

Guatemala

land for investment



REPUBLIC OF GUATEMALA

CAPITAL:

Guatemala

AREA:

108.889 Km²

AVERAGE TEMPERATURE:

15° C – 25° C (59° F – 77° F)

POPULATION:

15.073.375 inhabitants
(projected 2012)

OFFICIAL LANGUAGE:

Spanish

CURRENCY:

El Quetzal

EXCHANGE RATE:

US\$ 1,00 = Q 7,84 (2013)

GDP per capita:

US\$ 3.330,3



WHY INVEST IN GUATEMALA?



1. Guatemala guarantees a safe and profitable investment

2. Government is firmly committed to encouraging investment

3. Excellent economic performance that guarantees a competitive business climate

4. Guatemala is an export platform with preferential access to the region

5. A privileged location, ideal for business

6. The human resource in the country is ideal for optimal business performance

7. In Guatemala there are multiple areas of development with investment opportunities

1. Guatemala guarantees a safe and profitable investment

Guatemala continues to work to improve the country risk ratings. In recent years, the major rating agencies have kept Guatemala's ratings stable.

AGENCIES	Jul-05	Jul-08	Jul-12
FITCH 	BB- (1)	BB+ (Stable)	BB+ (Stable)
MOODY'S 	Ba2 (Stable)	Ba2 (Stable)	Ba1 (Stable)
S&P 	BB-(Stable)	BB (Stable)	BB (Stable)
OCDE 	6	5	5

Fuente: Fitch, Moody's, S&P, OCDE

... Improving results in the Doing Business Report 2013

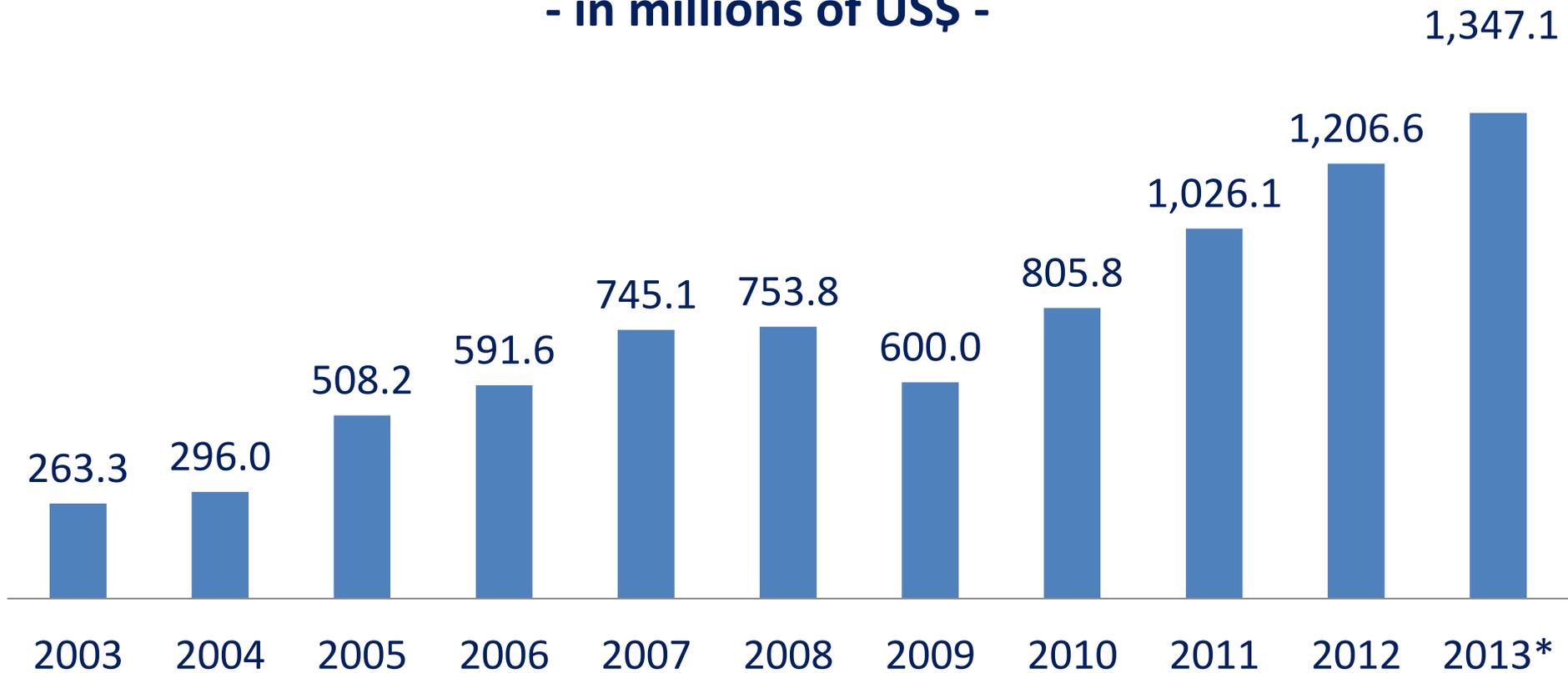
DOING BUSINESS 2013 RANKING	DOING BUSINESS 2012 RANKING	RANKING CHANGE
93	98	5

Improving in areas such as:

Main Issues	DB 2013 Ranking	DB 2012 Ranking	RANKING CHANGE
Dealing with Construction Permits	94	146	52
Registering Property	20	22	2
Enforcing Contracts	96	98	2

An exceptional growth of foreign direct investment since 2009: 100% between 2009 and 2012

- in millions of US\$ -



Source: BANGUAT

*Estimated

2. Government is firmly committed to encouraging investment

Having incentives to promote foreign direct investment in the country such as:

- Law for Foreign Investments (Decree 9-98)
- Law for Free Negotiation of Foreign Exchange (Decree 94-200)
- Law for Free Trade Zones (Decree 65-89)
- ZOLIC (Decree 22-73)
- Law for The Development and Promotion of Export Activities and Maquila – draw back - (Decree 29-89)
- Public-Private Partnership Law (Decree 16 – 2010)

Free Trade Zones in Guatemala

Currently, Guatemala has 19 active zones and 8 pending start operations



2 Free Trade Zones in San Marcos

2 Free Trade Zones in Escuintla

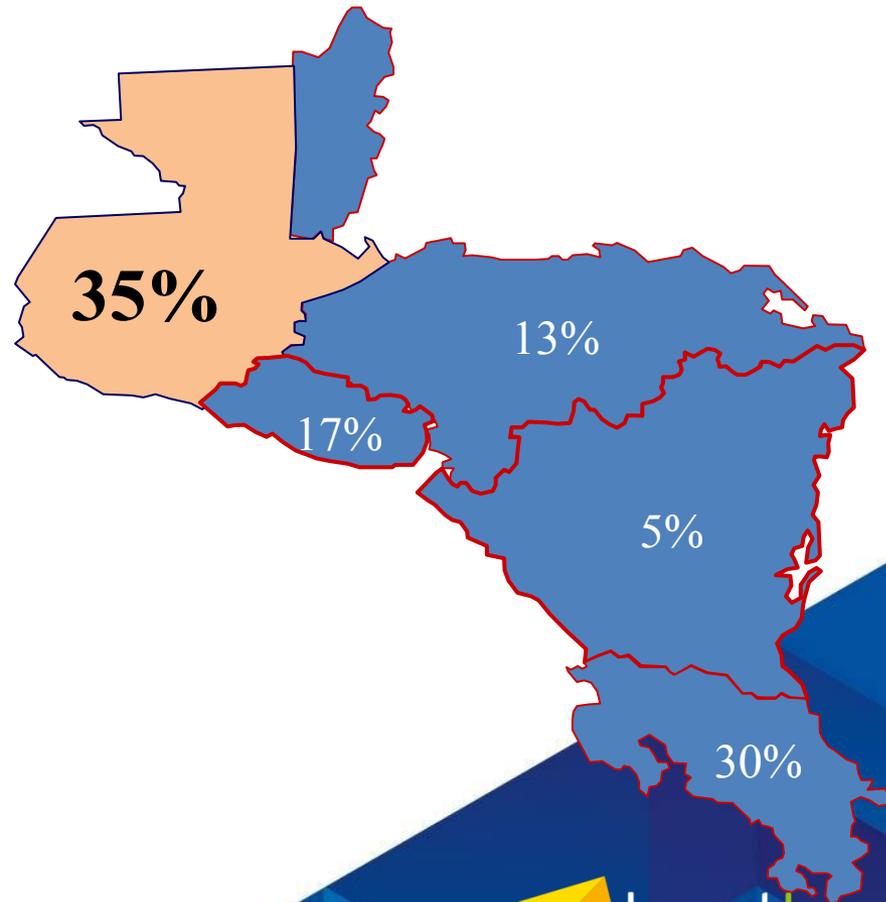
2 Free Trade Zones in Puerto Barrios, Izabal

9 Free Trade Zones in the City
2 in Amatitlán
1 in Villa Nueva

1 Free Trade Zone in Santa Rosa

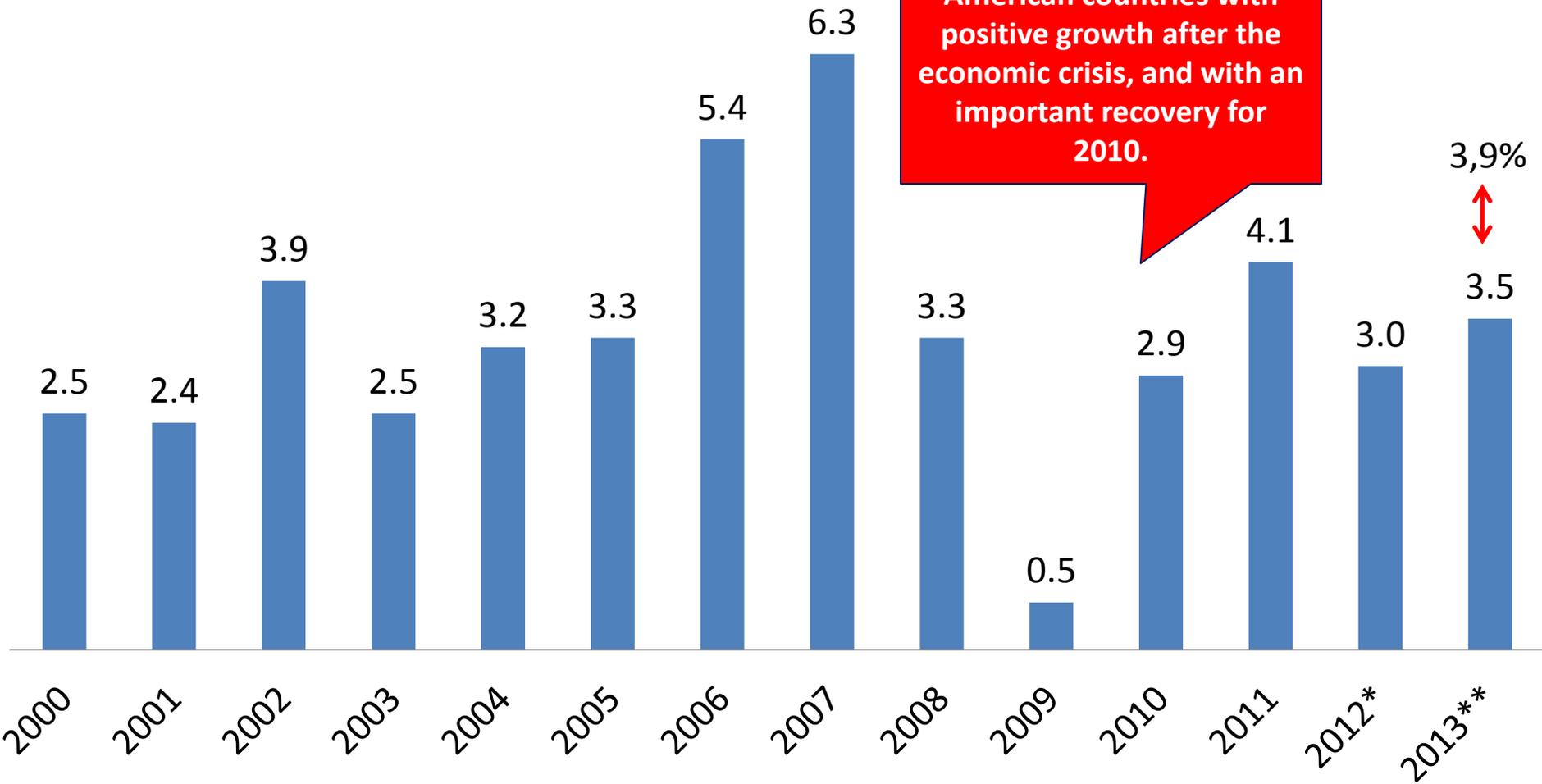
3. Excellent economic performance that guarantees a competitive business climate

- ✓ Guatemala represents 35% of the region's economy (US\$ 50 of \$145 Billion)
- ✓ Moderate Fiscal Debt (2.5% of the GDP-2012)
- ✓ Important Monetary Reserves (US\$ 7.3 billion – May 2013)
- ✓ Stability: controlled inflation
- ✓ Least indebted country in Latin America (22.3% of the GDP)



Gross Domestic Product

One of the few Latin-American countries with positive growth after the economic crisis, and with an important recovery for 2010.



3,9%

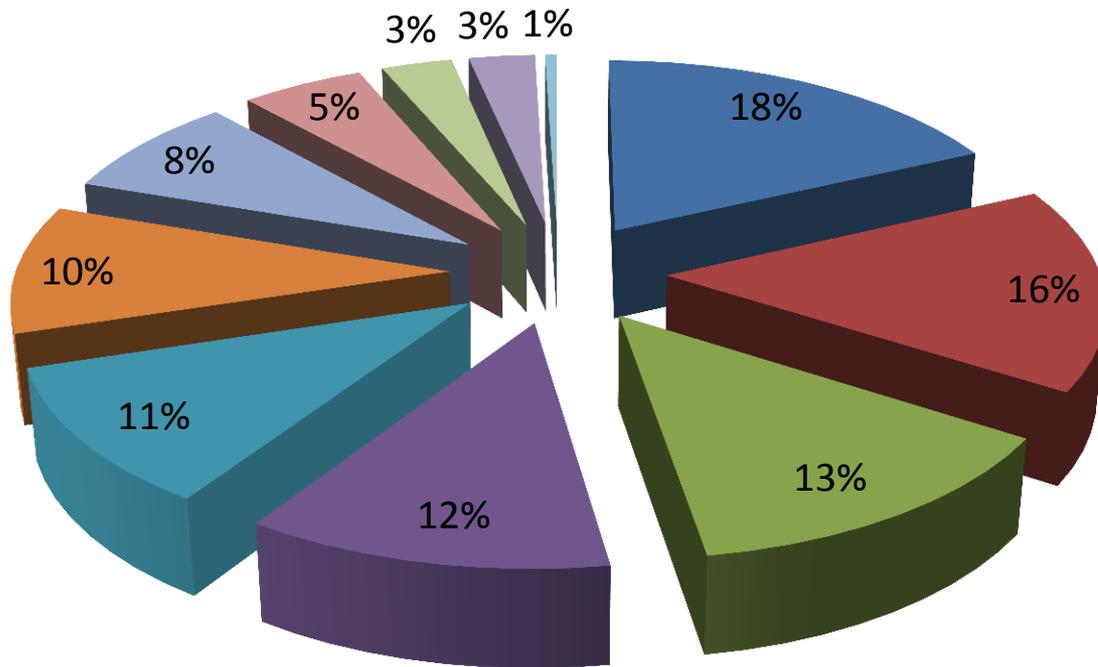


3.5

*Estimated
**Preliminary
Source: BANGUAT

GDP Diversification

11 Sectors with high productive potential



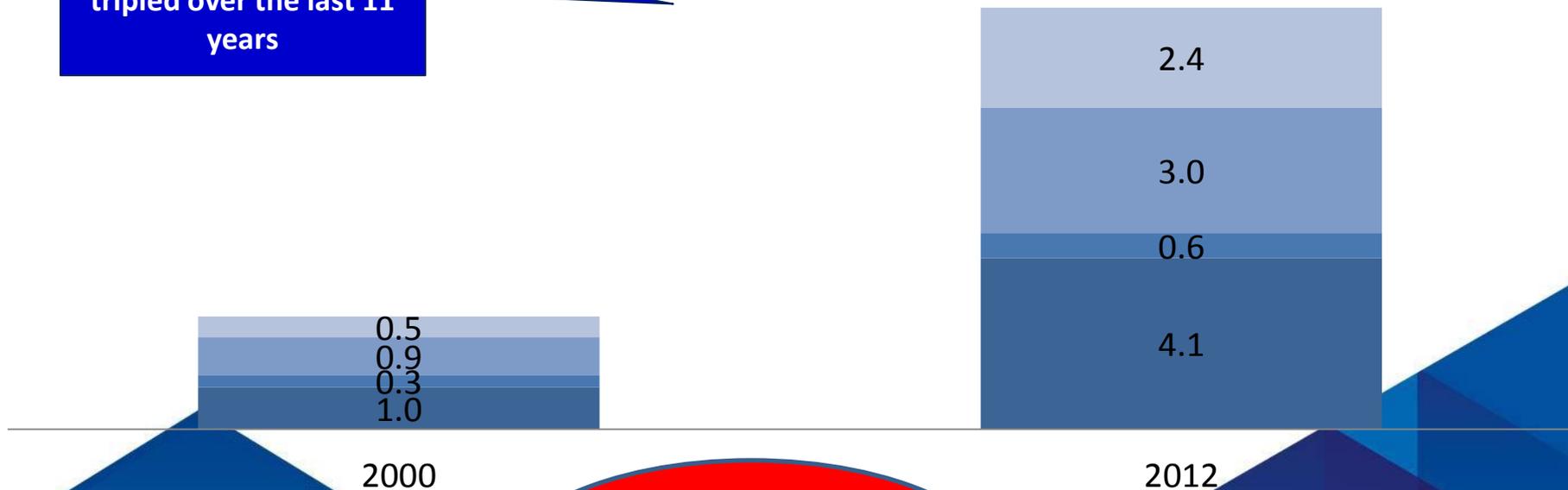
- MANUFACTURE
- PRIVATE SERVICES
- TRADE
- AGRICULTURE
- HOUSING RENTS
- TRANSPORTATION
- PUBLIC ADMINISTRATION
- CONSTRUCTION
- FINANCIAL INTERMEDIARIES
- ELECTRICITY AND WATER
- MINES AND QUARRIES

4. Guatemala is an export platform with preferential access to the region

(in billions of US\$)

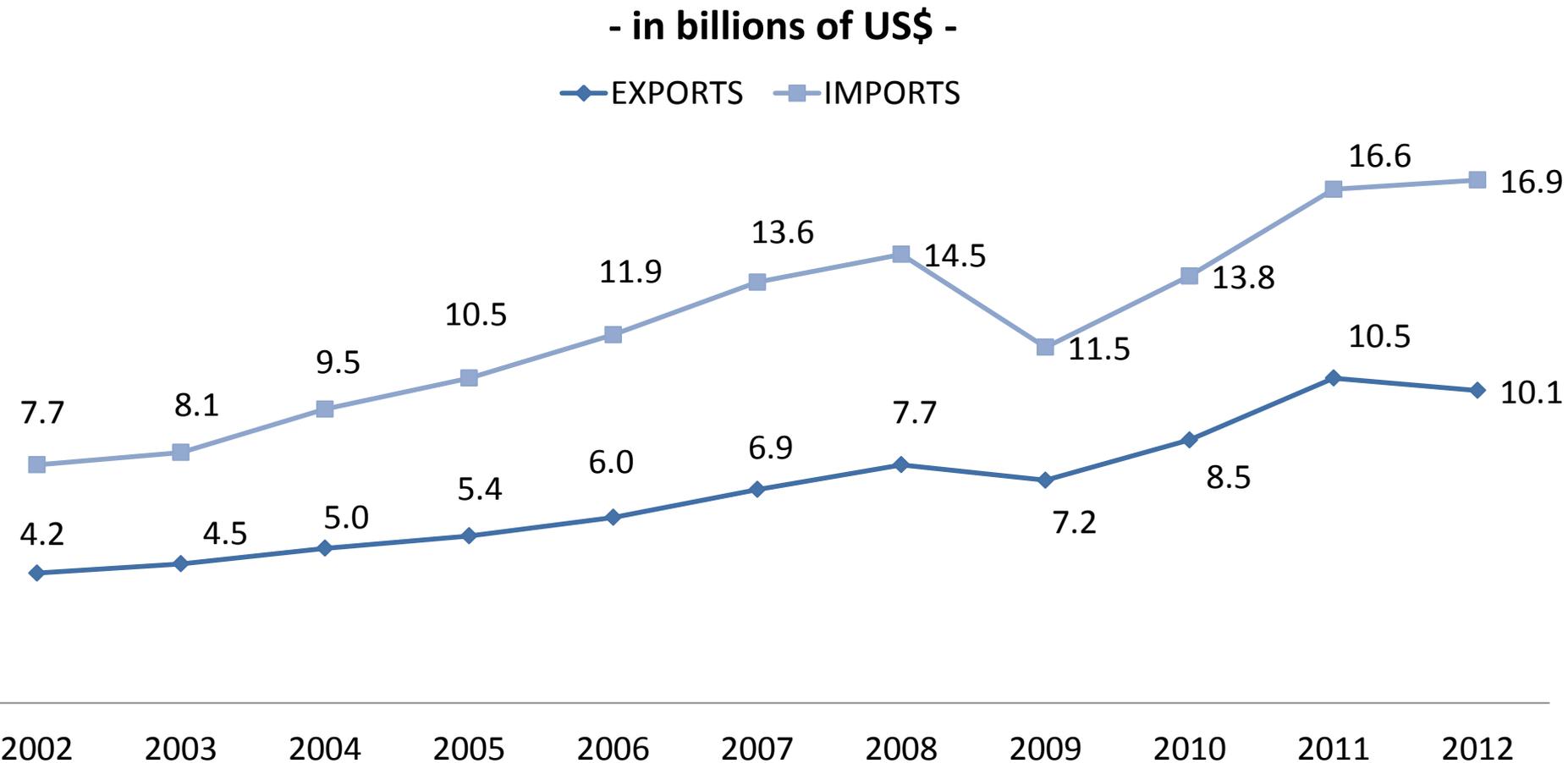
■ UNITED STATES ■ EUROZONE ■ CENTRAL AMERICA ■ REST OF THE WORLD

Exports have almost tripled over the last 11 years

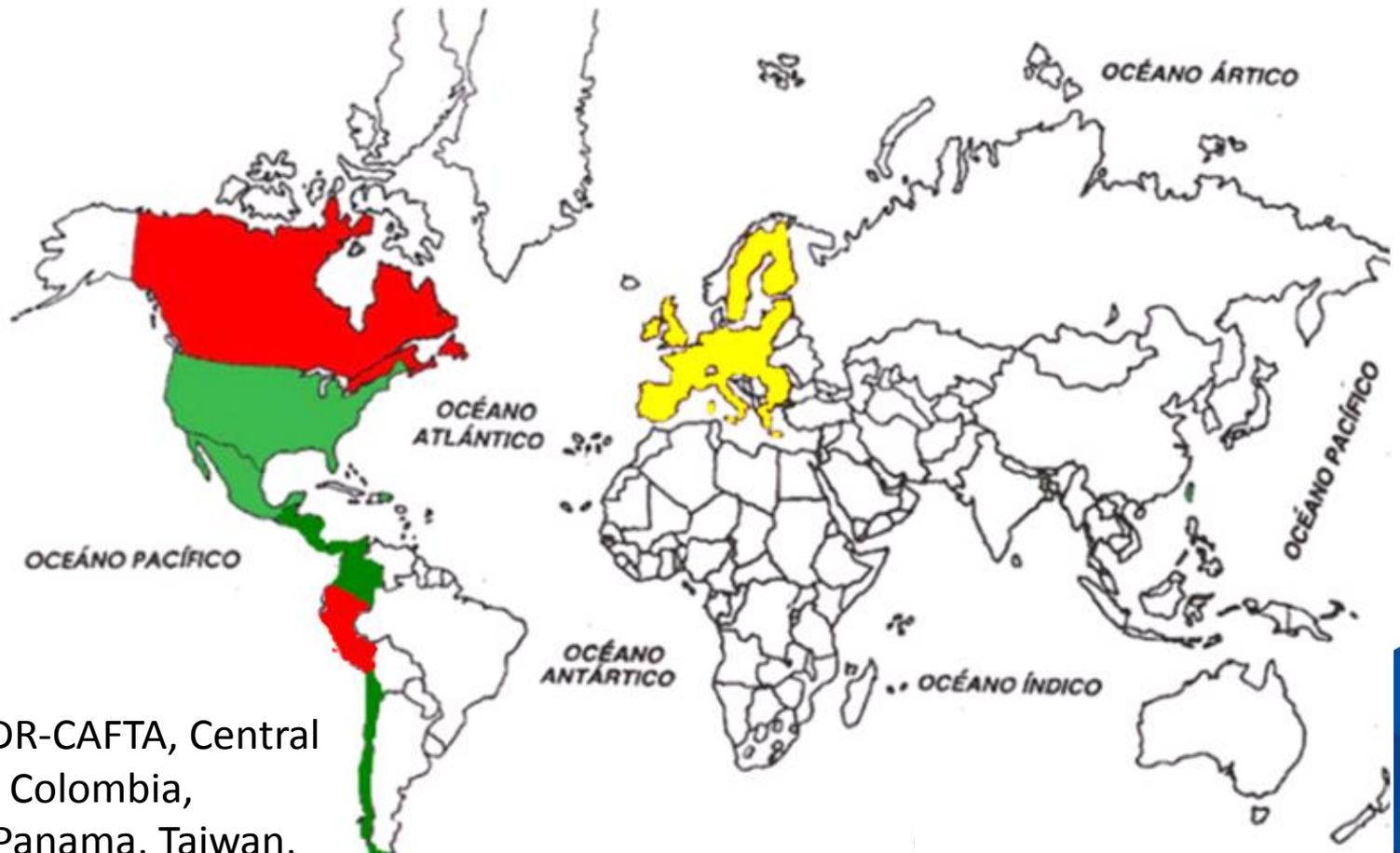


TOTAL EXPORTS: US\$ 10,1 BILLIONS (2012)

Guatemala: Trade Balance



Free Trade Agreements



Active: DR-CAFTA, Central America, Colombia, Mexico, Panama, Taiwan, Dominican Republic, Chile, Customs Union with El Salvador

In process of approval: Association Agreement with the European Union

In negotiation: Canada, Peru, Ecuador, Trinidad and Tobago.

Investment agreements worldwide

- Germany
- Argentina
- **Austria**
- Belgium Luxembourg
- Chile
- Korea
- Cuba
- Spain
- Finland
- France
- Israel
- Italy
- Netherlands
- Czech Republic
- Suecia
- Switzerland
- Taiwan

*=Pending

Export platform...

- **US\$100 Million** a year in Software and Visual Effects
- **No. 1 Exporter** of Snow Peas to the US.
- **No. 1 Exporter** of Cardamom in the world.
- **No. 1 Exporter** of Poinsettia cuttings in the world.
- **No. 1 Supplier** of Yamaha wooden keys and Gibson guitars
- **No. 1 Supplier** of manufactures for the Central American region.
- **No. 1 Supplier** of coffee for Starbucks Coffee y **No. 3 Supplier for** a Japan
- **No. 1 in efficiency** with regard to bulk sugar ports and **No. 2 Exporter** of sugar at the Latin American level
- **No 8 Exporter** of bananas in the world
- **Key US Market Position:** 28% broccoli, 24% cauliflower y 21% snow

5. A privileged location, ideal for business

SOUTH OF MEXICO

- Economy: US\$ 184 Bill
- Population: 28 Mill
- Tourism: 10 Mill

MESOAMERICA

Economy:
US\$ 319 Billion

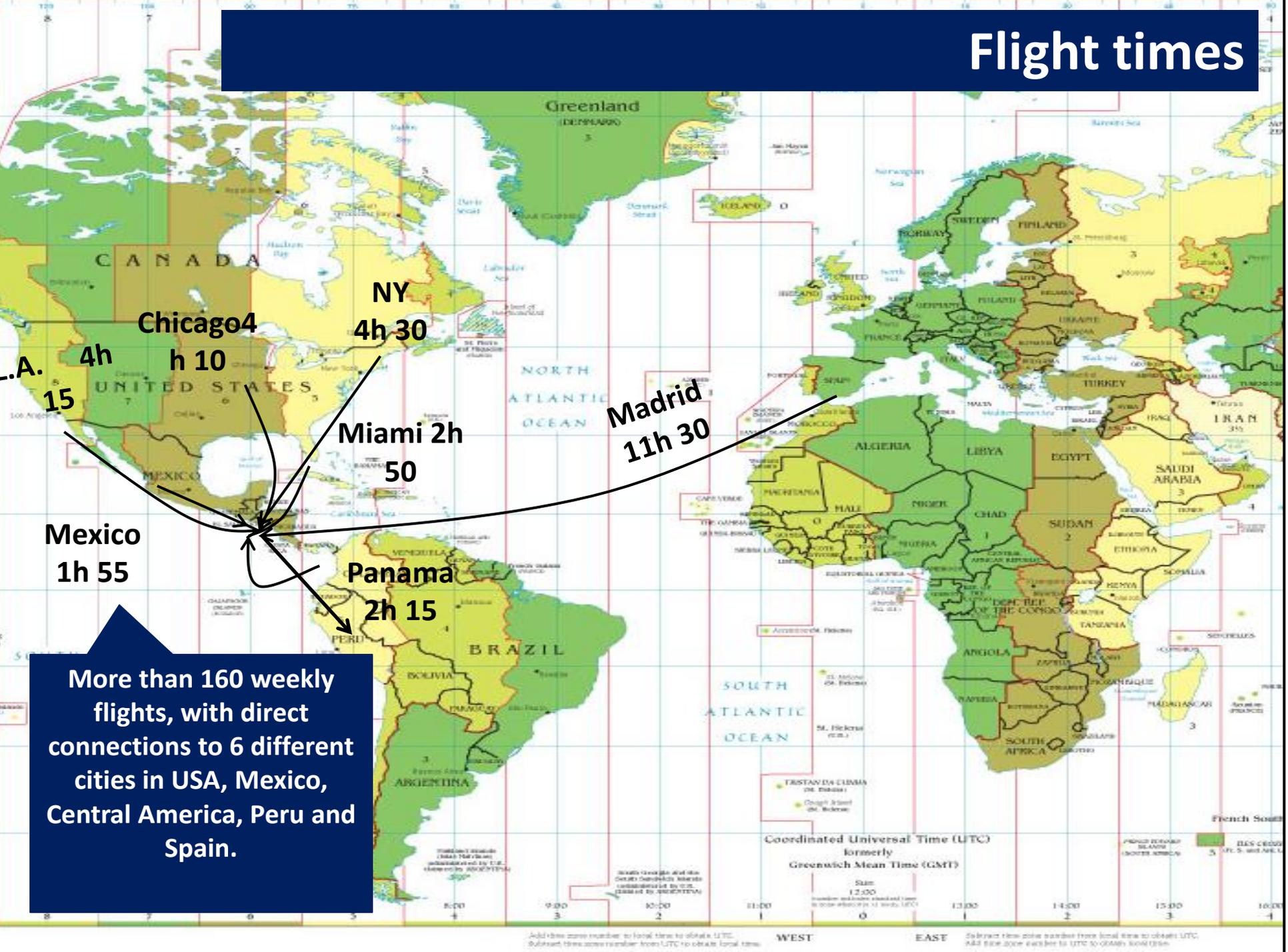
Population:
68 Million

Tourism:
18 Million

CENTRAL AMERICA

- Economy: US\$ 135 Bill
- Population: 40 Million
- Tourism: 8 Million

Flight times



More than 160 weekly flights, with direct connections to 6 different cities in USA, Mexico, Central America, Peru and Spain.

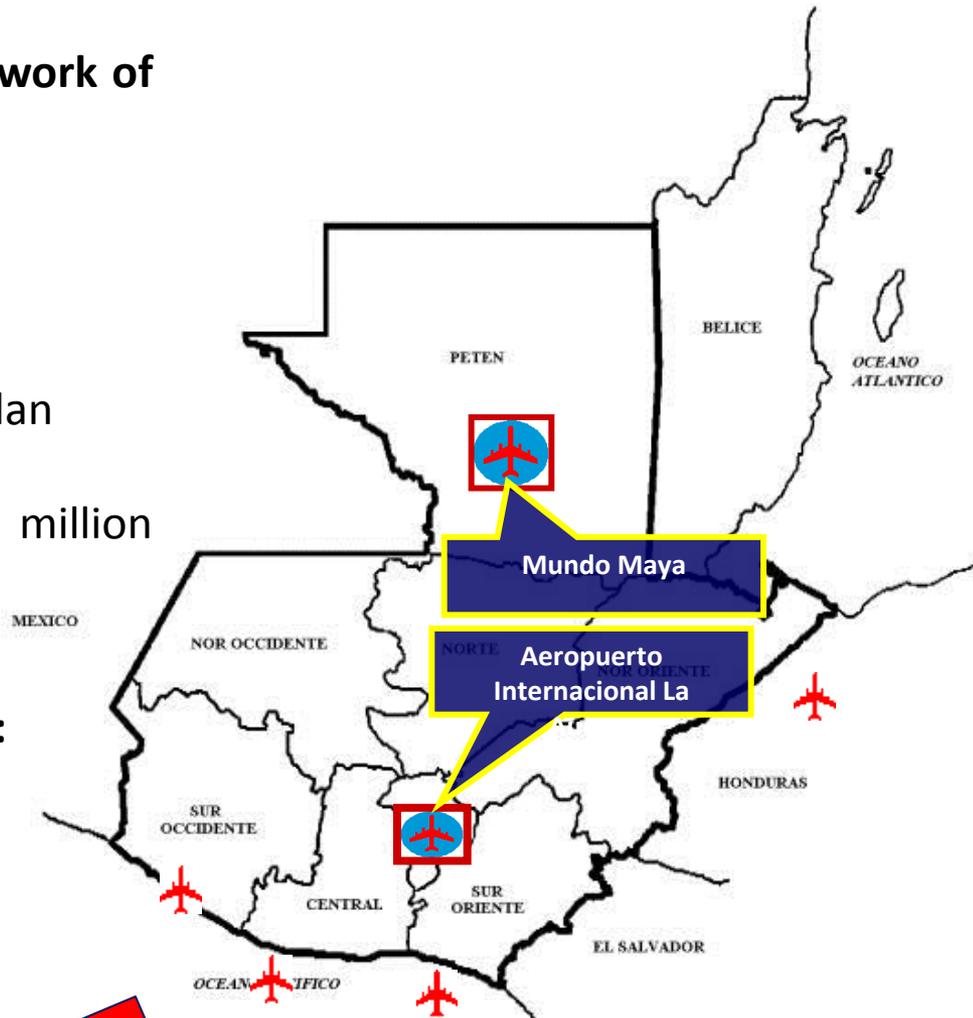
Coordinated Universal Time (UTC) formerly Greenwich Mean Time (GMT)
WEST EAST
Add time zone number to local time to obtain UTC. Subtract time zone number from UTC to obtain local time.
Subtract time zone number from local time to obtain UTC. Add time zone number to UTC to obtain local time.

Airport system

- 2 International airports and a network of 17 local ones
- **La Aurora International Airport:**
 - ✓ Modernization and expansion plan
 - ✓ Category 1 according to FAA
 - ✓ Capable of receiving 4 million passengers per year
 - ✓ 160 weekly flights

Projects to strengh airport system:

- ✓ San José-Escuintla Airfield
- ✓ Puerto Barrios Airfield
- ✓ Retalhuleu Airfield



✓ Aeroméxico and Delta will increase flights

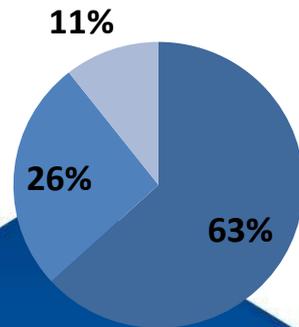
✓ LAN Chile – Hub de Carga P.S.J.

Port system modernization

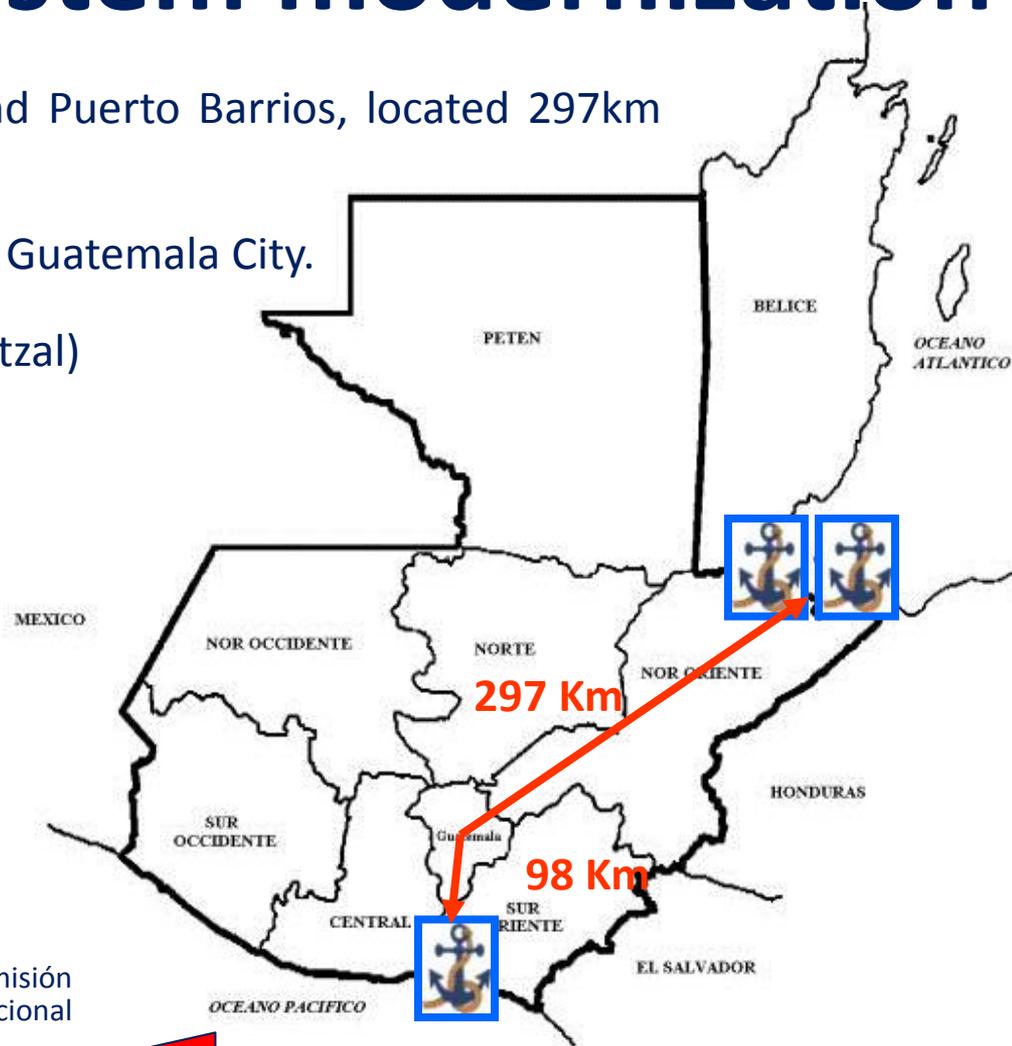
- **Atlantic:** Port Santo Tomas de Castilla and Puerto Barrios, located 297km from Guatemala City
- **Pacific:** Quetzal Port is located 98km from Guatemala City.
- The two state ports (SantoTomas and Quetzal) are certified **BASC (Business Commerce Security Alliance)** which is recognized by USA.

Guatemala: Foreign Trade Channels

■ SEA ■ LAND ■ AIR



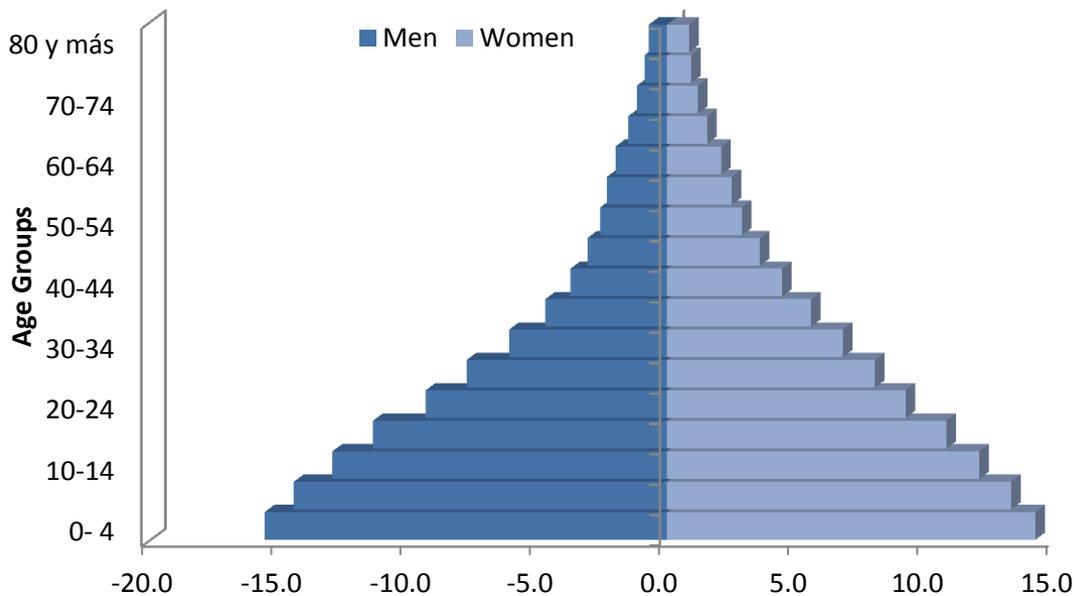
Source: Comisión Portuaria Nacional



Port system projects: construction of a terminal for cruise ships in the Bay d Puerto Barrios –US\$ 50 – 70 million

6. The human resource in the country is ideal for optimal business performance

Guatemala:
Percentage of Distribution of the Total Population
by Gender.
According to quinquennial age groups. Year 2012



- Guatemala has the largest population in Central America: 15,073,375 people (projected 2012).

- Young Guatemalan population: over 70% of the population is less than 40 years

- The education sector (public and private) is very dynamic and comprehensive, providing a solid academic capacitation.

7. In Guatemala there are multiple areas of development with investment opportunities

In Guatemala there are great opportunities in sectors such as:

- Agribusiness Sector
- Apparel and Textile Sector
- Manufacture and Assembly Sector
- Call Centers & BPO Sector
- Tourism Sector
- Energy Sector
- Mining and Oil Sectors



**Guatemala:
Great potential for agribusiness and forestry**

Sector de Agroindustria

- **SECTOR CHARACTERISTICS**

- ✓ Variety of climates (more than 350 micro climates)
- ✓ Proximity and easy access to major markets (USA, Mexico)
- ✓ Available trained personnel
- ✓ Competitive operating costs (sugar, agricultural products, labor): **Guatemala is one of the leading sugar producers worldwide.**

- **OPPORTUNITIES AREAS**

- ✓ Confectionary
- ✓ Juices and beverages
- ✓ Snacks
- ✓ Fruits and vegetables
- ✓ Hydrobiological
- ✓ Producing biofuels from jatropha and African palm

Forestry potential

- Forestry incentives program
- Suitable environment
- Technical capabilities and infrastructure
- Cluster

Main Export Products

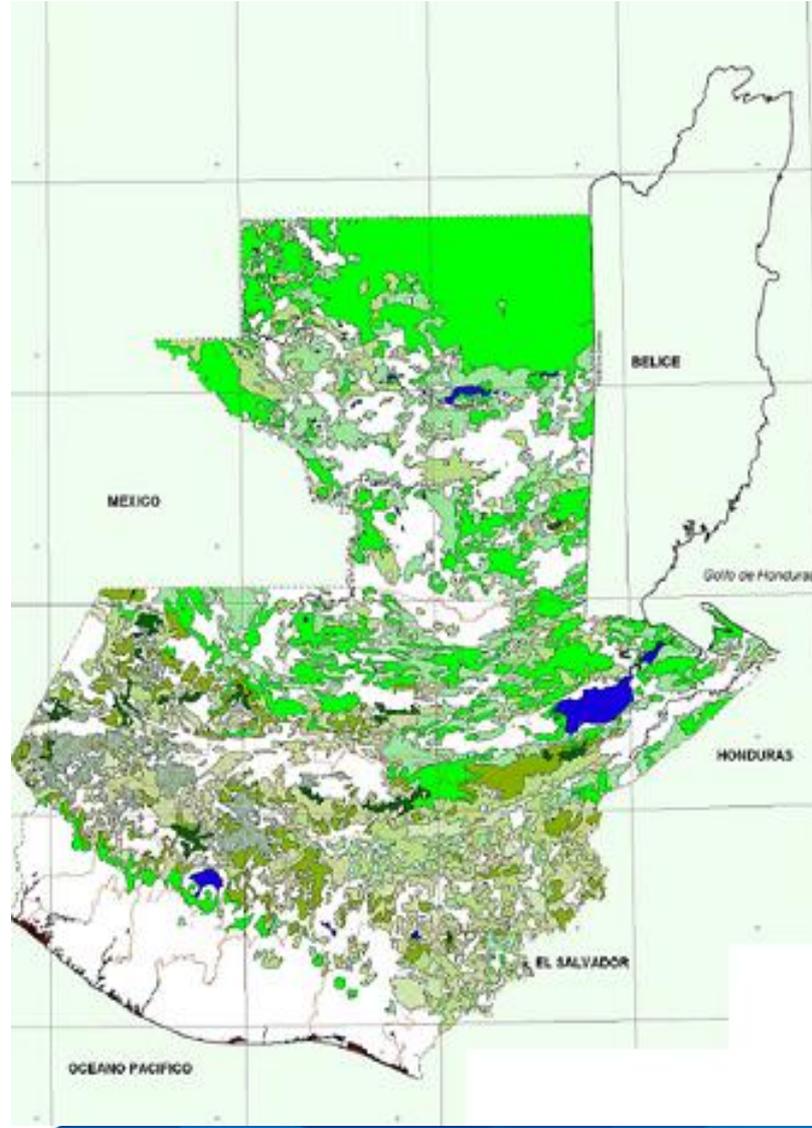
- Timber: 24%
- Furnitures: 21%
- Doors: 14%

Description	Hectares
Natural Forests	196.693,24
Plantations	92.402,70
Forest Concessions	482.983,00
Total	772,078.94

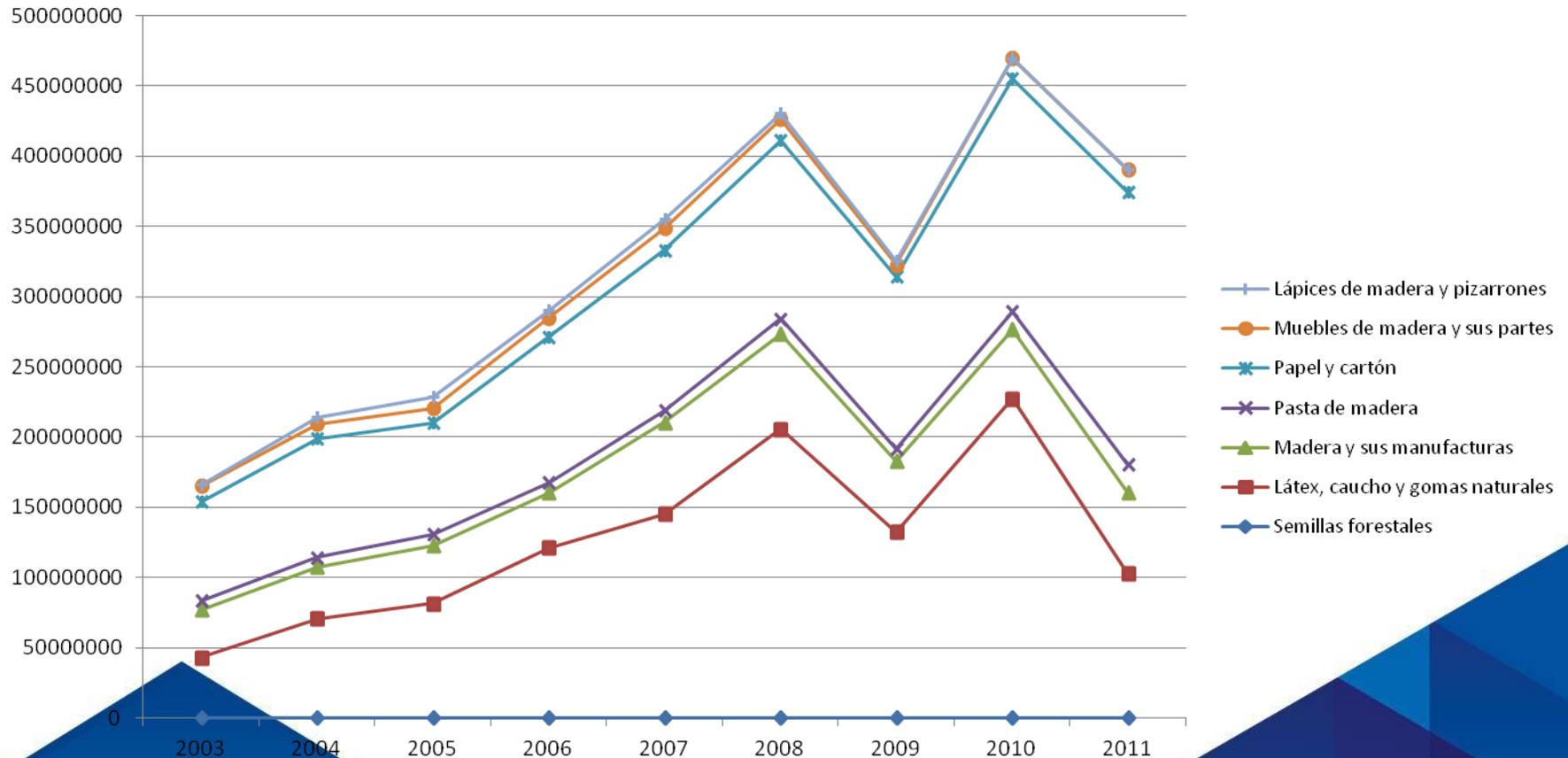
Total forest area:

- 82% hardwood forest
- 10% coniferous forest
- 8% mixed forest

Forestry Sector



Forestry exports of Guatemala



Source: SIFGUA



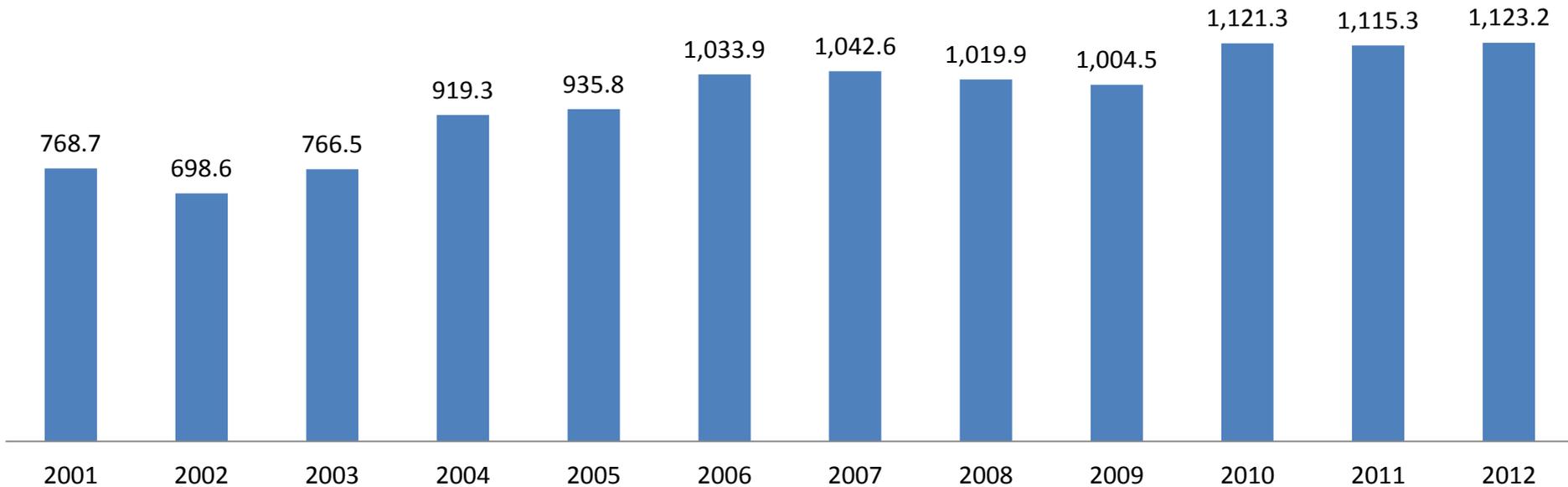
**An apparel and textile industry
booming**

Apparel and textile industry continues to be an engine for the Guatemalan economy

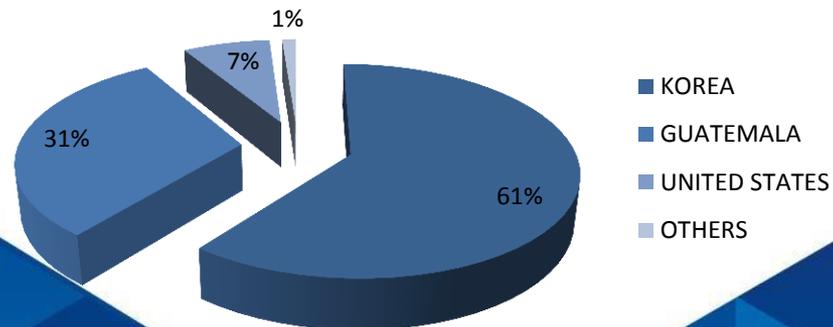
- As an economic activity, the apparel and textile industry accounts for 4% of domestic production (GDP) and 19% of industrial (industrial GDP).
- This sector includes 140 companies in apparel, 41 in textile, 260 companies of accessories and services. Altogether generate over 90,000 direct and indirect jobs, of which 46% are women.

Apparel and Textile Sector

- in millions of US\$ -



Origin of the invested capital



Some global brands manufactured in Guatemala are:

TOMMY HILFIGER



GUESS®

Abercrombie & Fitch



DONNA KARAN
NEW YORK

carter's®



OSHKOSH
EST. *B'gosh* 1895

MOTHERHOOD®
MATERNITY



FOREVER 21®



Among othres...



**Guatemala:
Potential to do business with companies in
light manufacturing and assembly**

STRATEGIC SUB-SECTORS:

- Electronic assembly
- Auto parts
- Medical Devices
- Other manufactures: software, plastics, chemical products, rubber materials, iron and steel products
 - Products and Services of **SOFTWARE DEVELOPMENT** offered 18 categories and 21 national and international companies.

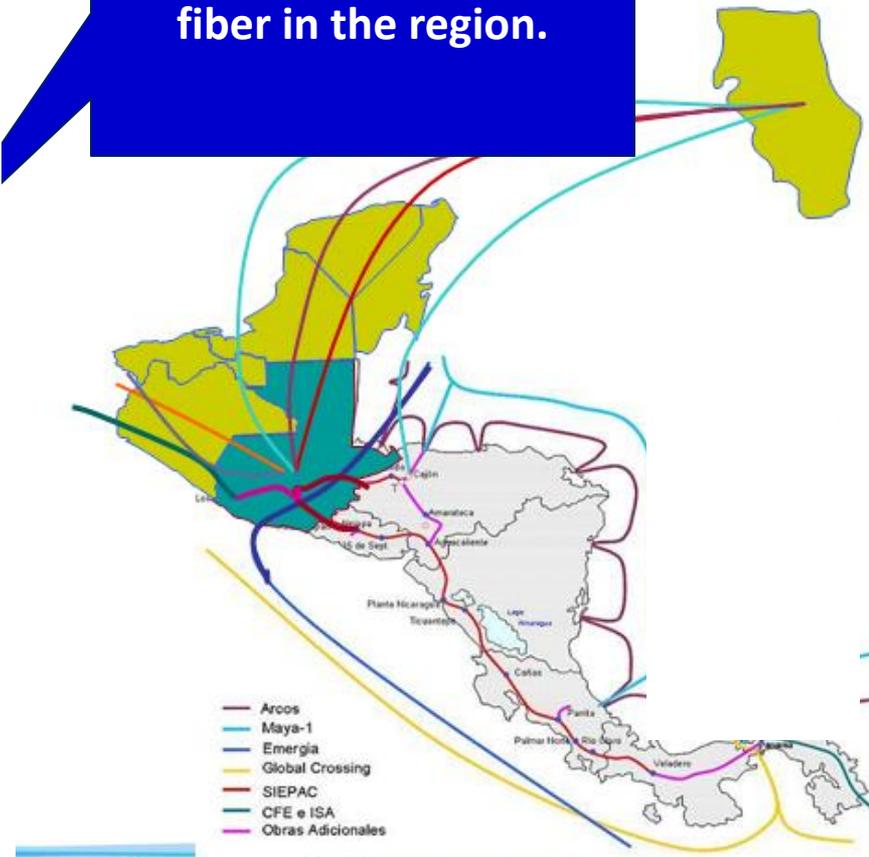


**Guatemala:
Infrastructure and connectivity for world
class operations**

Contact Centers & BPO

- **Privatization and Openness of markets**
 - ✓ Built Capacity to STM64
 - ✓ lowest rates in the region
- **Redundancy and Uptime**
 - ✓ 3 submarine cables, 2 land cables (Arcos, Emergia, Maya)
 - ✓ Guatemala City: 25+ fiber optic rings
 - ✓ 99.98 % redundancy(SLA)
- **Dynamic and competitive sector :**
 - ✓ Markets served: United States, Central America, Mexico, Spain.
 - ✓ More than 18.000 agents, with about 70 call centers in English and Spanish

Guatemala has the best telecommunications network and optical fiber in the region.



Telecommunications

- **Favorable legal framework for investment:**

- ✓ Telecommunications law is one of the most flexible in Latin America.
- ✓ One of the most competitive markets in Latin America.
- ✓ Strong redundancy: 99.98% (SLA)

- **Steady increase in coverage**

- ✓ 500,000 (1995) to 20,7 million (2012)
- ✓ Mobile: 65% annual growth vs. 45% Latin America average

**In the last 10 years,
the sector has
invested \$ 300
million annually.**

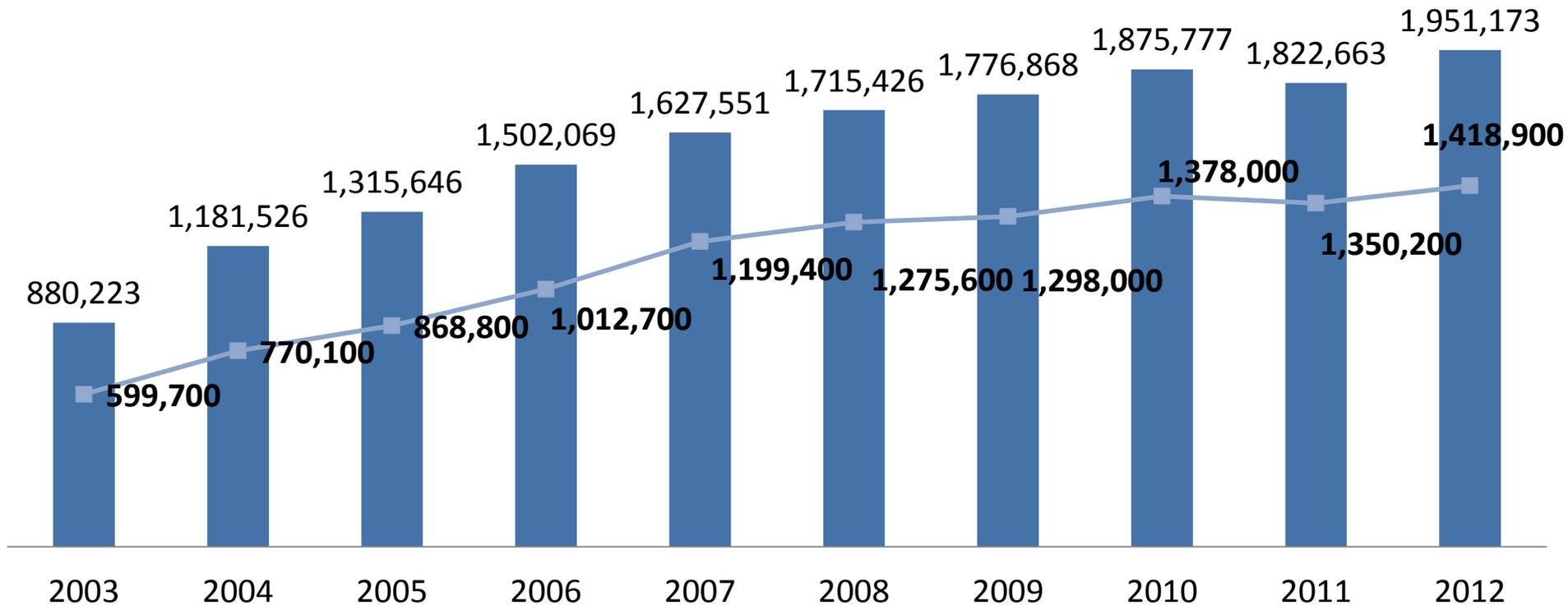
**1st. Place in Central
America**



**Guatemala:
a country with tourism potential**

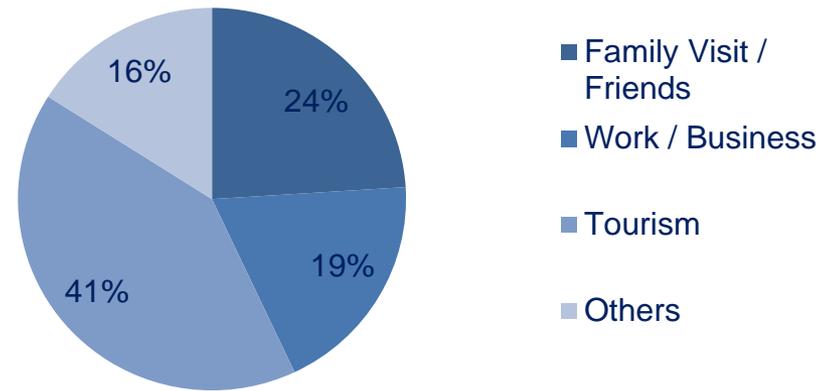
Tourist Arrivals and Receipts

■ TOURISTS ■ RECEIPTS (in thousand US\$)



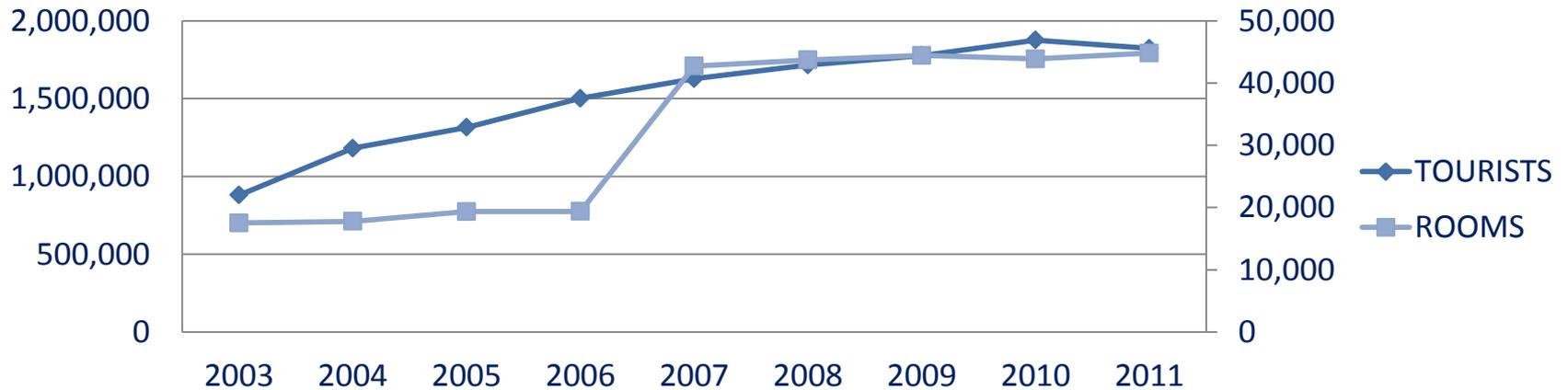
Guatemala has experienced an average annual growth in the number of tourists of 8.8% during the last years, with an occupancy growth rate of 2.5% during the same period which does not meet the tourist demand capacity.

Main Reasons to Visit Guatemala 2011



Source: INGUAT

Room Supply and Tourism Demands



Source: INGUAT

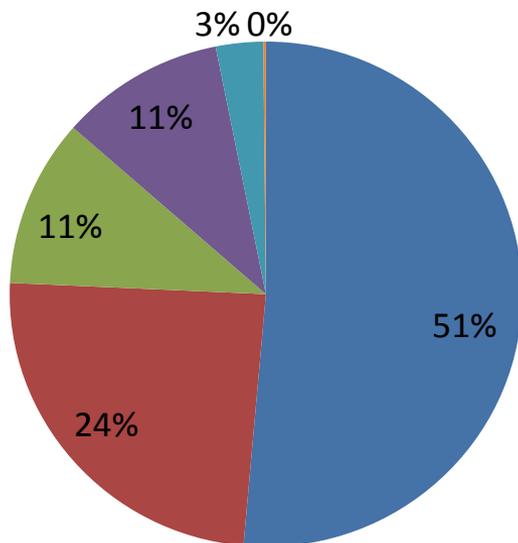


Guatemala: Mesoamerican Energetic Center

SECTOR PLAN

YEAR 2012

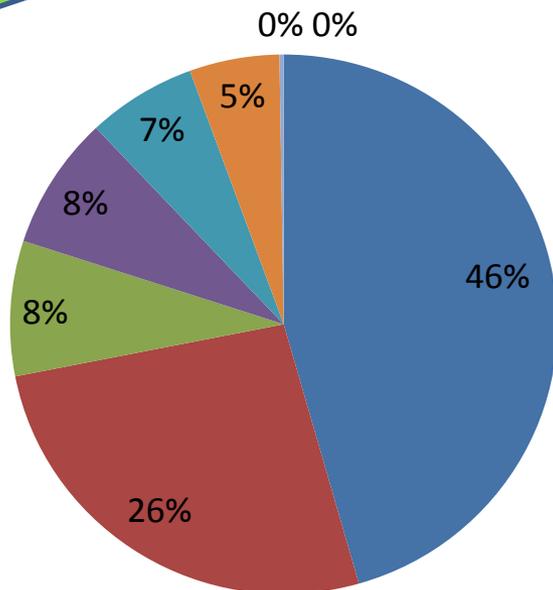
ENERGY MATRIX



- HIDRAULIC
- BUNKER
- BIOMASS
- COAL
- GEO THERMAL
- DIESEL OIL

CHALLENGE

YEAR 2027



- HIDRAULIC
- COAL
- LNG IMPORTS
- BIOMASS
- GEO THERMAL
- BUNKER
- OTHER RENEWABLES
- DIESEL OIL

Guatemala: great energetic potential

Investment Potential: more than US\$ 6 millions
200 MW in construction
800 Km in construction for transmission system

Hydroelectric

- Potential 10,000 MW
- 6% used

Geothermal

- Potential 10,000 MW
- 2.65% used

Eolic

- Potential 25,040 MW
- 0% used

Solar

- 5-6.5 Kwh per square meter per day
- 0% used

Biomass

- Potential no disponible
- 187.8 MW used

El sector energético tiene un gran potencial en el país, siendo esto reconocido a nivel internacional

- Modern legal framework to foster investments:
 - ✓ General Electricity Law.
 - ✓ 75% of generation from private investors
- From 1995 to 2015 the energetic offer will triple
 - ✓ Total: 700 MW (1995) to 2,300MW (2015)
 - ✓ More than 90% of new projects will produce energy from renewable sources
- High potential for renewable energy exploitation, over 40 power generation companies are present in Guatemala

Energetic center interconnected with the region



- SIEPAC
- Interconnection Guatemala – Mexico 200 MW
- Interconnection Guatemala – Belize 50MW
- Interconnection Guatemala-Salvador 200MW
- Geothermal Potential 200 MW



Guatemala: Mining and oil potential sectors

Petroleum & Natural Gas

Xan field: 35 oil wells in production

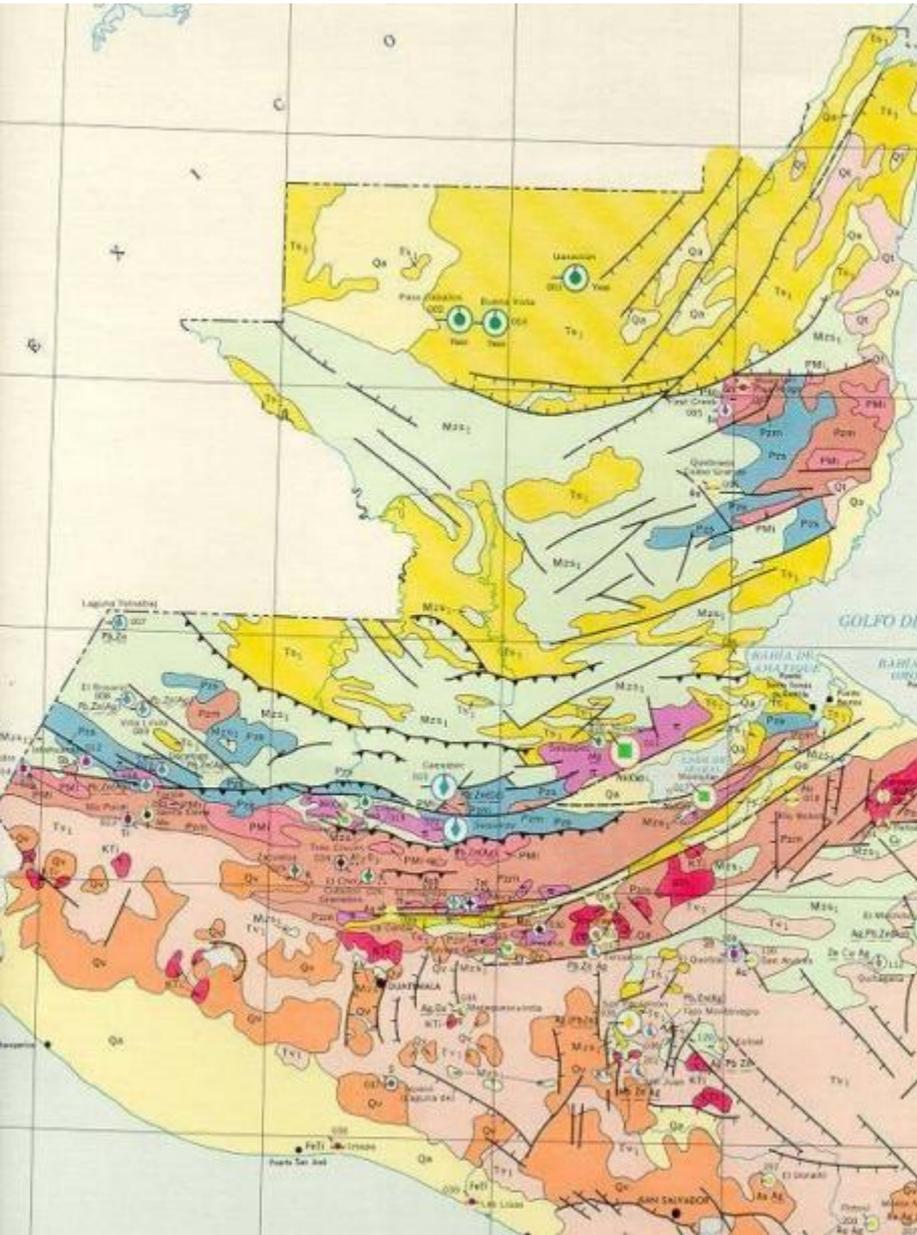
540 million bbls in reserve

This basin has more than 10,000 ft deep, associated with the presence of natural gas

Current government's interest to advance the bidding : 9 areas in Peten, and three in the Pacific zone , for increase the production to 60.000 barrels per day between 2012 - 2016



We are a country with a great mining potential

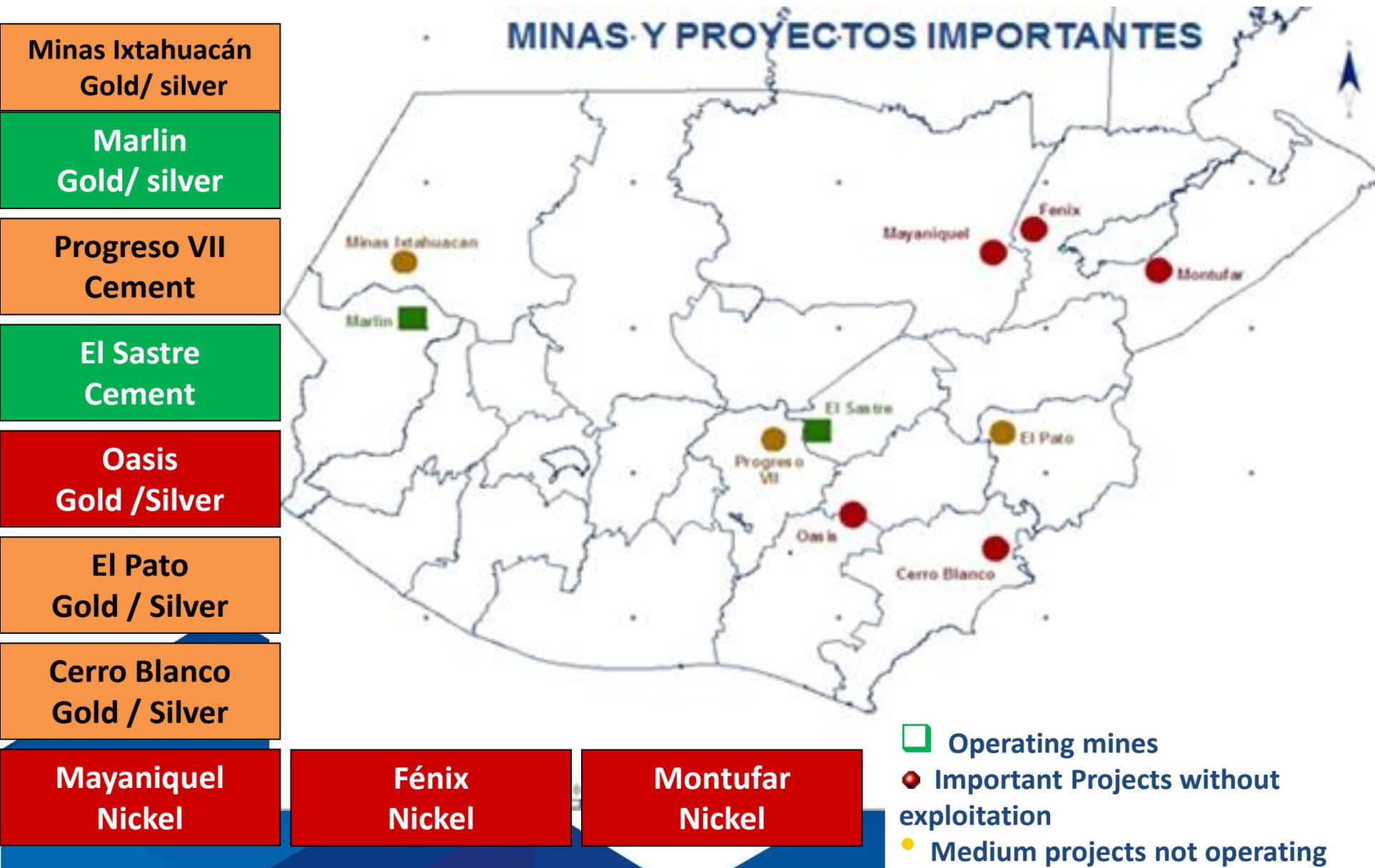


COLOR DEL NÚCLEO COLOR OF NUCLEUS	CONTENIDO CONTENT	FORMA DEL NÚCLEO SHAPE OF SYMBOL
ROJO CARMÍN	1 W, Sn	a ○ W, Fe, Cu, Au, Cr, Yeso Pb, Hg, Mn, S
ROJO OSCURO	2 Fe (Ti)	b □ Sn, Ti, Ni, Sb, Al
ANARANJADO	3 Cu Mo	c ◇ CuMo, AuAg, K, PbZn Cianita
AMARILLO	4 Au Ag, AgPbZn	d ◇ AgPbZn (AuCu), Mg, PbZnAg, Ba
VERDE	5 Cr, Ni (Co) Asbesto	e ◇ Cu Au (Au Cu), Asbesto, Talco
AZUL VERDE	6 Ca (Yeso), K, Mg	
AZUL	7 Pb Zn, PbZnAg	
PURPURA	8 Hg, Sb, Ba	
CAFÉ CLARO	9 U, V, UV, Th	
CAFÉ OSCURO	10 Mn, Al, Talco	
GRIS	11 S	

NATURALEZA MINERALÓGICA DE LOS DEPÓSITOS MINERALOGIC NATURE OF THE DEPOSITS

LETRAS VERTICALES VERTICAL	: ELEMENTOS NATIVOS Y ÓXIDOS : NATIVE ELEMENTS AND OXIDES	Au Mn Fe
LETRAS VERTICALES SUBRAYADAS VERTICAL UNDERLINED	: SULFUROS : SULFIDES	<u>Pb</u> <u>Zn</u> <u>Ag</u>
LETRAS VERTICALES SUBRAYADAS CON PUNTOS VERTICAL, DOTTED UNDERLINE	: SILICATOS : SILICATES	<u>Mn</u> <u>Ni</u>
LETRAS CURSIVAS ITALICS	: SULFATOS : SULFATES	Yeso
LETRAS CURSIVAS SUBRAYADAS ITALICS UNDERLINED	: CARBONATOS : CARBONATES	<u>Pb</u> <u>Zn</u> <u>Cu</u>

New opportunities



In the next decade, mining and petroleum sector have the potential to generate more than \$6.000 million



6 petroleum concessions, to generate 75.000 barrels by day in 2019. US\$2.900M
Average investment US\$ 30M for each 1,000B/d in explotación and US\$3,5M en exploration. Time 2012-2020



+4 Gold and Silver Mines
Marlin size (Cerro Blanco JU y El Escobal, Marlin ampliación, 2 more)
Investment: US\$2.200Million
2012-2018



+2 Nickel mines (CGN, Mayaniquel)
Investment US\$2.000Million
2009-2018

Foreign companies that have believe in Guatemala



WHAT IS INVEST IN GUATEMALA?

- **The National Foreign Investment Promotional Agency, with the mandate of:**
 - Promoting Guatemala as the best investment destination.
 - Offering foreign investors all the necessary support and assistance in seeking opportunities in the country.
 - Contributing to the economic growth and development of the country.
- **Its specialized Consultants assist foreign investors by:**
 - Providing updated and reliable information on Guatemala's economy, legislation, incentives and investment climate.
 - Offering contacts with service entities and raw material suppliers.
 - Organizing agendas for ion-country visits, during the time investors consider it necessary.
 - Supporting investments during and after operations are set up in the country.

www.investinguatemala.org