

Guatemala: a country of opportunities

June 2017

Guatemala has a privileged geographical location, in the center of the Americas



Republic of Guatemala

CAPITAL: Guatemala

AREA: 108.889 Km²

TEMPERATURE: 15° C – 25° C

POPULATION: 16 .3 million

OFFICIAL LANGUAGE: Spanish

CURRENCY: Quetzal (Q)

GDP : US\$ 63.79 billion

GDP per capita: US\$ 7,707.00

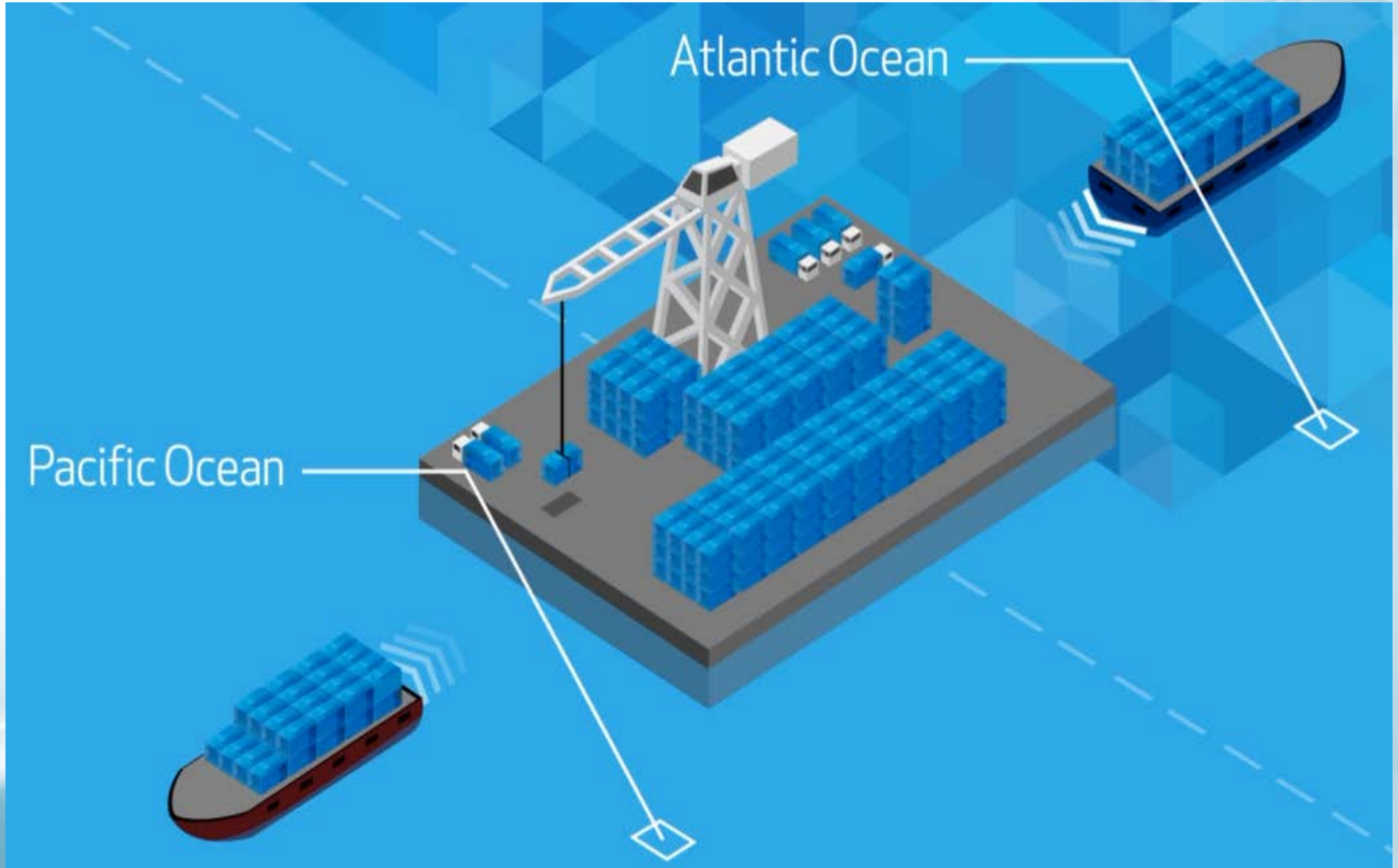
Growth of GDP: 4.1%

INFLATION: 4.57%

EXCHANGE RATE: Q. 7.35



Access to both Oceans



National Airport System

La Aurora International Airport:

- Category A1 by the Federal Aviation Administration.
- Capacity to handle more than 4 million passengers per year.
- More than 200 flights weekly.

Aeropuerto Mundo Maya:

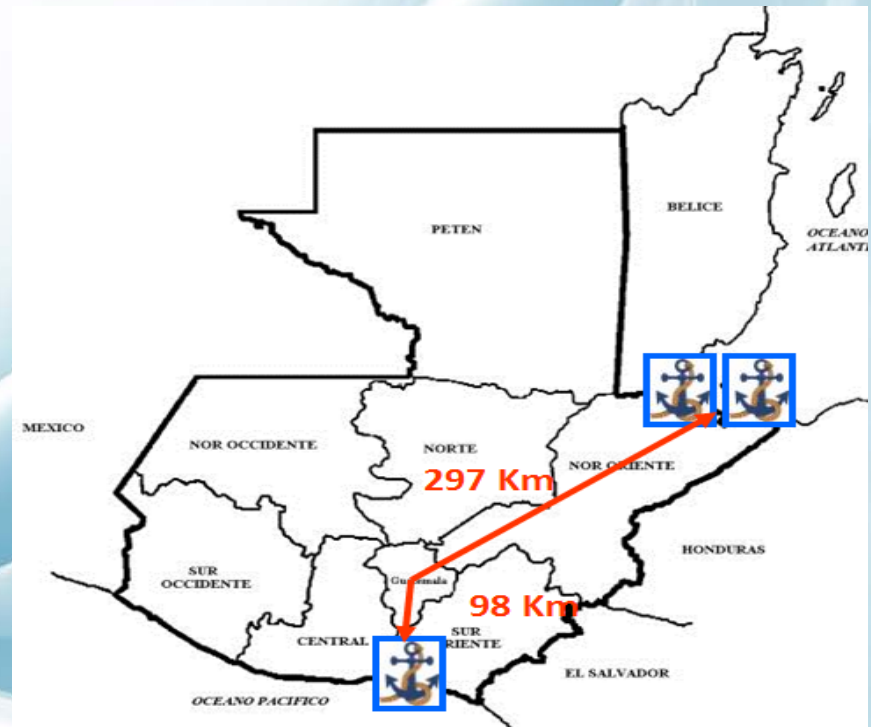
- Receives more than 80 thousand passengers from La Aurora International Airport.
- It has the capacity to accommodate up to 18 aircraft and 5 commercial aircraft simultaneously.

Other Airports:

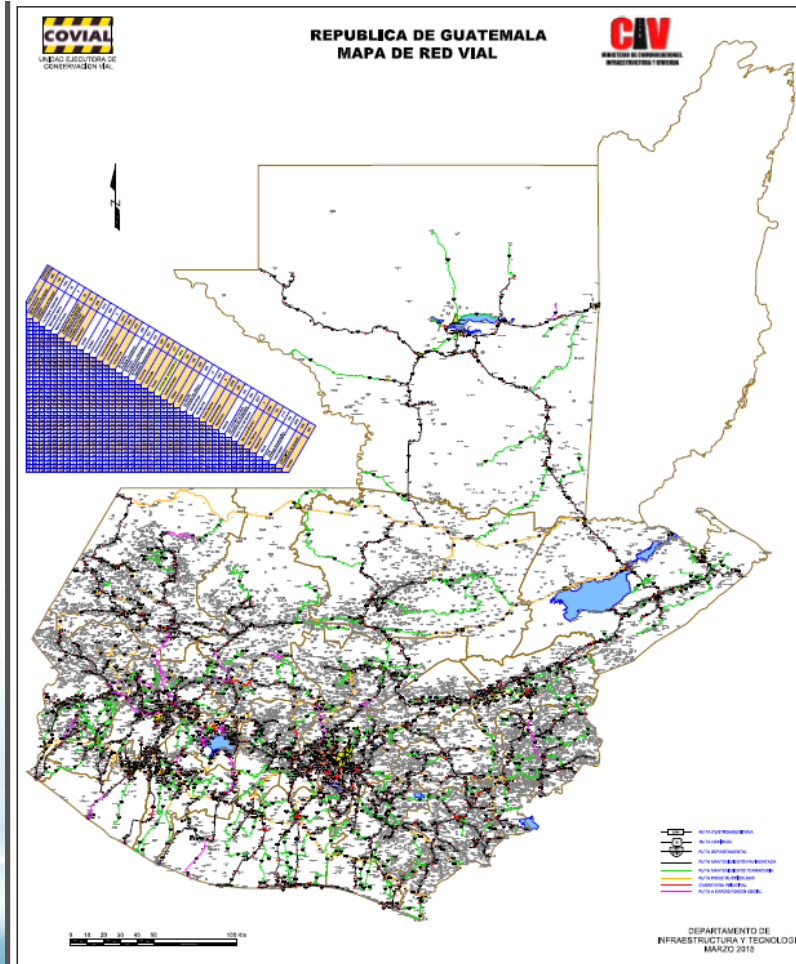
- Los Altos Airport, Quetzaltenango
- Retalhuleu Airport
- La Tierra de Dios Airport, Puerto Barrios, Izabal

National Port System

- In the Atlantic Ocean: **Puerto Santo Tomás de Castilla** and **Puerto Barrios**, located 297 kms from Guatemala City.
- In the Pacific Ocean: **Puerto Quetzal**, located 98 Kms from Guatemala City.
- Both ports are certified **BASC** (Business Alliance Security Commerce).



National Road System



- The different routes that make up the road network are:
 - Central American routes
 - National routes
 - Departmental routes
 - Rural roads

Reasons for Investing in Guatemala

Stable Macroeconomic Climate

\$7,707 GDP per cápita

\$6,500 Million in Remittances

20% Occupied Population affiliated to Social Security (IGSS)

3.78% Economic Growth

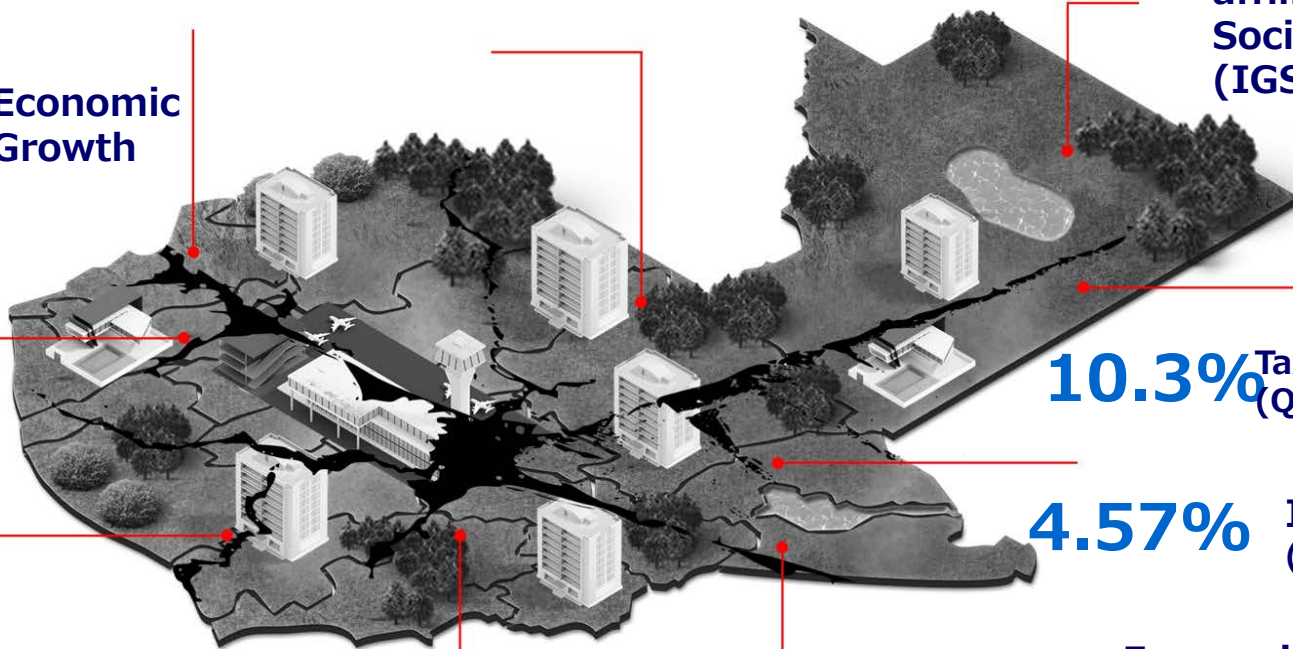
10.3% Tax Burden (Q 56,600 MM)

4.57% Inflation (2016)

78/138 Global Ranking Competitiveness

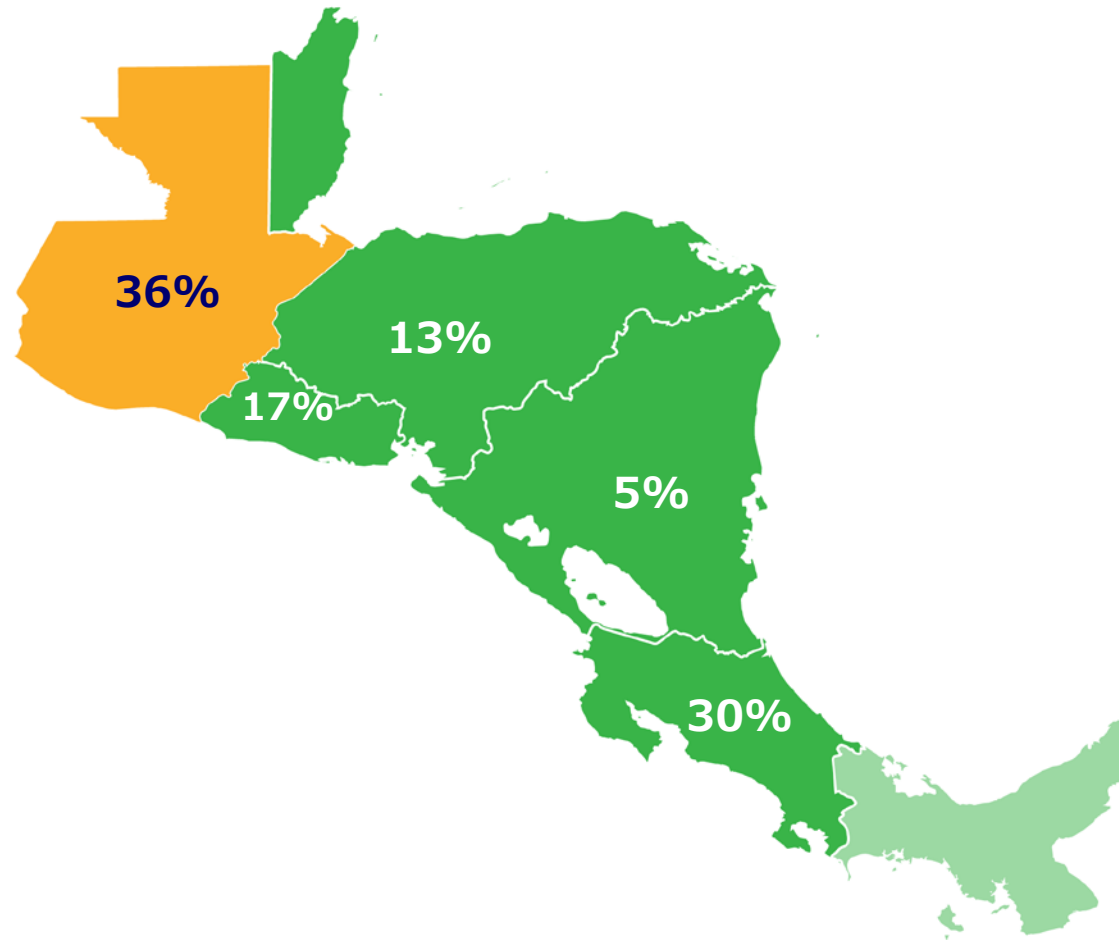
13% Savings Rate (% on GDP)

45.14 Economic Activity Confidence Index

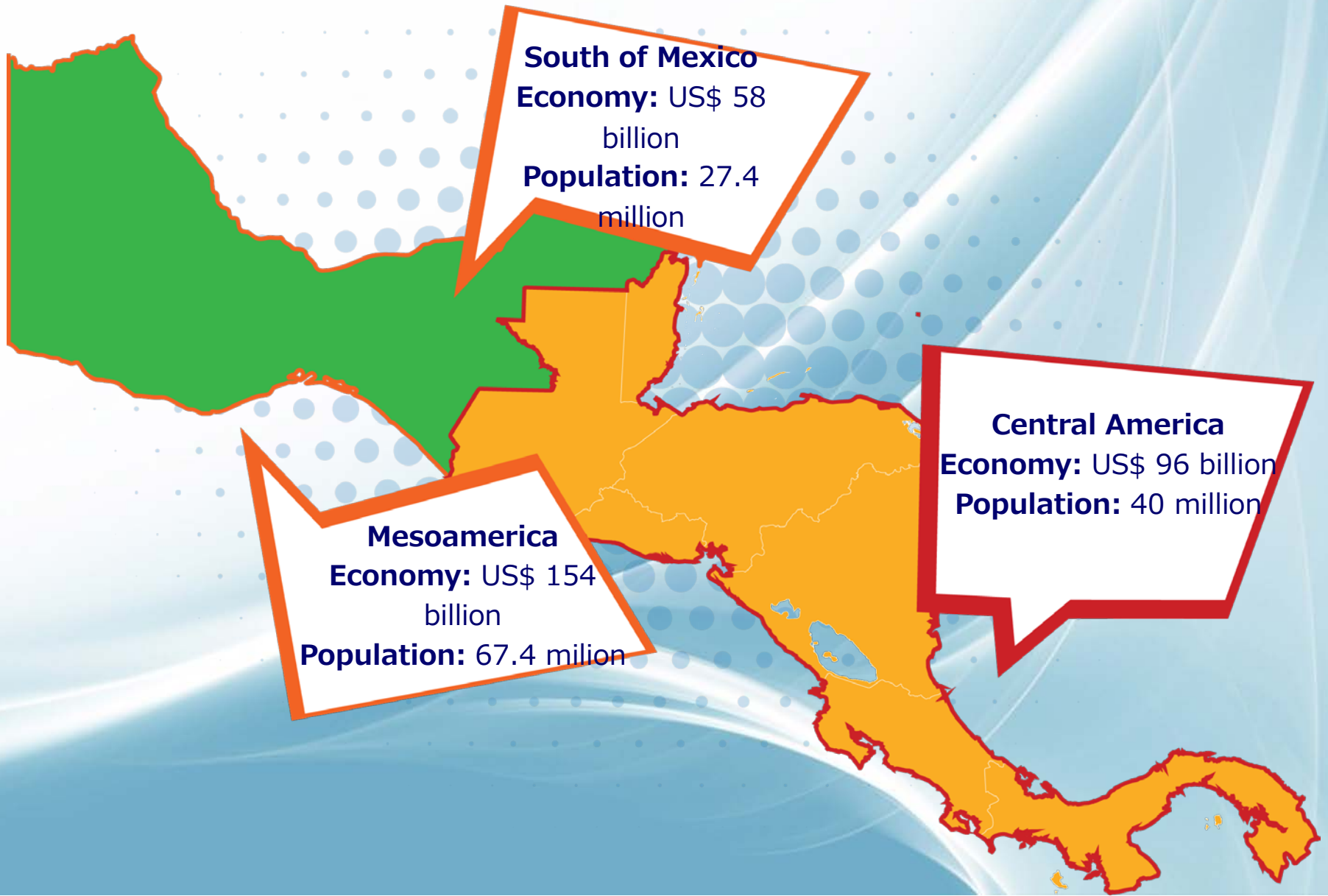


Excellent economic performance that ensures a competitive business environment

- 36% Regional Economy (US\$50 of US\$ 145 billion)
- Fiscal Deficit under control (2.2% of the GDP)
- High Monetary Reserves (US\$ 7.1 billion)
- Controlled Inflation: less than 2 digits
- One of the lowest external debts of Latin America (22.3% GDP)



Market Size



South of Mexico
Economy: US\$ 58 billion
Population: 27.4 million

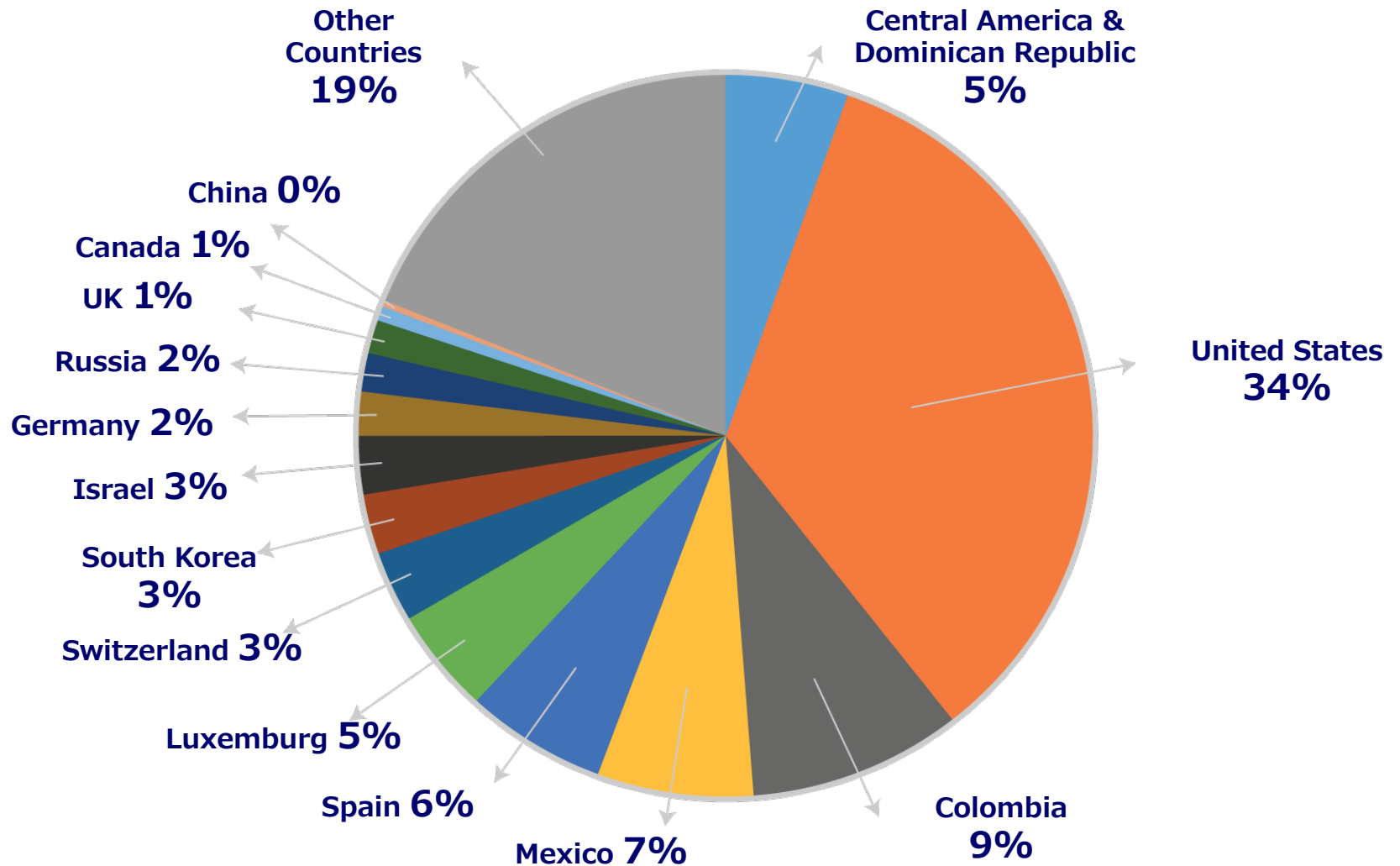
Mesoamerica
Economy: US\$ 154 billion
Population: 67.4 million

Central America
Economy: US\$ 96 billion
Population: 40 million

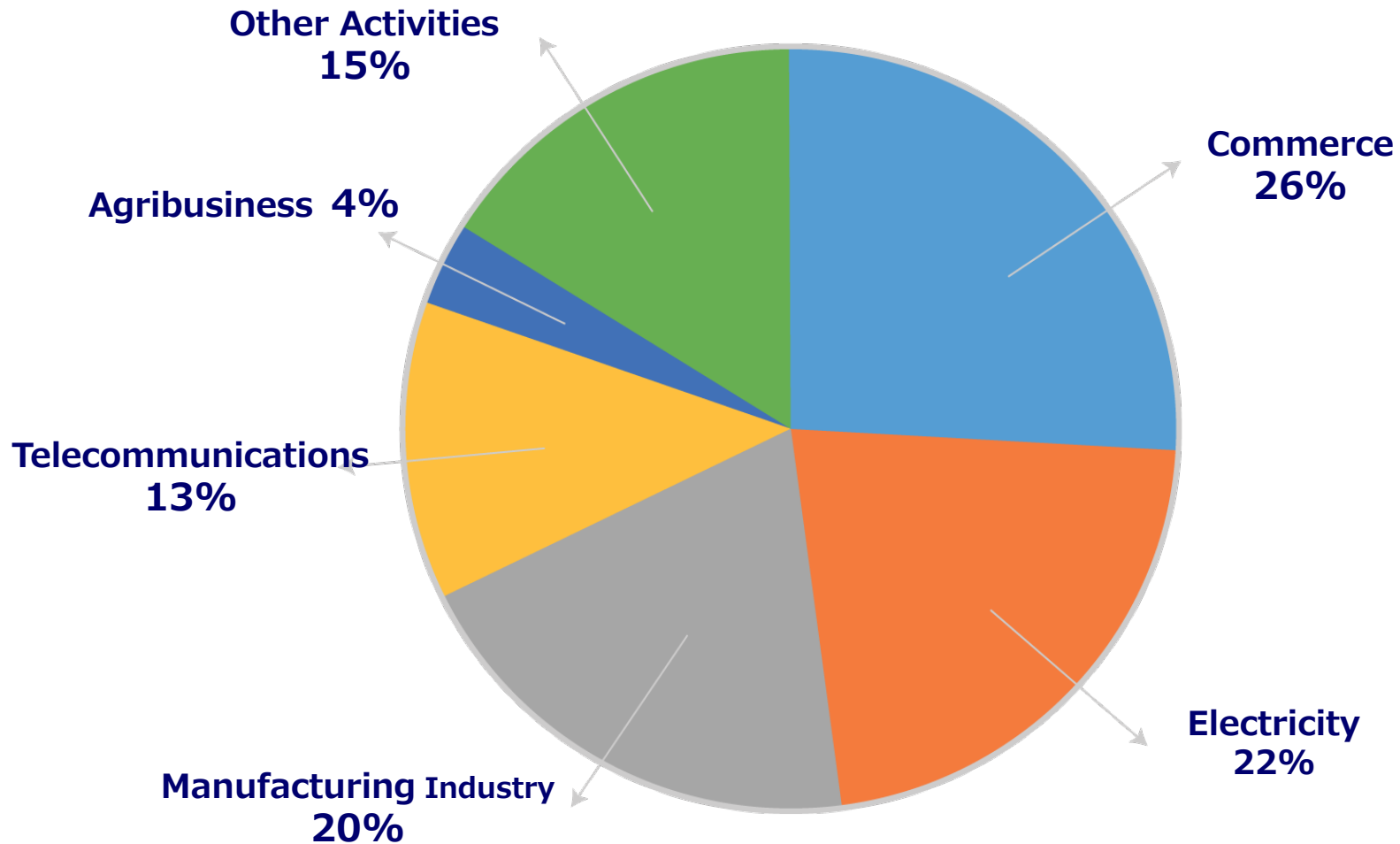
Country Risk Rating

AGENCY	2005	2008	2012	2015	2017
FITCH	BB- (1)	BB+ (Stable)	BB+ (Stable)	BB	BB (Stable)
MOODY'S	Ba2 (Stable)	Ba2 (Stable)	Ba1 (Stable)	Ba1	Ba1 (Stable)
S&P	BB-(Stable)	BB (Stable)	BB (Stable)	BB	BB (Stable)
OCDE	6	5	5	4	5

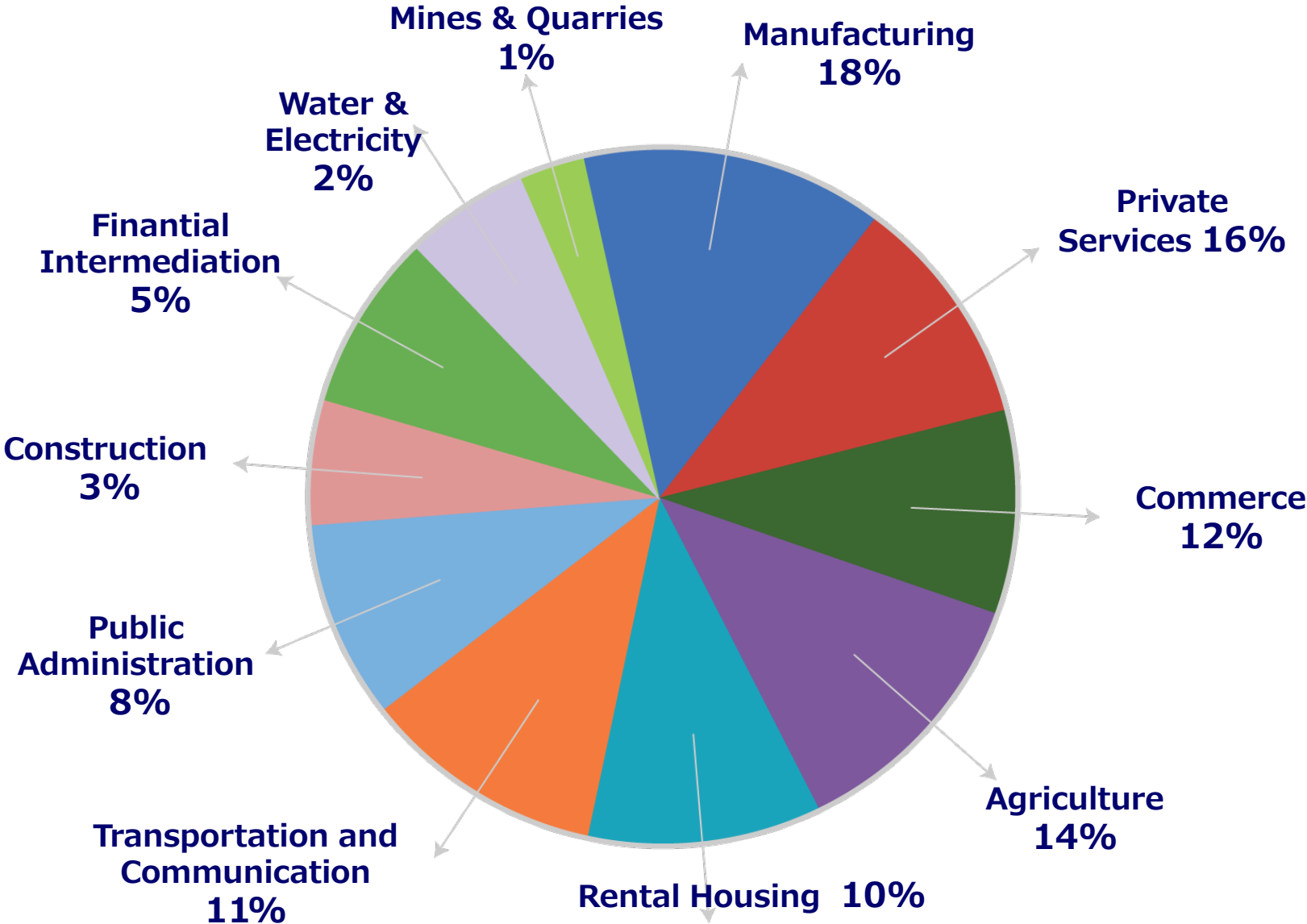
Who invests in Guatemala?



What do they invest in?

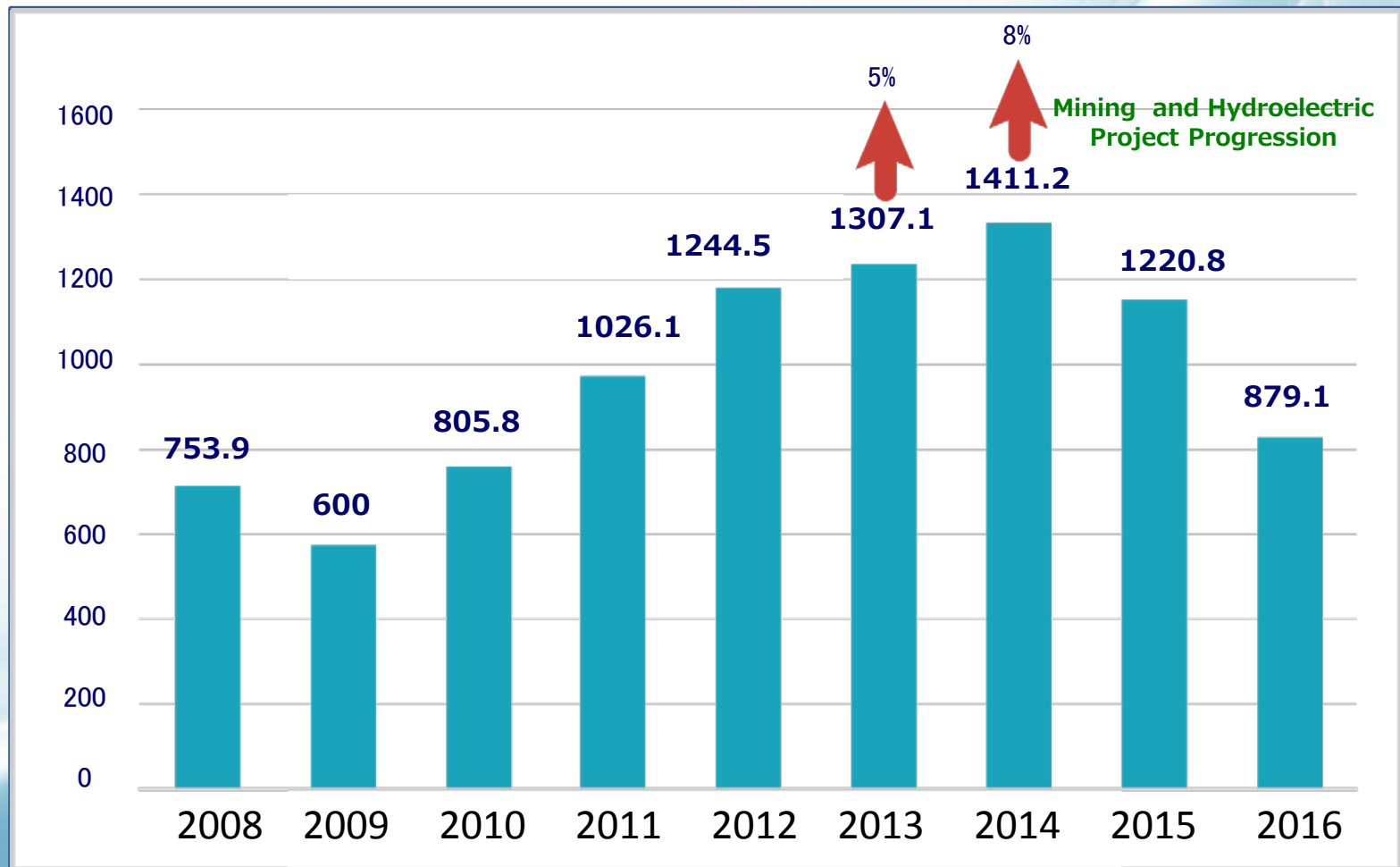


High Production Potential Sectors



Source: Bank of Guatemala (2016)

Growth of Foreign Direct Investment



Investment Agreements

- Argentina
- Austria
- Belgium
- Luxemburg
- Chile
- Cuba
- Czech Republic
- Israel
- Italy
- Germany
- Korea
- Netherlands
- Russian Federation
- Republic of China (Taiwan)
- Spain
- Finland
- France
- Sweden
- Switzerland
- Trinidad and Tobago

Regulatory Framework

- Foreign Direct Investment Law (Decree 9-98)
- Free Forex Trading Law (Decree 94-2000)
- Free Trade Zone Law (65-89)
- Free Trade Industrial Zone –ZOLIC- (Decree 22-73)
- Public-Private Partnership Law (Decree 16-2010)
- Incentive Law for the Development of Renewable Energy Projects (52-2003)
- Emerging Law for the Conservation of Employment (19-2016)

Guatemala's Economic Policy

More Dynamic Economy

Guatemala

is working on achieving
this 5 characteristics

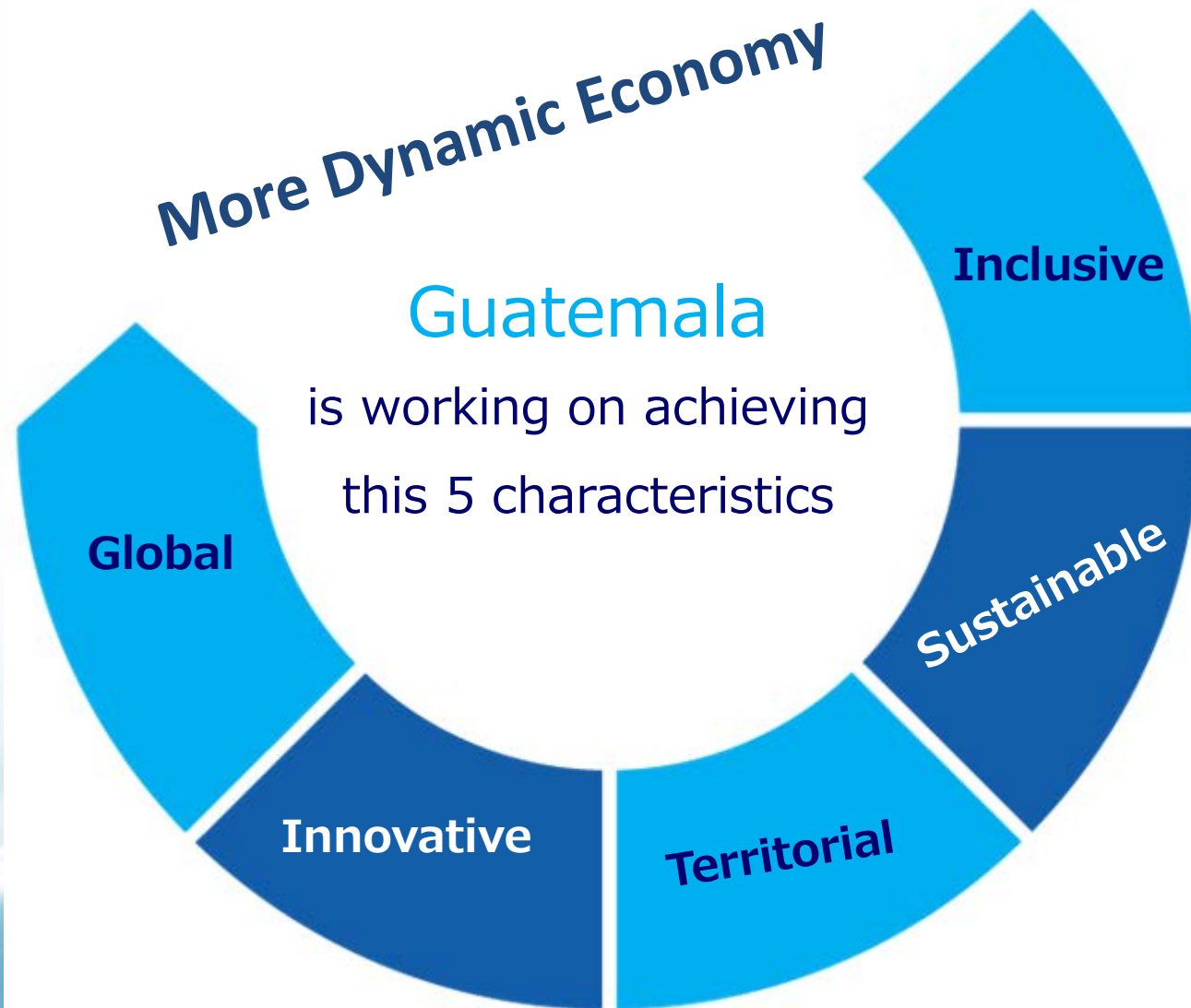
Inclusive

Sustainable

Territorial

Innovative

Global



Infrastructure Investment Plan

Raising Productivity



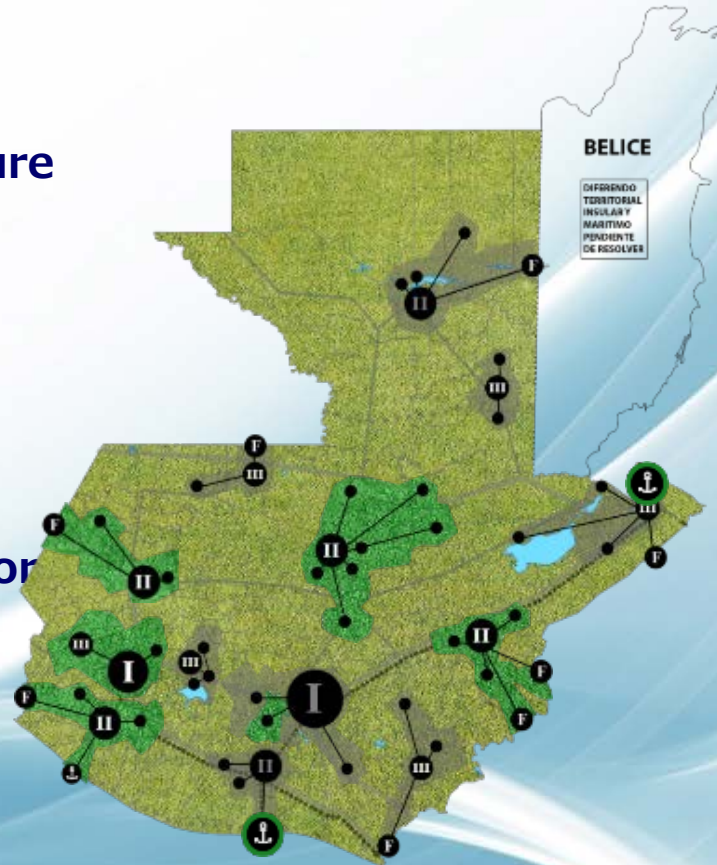
Basic Infrastructure

- Electricity
- Water and Sanitation
- Irrigation
- Storage
- Conectivity



Infraestructura for Connectivity

- Roads and Rural Roads
- Railway
- Ports
- Airports



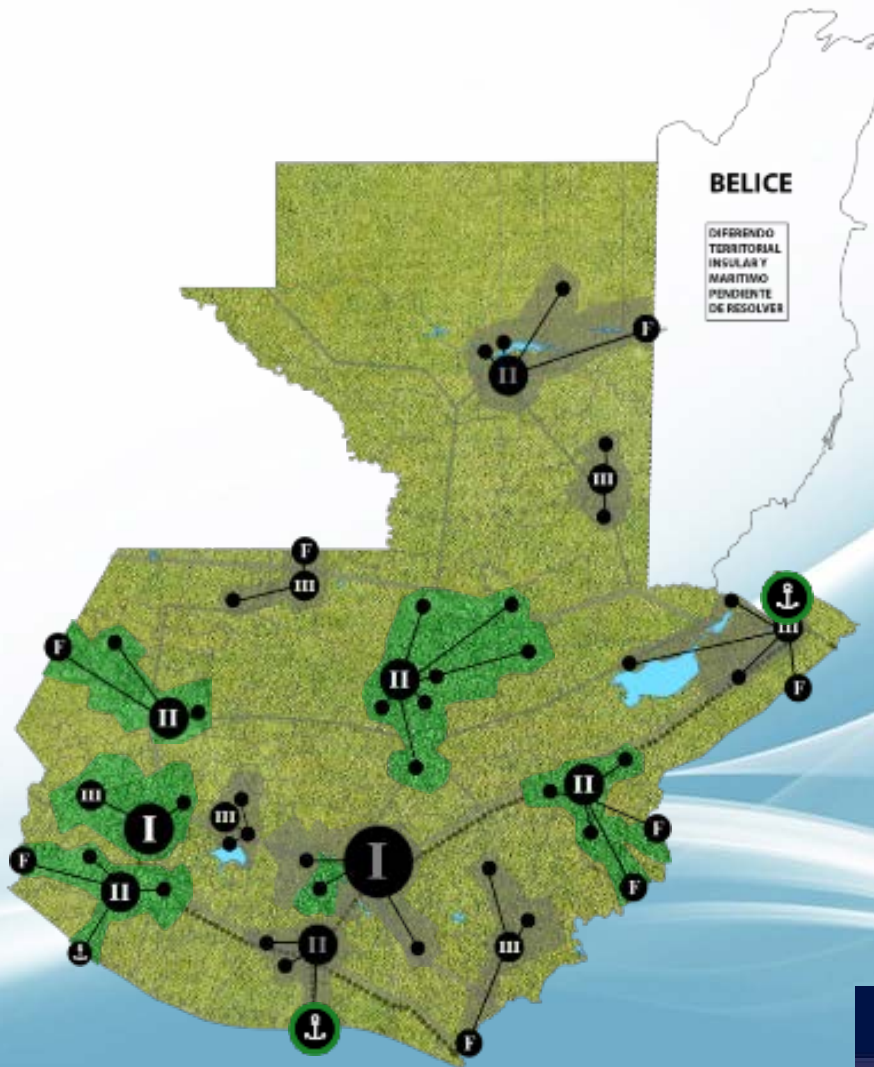
Budget

- Quantify investment needs
- Incorporate them to the National Budget

9 Priority Cities

- Chiquimula
- Quetzaltenango
- Cobán
- Retalhuleu
- Puerto Barrios
- Escuintla
- Huehuetenango
- La Antigua Guatemala
- Petén

Investment Amounts



- **Regional Nodes:**
- De los Altos: 500 million
- Cobán: 500 million
- Guatemala: 300 million
- East: 300 million
- Huehuetenango: 200 million
- Puerto Barrios Port: 300 million
- San José Port: 300 million
- Antigua: 200 million
- Petén: 200 million

Total Urban Strategic Infrastructure Budget:

US\$ 2,800 Million

Strategic Infrastructure



US\$ 200 Million



US\$ 1,500 Million



US\$ 1,500 Million



Total Strategic Infrastructure:

US\$ 3,200 Million

Grand Total:

US\$ 6,000 Million

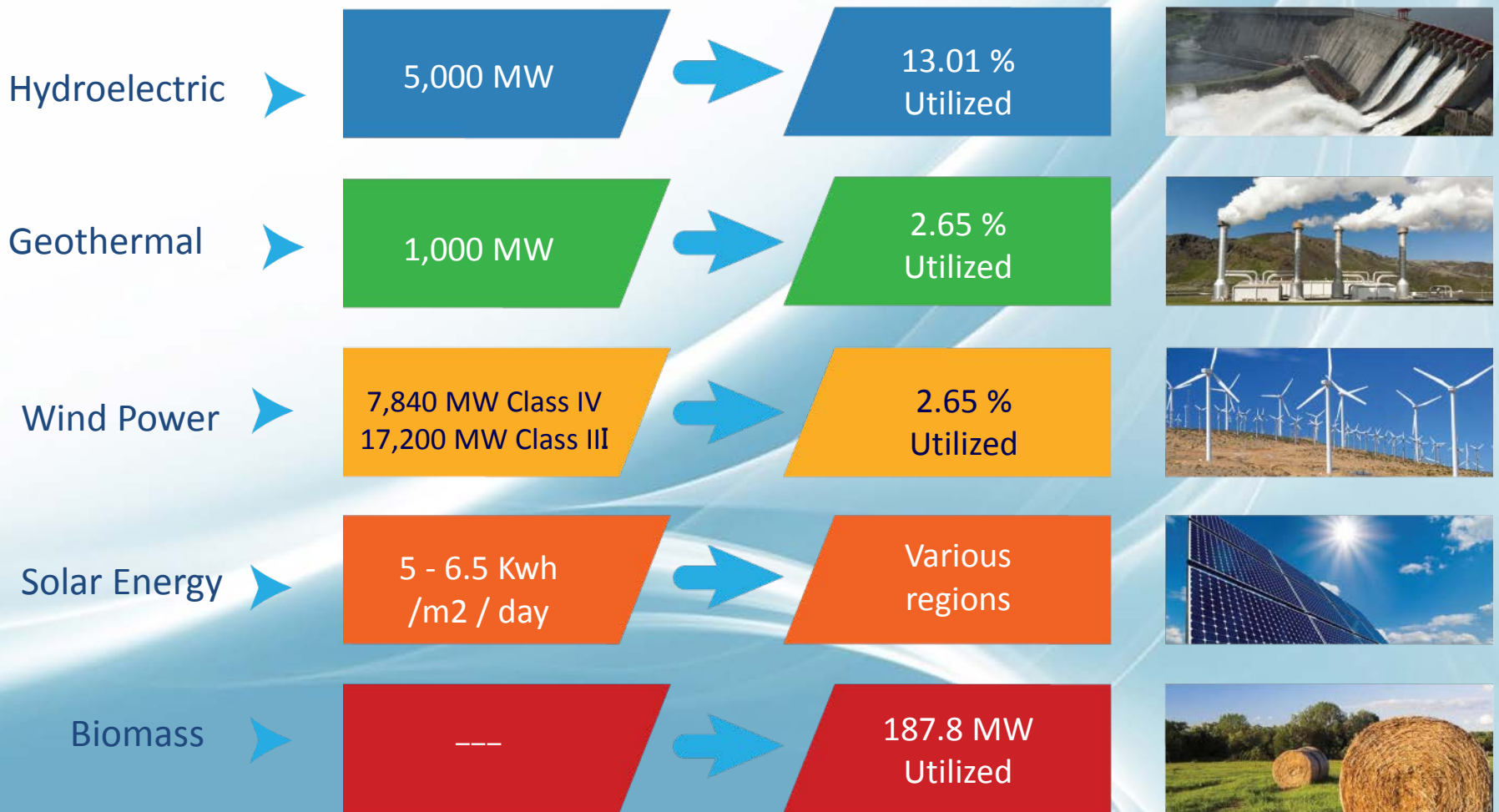
Clusters Ready for Reception of Foreign Direct Investment

													
Agriculture, Livestock, Hunting, Forestry and Fisheries				Manufacturing Industries				Services		Extractive Industries		Others	
Coffee		Poultry		Processed Foods		Light Manufacture		Tourism and Health Services		Mining and Petroleum		Construction	
Banana		Palm		Beverages		Pharmaceutical Products		TIC's, Software and Contact Center		Energy		Formal Sector	
Sugar		Livestock and Dairy Products		Textile, Clothing and Footwear		Chemicals and Plastics		Transport and Logistics					
Basic Grains		Fisheries and Aquaculture		Metalworking		Financial Services							
Fruits and Vegetables		Forestry, Furniture, Paper and Rubber											

- Currently these 25 clusters comprise about 85% of the national production

Energy

- Investment potential of US \$ 2,532 million 200 MW
- 800km under construction for transmission



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