

# GUATEMALA

YOUR NEARSHORE DESTINATION

*A place to invest*

# GUATEMALA

**Capital:**

Guatemala City

**Area:**

108,889 km<sup>2</sup>

**Official language:**

Spanish, 22 Mayan languages,  
1 Garifuna and 1 Xinca

**Form of government:**

Democratic republic

**Head of State:**

President

**Time zone:**

UTC-6

**Currency:**

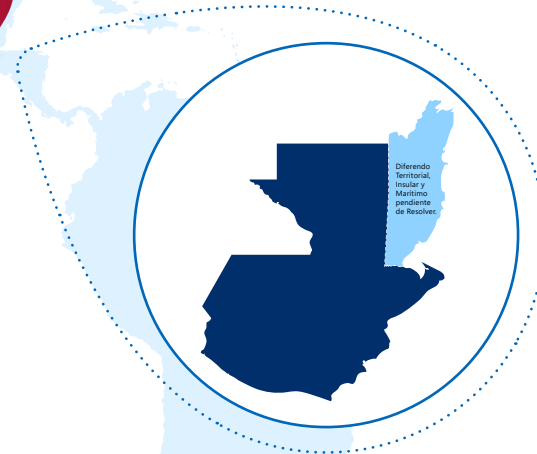
Quetzal (Q)

**Population 2018:**

16,346,950

**Economically active**

population (EAP) 2018: 5,110,010  
(Central America's largest EAP)



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## AT COUNTRY LEVEL:

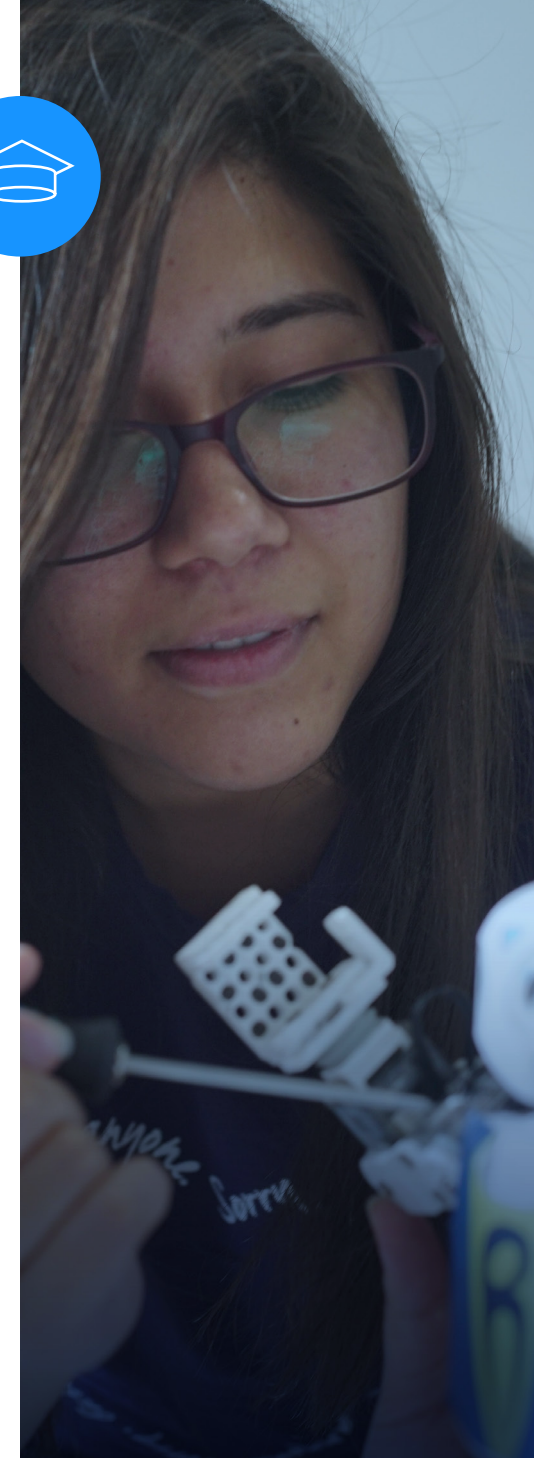
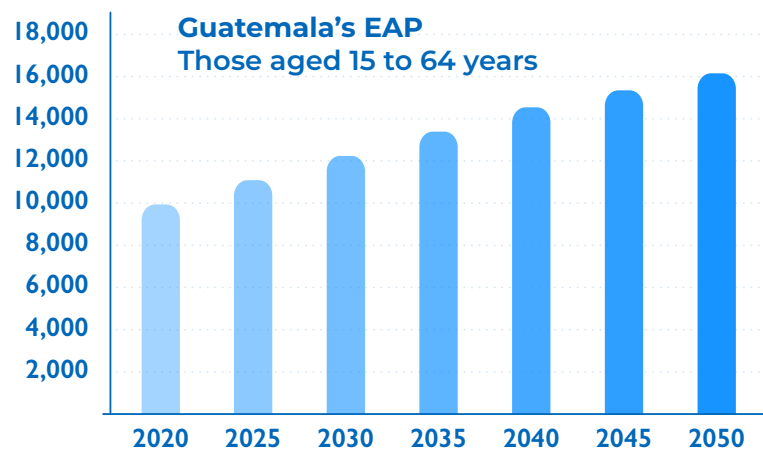
## HUMAN TALENT



- **9,091,281** - Working age population (WAP)
- **5,110,010** - Economically active population (EAP)
- **28% of the population in the working age between 15 -24 years**  
And 72% is 25 years or older

## 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:
- **1<sup>st</sup> place on average annual salary** for an unskilled worker (\$)
- **4<sup>th</sup> place on average annual salary** for a semi-skilled and skilled worker (\$)





## MACROECONOMIC INFORMATION

### Economic Growth 2018/2019:

3.8% interannual

### GDP 2019<sup>1</sup>:

US\$ 77.3 billion

### GDP per capita 2018:

US\$ 4,534.8

### Foreign direct investment 2019:

US\$ 998.2 million

### Remittances 2019:

US\$ 10.59 billion

### Exports 2019:

US\$ 11.17 billion

### Imports 2019:

US\$ 19.88 billion

### Tax revenue 2019:

US\$ 8.69 billion

### Foreign exchange reserves 2019:

US\$ 14.78 billion

### Exchange rate average 2019:

Q 7.65 = US\$ 1

<sup>1</sup>Millions of quetzales in chained volume measurements with reference year 2013.

## ESTIMATED ECONOMIC PARTICIPATION AT REGIONAL LEVEL



**GUATEMALA**  
**38.9%**



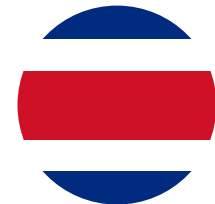
**EL SALVADOR**  
**12.9%**



**HONDURAS**  
**11.8%**



**NICARAGUA**  
**6.5%**



**COSTA RICA**  
**29.9%**

**4 OUT OF 10 PRODUCTS ARE MADE IN GUATEMALA**

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# 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\$77.3 billion, **the biggest economy in Central America.**
- **Solid financial system**, US\$47.71 billion of total assets.
- **Moderate and stable inflation rate**, 4% average in the last 12 years.
- **US\$14.78 billion 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 (2019) Fitch Ratings (BB stable), Moody´s (Ba1stable), Standard & Poor´s (BB stable), OCDE (4)
- **24.8%** the lowest sovereign debt of the GDP in Central America.
- US\$ 69.59 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.

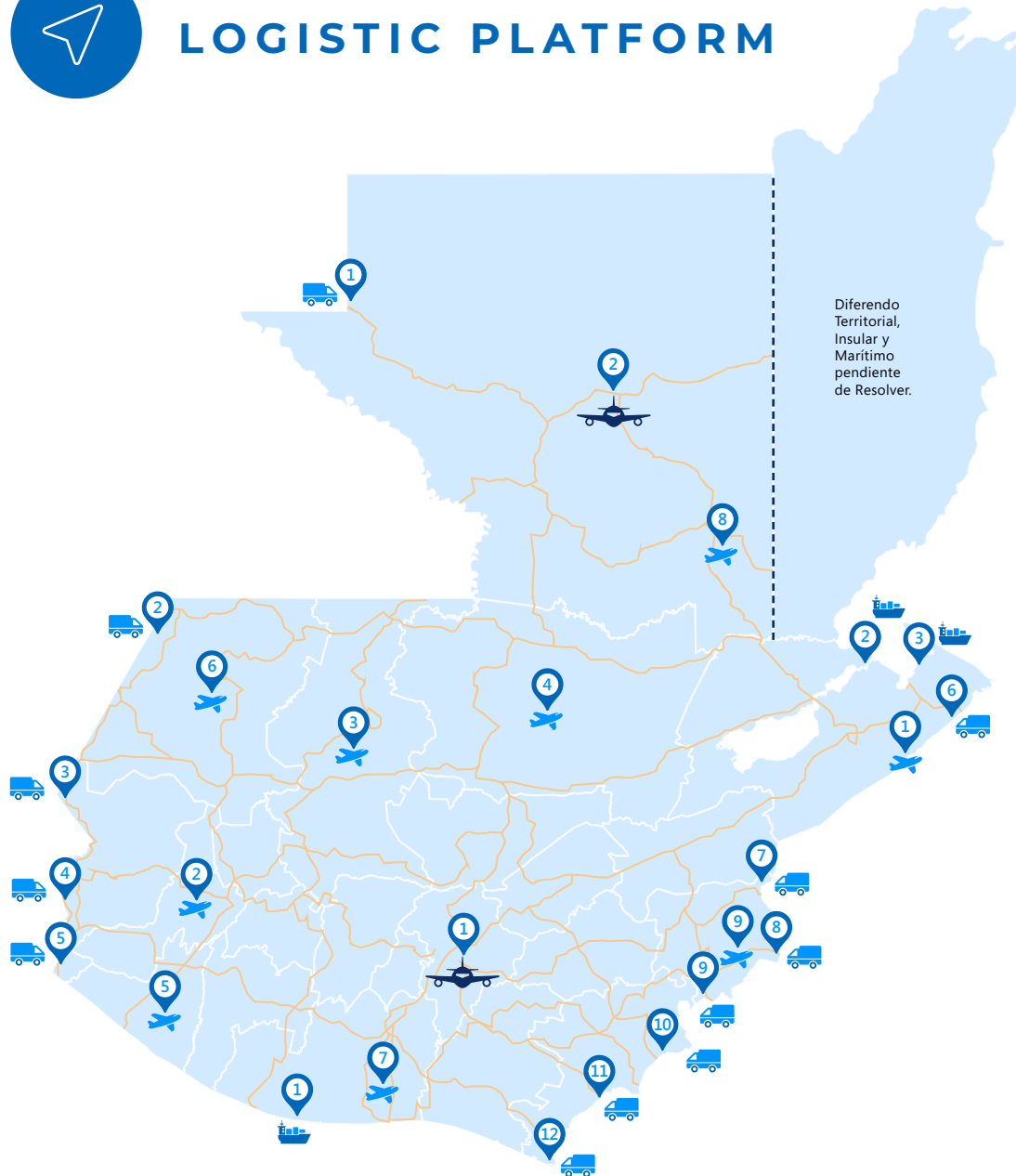


**Central America's largest installed capacity for energy production** 4,073.8 MW-YR, above Costa Rica (3,529.9 MW-YR) and Panama (3,336.1 MW-YR). **Guatemala has the most competitive price of energy** US\$55.20 / MWh (average of the last three years).

# WHY GUATEMALA?



## LOGISTIC PLATFORM



### International airports

1. La Aurora en Ciudad de Guatemala
2. Mundo Maya en Petén



### Local aerodromes

- |                   |                       |
|-------------------|-----------------------|
| 1. Puerto Barrios | 6. Huehuetenango      |
| 2. Quetzaltenango | 7. Puerto de San José |
| 3. Quiché         | 8. Poptún             |
| 4. Cobán          | 9. Esquipulas         |
| 5. Retalhuleu     |                       |



### Land Customs

- |                  |                       |
|------------------|-----------------------|
| 1. El Ceibo      | 7. Agua Caliente      |
| 2. La Mesilla    | 8. El Florido         |
| 3. El Carmen     | 9. La Ermita          |
| 4. Tecún Umán II | 10. San Cristóbal     |
| 5. Tecún Umán I  | 11. Valle Nuevo       |
| 6. Corinto       | 12. Pedro de Alvarado |



### Ports

1. Puerto Quetzal
2. Puerto Santo Tomás de Castilla
3. Puerto Barrios



### Main Road Network

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## WHY GUATEMALA?



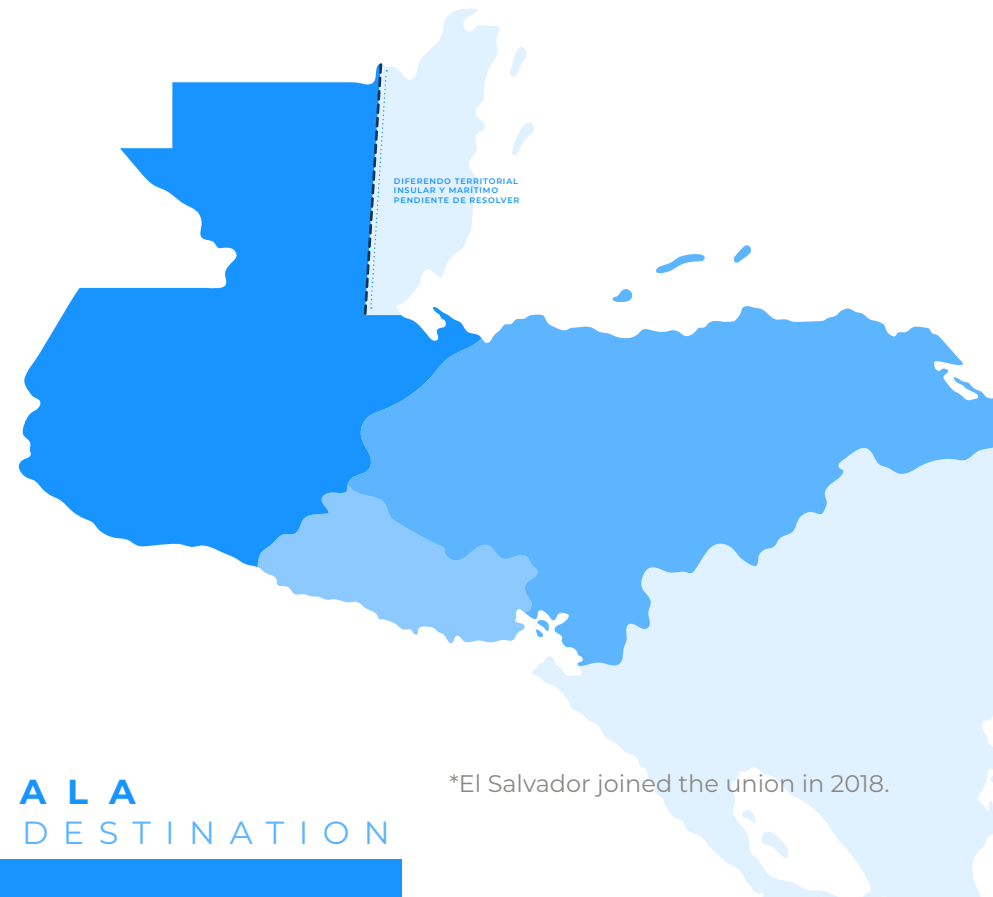
### ACCESS TO MAIN MARKETS

- **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\$ 3.89 billion in 2019**.
- 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 10.6%** in the last semester with respect to trade in 2019.
- **Taxes are paid** in 6 hours in average.



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\*El Salvador joined the union in 2018.



## GUATEMALA IN THE REGION



### GLOBAL COMPETITIVENESS INDEX 2019

- ✓ 1<sup>st</sup> place in Latin America in **entrepreneurial culture** and **attitudes towards entrepreneurial risk**
- ✓ 2<sup>nd</sup> place in Latin America in **soundness of banks and domestic competition**
- ✓ 5<sup>th</sup> 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.

- ✓ 1<sup>st</sup> place in Latin America and the Caribbean in **starting a business**.

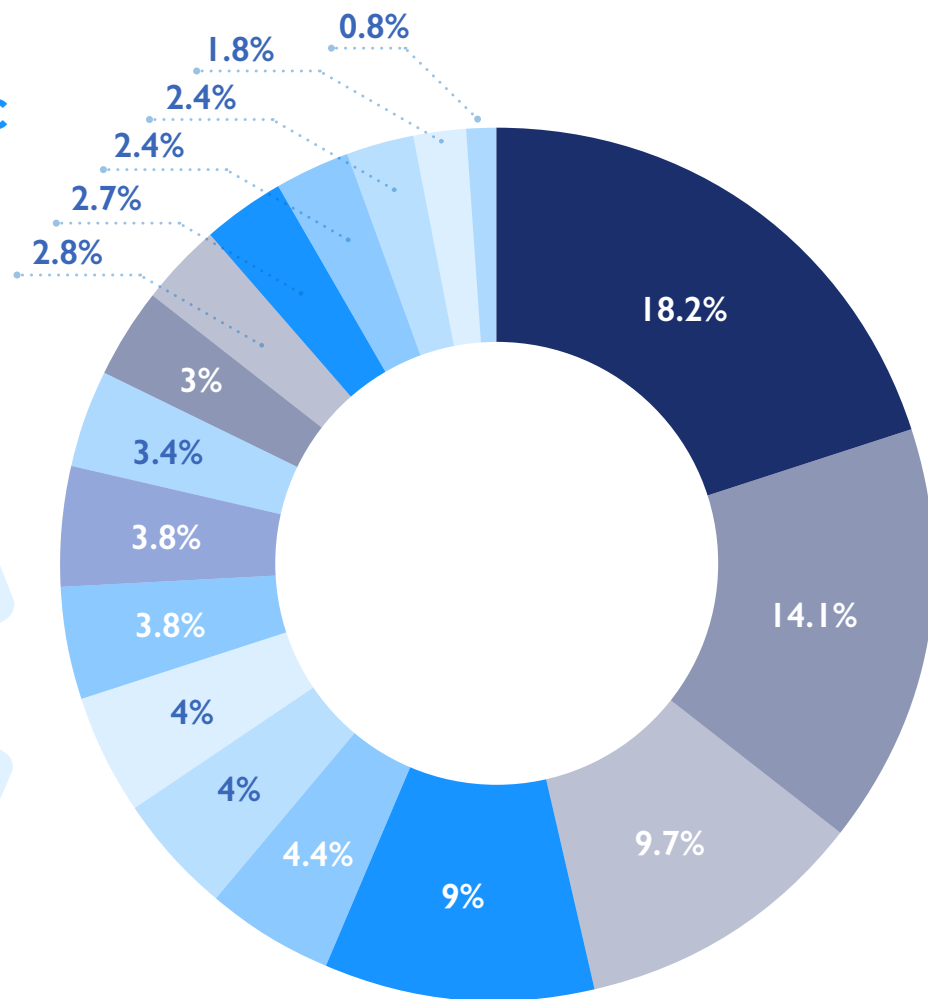


## GROSS DOMESTIC PRODUCT

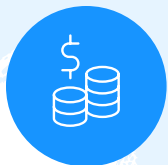
2013 - 2019  
AVERAGE

- Trade and repair of vehicles
- Manufacturing industries
- Farming
- Real estate activities
- Building
- Public administration and defense
- Other service activities
- Financial and insurance activities

- Teaching
- Administrative services activities
- Accommodation and food service activities
- Electricity and water supply
- Transport and storage
- Professional, scientific and technical activities
- Human health care activities
- Information and Communications
- Mining and quarrying

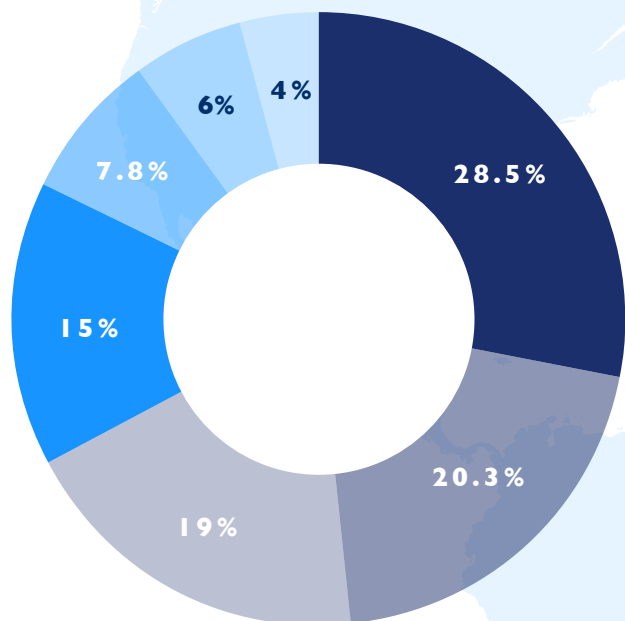


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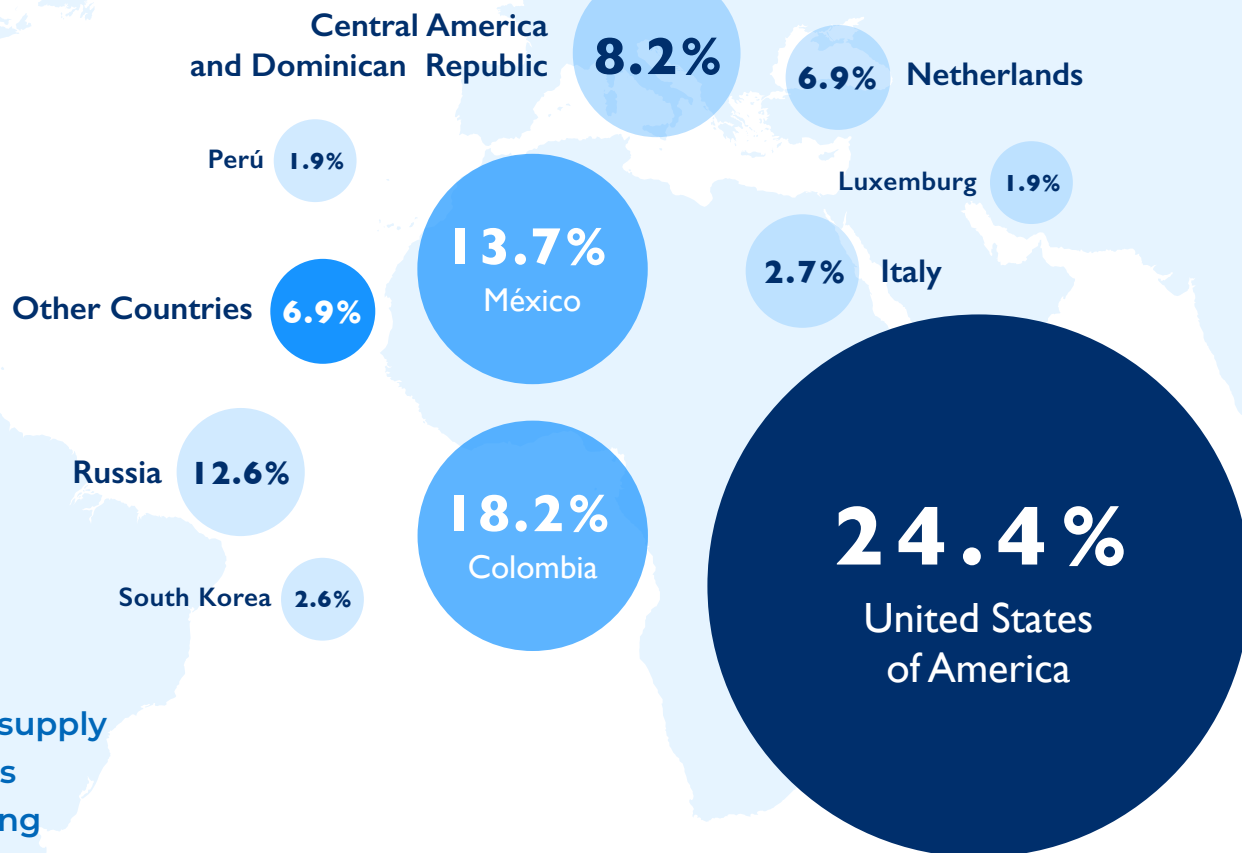


## FOREIGN DIRECT INVESTMENT

### Accumulated FDI TO 2019



- Manufacturing industries
- Commerce
- Electricity, water and sanitation supply
- Financial and insurance activities
- Agriculture, mining and quarrying
- Other activities
- Information and communications



ACCUMULATED FDI US\$ 13.59 BILLION (2007 - DECEMBER 2019)



## 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

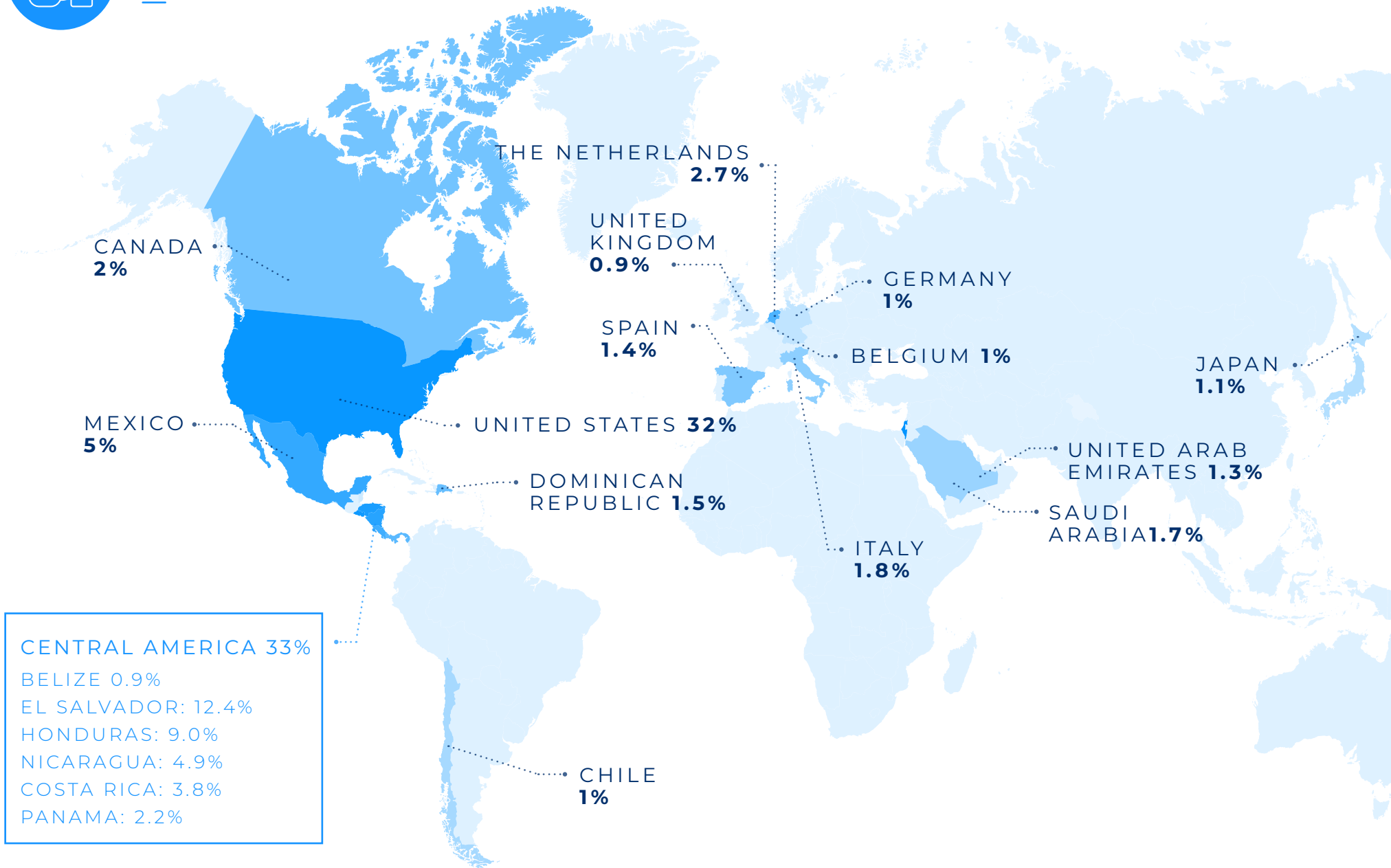
### ● BILATERAL INVESTMENT TREATIES

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.

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## EXPORTS



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## EXPORTS 2019



U S \$ 11.17 B I L L I O N

**WE EXPORT 4,000 + PRODUCTS TO 148 MARKETS**

### 2<sup>ND</sup> PLACE

**Papayas** (18.4%)

**Watermelon** (12.9%)

To the US  
and 5<sup>th</sup> place worldwide:



### 1<sup>ST</sup> PLACE

Worldwide:

**Cardamom**

**Snow peas**

To the US:

**Bananas** (38%)

**Plantain** (33.9%)

**Melons** (50.6%)

### 3<sup>RD</sup> MAIN EXPORTER of coffee

in Latin America  
and 8<sup>th</sup> place in the world



### 4<sup>TH</sup> PLACE

**Sugar** to the US  
and 5<sup>th</sup> to the world



### OTHER EMERGENING PRODUCTS

Which have experienced export growth in the last 5 years:

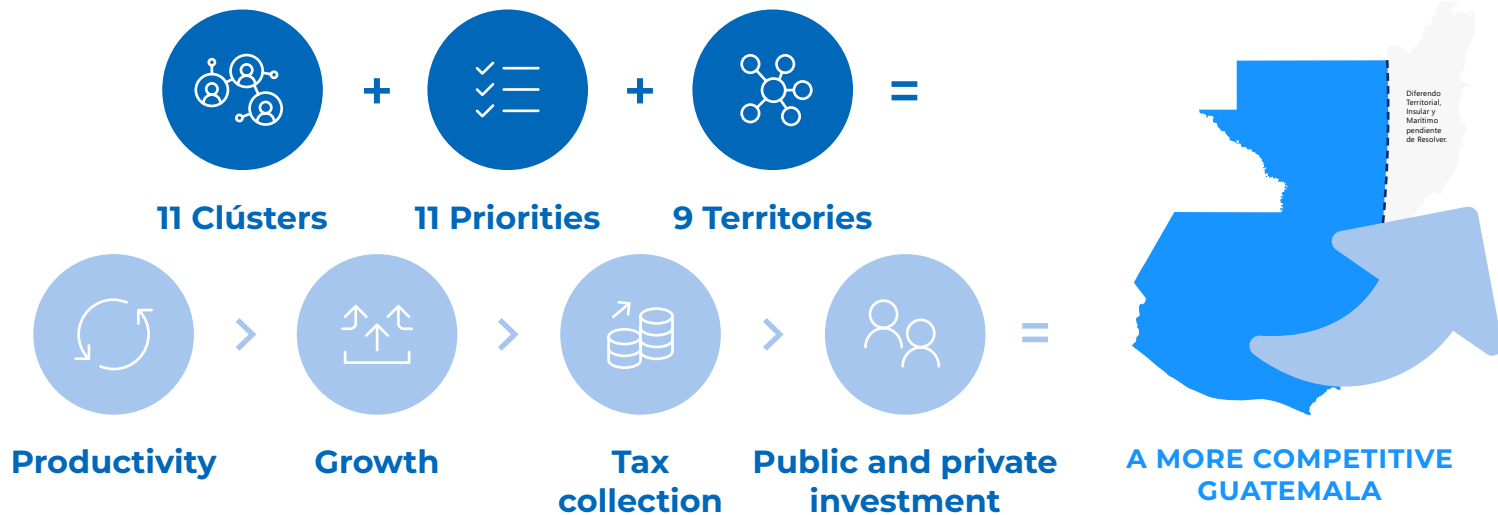
Textiles: cotton and synthetic fiber shirts, pullovers, pants

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

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

**G U A T E M A L A**  
Y O U R N E A R S H O R E D E S T I N A T I O N

# NATIONAL COMPETITIVENESS POLICY 2018-2032

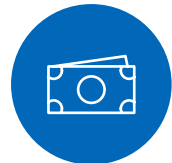


## STRATEGIC PRIORITIES



### HORIZONTAL AGENDA:

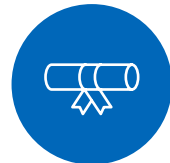
Country level strategic imperatives



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

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# PRIORITISED CLUSTERS



## 11 CLUSTERS



Forestry



Fruits and vegetables



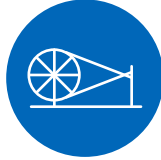
Textile, apparel and footwear



Processed foods



Beverages



Light manufacturing



Metalworking



Tourism and wellbeing services



Transport and logistics



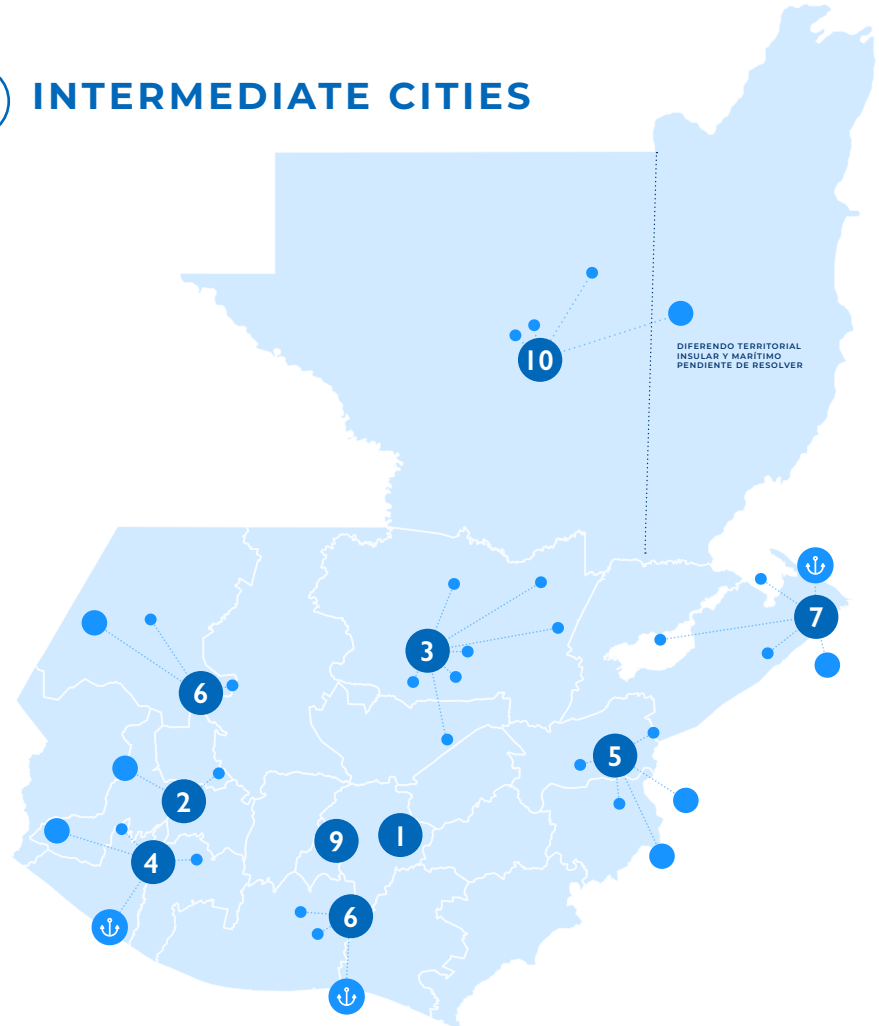
ICT, software and contact centres



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



## 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**



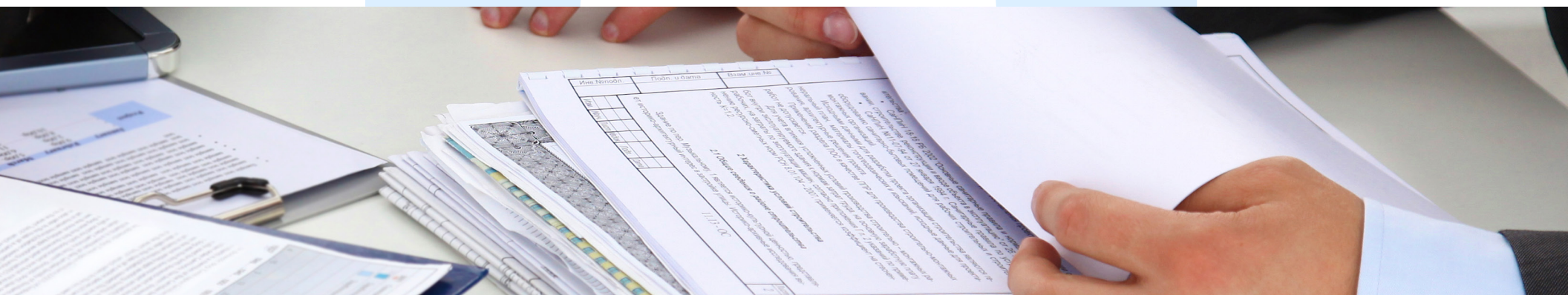
**DECREE 52-2003**

**Renewable  
Energy Projects  
Development Act**



**DECREE 29-89**

**Export  
Promotion Act**



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# 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)

 For more information:

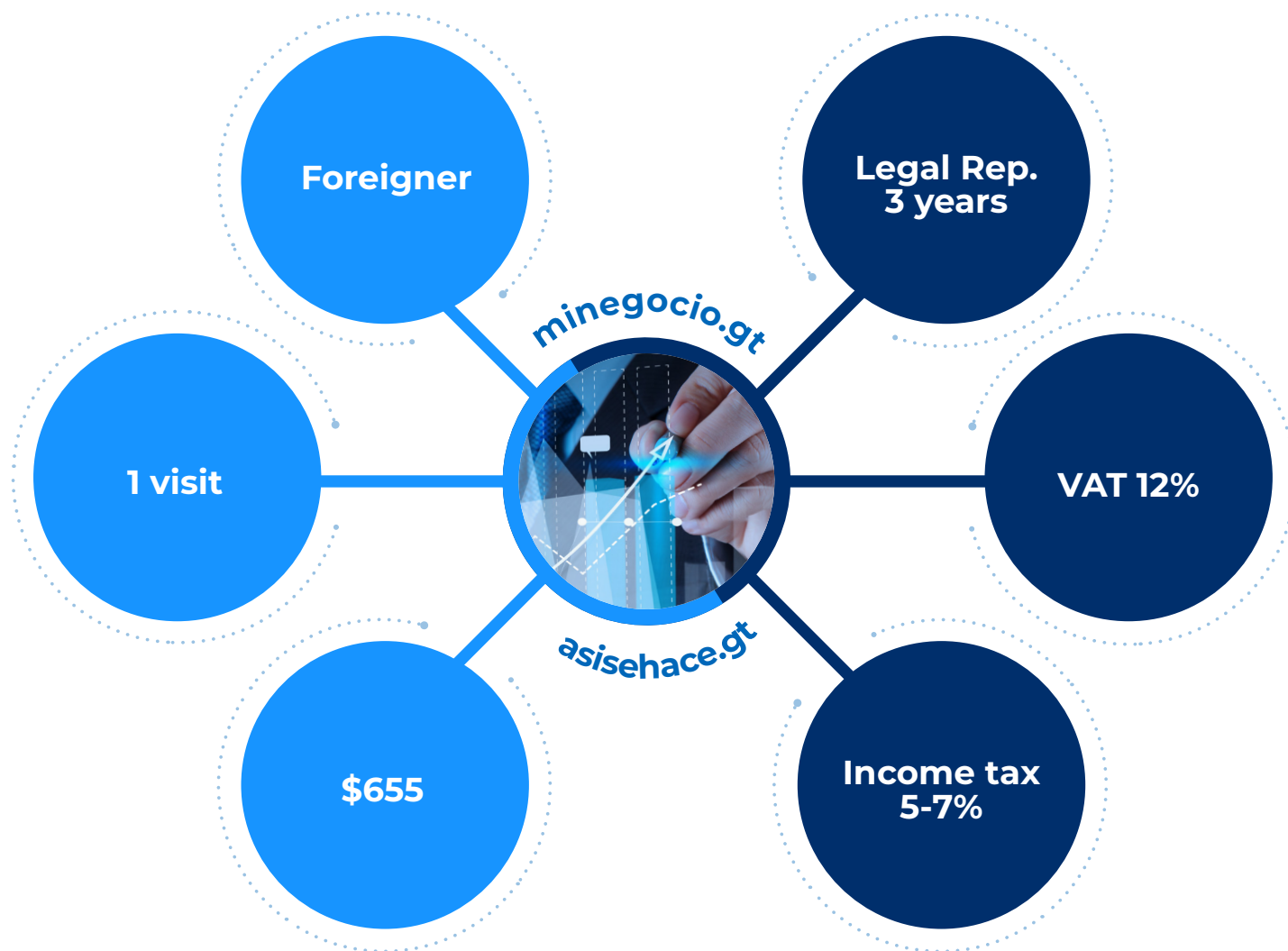


Based on the type of structure and authorised capital, the procedure could last 9 to 21 days with variable costs between \$ 475 to USD\$ 655.

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## REGISTERING A COMPANY



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**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

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CREATIVE COMMONS



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PROGRAMA NACIONAL DE COMPETITIVIDAD DE GUATEMALA

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