



SUCCESS Stories :



About the company: Peruvian multi-national company is present in several Latin American countries and operating in the domestic market since 2005.

Plant location: Amatitlán, Guatemala.

No. of employees: 600 direct and 1000 indirect.

Main brands: BIG Cola, Néctares Pulp, Agua Cielo, Refrescos Cifrut, Energizantes Volt, Hidratante Deporade, Té Frío Cool Tea, and the new Bio Aloe Vera.

About the company: The largest brewery in the world. Established in Guatemala since 2003 in a strategic alliance with its commercial partner, CBC.

Employees: 5,000

Plant location: Teculután, Zacapa.

Main brands: Stella Artois, Corona Extra, Budweiser, Modelo especial, among others.

About the company: Food and beverage company established in 1885, with annual sales topping USD\$ 65 million for over 70 years. The oldest US PepsiCo bottling plant.

Main brands: Pepsi, Gatorade, 7up, Lipton, Frito Lay, and Quaker.

FOOD AND BEVERAGES



Ministerio de Relaciones Exteriores



Ministerio de Economía

PRONACOM
PROGRAMA NACIONAL DE COMPETITIVIDAD DE GUATEMALA



Importance of **the sector in Guatemala:**

16.4% of the GDP

and 405,942 jobs generated in 2019.

USD\$ 12.3 billion

is the market size of the food and beverage sector in Guatemala.

USD\$ 11.3 billion

production in all the food and beverage sectors, as of 2019.

5.5%

of the total jobs in the economy belong to this sector.

USD\$ 2.38 billion

paid as salaries in 2019, representing 5.5% of the total paid that year in the whole economy.

Source: Guatemala's Central Bank for the data on production, jobs, and salaries paid, from documents on the job matrix and the production account. Market size data from Euromonitor, in its reports on Soft Drinks, Packaged Food and Alcoholic Drinks.



Foreign trade:

The market size of the food and beverage sector in Guatemala is USD\$12.3 billion. An average of 15% of the country's exports are from this sector, and in 2020, they reached an amount of USD\$1.7 billion. Imports for that year totaled USD\$2.7 billion. Commercial exchange reached nearly USD\$4.4 billion in 2020, equivalent to 14% of the total trade of the country.



Source: The following chapters were used for foreign trade: 02,03,04,10,16,19 to 23, which mostly reflect the food and beverage sector.



Trade Agreements in Force:

[SEE FULL AGREEMENTS](#)

Guatemala is a signatory to various trade agreements that allow it to have preferential access to the following markets.





Operating **Costs:**



Main Operating Costs:

Ingredients for production:

- Sugar and glucose - **USD\$ 11.45 cents per pound**
- Secondary containers and packages
- Labels (flexible)
- Milk and derivatives
- Flavors and concentrates

Administrative costs:

- Business startup costs **USD\$655**
- Average sector salary **USD\$604.45**

*The cost varies if the product is for export or local market.



Electricity and Gas

Guatemala has the **most competitive electricity costs for businesses in the region**. The cost per kw/h is between USD\$ 0.10 for industrial users and USD\$ 0.16 for commercial users. Users with power demands above 100 kw can register as large users and negotiate their electricity contracts.

Source: Global Petrol Prices, 2020



Water

In the municipality of Guatemala¹, if the service is provided by the municipal government:

- The cost of purchasing the right to water service ranges from: **USD\$ 779.22 to USD\$ 6493.50**
- The fee for private water consumption varies, depending on the range of consumption: from 1 to 20 m³, a fixed rate of **USD\$ 2.08 plus USD\$ 0.29 per m³ used**. For 121 m³ and up, a fixed rate of **USD\$ 2.08 plus USD\$ 1.45 per m³ used**.

*The cost of municipal potable-water services is set by each local government and it varies in each municipality.

1. According to the Municipal Council Agreement, Municipality of Guatemala No. COM-036-03 and its amendments COM-002-06 and COM-017-07.



Alquiler

- Bodega por m², renta USD\$ 3.50-USD\$ 6.00 rango de costo mensual en el Municipio de Guatemala y sus alrededores (Villa Nueva, Amatitlán, Mixco).
- Parque Industrial por m²; renta USD\$ 3.50-USD\$ 6.00 rango de costo mensual en el Municipio de Guatemala y sus alrededores (Villa Nueva, Amatitlán, Mixco).
- Zona Económica Especial Pública por m²; renta USD\$ 6.50 rango de costo mensual en el Departamento de Escuintla y San Marcos.



Routes and Estimated Logistics Costs
(40-foot container)

Sea:

Port of Departure	Port of Destination	Cost (USD\$)
Long Beach, California, USA	Puerto Quetzal, Guatemala	2,521
Shanghai, China	Puerto Quetzal, Guatemala	428
Rotterdam, Netherlands	Puerto Santo Tomas de Castilla, Guatemala	3,733
Miami FL, USA	Puerto Santo Tomas de Castilla, Guatemala	2,953
Santo, Brazil	Puerto Quetzal Guatemala	7,256
Puerto Buenaventura, Colombia	Puerto Quetzal Guatemala	1,475
Puerto Buenaventura, Colombia	Puerto Santo Tomas de Castilla, Guatemala	1,650
Heroica Veracruz, Mexico	Puerto Quetzal, Guatemala	1,914
Manzanillo, Colima, Mexico	Puerto Quetzal, Guatemala	548

Land:

Customs Office	Suggested cost (USD\$)
Tijuana - Tecún Umán	7,748.32
Tecún Umán - Pedro de Alvarado	710.68
Pedro de Alvarado - El Amatillo	794.37
El Amatillo - Guasaule	364.24
Guasaule - Peña Blanca	691.21
Peña Blanca - Paso Canoas	1,099.93
Paso Canoas - Zona Libre de Colón	1,142.74

Source: Cámara de Transportistas Centroamericanos (Chamber of Central America Carriers –CATRANSCA–)



Licenciamiento ambiental para operar

- Para empresas medianas se estima un costo aproximado de USD\$ 3,975
- Para empresas grandes se estima un costo aproximado de USD\$ 6,470
- Estos costos incluyen: elaboración de instrumento ambiental, estudio técnico de aguas residuales, análisis de aguas residuales, licencia ambiental (5 años).
- Planta de tratamiento de aguas residuales: se estima un rango de costos entre USD\$ 26,000 a USD\$ 52,000 por construcción de planta, estos costos varían dependiendo el volumen, tipo de aguas a tratar y tecnología seleccionada para el tratamiento

Fuente: Agexport



Infrastructure:



Commercial operation of seaports and roads connecting the Pacific and Atlantic coasts

Commercial operation of **seaports in the Pacific coast** (Puerto Quetzal) **and the Atlantic coast** (Puerto Santo Tomás de Castilla).

Road network connecting the **Pacific and Atlantic coasts, 249 miles.**



Land, sea, and air export infrastructure

Air:
2 international airports, 9 local airfields, 22 commercial airlines and 11 cargo airlines operating, 3 ports. A competitive reference price of USD\$0.70 per kilogram, daily flights to USA.

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



Electric power availability and rates

Guatemala has the largest installed capacity for energy production in Central America: 4,073.8 MW/a. With an effective power capacity of 3,380 mw:

- Maximum demand: 1,787 mw
- Energy matrix: 75% renewable

Source: statistical report 2020, Wholesale Market Administrator (AMM)



Availability of potable water

According to a survey performed among the sector's businesspersons, more than half of those surveyed agreed **that the cost of water is the lowermost cost category, after the internet.**

availability of more than 97 million cubic meters of water per year (7 times greater than the water risk limit established by international standards).

Source: Presidency's Secretariat for Planning and Programming - SEGEPLAN.



Availability of land

Areas with the connection and road infrastructure leading to the main ports and intermediate cities for distribution and commercialization purposes. Availability of land in areas connected to the road network leading to the main ports and intermediate cities for distribution and commercialization purposes.



International Airports

1. La Aurora in Guatemala City
2. Mundo Maya in Peten

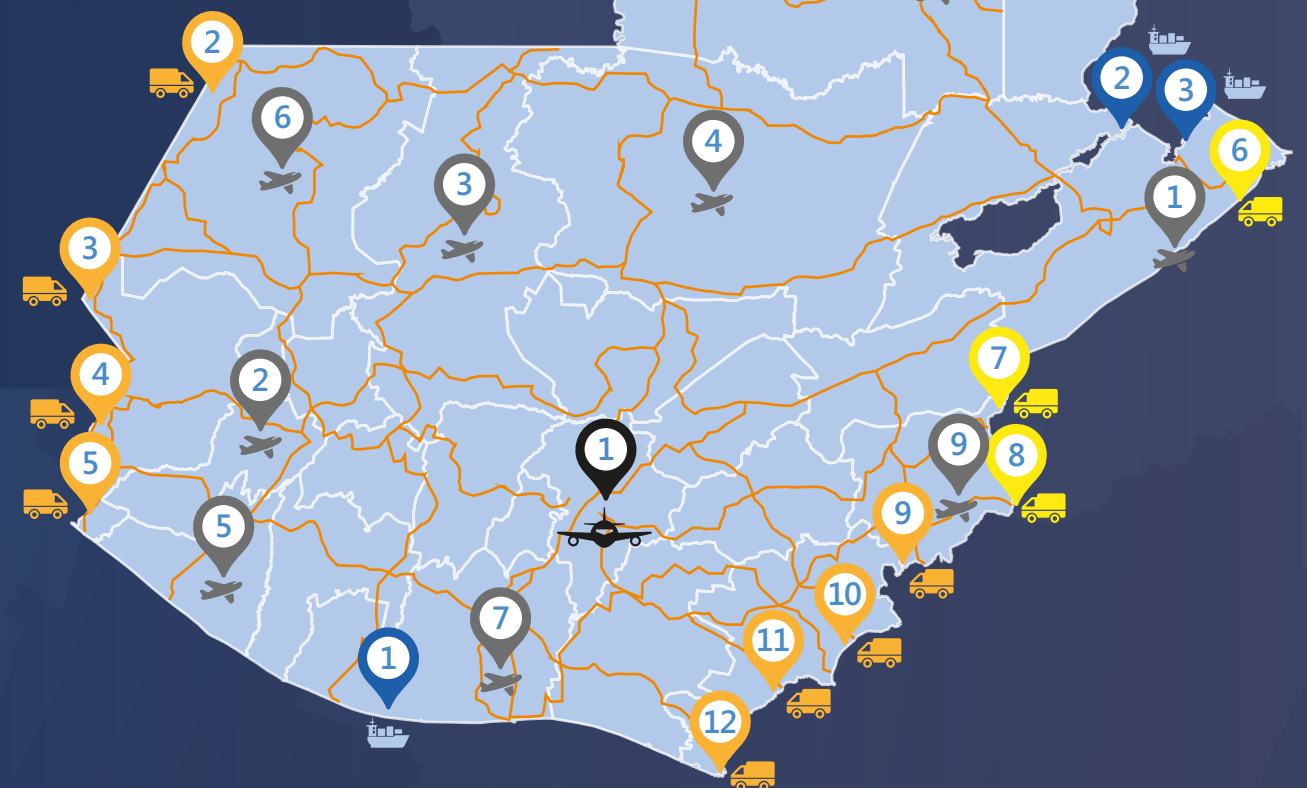


Main Highway System



Ports

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



Local Airfields

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



Land Customs Offices

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

* Guatemalan integrated border posts in the Customs Union with Honduras.



Competitive Advantages:



Central America Technical Regulations:

Due to the Central American common market, there are regional technical regulations that seek to harmonize the implementation of hygienic and operational practices during the industrialization of food products and thus guarantee safe and quality food.



Inputs and Their Nature

Availability of local supply of main inputs and raw materials at competitive prices. The inputs that are not available in the country are imported from main trade partners that have preferential access.



Quality of Available Products and Services

Quality national inputs, such as sugar, cacao, and cardamom, as well as the quality provision of basic services, such as electric power.



Production Capacity and Variety

The sector has high production capacity and variety.



Sector Competitiveness

Proximity to the world's largest market and preferential access to more than 12 markets. Macro-economic stability of the country. Fiscal incentives to exports.



Sound Industry; Representation at the Trade Level

Sound sector with long-term growth, well organized, and with trade-organization and chamber representation.



Wide Range of Suppliers Available to Industries

The assortment of input suppliers makes the sector more competitive, as it allows for fair competition and compels producers to provide high-quality products. It also has preferential access to input exports and imports for the sector's supply chain.



Freight Brokers for the Trade Process

Availability of various national and international providers of logistics services for land, sea, and air trade.



Doing business:

Guatemala is among the 10 leading countries with the highest ranking in the Doing Business Index 2020 in Latin America and the Caribbean.



Opening a Business

Guatemala placed first among Latin American and Caribbean countries in regard to improving its competitiveness to open a business.

6 is the average number of steps required to open a business in Guatemala, and the estimated time to undertake those steps is 15 days.



Electric Power Procurement

Segundo lugar entre los países de la región en cuanto a la calificación de la fiabilidad del suministro de energía y transparencia de las tarifas.



Securing Credit

Insofar as the strength of legal rights, Guatemala ranked second among the countries of the Central American region, and it is above the indicators for Latin America and the Caribbean.



Paying Taxes

In the tax and contribution rate as a percentage of profits, the country has the lowest rate from the Central American region.



Cross-Border Trade

The country ranks second among Central America countries for having the lowest export and import costs (border and documentary compliance).



Construction Permit Management

Guatemala is the country in the Central American region with fewer procedures and offers competitive costs in obtaining construction permits.



Regulatory **Framework:**

1

Health Code Decree Number 90-97

Document:

- Decree 90-97 Health Code [DOWNLOAD](#)

2

Government Agreement No. 297-2006 Fees for services rendered by the departments of the General Directorate of Health Regulation, Surveillance, and Control

Document:

- Government Agreement No. 297-2006 [DOWNLOAD](#)

3

Food Safety Regulation

Document:

- Set of Norms 969 99 [DOWNLOAD](#)

4

Law on the Specific Tax on the Distribution of Carbonated Drinks, Isotonic or Sports Drinks, Juices and Nectars, Yogurts, Concentrates or Powders for Beverages, or Natural Bottled Water

Document:

- Set of Norms 09 2002 [DOWNLOAD](#)

5

Law on Plant and Animal Health

Document:

- Set of Norms 36 98 [DOWNLOAD](#)

6

Amendments to Government Agreement 137-2016

Document:

- Set of Norms 137 2016 [DOWNLOAD](#)



Fiscal and **Non-Fiscal Incentives:**

Law on Unrestricted Currency Trade (94-2000):

The disposal, holding, contracting, remittance, transfer, purchase, sale, collection, and payment of foreign currency is unrestricted, and the risks inherent in them will be borne by the individual or legal, national or foreign person.

Law on Foreign Investment (Decree 9-98):

- Equal acknowledgement of foreign and local investors.
- The law does not allow the State to expropriate, directly or indirectly, any investment that has been made.

Law Promoting and Developing Export and *Maquila* (Outsourcing) Activities

(Decree 29-89) – Amended by the Emerging Law for Employment Conservation (Decree 19-2016):

- Firms could claim the benefits generated by this law by being designated as export firms or as *maquila* companies under the temporary admission regime.
- Temporary cessation of payment of customs duties and import taxes.
- Temporary cessation of DAI (customs duties) and VAT payments levied on raw materials, samplers, components, and accessories that are necessary for the productive process.

Regulation on Authorizing and Implementing the Special Public Economic Development Zones, Decree No. 30-2018

(Resolution 05/04/2019 of the Board of Directors of the Zona Libre de Industria y Comercio [Free Industry and Trade Zone] Santo Tomás de Castilla):

- Income Tax (ISR) exemption for 10 years.
- Temporary cessation of VAT, customs duties, and other charges on imports of raw materials, inputs, materials, machinery, equipment, accessories, etc.
- Exemption of fiscal stamps on documents containing acts or contracts on goods and business in the Special Public Economic Development Zones.

INFORMATION TECHNOLOGY OUTSOURCING -ITO-



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Sector Information Technology Outsourcing **-ITO-**

Provides services and develops information-technology products, including programming, application development and technical support.



Importance **of the Sector in Guatemala:**

Guatemala's ITO sector has achieved a 6.6% compounded average growth rate from 2015 to 2020, and its aggregate exports for that period reached USD\$1.0 billion USD\$. The specific computer-services sector constituted 63.2%, the telecommunications sector amounted to 36.6%, and the information sector represented 0.2% of them.

Evolution of the ITO Sector from 2015 to 2020

Million USD\$

	Exports	Telecommunication Services	Computer Services	Information Services
2015	143.46	66.13	76.83	0.50
2016	170.86	66.84	103.74	0.28
2017	186.46	73.12	112.96	0.38
2018	187.99	68.55	118.92	0.52
2019	179.80	56.10	123.23	0.48
2020	198.05	59.70	138.07	0.28
Compounded Average Growth Rate (2015-2020)	6.7%	-2.0%	12.4%	-11.1%

Source: Guatemala Exporters Association - Agexport -

The computer-service sector was the one with the greatest growth in the period, with a 12.4% average rate from 2015 to 2020. During the past year, the sector grew 10.1% and it was the best year for the telecommunications sector, with a 12.0% growth, reaching USD\$138.0 million.

In the aggregate, as of April 2021, the main export destination is the United States (over 95%) followed by Panama, El Salvador, and Ireland.

According to Banco de Guatemala¹, the employment generated by sectors related to computer programming; computer consultancy services and related activities; information-service activities, and computer-program edition in 2019 amounted to 15,841, out of which 7,527 were salaried jobs and 7,768 were freelance. This represented a total of Q. 1,476.9 million (USD\$194.4 million) paid in salaries. When compared to 2018, an additional 911 jobs were generated.



Operating costs:



Electricity

Guatemala has the most competitive electricity rates in the Central American region. The cost per kWh is between USD\$ 0.10 for industrial users and USD\$ 0.16 for commercial users. Users with electricity demands above 100 kW may register as large users and negotiate their electric-power contracts.



Average Monthly Salary

- Computer programming, computer consultancy services and related activities; information-service activities, and computer-program editing: USD\$ 1,032.45
- The personnel turnover rate ranges from 5 to 10%²

Hiring modes:

- Service contracts
- Individual work contracts (included in payroll)

1. Nomenclature Code of Industries or Economic Activities for Guatemala - NAEG - AE070.

2. According to the Sectoral Local Businesspeople's survey, May 2021.



Connectivity (internet)

Types of Connectivity

Residential or BIA-Broadband Internet Access: They are shared bands that provide slower speeds, since the bandwidth they provide is the maximum speed that can be accessed. It is low-cost and there are several types of connections that can be obtained: wireless, satellite, cable, optic fiber, and DSL (Digital Subscriber Line). Asymmetric link: 60 MB – USD208; 100 MB –USD260.

2. Business or DIA-Dedicated Internet Access: This bandwidth is specifically reserved for a delimited connection. It does not share the broadband, but instead, it has a separate connection with increased capacity. Upload and download speeds are constant (symmetric connections). Optic-fiber link (100 Mbps): USD1,125³. The prices and terms of the contract vary according to the private company providing the service; the time to install new services ranges from 4 to 6 weeks. According to Cable Co., the average price of 1GB of mobile data in Guatemala is USD1.94⁴.

Some Connectivity options

Residential:

- Tigo
- Claro
- Cablecolor
- IBW Guatemala
- Cablenet

Business:

- Tigo
- Claro
- Cablecolor
- C&W Business
- IBW Guatemala



Additional Workers' Benefits Granted in the Industry⁵

Percentages indicate that companies grant additional benefits to their employees, such as a flexible schedule (77%), a performance bonus (50%), support for studies (45%), parking (45%), cell phone (41%), day off for birthday (36%), health insurance (14%), meals (9%), universal severance pay (5%), seniority bonus (5%), birthday bonus (5%).

40% of businesspeople state that these costs constitute between 6% and 10%, while 33% state that the cost ranges from 1% to 5%.

3. Further information can be accessed in the following webpage: <https://www.cable.co.uk/mobiles/worldwide-data-pricing/>

4. According to the Sectoral Local Businesspeople's survey, May 2021.

5. These additional benefits are granted by companies to their workers as an indirect financial compensation used to hire and retain their best talent and to create a motivated workforce. They vary by company. Based on information on the Salary Scale and Benefits in the IT Sector Industry Study (Agexport-Universidad Galileo/MINECO 2016) and the Sectoral Local Businesspeople's Survey, May 2021.



Rentals

- Warehouse, rent per m²: a range of USD3.50 – USD6.00 monthly cost in the Municipality of Guatemala and surroundings (Villa Nueva, Amatitlán and Mixco).
- Industrial park rent per m²: USD3.50 – USD6.00 monthly cost in the Municipality of Guatemala and surroundings (Villa Nueva, Amatitlán and Mixco).
- Special Public Economic Development Zones rent per m²: a monthly cost of USD 6.50 in the departments of Escuintla and San Marcos.
- Office space in Guatemala City, depending on its location and characteristics, ranges from USD10 to USD16 per mt².



Operating Infrastructure:

Guatemala has the infrastructure required by your company's operations.



Telecommunications:

- 2.2 million landlines
- 20.3 million mobile cellular lines
- 7 registered international telecom operators

Fuente: SIT Statistical Bulletin 2020



Electric Power:

Installed capacity: 3,406.9 MW
Maximum demand: 1,787.2 MW
Energy matrix: 75% renewable; 25% non-renewable
Average Spot Price (2020) 41.14 USD/MW

Source: Statistical Reports 2020, Administrador del Mercado Mayorista (Wholesale Market Administrator)



Security:

The country strives to guarantee security. Proof of this is the downward trend in the homicide rate, which was 15.3 in 2020, below the Latin American average (18.4).

The Ministry of the Interior, with support from the National Civil Police, has qualified personnel covering the whole country and undertakes constant patrols and operations that guarantee the safety of the population and the normal course of economic activities.



Transportation and Urban Facilities in Guatemala City:

- At present there is a varied transportation system: TransMetro (9 lines-135 km), TransUrbano (47 lines-1164 km), and urban and extra-urban buses (52 lines-1304 km) with access to transfer nodes
- Projects have been planned and programmed to improve the road infrastructure and transportation in the city, which are to be developed in the next 2 years: Express Routes, Aerial Metro, North Arch, Bicycle Lanes, Metrorail System, Alternate Route and G60, and 12 new overpasses, among others.
- Guatemala City offers a series of services and facilities: over 10 financial groups, with more than 1,000 bank branches; 49 shopping malls and over 100 medium-sized stores, and 1 wholesale distribution center.
- Academic institutions include 26 private and 1 public universities in the metropolitan area, with more than 249 private and 40 public secondary schools.
- A medical service network with 85 private and 10 public hospitals.
- The city houses the La Aurora International Airport, which handles an average of 277 weekly flights.



Competitive **Advantages:**



A consolidated software and digital-content industry with over 20 years' presence in Guatemala, specializing in custom development, digital strategy, cybersecurity, management tools, and automatization, among others.



A strategic geographic location with a standard time zone to provide support and services to North America, Latin America, and Europe.



Human talent certified in PMI, PHP, SAP and Microsoft, Google tools, among others. Highly committed and client- and quality-oriented.



The greatest offer of skilled labor in the Central American region and specific technical-education programs to train young people. There are over 18,000 people currently being trained for sector-related professions, and over 3,800 professionals with engineering and licentiate degrees related to the industry⁶.

⁶. According to data from Guatemala's Professional Engineering Association (2020).



A cluster of over 50 software and digital-content companies exporting more than US\$170 million a year to America and Europe.



Development of professional technical careers at one State University, five private universities, and other specialized academic institutions.



Competitive telecommunication costs for agile and quick connectivity by means of various networks and optic fiber. Over 300 active commercial-network operators approved by competent authorities.



Competitive average salaries for internationally-recognized creative, technified, and professional staff.



Low-cost academic information-technology training and instruction programs aimed at increasing and strengthening human-talent availability.

Incentives to open new service companies.

Using the teleworking mode poses several advantages, such as flexibility, productivity increase, and cost reduction. Even though it is not expressly regulated in Guatemala, due to the COVID-19 pandemic, a considerable amount of workers in this sector are working from home. According to the survey performed, 71% of the companies answered that 100% of their staff is working from home; 7% stated that 90% of their staff is teleworking, and 21% mentioned that 80% of their staff is telecommuting. Teleworking has allowed de-centralizing jobs. Employment is now being generated in departments such as Quetzaltenango, Sacatepéquez, Chimaltenango, Izabal, Petén y Chiquimula⁷.

Part-time employment was recently regulated in the country. It is considered as the contractual bond by means of which a person commits to providing his/her personal services during a regular schedule that is shorter than the one established for full-time workers.



What is part-time employment?

It is the contractual bond by means of which a person commits to providing his/her personal services during a regular schedule that is shorter than the one established for full-time workers in a similar situation.



Daytime - 06:00 - 18:00
8 hours of work per day
44 hours of work per week
(maximum)



Nocturna - 18:00 - 06:00
6 hours of work per day
36 hours of work per week
(maximum)



Combined - 18:00 - 06:00
7 hours of work per day
42 hours of work per week
(maximum)

The work schedule may not exceed a total of 12 hours per day. Each hour of overtime in addition to the agreed hours must be paid at 1.5 times the normal hourly rate.

Salaries are established based on the work schedule, according to the minimum hourly salary in force.

Non-agricultural activities
Q11.61 per hour

Agricultural activities
Q11.27 per hour

Export and Outsourcing Activities
Q10.61 per hour



Doing **business:**



Opening a business

Guatemala placed first among Latin American and Caribbean countries as far as improving its competitiveness to open a business, with an average 6 steps required to open a business in an estimated 15 days.



Accessing Electric Power

Second place among the countries of the region with regard to its rating for energy supply reliability and the transparency of its rates.



Securing Credit

Regarding the strength of legal rights, Guatemala ranked second among the countries of the Central American region, and it is above the indicators for Latin America and the Caribbean



Paying taxes

The country has the lowest rate of taxes and contributions levied as a percentage of earnings in the Central American region.



Cross-Border Trade

The country ranks second among Central America countries for having the lowest export and import costs (border and documentary compliance).



Construction Permit Management

Less number of procedures and competitive costs.



ITO and Software **Development** **Regulatory Framework**

1

Code of Commerce, Decree 2-70

[DOWNLOAD](#)

It is the body of laws regulating the norms that apply to mercantile companies operating in Guatemala and the commercial instruments, commercial auxiliaries, and commercial contracts. It establishes the requirements that each of them must fulfill to engage in a licit trade activity.

2

Law on Value Added Tax, Decree 27-92

[DOWNLOAD](#)

It is the body of norms regulating the management of the Value Added Tax levied on acts, contracts and service provision.

3

Law on Solidarity Tax, Decree 73-2008

[DOWNLOAD](#)

It is the body of norms regulating the quarterly payment of a Solidarity Tax (ISO in Spanish) by individuals, entities or asset funds dealing in commercial or agricultural/livestock activities in the national territory.

4

Labor Code, Decree 1441, and its Amendments

[DOWNLOAD](#)

The Labor Code (Decree 1441) is the main regulatory framework pertaining to worker-employer relations. It creates the institutions that ensure compliance and dispute mediation. Other legislation related to labor matters includes: The Political Constitution of the Republic of Guatemala; ILO's Convention 175; the Labor Code, Decree 19-2018, Government Agreement 320-2019.

5

Law on the Annual Bonus for Private- and Public-Sector Workers, Decree 42-92

[DOWNLOAD](#)

Body of norms regulating the annual, compulsory bonus that must be paid to workers. The bonus must be equal to one hundred percent (100%) of the ordinary wages or salary paid to the worker, which is equivalent to a month's work.

6

Law Regulating the Christmas Bonus for Private-Sector Workers 76-78

[DOWNLOAD](#)

Body of norms regulating the employers' obligation to pay their workers as a Christmas bonus, which is equivalent to one hundred percent of the ordinary monthly wages or salary earned during one year of continuous service or the corresponding proportionate part.

7

Set of Health and Occupational Safety Regulations, Governmental Agreement 229-2014, and Its Amendments

[DOWNLOAD](#)

The body of norms regulating the general health and occupational-safety conditions that employers must fulfill with the aim of protecting the life, health, and integrity of the people performing their duties within their work space.



Fiscal **Incentives:**

Decree 16-2003 – Law on Value Added Tax:

It is the body of norms regulating matters pertaining to tax exemptions for generic medication, alternative natural medications, and antiretroviral medications.

Law on Foreign Investment (Decree 9-98):

It ensures equal treatment of foreign and local investors. The law does not allow the State to expropriate, directly or indirectly, any investment that has been made.

Law Promoting and Developing Export and Maquila (Outsourcing) Activities (Decree 29-89) – Amended by the Emerging Law for Job Preservation (Decree 19-2016):

It promotes, encourages, and develops production of export or re-export goods, without requiring that a company operate within a free zone.

- A company may claim the benefits generated by this law through its classification as an exporting or outsourcing firm under the temporary-admission regimen.
- Temporary cessation of payment of customs duties and import taxes
- Temporary cessation of import duties (DAI in Spanish) and VAT on raw materials, samples, components, and accessories needed for the productive process.
- Total exoneration of Income Tax (ISR in Spanish) for a period of 10 years

[1] Source: Guatemalan Social Security Institute (2017), Labor Code, Decree 1441, Ministry of Public Finances, Government Decree 320-2019.

*The amount of the salaries may vary, depending on the reference exchange rate. The reference exchange rate for the sums included in this document is: US\$1 = Q7.67

Set of Regulations to Authorize and Implement the Special Public Economic Development Zones (Decree No. 30-2018):

A geographically-defined non-customs area within the national territory to produce goods and services or undertake commercial activities, with special tariffs, and a temporary customs regimen.

- Income Tax exemption for 10 years.
- Temporary cessation of VAT, customs duties, and other charges on imports of raw materials, inputs, materials, machinery, equipment, accessories, etc.
- Exemption of fiscal stamps on documents containing acts or contracts on goods and business executed in the Special Public Economic Development Zones.

Law on Free Zones (Decree 65-89):

Delimited physical areas under a special customs regimen. They may be public or private and they may be established in any region of the country.

- Exemption of taxes, customs duties, and charges applicable to importing goods that are used to produce goods and provide services.
- Total Income-Tax exemption during a 10-year period
- VAT exemption when transferring goods within and among free zones.
- Exemption from Fiscal-Stamp Tax and Special Protocol Paper Tax on real-state purchases, exchanges, or transfers.
- VAT exemption on the purchase of locally-produced inputs to be incorporated into final products and services.



Casos de ÉXITO⁸:

ALLIED GLOBAL

About the company: Allied Global started operating in Guatemala City in 2005, providing services for local telecommunications companies. In 2008, it entered into the United States market offering bilingual services.

Location: 16 Calle 0-55 Zona 10, Torre Internacional, Nivel 13.

Main products: Intelligent robotization, optical character recognition, quality control tests, DevOps consulting, project-management consulting, artificial intelligence, digital platforms, cell-phone applications, e-Commerce.

EDESIGNS COMPANY

About the company: This is a company that has been working in Guatemala over 10 years, offering web and digital development services for businesses. Its main focus is to innovate by creating agile and high-quality tools for its customers.

Location: Campus TEC 3, Oficina 303. Zona 4 Guatemala. 01004.

Main products: It offers specialized mini websites, Mailtrust, 502 (Magic QR), Google Cloud, Wordpress support, and social-network management.

GISYSTEMS

About the company: Gisystems is a consulting firm specializing in management, planning, administration, and control of civil-engineering and architectural projects. It develops software solutions for information generation and processing, time control, quality assurance, cost administration, and project management approach for its customers.

Location: Calzd. Atanasio Tzul 22-00, Zona 12, Cortijo II, Of. 213.

Main products: Project management, systems development, drones, 360°, and timelapse.

Sistemas Aplicativos (SISAP)

About the company: SISAP is a Central American company established in 1985. It has several customers in the United States, Mexico, Central America, Colombia, Ecuador, Peru, Chile, Brazil, and other countries. Since it was established, it has ventured into many Information Technology areas, leading the market through innovation, quality, and client service.


Location: 3a Calle "A" 6-50 Zona 10.

Main products: Endpoint protection, perimeter protection, IPS/IDS solutions, browsing control, data protection, SIEM, Access Authentication Authorization (AAA), change control, bandwidth optimization, Antispam, database protection, web application firewalls, among others.



Ministerio de
**Relaciones
Exteriores**





PHARMACEUTICALS **AND MEDICAL** SUPPLIES



Ministerio de
Economía

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Importance of the Sector in Guatemala

Pharmaceutical, medical-chemical, and botanical products manufactured for pharmaceutical use **reached USD 531 million¹ in 2018**, according to Bank of Guatemala (Central Bank).

This industry generated a **total of 5,892 direct jobs and 60,000 indirect jobs in 2018²**, which constituted **USD 86 million in annual salaries**.



Foreign Trade³:

Total pharmaceutical and medical-supplies trade (imports and exports) reached **USD 1.3 billion in 2019 and an accumulated amount of USD 8.8 billion from 2014 to July 2020**. Exports for the whole of last year were **USD 401 million, while imports reached USD 978 million**. The compound annual growth rate was 2.9% for total trade, stable exports and 4.2% for imports.

According to SIECA's classification, medical supplies can be divided into the following categories: medications, medical equipment, medical supplies, and personal-protection equipment.

Guatemala's Foreign Trade (amounts in USD million)

Trade	2014	2015	2016	2017	2018	2019	2020	Accumulate Totals 2014 - July 2020	CAGR* 19-14
Exports	396.6	449.4	451.5	387.3	385.9	401.8	307.8	2,780.2	0.3%
Imports	795.9	894.3	863.0	867.8	942.7	978.2	694.1	6,036.1	4.2%
Total	1,192.5	1,343.8	1,314.5	1,255.1	1,328.5	1,380.0	1,001.9	8,816.3	3.0%

Source: Developed by MINECO with figures from Banco de Guatemala. *CAGR=Compounded Annual Growth Rate.

According to this classification, average trade for 2014 to 2019 was constituted as follows: 63% by medications, 22% by personal-protection equipment, 4% by medical equipment, and 9.7% by medical supplies. In the case of exports, the figures are: 65% for medications, 32% for personal-protection equipment, 5% for medical supplies, and the rest for medical equipment. Imports are composed of 64.9% medications, 11.7% medical supplies, and 17.9% personal-protection equipment. The remaining 5%, approximately, corresponds to medical equipment. In the category of medicines, the production and export of the following therapeutic classes stands out: antihypertensive, Antidiabetic, Ophthalmological (lubricants, antiglaucoma), Dermatological (sun blockers, vitamin C, moisturizers, Anti-inflammatory / analgesics and Antiallergics

1. Reference Exchange Rate: Banguat Q. 7.70 = USD\$ 1.00

2. Source: Banco de Guatemala. Employment Matrix and Production Account.

3. See the Annex for the items used to estimate the data for the sector.



Evolution of Each of the Different Categories –Exports– (figures in USD million)

Category	2014	2015	2016	2017	2018	2019	2020	Accumulated Total 2014-July 2020
Medications	256.4	304.2	303.8	217.5	209.0	232.1	144.8	1,667.8
Personal - Protection	116.3	117.1	123.7	144.1	150.5	148.9	140.8	941.4
Medical Supplies	20.5	24.7	20.3	22.6	23.3	18.2	21.0	150.6
Medical Equipment	3.5	3.7	3.8	3.2	3.2	2.7	1.4	21.5
Total	396.7	449.8	451.6	387.3	386.0	401.9	308.0	2,781.3

Source: Developed by MINECO with figures from Banco de Guatemala.



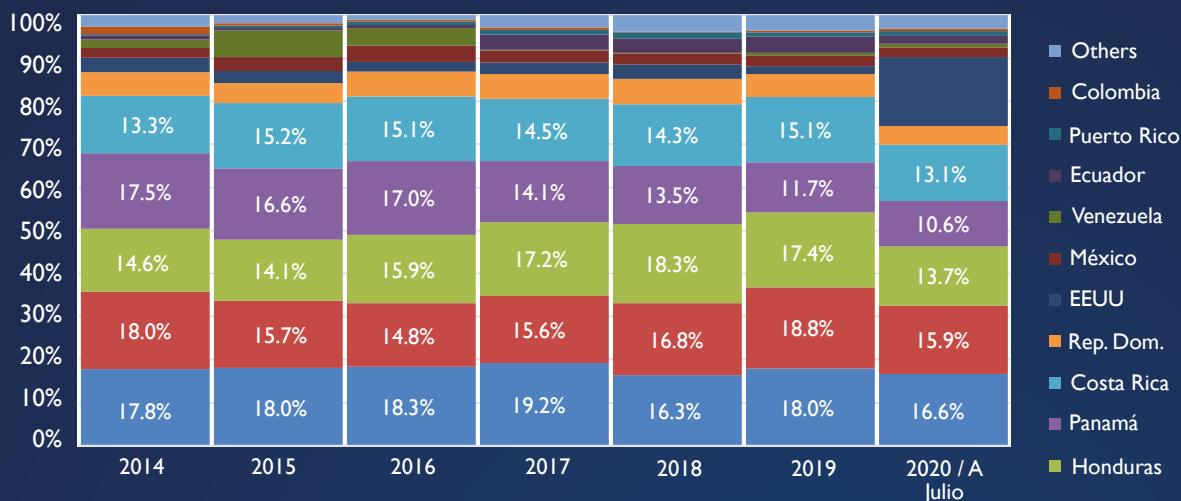
Year-on-Year **Growth and CAGR**

Category	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	CAGR 19- 14*
Medications	18.6%	-0.1%	-28.4%	-3.9%	11.1%	-2.0%
Personal - Protection	0.7%	5.6	16.5%	4.4%	-1.1%	-5.1%
Medical Supplies	20.9%	-17.9%	11.1%	3.3%	-21.8%	-2.3%
Medical Equipment	4.7%	2.4	-16.6%	0.0%	-15.4%	-5.4%
Total	13.4%	0.4%	-14.2%	-0.3%	4.1%	0.3%

Source: Developed by MINECO with figures from Banco de Guatemala. *CAGR=Compounded Annual Growth Rate.

The main destination for exports is Central America: **Nicaragua accounts for 17.8%; El Salvador, 16.5%; Honduras, 15.9%, Panama, 14.6%, and Costa Rica, 14.4% for the 2014-July 2020 period.**

Principals Exportation Destination



Following **are the 5 main exports⁴**:

SECTION	Description	2014	2015	2016	2017	2018	2019
3004909100	Medications for human use	205,289,005	238,599,940	248,473,722	173,416,818	165,142,318	192,878,412
3402200000	Preparations readied for retail sales	63,421,451	62,171,520	71,468,027	80,506,417	87,293,700	80,492,502
3401111900	Soaps	36,197,290	37,321,501	37,634,035	37,718,856	36,620,359	40,428,595
3004501000	Medications for human use containing vitamins	26,104,579	33,654,706	23,187,693	20,042,095	17,778,968	15,405,638
3004201000	Medications for human use containing antibiotics	8,555,654	11,384,472	13,785,325	9,652,142	10,993,839	9,394,414

Source: Developed by MINECO with figures from Banco de Guatemala.



Evolution of the Different Categories –Imports– (figures in USD million)

Category	2014	2015	2016	2017	2018	2019	2020	Accumulated Total 2014-July 2020
Medications	529.4	614.4	570.1	555.8	588.6	602.8	356.0	3,817.1
Personal - Protection	137.1	143.3	149.3	164.9	181.2	183.2	216.3	1,175.2
Medical Supplies	91.9	95.2	102.0	99.9	119.4	121.5	81.1	711.1
Medical Equipment	43.6	47.2	46.9	53.3	61.7	83.0	47.1	382.9
Total	801.9	900.2	868.3	873.8	950.9	990.5	700.6	6,086.3

Source: Developed by MINECO with figures from Banco de Guatemala.

4. Source: Developed by the author based on data from Banco de Guatemala. See Annex containing the items used.



Year-on-Year **Growth and CAGR**

Category	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	CAGR 19-14*
Medications	16.1%	-7.2%	-2.5%	5.9%	2.4%	2.6%
Personal - Protection	4.6%	4.2%	10.4%	9.9%	1.1%	6.0%
Medical Supplies	3.6%	7.2%	-2.1%	19.5%	1.8%	5.7%
Medical Equipment	8.4%	-0.6%	13.5%	15.9%	34.5%	13.8%
Total	12.3%	-3.5%	0.6%	8.8%	4.2%	4.3%

Source: Developed by MINECO with figures from Banco de Guatemala. *CAGR=Compounded Annual Growth Rate

The trade association for the Pharmaceutical Core Group at the Asociación Guatemalteca de Exportadores –AGEXPORT– has determined that the markets with the greatest potential for medication exports are the following: the Dominican Republic, Ecuador, Bolivia, and Peru. The following tables show the growth of exports to these markets for the 2014-2019 period.



Guatemalan Exports in US\$ under Chapter 30 (Pharmaceuticals)

Category	2014	2015	2016	2017	2018	2019	2020	Accumulated Total 2014-July 2020
Dominican Republic	11,096,459	11,009,085	11,605,346	9,792,483	9,021,183	11,903,095	8,037,562	72,465,213
Ecuador	3,738,099	2,319,753	3,019,151	6,039,661	3,502,404	5,953,154	1,474,174	26,046,396
Bolivia	26,838	4,120	3,575		44,859	39,106	29,114	147,612
Peru	859,871	394,349	612,123	603,763	73,185	16,427		2,559,718
Total	15,721,267	13,727,307	15,240,195	16,435,907	12,641,631	17,911,782	9,540,850	101,218,939

Source: Developed by MINECO with figures from Banco de Guatemala.



This Year's **versus** Last Year's Growth

Category	2015 / 2014	2016 / 2015	2017 / 2016	2018 / 2017	2019 / 2018	CAGR 2014-2019
Dominican Republic	-0.8%	5.4%	5.4%	-7.9%	31.9%	1.4%
Ecuador	-37.9%	30.1%	30.1%	-42.0%	70.0%	9.8%
Bolivia	-84.6%	-13.2%	-13.2%		-12.8%	7.8%
Peru	-54.1%	55.2%	55.2%	-87.9%	-77.6%	-54.7%
Total	-12.7%	11.0%	11.0%	-23.1%	41.7%	2.6%

Source: Developed by MINECO with figures from Banco de Guatemala. *CAGR=Compounded Annual Growth Rate.



Trade **Agreements in Force**

Guatemala is signatory of various trade agreements that allow it preferential access to the following markets:



**SICE - CENTRAL AMERICAN
COMMON MARKET**



PERÚ



TAIWAN



EFTA



MÉXICO



EU



COLOMBIA



CHILE



PANAMÁ



Industrial **Costs**



Electric Power

Guatemala has the **most competitive electricity rates in the Central American region**. The cost per kWh is between USD 0.10 for industrial users and USD 0.16 for commercial users. Those users with electricity demand above 100 kW may register as large users and negotiate their electric-power contracts.



Potable Water

In the municipality of Guatemala (if the service is provided by the municipal government):

- The cost of purchasing the rights to water service ranges from: **USD 779.22 to USD 6493.50**.
- The fee for private water consumption varies, depending on the range of consumption. The endpoints are from 1 to 20 m³, a fixed rate of USD 2.08 plus USD 0.29 per m³ used, and for 121 m³ and up, a fixed rate of USD 2.08 plus USD 1.45 per m³ used.



Average Monthly Salary⁶

- To manufacture pharmaceutical, medical-chemical, and botanical products for pharmaceutical use⁷, **USD 1,219.89**
- To manufacture soaps and detergents, cleaning and polishing preparations, perfumes, and toiletries⁸, **USD 984.35**



Rent

- Warehouse: a monthly rent ranging from **USD 3.50 – USD 6.00 per square meter** in the Municipality of Guatemala and coalesced municipalities such as Mixco, Amatitlán and Villa Nueva.
- Industrial park: a monthly rent ranging from **USD 3.50 – USD 6.00 per square meter** in the Municipality of Guatemala and surrounding areas
- Special Public Economic Development Zones: a monthly rent within a range of **USD 6.50 per square meter** in the departments of Escuintla and San Marcos.

5. Rates vary in each municipality. The Municipality of Guatemala is used as reference, according to the Municipality of Guatemala's Municipal Council Agreement No. COM-036-03 and its amendments COM-002-06 and COM017-07. The cost of purchasing the right to potable-water service varies, depending on the type of classification applied, and it is determined by the Municipality of Guatemala on a case-by-case basis.

6. Banco de Guatemala, employment matrix and earnings by economic activity (2018). Two categories that apply to the medical-input sector, including the production of cleaning and disinfection products, are used as reference.

7. Classification AE046, according to the Nomenclature of Economic Activities for Guatemala, Banguat.

8. Classification AE045, according to the Nomenclature of Economic Activities for Guatemala, Banguat. This category is considered because it includes the production of alcohols and other types of disinfectants that are considered as medical inputs.



Routes **and** Estimated Logistic Costs

Land Transportation

Place of Origin	Destination	Cost USD (40' Container)
Guatemala City	San Salvador, El Salvador (291 kms)	650
Guatemala City	San Pedro Sula, Honduras (526 kms)	1,010
Guatemala City	Managua, Nicaragua (840 kms)	1,720
Guatemala City	San José, Costa Rica (1,250 kms)	2,500
Guatemala City	Panama City, Panamá (2,135 kms)	4,200
Guatemala City	Ciudad Hidalgo, México (256 kms)	650

Source: Cámara de Transportistas Centroamericanos (Chamber of Central America Carriers –CATRANSCA–)

Marine Transportation

Place of Origin	Destination	Cost USD (40' Container)
Long Beach California	Puerto Quetzal Guatemala	2,521
Shanghai, China	Puerto Quetzal Guatemala	428
Rotterdam, Países Bajos	Puerto Santo Tomás de Castilla, Guatemala	3,733
Miami FL, EEUU	Puerto Santo Tomás de Castilla, Guatemala	2,953
Santo, Brasil	Puerto Quetzal Guatemala	7,256
Puerto Buenaventura, Colombia	Puerto Quetzal Guatemala	1,475
Puerto Buenaventura, Colombia	Puerto Santo Tomás de Castilla, Guatemala	1,650
Heroica Veracruz, México	Puerto Quetzal Guatemala	1,914
Manzanillo, Colima, México	Puerto Quetzal Guatemala	548

Place of Origin	Destination	Cost USD USD (40' Standard Dry Container)
Puerto Santo Tomás, Guatemala	Rio Haina, Dominican Republic	2,400-2,800
Puerto Quetzal, Guatemala	Veracruz, México	3,000-3,500
Puerto Quetzal, Guatemala	Caldera, Costa Rica	2,200 – 2,500

Source: AGEXPORT

Air Transportation

Place of Origin	Destination	Cost USD (40' Container)
Guatemala (GUA)	EEUU, Miami (MIA)	0.80 a 1.10
Guatemala (GUA)	EEUU, Los Ángeles (LAX)	1.10 a 1.20
Guatemala (GUA)	Panamá (PTY)	0.80 a 1.30
Guatemala (GUA)	Spain, Madrid (MAD)	1.5 a 1.90
Guatemala (GUA)	United Kingdom, Heathrow (LHR)	1.2 a 2.00

Source: AGEXPORT



Operations Infrastructure

(reference to 2019)

Guatemala has the infrastructure you need for your business operations.



Electric Power ⁹

Installed capacity **3,488 MW**
Maximum demand **1,785 MW**
Energy matrix: **60% renewable; 40% non-renewable**
Average Spot Price (2019) **63.32 USD/MW**



Potable-Water and Sanitation Systems ¹⁰

Over 97 million cubic meters of water available per year (7 times greater than the water-risk limits established by international standards).



Telecommunications ¹¹

2 million landlines
20 million mobile cellular lines
7 registered international-port operators



Road Network, Seaports and Airports

- Seaport commercial operations in the Pacific coast (Puerto Quetzal) and the Atlantic coast (Puerto Santo Tomás de Castilla).
- 249 miles of roads connecting the Pacific and Atlantic coasts
- 2 international airports, 9 local airfields, 22 commercial airlines, and 11 air cargo carriers operating.

9. Source: Statistical Reports 2019, Administrador del Mercado Mayorista (Wholesale Market Administrator)

10. Source: SEGEPLAN 2019

11. Source: Statistics Bulletin Superintendency of Telecommunications -SIT-



International airports

1. La Aurora in Guatemala City
2. Mundo Maya en Petén



Main Road Network



Ports

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

CA-01 Distance 2,462 km

CA-02 Distance 674 km

CA-03 Distance 259 km

CA-04 Distance 384 km

CA-09 Distance 404 km

CA-10 Distance 118 km

CA-11 Distance 384 km

CA-12 Distance 152 km

CA-05 Distance 418 km

CA-06 Distance 170 km

CA-07 Distance 193 km

CA-08 Distance 92 km

CA-13 Distance 795 km

CA-14 Distance 128 km



6,525 km

of Central American roads



Local aerodromes

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



Land Customs

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

* Integrated border posts of Guatemala in the Customs Union with Honduras.



Competitive **Advantages**



The pharmaceutical sector has been present in the region (C.A. and the Caribbean) for over 40 years. It generates almost 5,892 direct and 60,000 indirect jobs in commercialization, manufacturing, and logistic operations as well as clinical research services.



There are 42 pharmaceutical companies in Guatemala that comply with the USP and EP quality and specifications and with the Good Manufacturing Practices, according to Report 32 of the World Health Organization –WHO– norms. This is the largest conglomerate of pharmaceutical laboratories in Central America, offering quality products at prices that are competitive at the national and international levels.



Guatemala is the epicenter of pharmaceutical, vitamin and natural-product development, production, and commercialization in Central America. The pharmaceutical industry has established itself as the main exporter and supplier of pharmaceutical products in the region as a result of its competitiveness and leadership.



Availability of skilled labor for research and production, with over 6,000 professionals accredited by the Professional Association of Pharmacists and Chemists.



There are professional technical courses of study at the state university and two private universities, one of which is accredited by HCERES.



There is a business cluster of basic inputs such as packaging, raw materials, analysis laboratories, logistic services and consultancies that are part of the value chain of the Guatemalan pharmaceutical sector.



Competitive financing, energy, telecommunications, and logistic costs.



Direct access to an expanded market of 60 million people in Central America, Mexico and the United States.



Strategic geographic location with access to seaports in the Pacific and Atlantic oceans.



Central American Free Trade Zone (including Panama) and free movement of goods with Honduras (Guatemala-Honduras Customs Union). Largest Central American exporter.



Doing **Business Index (2020)**

Guatemala is positioned on the top 10 countries with the best ranking in Latin America and the Caribbean in the Doing Business Index 2020.



Opening a business

Guatemala placed first among Latin American and Caribbean countries in regard to improving its competitiveness to open a business.

The average number of steps required to open a business in Guatemala is six, and the estimated time to undertake those steps is 15 days.



Electric Power Procurement

Second place among the countries of the region regarding its rating for energy supply reliability and the transparency of its rates.



Securing Credit

In regard to the strength of legal rights, Guatemala ranked second among the countries of the Central American region, and it is above the indicators for Latin America and the Caribbean



Paying taxes

The country has the lowest rate of taxes and contributions levied as a percentage of earnings in the Central American region.



Cross-Border Trade

The country ranks second among Central America countries for having the lowest export and import costs (border and documentary compliance).



Construction Permit Management

Less number of procedures and competitive costs.



Regulatory **Framework**

- 1 Health Code and its set of regulations**
 - Decreto 90-97 - Health Code [DOWNLOAD](#)

- 2 Government Agreement 712-99 and its amendments - Set Of Health-control Regulations For Medications And Similar Products** [DOWNLOAD](#)

- 3 Central American Technical Set of Regulations (RTCA 11.03.42:07) – Pharmaceutical Products For Human Use, Good Manufacturing Practices For The Pharmaceutical Industry.** [DOWNLOAD](#)

- 4 Central American Technical Set of Regulations (RTCA 11.03.59:11) – Pharmaceutical Products. Medications For Human Use. Health Registry Requirements.** [DOWNLOAD](#)

- 5 Central American Technical Set of Regulations (RTCA 11.01.02:04) Pharmaceutical products. Labelling pharmaceutical products for human use.** [DOWNLOAD](#)

- 6 Central American Technical Set of Regulations (RTCA 11.03.47:07) Pharmaceutical products. Medications for human use. Quality verification.** [DOWNLOAD](#)

- 7 Decree 28-2011. Law to Combat Production and Commercialization of Counterfeit Pharmaceutical Products, Adulterated Medications, and Counterfeit Medical and Surgical Devices and Materials.**
Decree 28-2011 [DOWNLOAD](#)

Other agreements:  [DOWNLOAD](#)



Fiscal **and Non-Fiscal Incentives**

Decree 16-2003 – Law on Valued Added Tax

Generic Medicines. Generic and alternative doctors of natural origin constitute a significant economic assistance to Guatemalans, a situation that encourages them to be exempt from Value Added Tax -IVA-.

[DOWNLOAD](#)

Law on Foreign Investment (Decree 9-98):

Equal acknowledgement of foreign and local investors.

The law does not allow the State to expropriate, directly or indirectly, any investment that has been made.

[DOWNLOAD](#)

Law Promoting and Developing Export and Maquila (Outsourcing) Activities (Decree 29-89) – Amended by the Emerging Law for Job Preservation (Decree 19-2016):

- Firms could claim the benefits generated by this law by being classified as export firms or as maquila companies under the temporary admission regime.
- Temporary cessation of payment of customs duties and import taxes.
- Temporary cessation of DAI (customs duties) and VAT payments levied on raw materials, samplers, components, and accessories that are necessary for the productive process.

[DOWNLOAD](#)

Set of Regulations to Authorize and Implement the Special Public Economic Development Zones (Decree No. 30-2018):

- Income Tax (ISR) exemption for 10 years.
- Temporary cessation of VAT, customs duties, and other charges on imports of raw materials, inputs, materials, machinery, equipment, accessories, etc.
- Exemption of fiscal stamps on documents containing acts or contracts on goods and business in the Special Public Economic Development Zones.

[DOWNLOAD](#)



Nucleus of the Pharmaceutical Industry in Guatemala

A core group of 20 pharmaceutical companies (certified by WHO GMP's Regulations) organized and focused on market diversification and on meeting the growing demand for products in Latin America and the Caribbean. To that end, there is a sectoral agenda centered on promoting initiatives and projects that continue to build on its international positioning. The following are some of the strategic projects being promoted.

- **Pharma Innovation & Trends**, which is an innovation forum showing the main product trends at the international level to develop and innovate pharmaceutical products.
- **MANUFEXPORT**, a business conference to establish links among international buyers from Central America, the United States, the Dominican Republic, Peru, Ecuador, and Bolivia, among others.
- **EXPORT FARMA**; business-strengthening programs on BMPs, national health norms and norms to access international markets.
- **Initiatives** to streamline health registries at the national level and in the Central American region.



Success Stories¹²



About the company: Bayer started its operations in Guatemala in 1962 producing and distributing crop-protection and animal-health products. In 1964, a second company was established, Bayer Farmacéutica, Ltda., to distribute prescription medications. German investment.

Plant location: Municipality of Amatitlán, Guatemala.

Number of workers: Guatemala is the country with the most Bayer employees in Central America and the Caribbean. Its payroll constitutes one third of the company's regional payroll.

Main products: Over-the-counter (OTC) drug formulations, especially analgesics, flu medicine, and gastrointestinal medications.

BAYER. (2020). BAYER CENTROAMÉRICA .

<https://centroamerica.bayer.com/es/quienes-somos/acerca-de-bayer/guatemala/>



About the company: A leader in hospital medical equipment imports that operates through a business model using contracts for the exclusive distribution of world-known brands. It specializes in bringing the most modern patient-care technology to Guatemala

Location: Guatemala City.

Number of workers: 44 employees.

Main brands: Nihon Kohden, Penlon, Emaled, Smith Medical, King Systems (Ambu), Salter Labs, Verathon.

EQUIMED. (2020). EQUIMED GT. <https://www.equimed.com.gt/es/>



About the Company: A German-capital company that pioneered medical products in the Guatemalan market. It has had a successful track record in importing and commercializing a wide range of products for the health sector. German investment.

Location: Guatemala City.

Main products: A range of medical equipment, medical-surgical materials, furniture and disposable supplies for the various medical specialties, and laboratory materials.

JAEGER. (2020). JAEGER GUATEMALA . <http://jaeger.com.gt>.



About the Company: Unipharm was established in 1963 in Switzerland, its headquarters. Its first production plant in Guatemala started its operations in 1976, and it was one of the first companies in Latin America to manufacture controlled-release products using microgranules, with fully automatized and high technology equipment. Swiss capital.

Location: Corporate Office in Guatemala City; a plant in Milpas Altas, San Lucas Sacatepéquez and another plant in Villa Nueva.

Number of workers: 500 employees.

Main products: Unipharm has different product lines that include antibiotics, analgesics, and medications for specialties such as urology, pneumology, cardiometabolic disease, self-vitality, central nervous system, gastric, and nutrition.

UNIPHARM, G. (n.d.). GRUPO UNIPHARM GT. <https://www.grupounipharm.com>



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APPAREL AND TEXTILE



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FACT SHEET ON **APPAREL AND TEXTILES**

The cluster for this sector comprises several sub-sectors that provide value to manufacturing apparel for export:



Spinning



Finishing (screen printing, dyeing, sublimation and embroidery)



Dyeing



Socks and hosiery



Weaving



Trimmings and supplies (elastics, buttons, zippers, ribbons, and labels, among others)



Industrial Laundry



Importance of the **Sector in Guatemala:**

In terms of employment, the last available data from BANGUAT for 2019 show 158,916 jobs, which were divided into 49,868 jobs in spinning and weaving and 109,048 jobs in manufacturing apparel. In terms of salaries for this year, the amount paid ascends to USD 873.7⁴ million, it was the tenth activity that paid the most in that year and the eighth if the salaries paid to the public sector are not considered.

1. Exchange rate USD 1.00 x Q 7.70

2. To obtain 2019 data, an estimate was made using the figures for the quarterly GDP in activities such as textile products, apparel, leather and footwear production, with an average weight of each one of these activities for the 2013-2018 period.

3. Estimations are based on the current production for that year.

4. Activities AE038: spinning and weaving, and AE039: apparel.



Foreign Trade:

Total trade (imports and exports) of apparel and textiles amounted to USD 3.1 billion in 2019, and an accumulated sum of USD 20.2 billion from 2014 to November 2020. Exports for the last complete year amounted to USD 1,754,014,943, while imports totaled USD 1.3 billion. Compounded growth reached 2.1% of total trade, 2.6% for exports, and 1.5% for imports.

Guatemala's Foreign Trade (figures in USD million)

Sector		2014	2015	2016	2017	2018	2019	2020	Total 14 Nov. 20
Textiles	Growth vs. PY		5.4%	-10.4%	-0.2%	14.8%	-4.2%	-12.2%	
	Base CAGR 2014	0	5.4%	-2.8%	-1.9%	2.0%	0.7%	-1.5%	0
	Value in USD	1,186,771,182	1,251,444,423	1,121,266,156	1,119,456,389	1,285,562,982	1,231,827,760	1,082,117,524	8,278,446,416
Apparel	Growth vs. PY		7.0%	-2.5%	6.5%	7.2%	-2.3%	-3.9%	
	Base CAGR 2014	0	7.0%	2.1%	3.6%	4.5%	3.1%	1.9%	0
	Value in USD	1,596,966,160	1,708,259,393	1,666,061,023	1,774,258,905	1,902,444,898	1,859,178,763	1,787,551,451	12,294,720,593
General total	Growth vs. PY		6.3%	-5.8%	3.8%	10.2%	-3.0%	-7.2%	
	Base CAGR 2014	0	6.3%	0.1%	1.3%	3.4%	2.1%	0.5%	0
	Value in USD	2,783,737,342	2,959,703,816	2,787,327,179	2,893,715,294	3,188,007,880	3,091,006,523	2,869,668,975	20,573,167,009

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT
CAGR=Compounded Annual Growth Rate. PY=Previous year

I. Exports: Evolution of Each of the Various Sectors

Sector		2014	2015	2016	2017	2018	2019	2020	Total
Textiles	Growth vs. PY		6.1%	-4.9%	4.7%	20.1%	5.9%	-7.5%	
	Base CAGR 2014	0.0%	6.1%	0.4%	1.8%	6.1%	6.1%	3.6%	0
	Value in USD	236,762,106	251,164,552	238,806,946	249,959,856	300,095,534	317,754,256	294,030,926	1,888,574,176
Vestuario	Growth vs. PY		3.8%	-3.8%	5.8%	7.8%	-3.7%	-8.3%	
	Base CAGR 2014	0.0%	3.8%	-0.1%	1.8%	3.3%	1.9%	0.08%	0
	Value in USD	1,310,317,041	1,360,080,907	1,307,949,873	1,384,387,335	1,492,110,145	1,436,260,687	1,316,956,487	9,608,062,475
Total general	Growth vs. PY		4.1%	-4.0%	5.7%	9.7%	-2.1%	-8.2%	
	Base CAGR 2014	0.0%	4.1%	0.0%	1.8%	3.7%	2.5%	0.7%	0
	Value in USD	1,547,079,147	1,611,245,459	1,546,756,819	1,634,347,191	1,792,205,679	1,754,014,943	1,610,987,413	11,496,636,651

** PY = Previous Year

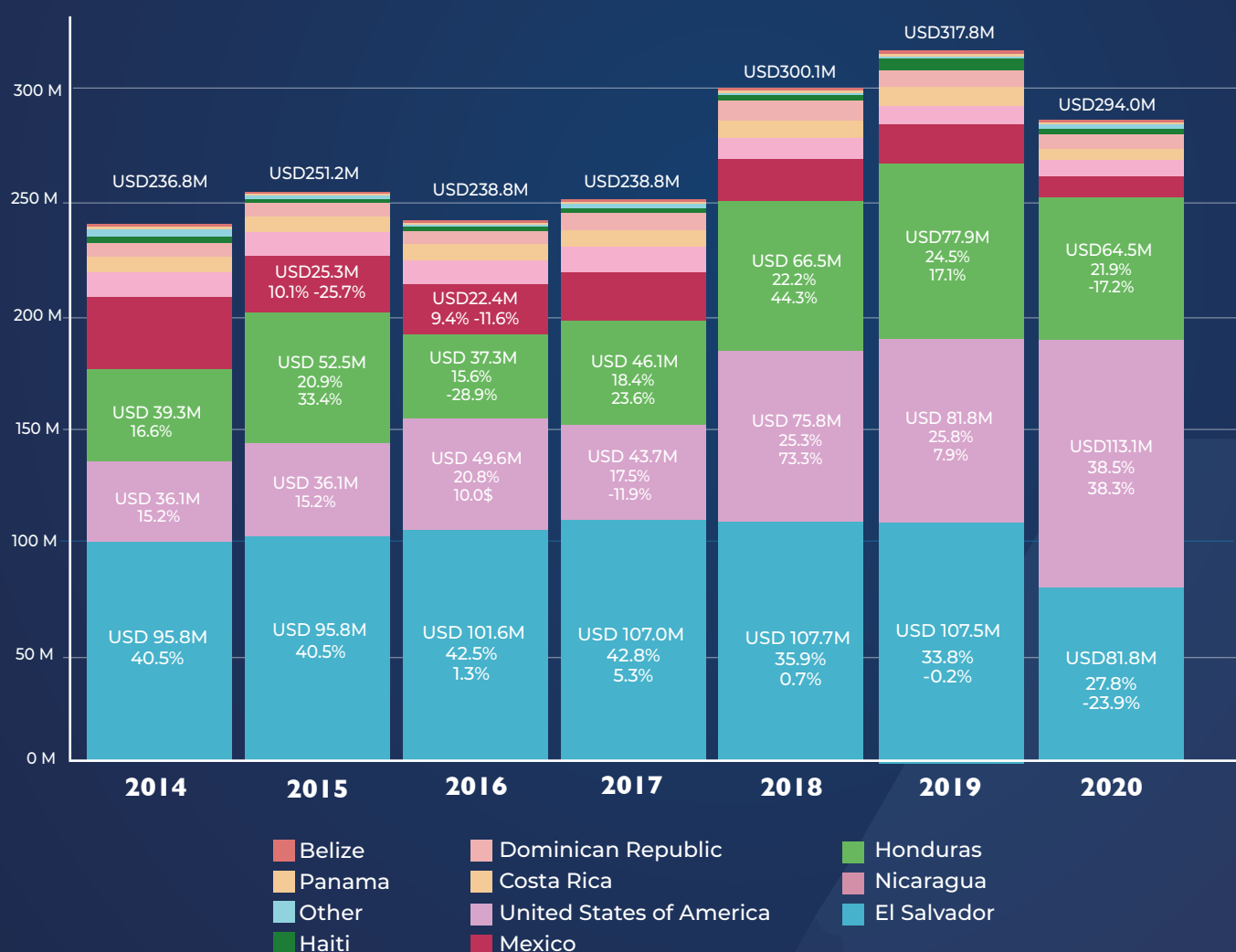
*The annex to this document contains additional information on international trade and investment opportunities elaborated by the Directorate of Analysis and Economic Policy of the Ministry of Economy.

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT
CAGR=Compounded Annual Growth Rate. PY=Previous year

a. Textiles

The textile sector has had a 6.1% CAGR for the period, increasing from USD 236.0 million to USD 317.0 million and being more dynamic than the apparel sector in the same period. The COVID-19 pandemic caused a 10.6% contraction in November 2020. The main countries of destination for the Guatemalan textiles exports in 2019 were: El Salvador, with a 33.8% share of total exports and a 2.3% CAGR for the 2014-2019 period; Nicaragua, with a 25.8% share of the total and a 17.8% CAGR (the most dynamic); Honduras with a 24.5% share and a 14.6% CAGR; and Mexico with a 5.7% share and a -11.9% CAGR.

Destination countries for Guatemala's textile exports



Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.

*The first percentage is the total percentage; the second one is growth with respect to the previous year.

The 5 main export tariff items are the following, shown in order as per 2020 base figures:

Textile Export Items

USD1.1M 174M

Partida (grupo) I	2014	2015	2016	2017	2018	2019	2020
6006220000 – All other knitted textiles, cotton, dyed	USD 54.6M	USD 62.2M	USD 49.1M	USD 50.2M	USD 69.1M	USD 92.9M	USD 111.1M
6006320000 – All other knitted textiles, synthetic fibers, dyed	USD 25.1M	USD 34.2M	USD 41.1M	USD 46.1M	USD 40.6M	USD 39.2M	USD 36.0M
5205120000 – Uncombed single-yarn spinning. Titer below 714.29 decitex but above or equal to 232.56 decitex (greater than metric number 14 but lower or equal to metric number 43).	USD 1.5M	USD 2.4M	USD 1.3M	USD 1.1M	USD 2.5M	USD 2.1M	USD 15.6M
5407520000 – Knitted synthetic filament yarns: Other knitted textiles with texturized polyester filament yarns above or equal to 85% in weight: dyed.	USD 8.4M	USD 10M	USD 14.2M	USD 11.5M	USD 12.3M	USD 14.0M	USD 11.8M
5806329000 – narrow fabrics consisting of warp without weft parallel or agglomerated fibers; synthetic or artificial fibers: others	USD 1.6M	USD 1.8M	USD 1.3M	USD 1.7M	USD 1.6M	USD 1.6M	USD 8.6M
Other	USD 145.6M	USD 140.5M	USD 131.7M	USD 139.3M	USD 174.0M	USD 167.9M	USD 110.9M
Total	USD 236.8M	USD 251.2M	USD 238.8M	USD 250.0M	USD 300.1M	USD 317.8M	USD 294.0M

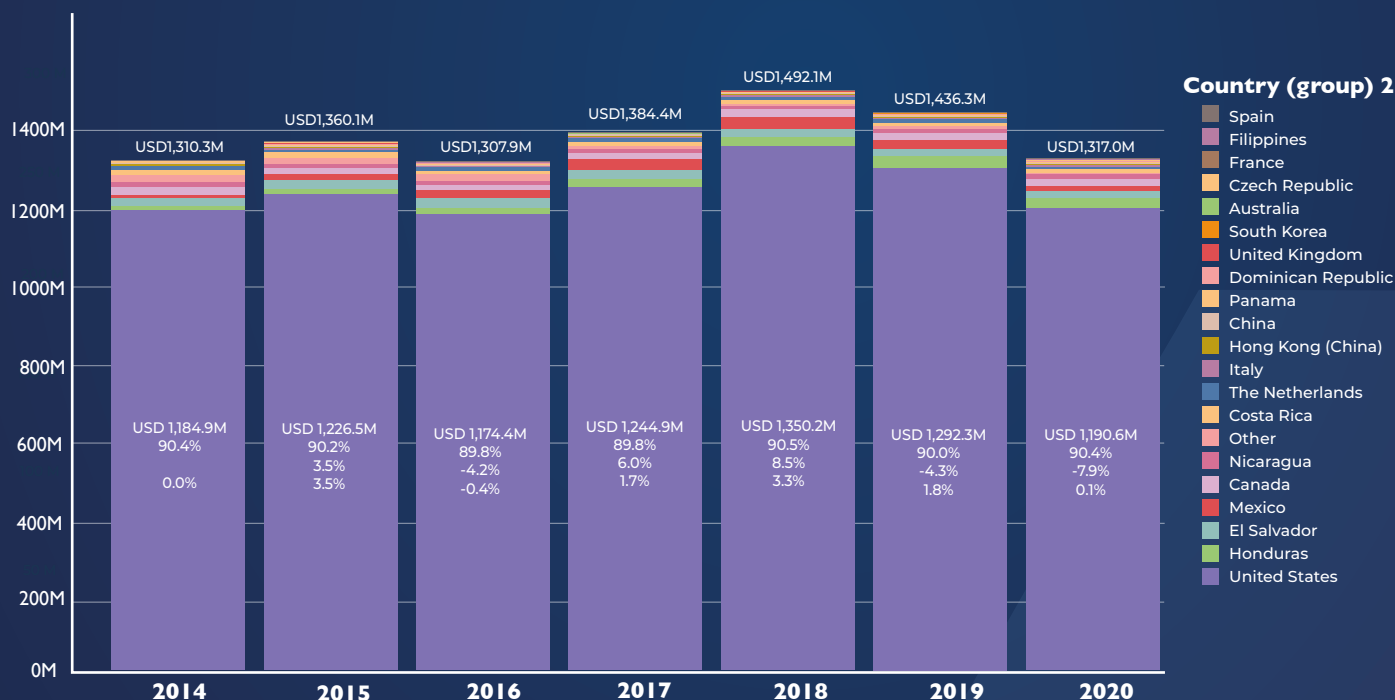
Amount of the value disaggregated by year; Year vs. Line Item (group) I. The color shows Value amount. Labels are shown for Value amount. Data are filtered by Line Item (group) and Trade. The Line Item filter (group) keeps Textiles. The Trade filter keeps Exports.

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.

b. Apparel

The apparel sector showed a 1.8% CAGR for the period, increasing from USD 1.30 billion to USD 1.43 billion and being less dynamic than the textile sector in the same period. The COVID-19 pandemic caused a 9.5% contraction in November 2020; however, at the onset of the pandemic (April 2020), the sector had decreased by 16.0%. The main countries of destination for the Guatemalan apparel exports were: The United States, with a 90% share of the total and a 1.8% CAGR for the 2014-2019 period; Honduras with a 2.1% share and a 26% CAGR (the most dynamic); Mexico with a 1.6% share and a 25% CAGR, and Canada with a 1.4% share and a 1.6% CAGR.

Main apparel export destinations



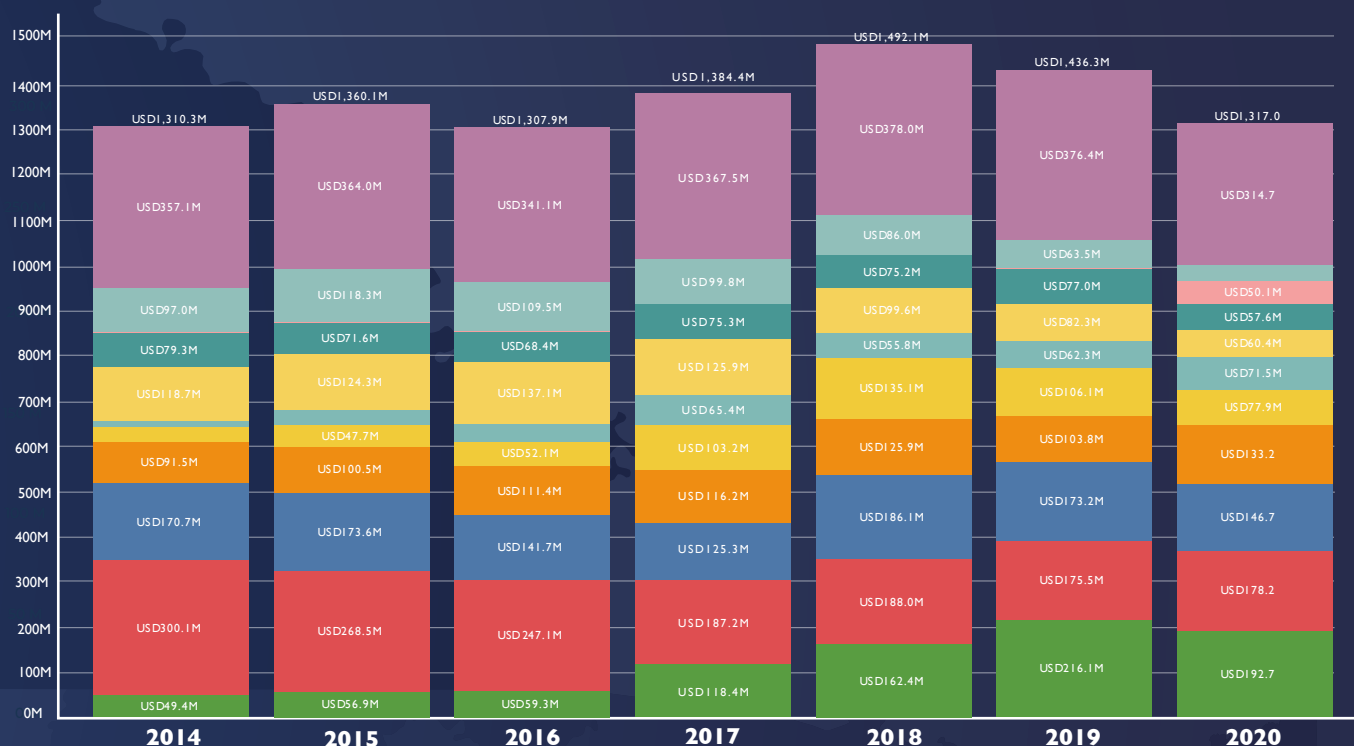
Sum of value broken down by year vs. Game (group) 1. Color shows sum of Value. Brands are tagged by sum of Value. The data is filtered on item (group) and trade. The split filter (group) preserves textiles. The trade filter preserves exports.

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.

*The first percentage is the total percentage; the second one is growth with respect to the previous year, and the third one is the CAGR (Compounded Annual Growth Rate).

The following are the main export tariff classifications, shown in order as per 2020 figures, in USD.

Main apparel export tariff items



Amount of the Value for each Year. The color shows details about the Line Item (group) 2. Labels are shown by Value Amount. Data are filtered by Line Item (group) and Trade. The Line Item filter (group) keeps Apparel. The Trade filter keeps Exports.

Line item (group) 2

- Other
- 6204630000 - Long pants, bib pants, shorts (breeches) and shorts: made of synthetic fibers
- 6307902000 - Disposable masks
- 6109100000 - Shirts and t-shirts, knitted: cotton
- 6106200000 - Shirts, blouses and shirt-blouses, knitted, for women or girls: of man-made fibers
- 6109900000 - T-shirts and shirts, knitted: of other textile materials
- 6110300000 - Sweaters, pullovers, cardigans, vests and similar articles, knitted: of synthetic fibers or wool
- 6105200000 - Knitted shirts for men and boys: made of man-made fibers
- 6105100000 - Knitted shirts for men and boys: cotton
- 6106100000 - Women's or girls' cotton shirts, blouses and shirt-blouses, knitted
- 6110200000 - Sweaters, pullovers, cardigans, vests and similar articles, knitted: wool

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.

2. Imports: Evolution per Each One of the Various Sectors

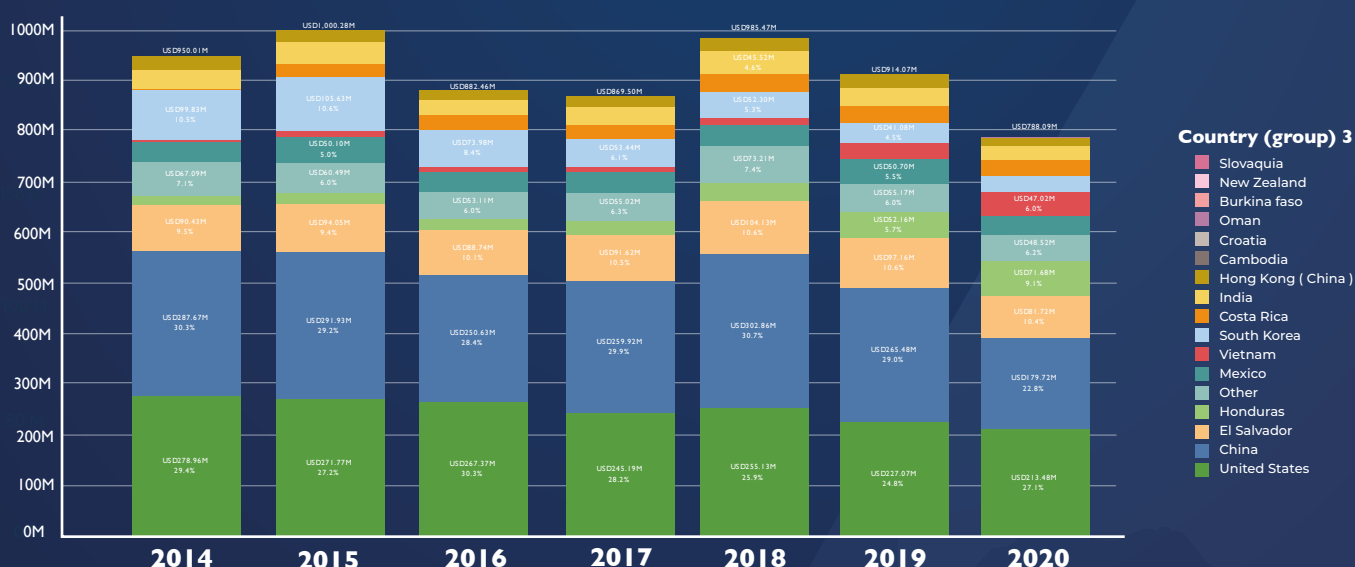
Sector		2014	2015	2016	2017	2018	2019	2020
Textile	Growth vs. Previous Year		5.3%	-11.8%	-1.5%	13.3%	-7.2%	13.8%
	Base CAGR 2014	0.0%	5.3%	-3.6%	-2.9%	0.9%	-0.8%	-3.1%
	Value in USD	950,009,076	1,000,279,871	882,459,210	869,496,533	985,467,448	914,073,504	788,086,598
Apparel	Growth vs. Previous Year		21.5%	2.9%	8.9%	5.2%	3.1%	11.3%
	Base CAGR 2014	0.0%	21.5%	11.8%	10.8%	9.4%	8.1%	8.6%
	Value in USD	286,649,119	348,178,486	358,111,150	389,871,570	410,334,753	422,918,076	470,594,964
General total	Growth vs. Previous Year		9.0%	-8.0%	1.5%	10.8%	-4.2%	-5.9%
	Base CAGR 2014	0.0%	9.0%	0.2%	0.6%	3.1%	1.6%	0.3%
	Value in USD	1,236,658,195	1,348,458,357	1,240,570,360	1,259,368,103	1,395,802,201	1,336,991,580	1,258,681,562

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.

*CAGR=Compounded Annual Growth Rate

a. Textiles

The textile sector has had a -0.8% CAGR for the period, decreasing from USD 950.0 million to USD 788.1 million and being less dynamic than the apparel sector in the same period. The COVID-19 pandemic caused a 16.2% contraction in November 2020. The main suppliers for the country's imports in 2019 were: China, with a 29% share of total imports and a -1.6% CAGR for the 2014-2019 period; The United States, with a 24.8% share and a 25.6% CAGR.



Sum of Valor for each Año Year. Color shows details about País (grupo) 3. The marks are labeled by sum of Valor and % of Total Valor. The data is filtered on Partida (grupo) and Comercio. The Partida (grupo) filter keeps Textiles. The Comercio filter keeps Importaciones.

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT

*The % under the amount for imports is the % of the total.

The following are the five main tariff classifications, shown in order as per 2020 base figures:

Country (group) 3	2014		2015		2016		2017		2018		2019		2020	
6006220000 - Other knitted fabrics—of synthetic-fibers; dyed	USD 53.9M	57%	USD 66.9M	6.7%	USD 68.1M	7.7%	USD 67.5M	7.8%	USD 83.8M	8.5%	USD 97.2M	10.6%	USD 88.4M	11.2%
6006220000 - Other knitted fabrics – of cotton; dyed	USD 121.0M	12.7%	USD 116.8M	11.7%	USD 66.2M	7.5%	USD 52.2M	6.0%	USD 71.0M	7.2%	USD 72.6M	7.9%	USD 62.1M	7.9%
5201000000 - Cotton yarn waste	USD 48.2M	5.1%	USD 43.5M	4.3%	USD 39.7M	4.5%	USD 43.2M	5.0%	USD 67.6M	6.9%	USD 61.1M	6.7%	USD 45.8M	5.8%
5202330000 — Textured polyester yarns	USD 32.9M	3.5%	USD 38.2M	3.8%	USD 39.0M	4.4%	USD 42.3M	4.9%	USD 42.3M	4.3%	USD 41.1M	4.5%	USD 41.8M	5.3%
5206240000 - Single yarn of combed fibers – Titer below 192.31 decitex but above or equal to 125 decitex (greater than the number...	USD 2.3M	0.2%	USD 6.1M	0.6%	USD 12.2M	1.4%	USD 11.2M	1.3%	USD 16.9M	1.7%	USD 30.4M	3.3%	USD 33.9M	4.3%
	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M	USD 0.0M	USD 1,000.0M
	Value		Value		Value		Value		Value		Value		Value	

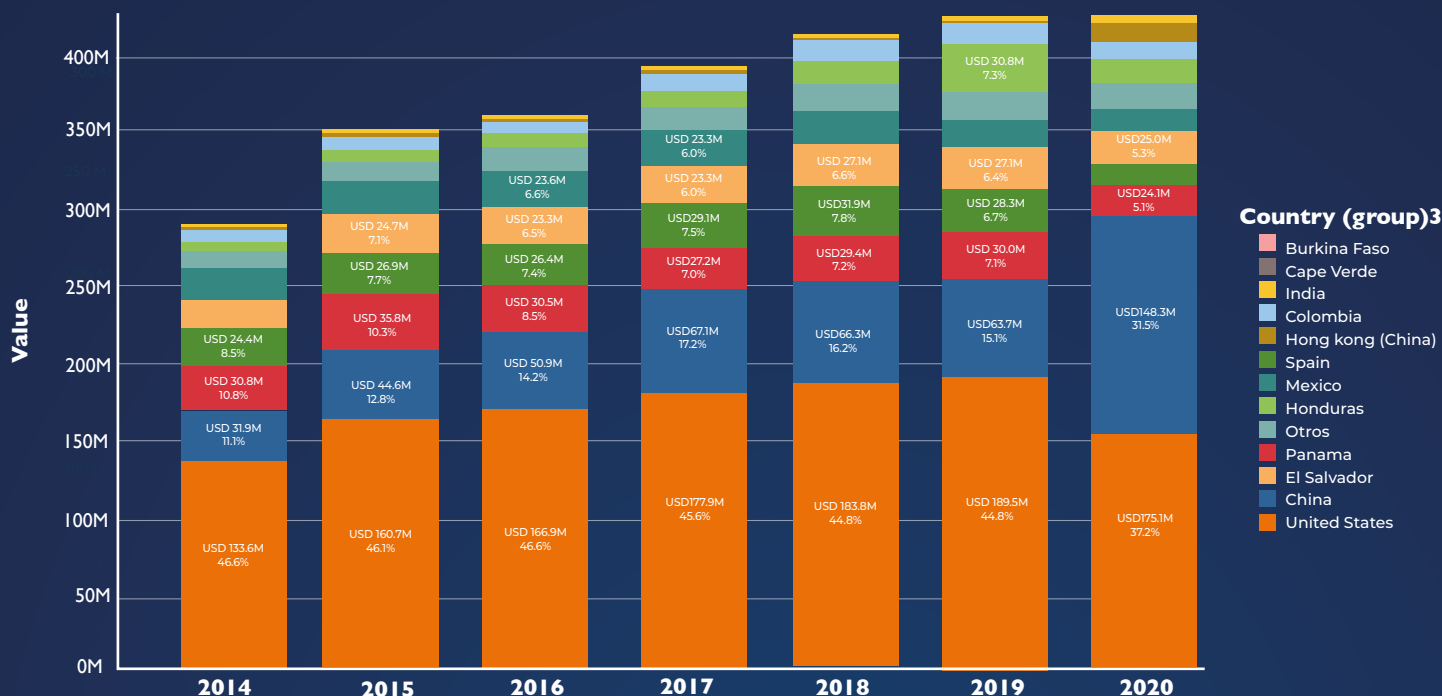
Sum of Valor for each Partida (grupo) 3 broken down by Año Year. Color shows details about Partida (grupo) 3. The marks are labeled by sum of Valor and % of Total Valor. The data is filtered on Partida (grupo) and Comercio. The Partida (grupo) filter keeps Textiles. The Comercio filter keeps Importaciones.

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT

*% is the percentage of the total imports for that year.

b. Apparel

The apparel sector has had a 4.5% CAGR for the period, increasing from USD 286.6 million to USD 422.9 million and being more dynamic than the textile sector in the same period. This segment was not affected by the COVID-19 pandemic since it grew 8.3% in November 2020. It suffered a contraction in the February-March quarter. The main suppliers for the country's imports in 2019 were: The United States, with a 44.8% share of the total imports and a 7.2% CAGR from 2014 to 2019; China, with a 15.1% share and a 14.8% increase; Panama, with a 7.1% share and a -0.5% growth and Spain, with a 6.7% share and 3.0% increase.



The following are the five main tariff classifications, shown in order as per 2020 figures:

Source: Economic Analysis and Policy Department, Market Intelligence based on BANGUAT.
*% is the total percentage for each year.



Investment Opportunities: **United States**⁵

The United States market is the main destination for Guatemalan exports. Therefore, an analysis of said market was made based on the following categories defined by the Office of Textiles and Apparel (OTEXA), shown with its relevant tariff classifications, which are equivalent to the United States Harmonized System:

Category	Definition
338	M&B knit shirts doz 6.00
339	W&G knit shirts & blouses doz 6.00
347	M&B trousers, breeches & shorts doz 14.90
348	W&G trousers, breeches & shorts doz 14.90
638	M&B knit shirts doz 15.00
639	W&G knit shirts & blouses doz 12.50
647	M&B trousers, breeches & shorts doz 14.90
648	W&G trousers, breeches & shorts doz 14.90

M&B = Men and Boys, W&G = Women and Girls.

a. Size of imports of the selected categories from the United States

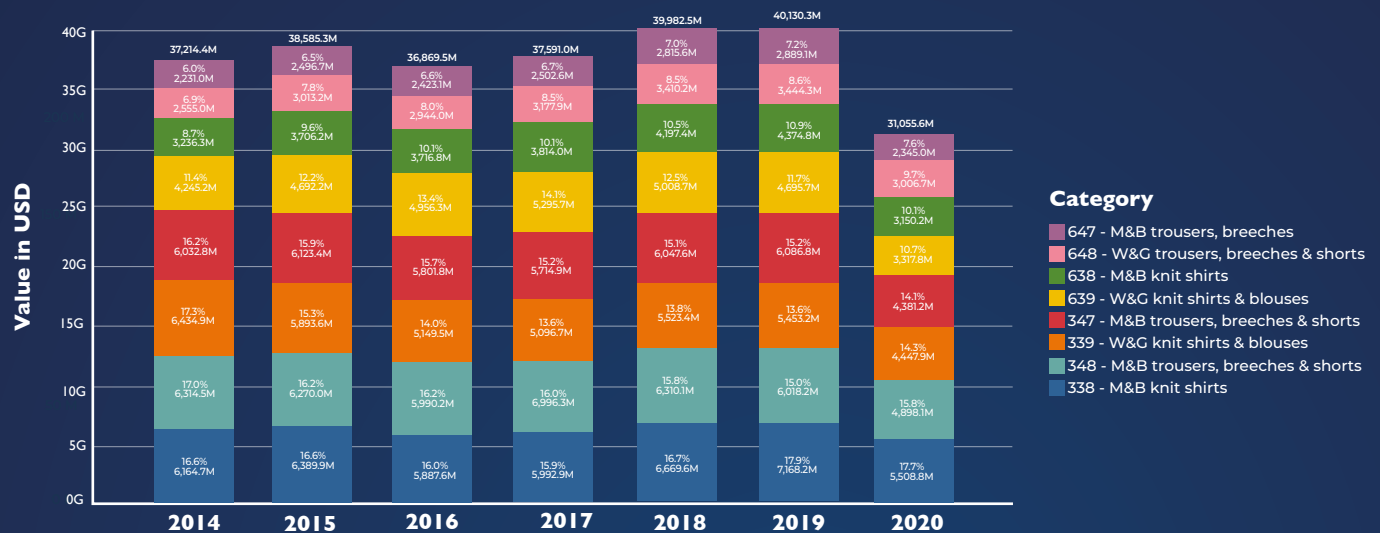
As of 2020, total imports of all categories amounted to USD 31.0 billion, with a 3 % compounded decrease (CAGR) for the 2014-2020 period and a total decrease of 690.4 million dozen; that is a -2.1% fall. Before the impact of the COVID-19 pandemic, there had been a 1.5% growth in value and a 1.9% growth in dozens for 2019.

Unit		2014	2015	2016	2017	2018	2019	2020
Dozens	Growth vs. Previous Year		6.4%	-1.2%	1.3%	4.7%	-1.4%	-20.1%
	Base CAGR 2014	0.0%	6.4%	2.5%	2.1%	2.8%	1.9%	-2.1%
	Value in USD	785,962,269	836,073,851	826,292,329	837,126,649	876,349,657	864,123,622	690,472,822
Value	Growth vs. Previous Year		3.7%	-4.4%	2.0%	6.4%	0.4%	-22.6%
	Base CAGR 2014	0.0%	3.7%	-0.5%	0.3%	1.8%	1.5%	-3.0%
	Value in USD	37,214,434,137	38,585,255,893	36,869,454,887	37,590,976,013	39,982,497,700	40,130,309,540	31,055,647,764
	Average Price per Dozen	47.3	46.2	44.6	44.9	45.6	46.4	45.0

Source: Economic Analysis and Policy Department, Market Intelligence based on USITC.

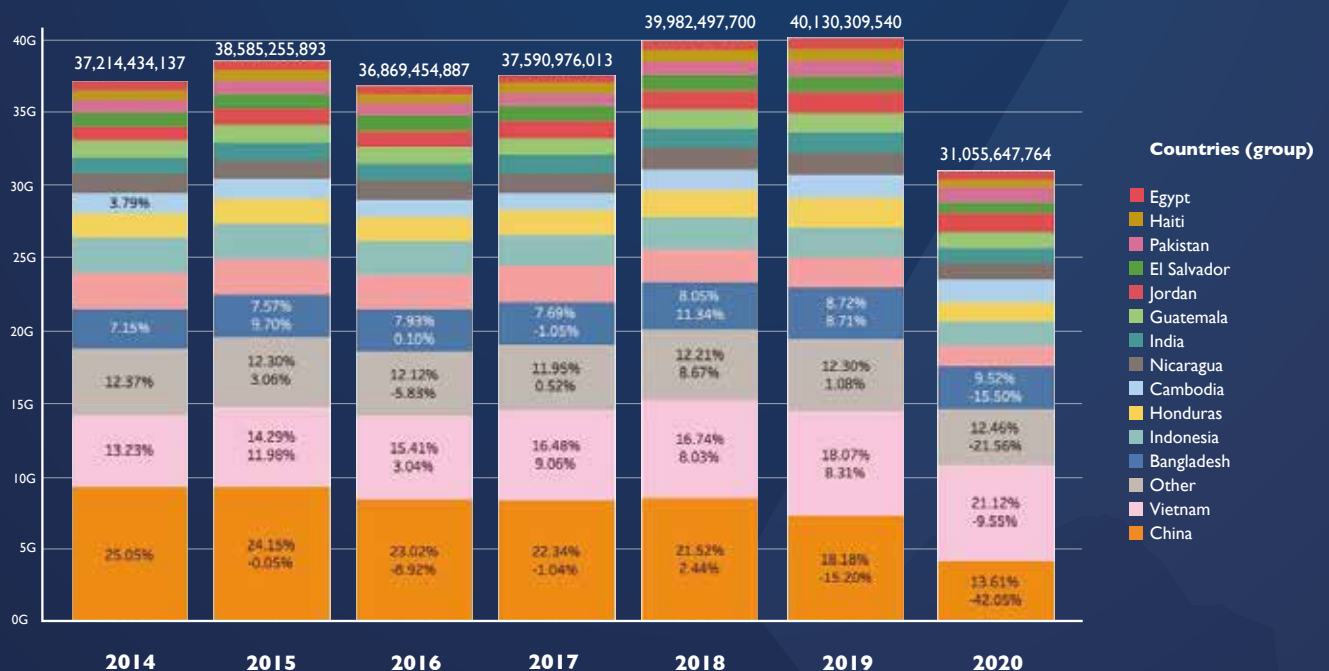
5. The analysis considered only the categories required by the Apparel and Textile Commission of the Association of the Apparel and Textile Industry of Guatemala; thus, not all import categories are included.

Category 338 is the most important. It includes M&B knit shirts, with 17.7% of the total for 2020, followed by Category 348 – W&G trousers, breeches & shorts, with 15.8%, and by Category 339, W&G knit shirts and blouses, with 14.3%.



Source: Economic Analysis and Policy Department, Market Intelligence based on USITC.

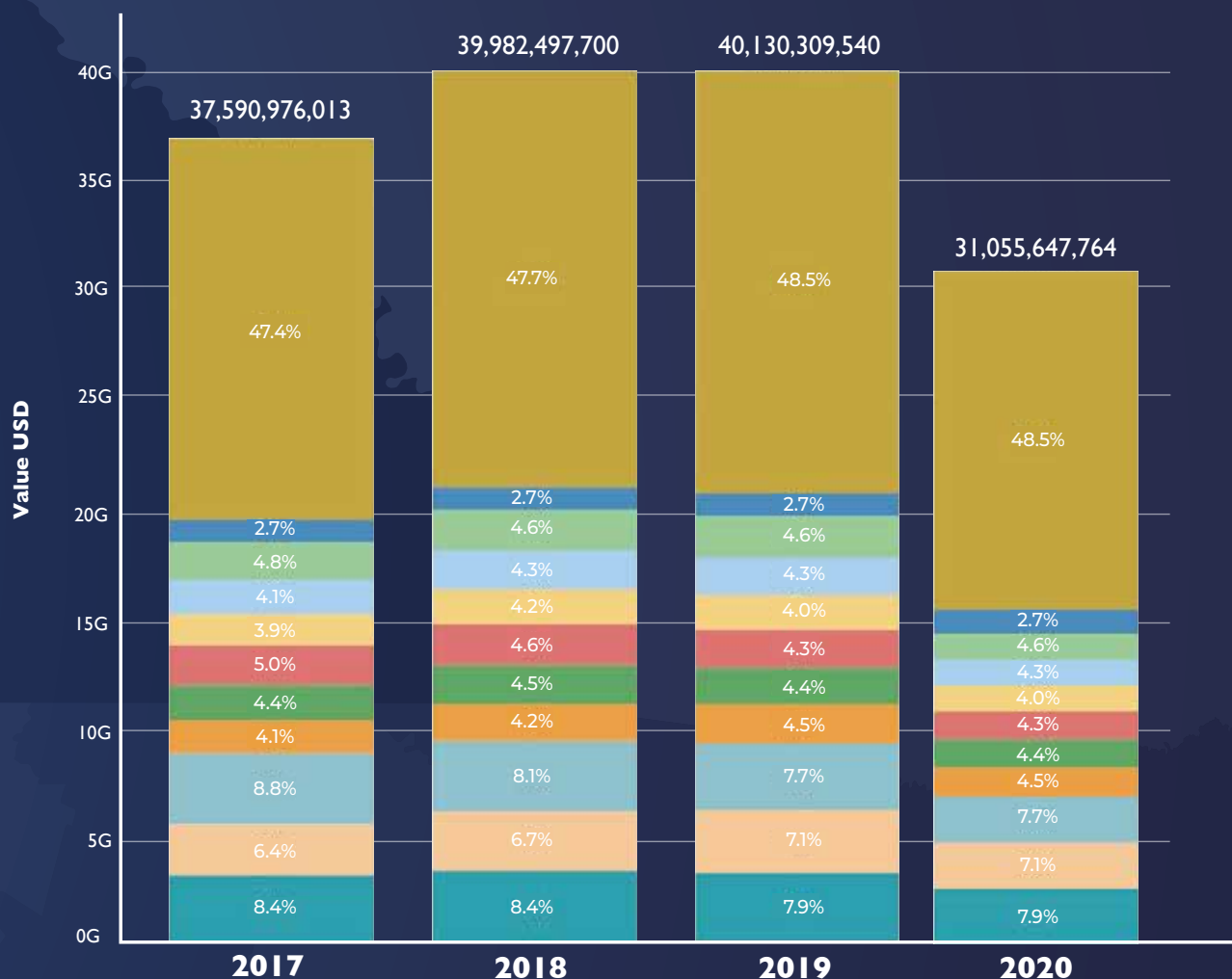
Insofar as the major countries exporting to the United States, overall, the impact of the COVID-19 pandemic caused a shift in the supply from China, which changed over to other countries. Vietnam was the main supplier in 2020, displacing China for the first time. However, even before the pandemic, imports from China showed a decrease. Bangladesh is another country that has increased its participation in total imports.



Source: Economic Analysis and Policy Department, Market Intelligence based on USITC.

At the Central American level, CARG increased in Honduras by 4.5%; in Nicaragua by 3.1%; in Guatemala by 2.0% and in El Salvador by 1.9% before the COVID-19 pandemic. Except for the latter, they all increased above the general 2.0% average. The countries with significant growth during this period were: Jordan with 10.5%; Vietnam, with 8.0%, and Haiti, with 5.9%. The countries with decreases were China, with -4.7%; Mexico with -3.8%, and Indonesia with -3.1%.

The top 10 tariff items purchased by the U.S. from Central America are:



- Other
- Knitted womens syn trous, GT=5% Elastomeric Yarn or rubber thread
- Men's Trousers and breeches of cotton, not knitted or crocheted, nesoi
- Men's blue denim trousers and breeches of cotton, not knitted or crocheted nesoi
- Women's blue denim trousers and breeches of cotton, not knitted or crocheted nesoi
- Women's Trousers and breeches of cotton, not knitted or crocheted, nesoi
- Men's or boy's pullovers and similar articles of man-made fibers knitted or crocheted, but not knit to shape, nesoi
- Men's cotton other t-shirts, knitted or crocheted, except underwear
- Women's or girl's pullovers and similar articles of man-made fibers knitted or crocheted, but not knit to shape, nesoi
- Men's or boy's pullovers and sim. art. of cotton containing less than 36 percent by weight of flax fibers knitted or crocheted, but not knit to shape
- Women's or girl's pullovers and sim. art. of cotton containing less than 36 percent by weight of flax fibers knitted or crocheted, but not knit to shape

Identifying Opportunities

To find opportunities, we used a self-developed methodology based on the one by BCG (Boston Consulting Group), which cross-references the weight of each tariff line item and its growth. The results show which weighs the most and which have better growth.

To be considered an opportunity, a line item must comply with the following:

A. Having growth that is greater than 10%, considering all values above USD 1 million for the 2017-2019 period.

B. Having a monthly evolution during the period being analyzed (2017-2020), considering the effect of the COVID-19 pandemic and eliminating those that appear to be an opportunity, but are mere sporadic imports.

A total of 35 potential opportunities were found (46 in the first filter). The category with the most opportunities was number 647, with 9, followed by category 338 with 6 and category 347 with the same number. Following is a summary table:

Category	Number
647 - M&B trousers, breeches	9
338 - M&B knit shirts	6
347 - M&B trousers, breeches & shorts	6
648 - W&G trousers, breeches & shorts	5
339- W&G knit shirts & blouses	4
638 - M&B knit shirts	3
348 - W&G trousers, breeches & shorts	2
General total	35

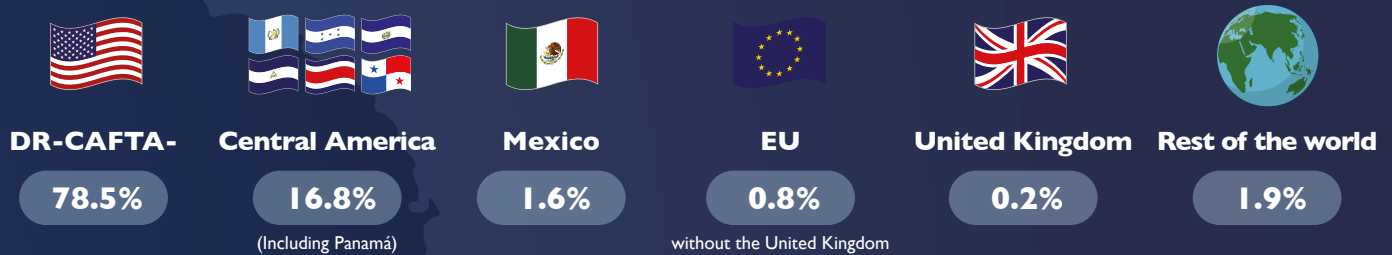
Source: Economic Analysis and Policy Department, Market Intelligence based on USITC.



Trade Agreements **in Force**

Guatemala has signed trade agreements that streamline trade and access to the following markets:

% participation per trade agreement:



Under DR-CAFTA, the apparel and textile industry benefits from the preferential treatment of the short supply clause, which allows the importation of non-originating raw materials and specific origin regimes.



Industrial Costs:



Electric Power

Guatemala has the most competitive electricity rates in the Central American region. The cost per kilowatt-hour (kWh) is between USD 0.10 for industrial users and USD 0.16 for commercial users. Users with electricity demands above 100 kW may register as large users and negotiate their electric-power contracts.

Source: Global Petrol Prices, 2020



Potable Water

In the Municipality of Guatemala⁶ (if the service is provided by the municipal government):

- The cost of purchasing the rights to water service may range from: **USD 779.20 to USD 6,493.50.**
- The water-consumption charges for private entities vary, depending on the range of consumption. The endpoints are from 1 to 20 m³, a fixed rate of **USD 2.08 and USD 0.29 per m³ used.** For 121 m³ and up, a fixed rate of **USD 2.08 and USD 1.45 per m³ used.**

Water can also be supplied by drilling a privately-owned well. Costs vary depending on the location and depth of the well.

Reference information.



Average Monthly Salary⁷

- Spinning, weaving and textile-product manufacturing, except apparel **USD 405.64**
- Apparel manufacturing **USD 482.29**
- Minimum daily salary for exporting and maquila (outsourcing) **USD 11.02** (day shift), monthly salary **USD 367.72** (including mandatory incentive bonus).



Rentals

- Warehouses: a monthly rent ranging from **USD 3.50 to USD 6.00** per square meter in the Municipality of Guatemala and surroundings (Villa Nueva, Amatitlán and Mixco).
- Industrial park: a monthly rent ranging from **USD 3.50 to USD 6.00** per square meter in the Municipality of Guatemala and surroundings (Villa Nueva, Amatitlán and Mixco).
- Special Public Economic Development Zones: a monthly rent within a range of **USD 6.50** per square meter in the departments of Escuintla and San Marcos.

6. According to Municipal Council Agreement No. COM-036-03 and its amendments COM-002-06 and COM017-07, Guatemala's Municipal Government.

7. Banco de Guatemala, employment matrix and earnings by economic activity (2018).

8. Classification AE038, according to the Nomenclature of Economic Activities for Guatemala, BANGUAT 2018.

9. Classification AE039, according to the Nomenclature of Economic Activities for Guatemala, BANGUAT 2018.

10. In accordance with Government Agreement 320-2019 of the Ministry of Labor and Social Security. Daily fee (day-shift Q. 84.88 – the exchange rate used is Q.7.70 x 1 USD)



Environmental Licensing

- The approximate cost for medium-sized companies is **USD 3,975¹¹**.
- The approximate cost for large companies is **USD 6,470**.
- These costs include: Developing an environmental instrument, a wastewater technical study, a wastewater analysis, and an environmental license (5 years).



Routes and Estimated Logistic Costs

Sea Transportation (Standard 40' Dry Van Container):

Origin	Destination	Cost USD ¹²
Puerto Santo Tomás, Guatemala	Miami, Florida, Estados Unidos	2,800-3,200
Puerto Quetzal, Guatemala	Los Angeles, California, Estados Unidos	2,900-3,100
Heroica Veracruz, México	Puerto Quetzal Guatemala	1,914
Manzanillo, Colima, México	Puerto Quetzal Guatemala	548

Source: AGEXPORT

Air Transportation:

Origin	Destination	Airfreight USD (per kilogram)
Guatemala (GUA)	Miami (MIA)	0.80 a 1.10
Guatemala (GUA)	Los Ángeles (LAX)	1.10 a 1.20

Source: AGEXPORT

Land Transportation

Origin	Destination	Cost USD (40' container)
Ciudad de Guatemala	San Salvador, El Salvador (291 kms)	650
Ciudad de Guatemala	San Pedro Sula, Honduras (526 kms)	1,010
Ciudad de Guatemala	Managua, Nicaragua (840 kms)	1,720

Source: AGEXPORT

11. These are estimated costs; they can vary depending on the specific industrial activity and the size of the project.

12. Reference February 2021, these are variable costs due to the context of the COVID-19 pandemic and the juncture.



Operations **Infrastructure**

Guatemala has the infrastructure you require to operate your business.



Road Network, Seaports and Airports:

- Seaport commercial operations in the Pacific coast (Puerto Quetzal) and the Atlantic coast (Puerto Santo Tomás de Castilla)
- 249 miles of roads connecting the Pacific and Atlantic coasts
- 2 international airports, 9 local airfields, 22 commercial airlines, and 11 air-cargo carriers operating.



Electric Power

Installed capacity: 3,488 MW
Maximum demand: 1,785 MW
Energy matrix: 60% renewable; 40% non-renewable
Average Spot Price (2019) 63.32 USD/MW

Source: Statistical Reports 2019, Administrador del Mercado Mayorista (Wholesale Market Administrator)



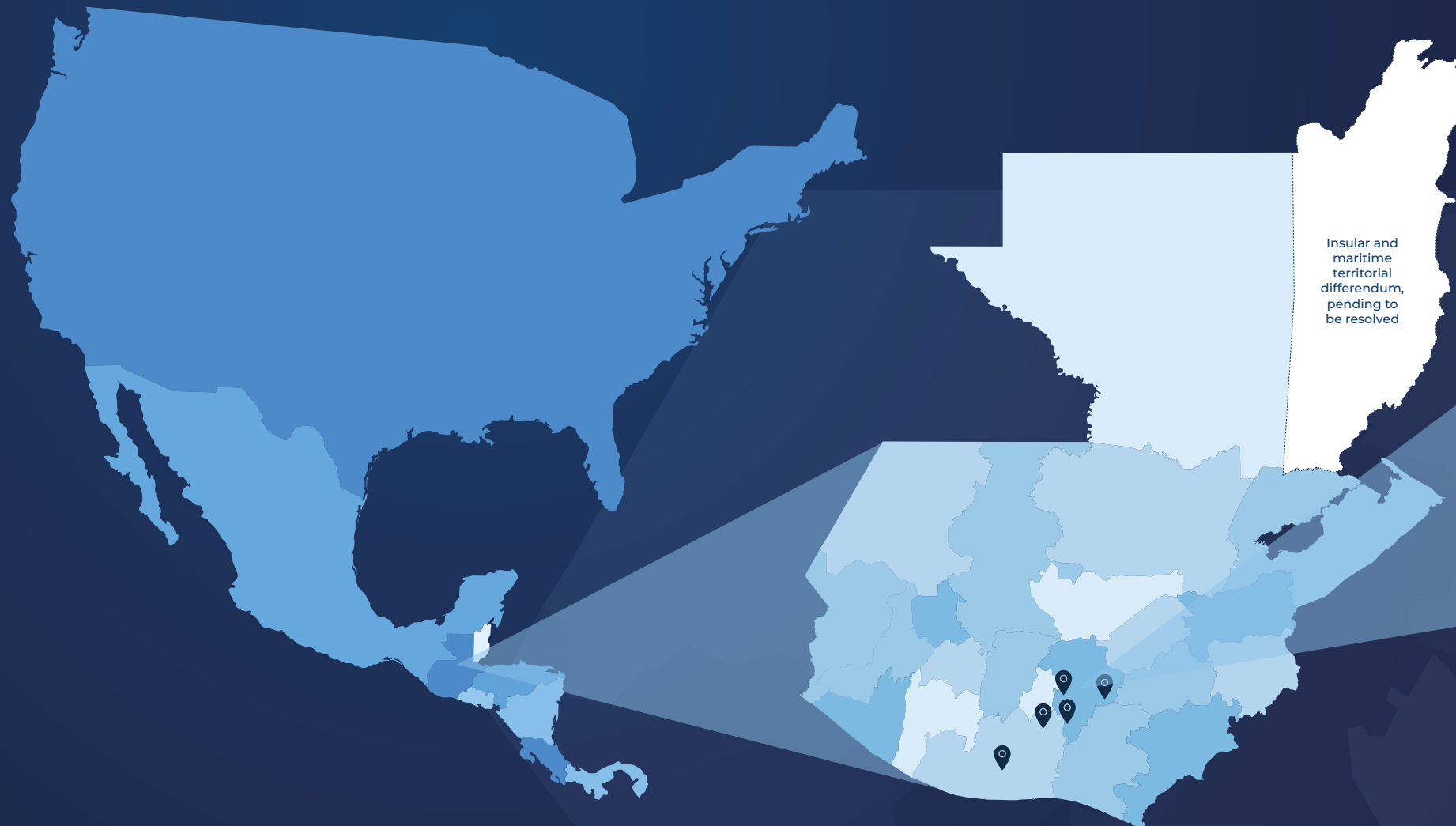
Potable-Water and Sanitation Systems

Availability of over 97 million cubic meters of water per year (7 times greater than the water-risk limits established by international standards).

Source: SEGEPLAN

Sewage treatment plant: plant-construction costs range from USD 26,000 to USD 52,000. These costs vary depending on the volume, the type of sewage to be treated and the technology selected for treatment.

Source: VESTEX-AGEXPORT.



Companies are concentrated in Municipalities South of Guatemala City.



The sector cluster is located south of Guatemala City and is Central America's most coordinated and interconnected, with easy access to related products and services. From threads, fabrics, embroidery, screen printing, sublimation, accessories, dyeing, and special finishes to the final product are used to create items with the highest added value in the region, from start to finish.



Competitive **Advantages**



The apparel and textile sector is robust. It has been present in the region (Central America and the Caribbean) **for over 30 years**. It generates almost **80,000 direct jobs and another 80,000 indirect jobs**, and engages in commercialization, manufacturing, logistics and service operations.



There are over **380 companies in the sector**, which constitute a **totally-integrated supply chain in the Central American region** allowing the production of value-added apparel. The country specializes in knit production.



Guatemala has the most productive labor force in the region. It offers efficient and quality human talent available for the operations area. **46% of jobs are held by women**.

Source: Clothing and Textiles Commission -Vestex- of Agexport



It is the country's major exporting sector, acknowledged nationally and internationally for its competitiveness, versatility, and flexibility. Exports are well known for their high added value, considered **the highest in the region**.



Guatemala is the only Central American country with an association that belongs to the **Sustainable Apparel Coalition (SAC)**, which supports companies with environmental issues.



The country holds **the only annual international event to gather the complete supply chain** of the textile and apparel industry in the region.



The country's geographic location provides rapid **access to the United States**, one of the most important markets for the sector and to Central America, an important supplier for the industry.



Production costs, in terms of energy, are highly competitive.



CAFTA-DR agreement has certain exceptions to the rule allowing non-originated raw material to enter as duty free to the US such as the short supply list mechanism, cumulation with Mexico (woven fabric), single transformation rule (some apparel products), among others.



The industry has the **capability of rapidly adapting to the market** by means of the **entire package**. Producers work to achieve continuous production quality improvement and quickly adapt to new trends. The country produces uniforms for the NFL, MLB, NHL, and US universities and also producer for the major retailers and brands in the USA.



There is a **conglomerate of foreign-investment companies** that have been established and are operating successfully in the country with capital from various countries, among them: South Korea, Spain, the United Kingdom, the United States, Mexico, El Salvador, and Honduras.



Doing **business:**



Opening a business

- Guatemala placed first among Latin American and Caribbean countries insofar as improving its competitiveness to open a business.
- Six is the average number of steps required to open a business in Guatemala and the estimated time to do so is 15 days.



Accessing Electric Power

Second place among the countries of the region with regard to its rating for energy supply reliability and the transparency of its rates.



Securing Credit

Guatemala is first in the region in terms of credit details scope and second in the region in terms of the index of legal rights to debtors and creditors.



Paying taxes

The country has the lowest rate of taxes and contributions levied as a percentage of earnings in the Central American region.



Cross-Border Trade

The country ranks second among Central America countries for having the lowest export and import costs (border and documentary compliance).



Construction Permit Management

Less number of procedures and competitive costs.



Regulatory **Framework:**

1

Labor Code (Decree 14-41): [DOWNLOAD](#)

The Labor Code (Decree 14-41) is the main regulatory framework for worker-employer relationships. It creates the institutions that ensure compliance and mediate controversies. Other legislation pertaining to labor issues includes: The Political Constitution of the Republic of Guatemala; International Labor Organization's Convention 175; the Labor Code; Decree 19 – 2018, and Government Agreement 320 – 2019.

2

Law on Protection and Improvement of the Environment, Decree No. 68-89: [DOWNLOAD](#)

Framework legislation on the environment and natural resources.

3

Health Code, Decree No. 90-97: [DOWNLOAD](#)

General observance law that addresses everything pertaining to health.

4

Set of Regulations on Wastewater Discharge and Reuse and Sludge Disposal, Government Agreement No. 236-2006 [DOWNLOAD](#)

It establishes the criteria and requirements that must be met for wastewater discharge and reuse, as well as for sludge disposal. The aim of this is to establish a process that allows: a) protecting receiving water bodies from the impacts of human activity; b) recovering those receiving water bodies that are in the process of eutrophication, and c) promoting the development of water resources with an integrated management approach.

5

Set of Regulations for Health and Occupational Safety, Government Agreement No. 229-2014 [DOWNLOAD](#)

It regulates the general health and occupational-safety conditions for employees working for private entities and private employers, the State, municipal governments, and autonomous, semi-autonomous and decentralized entities, with the aim of protecting their life, health, and integrity while they provide their services.

6

National Policy for the Comprehensive Management of Solid Waste and Residues, Governmental Agreement No. 281-2015 [DOWNLOAD](#)

By means of programs and policies, it establishes actions to minimize the risks to human beings and the environment, especially targeting the amount and danger of solid waste destined to final disposal sites, by implementing a comprehensive management that contributes to the wellbeing of the environment and health.

7

List of Restricted Projects, Works, Industries or Activities, Ministerial Agreement No. 204-2019. [DOWNLOAD](#)

This instrument allows the Ministry of the Environment and Natural Resources –MARN in Spanish– to list and classify projects, works, industries or activities in regard to their potential to cause high, moderate, and low environmental impact.



Fiscal **Incentives**

Decree 16-2003

Law on Valued Added Tax

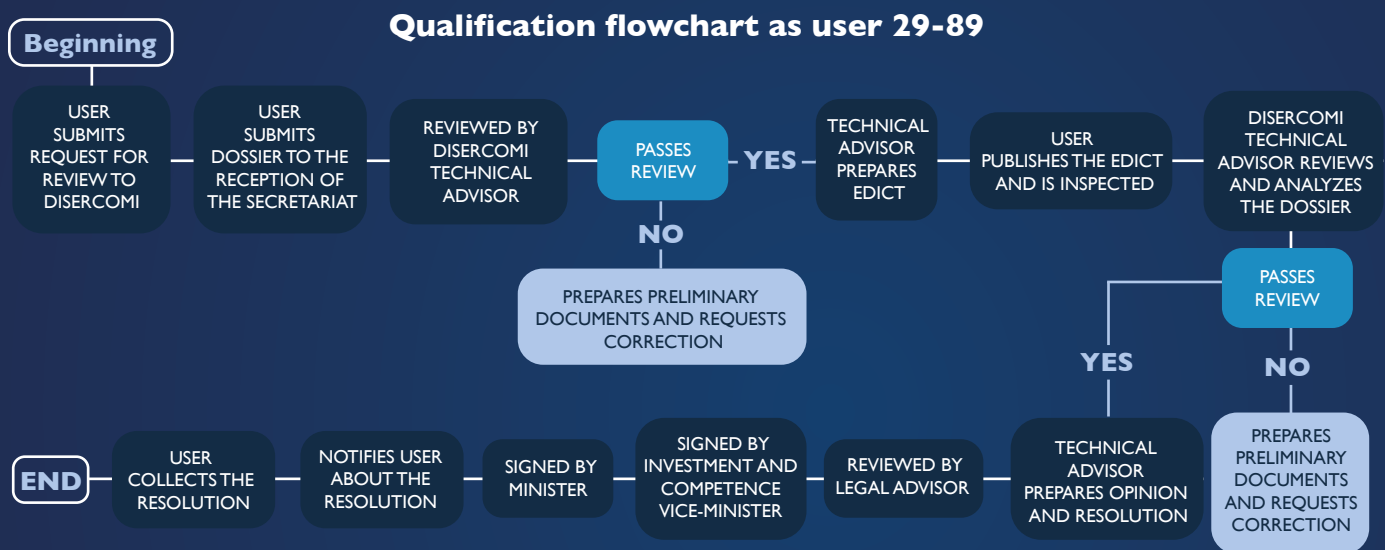
Law on Foreign Investment (Decree 9-98):

Equal acknowledgement of foreign and local investors. The law does not allow the State to expropriate, directly or indirectly, any investment that has been made.

Law Promoting and Developing Export and Maquila (Outsourcing) Activities (Decree 29-89) – Amended by the Emerging Law for Job Preservation (Decree 19-2016):

- **Temporary exemption of payment** of customs duties and import taxes, including VAT, on raw materials, semi-finished products, intermediate products, containers, packaging, and labels.
- **Temporary exemption of payment** of customs duties and import taxes, including VAT, on samplers, engineering samples, instruction manuals, patterns and models that are necessary for the productive process or for research or demonstration purposes.

- **Total exoneration** of custom duties and import taxes, including Value Added Tax –VAT– on machinery, equipment, parts, or components necessary for the productive process.
- **Total exoneration** of Income Tax –ISR in Spanish– for a period of 10 years.
- **Total exoneration of taxes**, import duties and other charges applicable to imports and use of the fuel oil, butane gas, propane gas or bunker that are strictly necessary for energy generation.
- The purchase of local production inputs to be incorporated into the final products and services used exclusively for their activity is not subject to the Valued Added Tax.
- **Other Benefits:** Those users that qualify for Decree 29-89 are not limited to a specific location, that is, they can be located anywhere in the country.



Set of Regulations to Authorize and Implement the Special Public Economic Development Zones (Decree No. 30-2018):

- Income Tax (ISR) exemption for 10 years.
- Temporary cessation of VAT, customs duties, and other charges on imports of raw materials, inputs, materials, machinery, equipment, accessories, etc.
- Exemption of fiscal stamps on documents containing acts or contracts on goods and business in the Special Public Economic Development Zones.

Law on Free Zones (Decree 65-89)

- Exemption of taxes, customs duties, and charges applicable to importing goods that are used to produce goods and provide services.
- 100% Internal Revenue Service? Si no se refiere a ese impuesto, sugiero que se aclare (IRS) exemption during a 10-year period
- VAT exemption when transferring goods within and between free zones.
- Exemption from Fiscal-Stamp Tax and Special Protocol Paper Tax on real-state purchases, exchanges, or transfers.
- VAT exemption on the purchase of locally-produced inputs to be incorporated into final products and services.



Success **STORIES**¹³:

EL ZEPELLIN

About the company: El Zepellin started its operations in Guatemala in 1946, established by Rodolfo Richter, a German textile engineer, who was able to grow the brand and expand it internationally.

Plant location: It operates in the department of Quetzaltenango, in the Western part of the country.

Number of workers: Has 380 workers, out of whom 115 belong to the commercial area, especially in Central America.

Main products: knitted cotton, underwear, towels, shirts, divided into circular, straight, swimwear and hosiery.

About the company: In 2004 STARTEX, S.A., a Korean-capital company, was established with the name ALCATEXTIL, S.A. to supply the markets with finished fabrics. In 2006, a weaving factory was established in Guatemala, installing German 'Mayer & Cie' high-speed computer programmable weaving machines, which provide a high level of production capacity with consistent quality. In 2018 it was selected by INTECAP for a prize as one of the 12 best Guatemalan companies for its productivity, competitiveness, and innovation.

Plant location: KM. 37.2 on the road to San Vicente Pacaya, Parque Industrial Michatoya, Palín Escuintla, Guatemala.

Number of workers: At present, it has 1,569 employees.

Main products: Polo Ralph Lauren, Club Monaco, The North Face, Timberland, Nautica, Talbots, Disney, Express, New Era, We Fit Your Life, Li & Fung, Spirit.

TEXTILES GRAN FE (Young Shin Guatemala)

About the company: Textiles Gran Fe (Young Shin Guatemala) established with Korean capital, started its textile operations in 2003 in Guatemala. It specializes in dyed and finished knitted fabrics to satisfy the demand of the national and international market. Through its affiliated companies JS Print and Centrotex Guatemala, S.A., it achieved the implementation of advances in bulk fabric screen printing, as well as yarn dyeing and winding.

Plant location: Km. 44.5 on the road to the Pacific coast, Warehouse C, Palín, Escuintla, Guatemala.

Number of workers: It has 350 direct labor positions held by 350 employees.

Main products: The main fabrics produced by Textiles Gran Fe are the following: jersey knit, interlock, mesh, fleece, French terry, cotton — cotton / modal, CVC, tri-blend, rayon, T/C polycotton and Supima cotton.

STARTEX S.A.

CORPORACIÓN LIZTEX

About the company: Corporación LIZTEX was established in Guatemala with United States capital in 1960. It was known previously as INTEXA. The success of the company allowed diversifying its products and exporting them mainly to the United States.

Number of workers: It has 3000 workers, both in Central America and the United States, ensuring the opening of the extra-regional export operations.

Plant location: It is located in Parques del Lago, Km. 30.5 on the road to the Pacific coast, Amatitlán, which is part of Guatemala City's metropolitan area.

Main products: Spinning (American and PIMA cotton); organic and BCI cotton; LOS (long staple cotton fibers) cotton; polyester (textured, short-staple fiber, T-400, CoolMax, Thermolite, CoolCore); regenerated fibers: rayon / viscose, modal, micro-modal, Tencel). Flat fabric (shirting, corduroy, drapery, blanket, gabardine, denim, tablecloth, oxford, poplin, ripstop, sheet, satin, spandex, terry, and jacquard fabrics). Knitted fabrics (wool, interlock, jersey, mini-jacquard, pique, fleece, rib, velour). Home and hotel textiles (towels and sheets). Dyeing and finishing (yarn dyed, piece dyed and printed) including chemical finishes such as: stain resistant, oil and water repellent, antimicrobial, hygroscopic finish, moisture control, anti-wrinkle, silk-type finish, UV protection, FR flame retardant, mercerized and Teflon finish.

¹³ The information was downloaded from each company's webpage.



Ministerio de
**Relaciones
Exteriores**

