecuador
Venezuela

• **FTA – Free trade agreement**

Chile
Chinese Taipei
Colombia
Dominican Republic
United States of America
United Kingdom
Mexico
Panama
Central American
Economic Integration

• **Association Agreement**

European Union

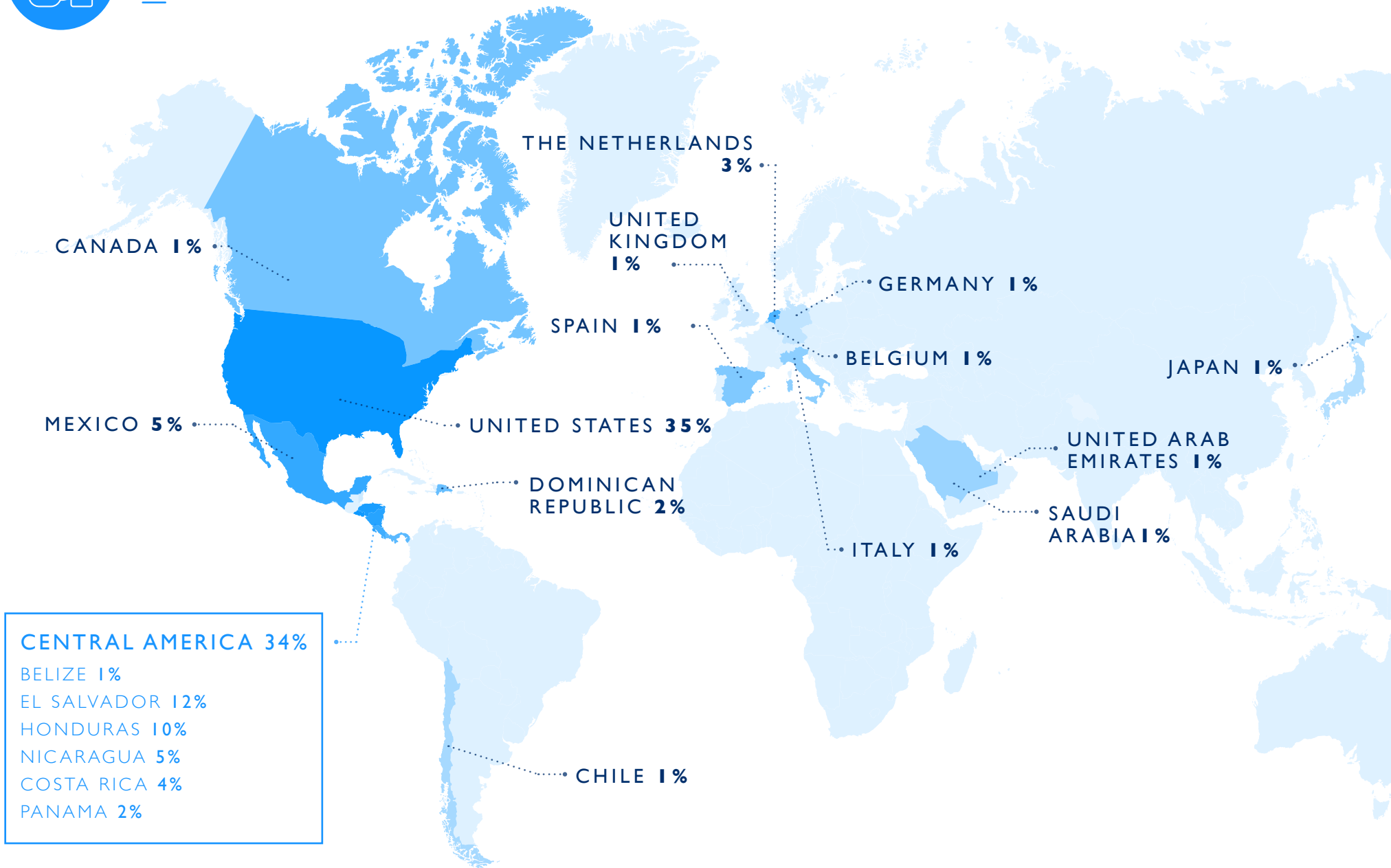
● BILATERAL INVESTMENT TREATIES

Argentina, Austria, Belgium-Luxembourg Economic Union, Chile, Cuba, Czech Republic, Finland, France, Germany, Israel, Italy, The Netherlands, Republic of Korea, Spain, Switzerland, Chinese Taipei, Trinidad and Tobago, Turkey, Sweden.

GUATEMALA
CENTRAL AMERICA'S ENGINE



EXPORTS



GUATEMALA
CENTRAL AMERICA'S ENGINE



EXPORTS 2018



US\$ 10.97 BILLION

WE EXPORT 4,000 + PRODUCTS TO 148 MARKETS

2ND PLACE

Papayas (18.4%)

Watermelon (12.9%)

To the US
and 5th place worldwide:



1ST PLACE

Worldwide:
Cardamom
Snow peas

To the US:

Bananas (38%)
Plantain (33.9%)
Melons (50.6%)

3RD MAIN EXPORTER of coffee

in Latin America
and 8th place in the world



4TH PLACE

Sugar to the US
and 5th to the world



OTHER EMERGENING PRODUCTS

Which have experienced export growth in the last 5 years:

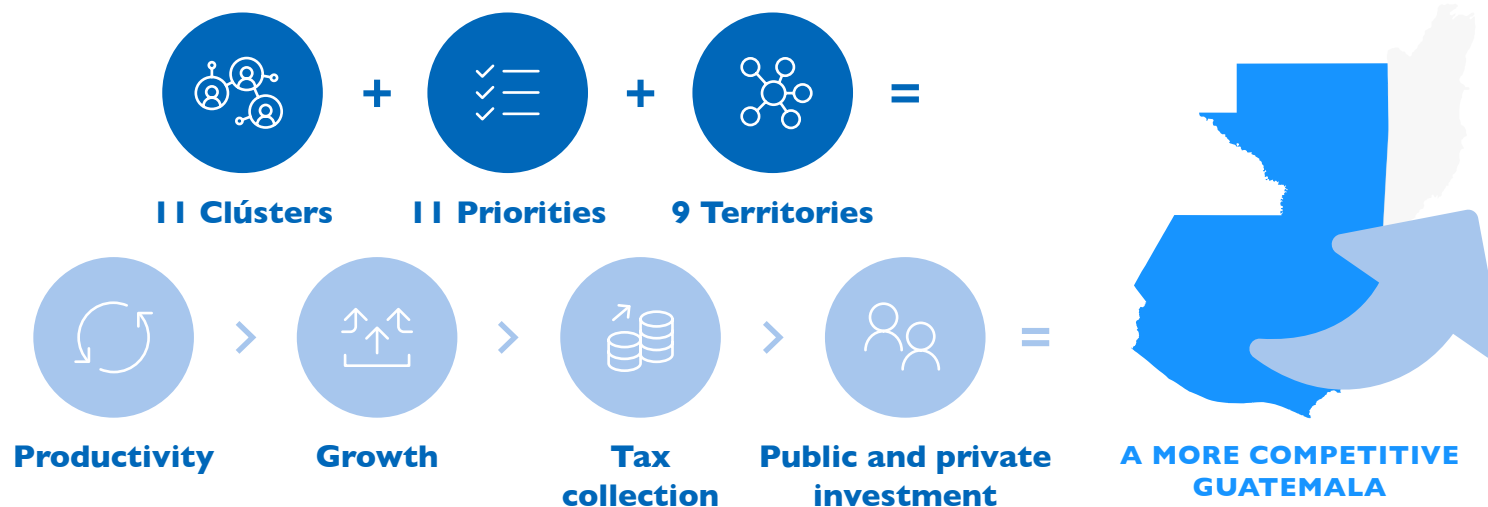
Textiles: cotton and synthetic fiber shirts, pullovers, pants

Corrugated paper or cardboard products · Electricity · Bakery, pastry and cookie products

Non-alcoholic drinks · Almond and palm oils · Shrimp · Rum and brandy.

GUATEMALA
CENTRAL AMERICA'S ENGINE

NATIONAL COMPETITIVENESS POLICY 2018-2032



STRATEGIC PRIORITIES



HORIZONTAL AGENDA:

Country level strategic imperatives



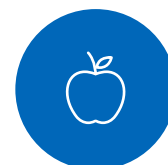
Corruption



Security



Rule of Law



Erradicate chronic malnutrition



Education Quality



VERTICAL AGENDA:

Sectorial limitations at the local level



Reduce bureaucracy costs



Improve infrastructure and multimodal logistics



Sustainability of energy supply



Enhance R&D and innovation



Promote an entrepreneurial ecosystem



Attract foreign direct investment

GUATEMALA
CENTRAL AMERICA'S ENGINE

PRIORITISED CLUSTERS



11 CLUSTERS



Forestry



Fruits and vegetables



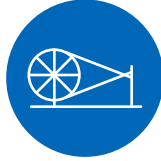
Textile, apparel and footwear



Processed foods



Beverages



Light manufacturing



Metalworking



Tourism and wellbeing services



Transport and logistics



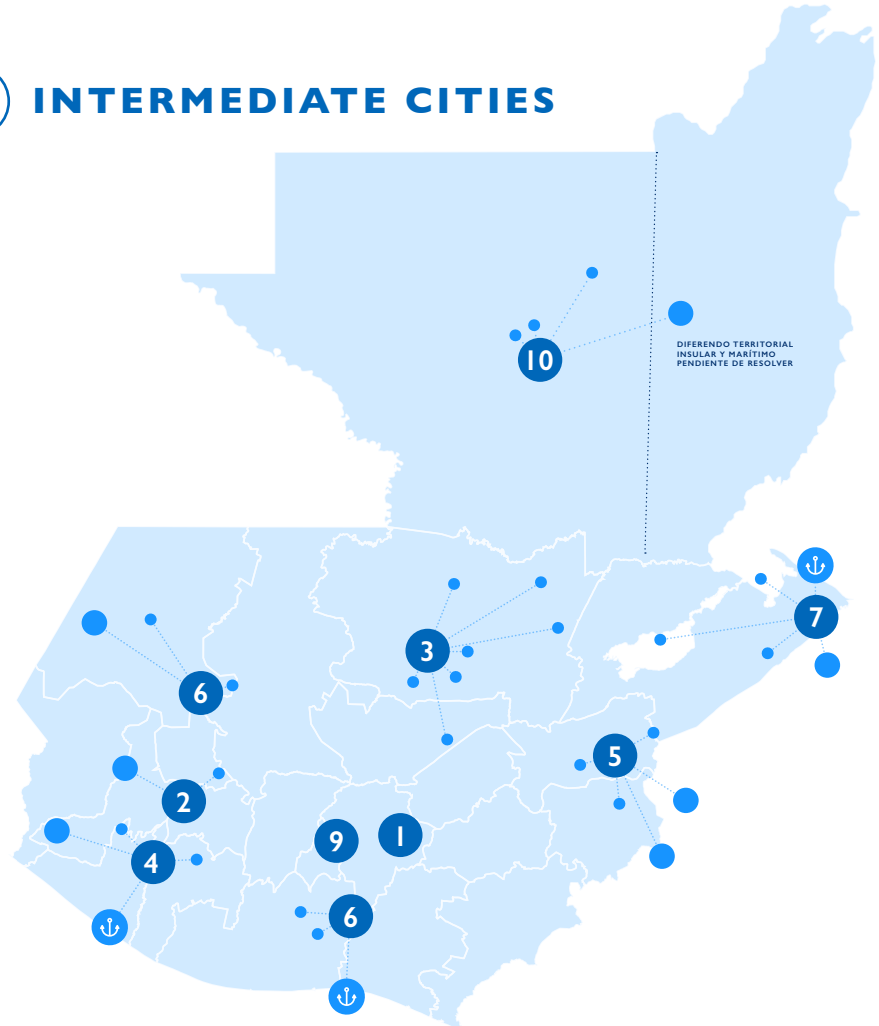
ICT, software and contact centres



Construction industry



INTERMEDIATE CITIES



1 Metropolitan area

2 Los Altos City

3 Las Verapaces City

4 Guatemala City

5 East City

6 Northwest City

7 Puerto Barrios Port City

8 San José Port City

9 Panchoy Touristic City

10 Peten Touristic City

GUATEMALA
CENTRAL AMERICA'S ENGINE



LEGAL FRAMEWORK FOR INVESTMENT



DECREE 9-98

**Foreign
Investment Act**



DECREE 94-200

**Free currency
negotiation**



DECREE 65-89

**Free Economic
Zones**



DECREE 22-73

**Santo Tomas de Cas-
tilla's Free Trade and
Industry Zone Act**



DECREE 16-2010

**Economic Infrastructure
Development Alliances
Act**



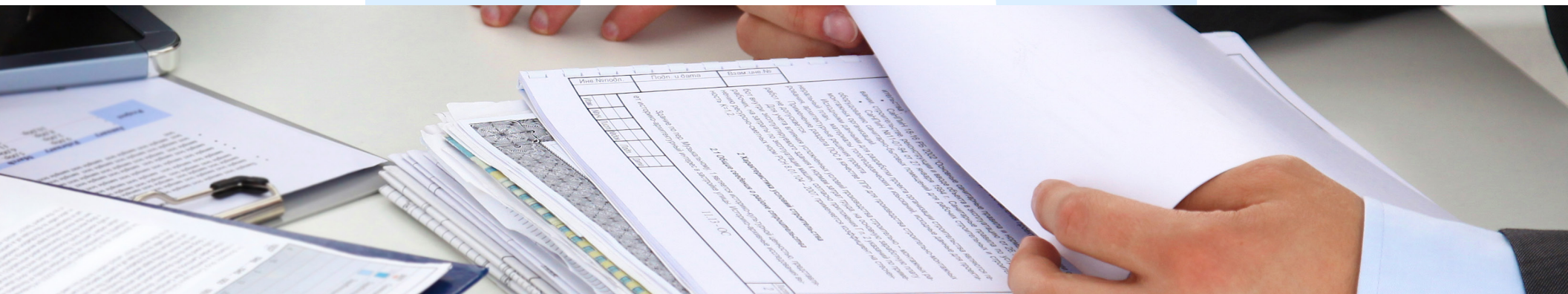
DECREE 52-2003

**Renewable
Energy Projects
Development Act**



DECREE 29-89

**Export
Promotion Act**



GUATEMALA
CENTRAL AMERICA'S ENGINE



HOW TO START A BUSINESS IN GUATEMALA?

CORPORATE STRUCTURES:

- ✓ **Limited Liability Company**
the most popular in Guatemala
- ✓ **Foreign Company**
Parent company branch
- ✓ **Acquisition of an existing company**
Buying stocks

PROCESS:

- 1 Obtain the legal documents.
- 2 Open a bank account.
- 3 Register in one-stop shop **minegocio.gt** website:
 - Registro Mercantil
 - Superintendencia de Administración Tributaria (SAT)
 - Instituto Guatemalteco de Seguridad Social (IGSS)
 - Ministerio de Trabajo y Previsión Social (MINTRAB)

Based on the type of structure and authorised capital, the procedure could last 9 to 21 days with variable costs between \$ 475 to USD\$ 655.

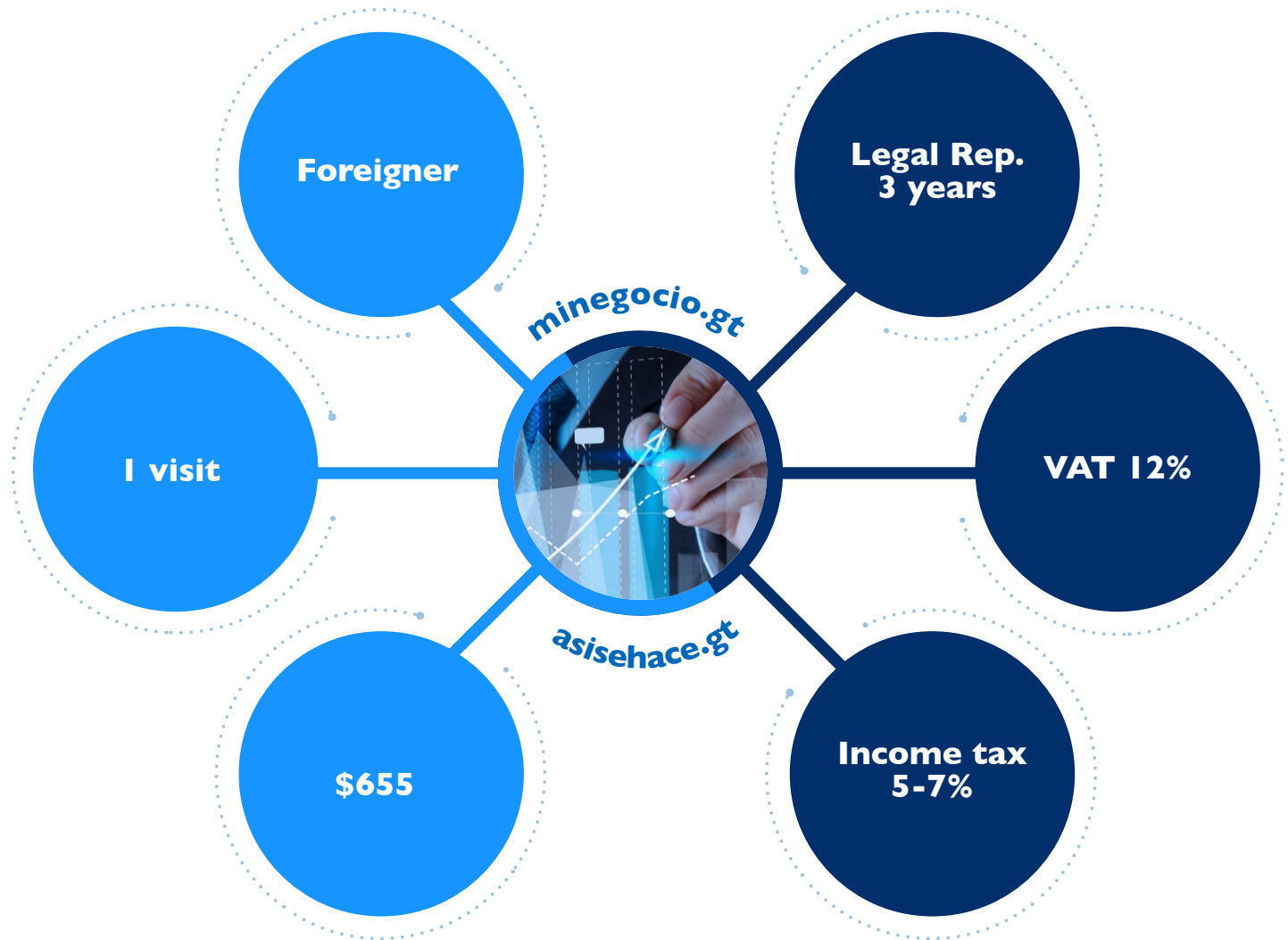
 For more information:



GUATEMALA
CENTRAL AMERICA'S ENGINE



REGISTERING A COMPANY



GUATEMALA
CENTRAL AMERICA'S ENGINE



Guatemala City is the winner Major City – Best for Cost Effectiveness on the fDi American Cities of the Future ranking for 2019/20 according to fDi Intelligence, Financial Times

GUATEMALA
CENTRAL AMERICA'S ENGINE

GUATEMALA

CENTRAL AMERICA'S ENGINE

A place to invest



CREATIVE COMMONS



RECONOCIMIENTO:

En cualquier uso de la información autorizada por la licencia hará falta reconocer la autoría.



NO COMERCIAL:

El uso de la información queda limitada a usos no comerciales.



SIN OBRAS DERIVADAS:

La autorización para usar la información no incluye la transformación para crear obra derivada.



COMPARTIR IGUAL:

El uso autorizado incluye la creación de obras derivadas siempre que mantenga la misma licencia al ser divulgado.



Para más información.



**GOBIERNO de
GUATEMALA**
DR. ALEJANDRO GIAMMATTEI

MINISTERIO
DE ECONOMÍA

PRONACOM
PROGRAMA NACIONAL DE COMPETITIVIDAD DE GUATEMALA



Pronacom

investinguate@pronacom.org

T. (+502) 2421-2464

www.pronacom.org

Programa Nacional
de Competitividad