



Doing Business in Guatemala:

2016 Country Commercial Guide for U.S. Companies

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Guatemala Country Commercial Guide

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Doing Business in Guatemala

Market Overview

Guatemala is the northernmost country in Central America with Mexico to the north and west, Belize and the Atlantic Ocean to the east, Honduras and El Salvador to the southeast and the Pacific Ocean to the south. Famed for its volcanoes, textiles, Mayan ruins, and temperate climate in the highlands, Guatemala is a door to a large regional market for U.S. goods and services.

Guatemalan GDP reached an estimated USD 63.9 billion in 2015, and sources anticipate a 4.1 percent growth rate in 2015. The United States and Guatemala enjoy a growing trade relationship, which became even stronger after the entering into force of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). As of January 1, 2015, 100 percent of U.S. consumer and industrial goods enter the CAFTA-DR countries duty free (for goods that meet the country of origin requirements). The United States is Guatemala's largest trading partner accounting for nearly 40 percent of Guatemala's trade.

U.S. merchandise exports to Guatemala were USD 5.9 billion in 2015, 105 percent higher than the level in 2005, the year before CAFTA-DR entered into force. Leading U.S. exports to Guatemala include petroleum products, machinery, cereals (corn, wheat and rice), food manufactures, electrical equipment, plastics, paper/paper board products, motor vehicles, and cotton yarn and fabric.

U.S. imports from Guatemala were USD 4.1 billion in 2015, an increase of 31 percent from 2005, the year before CAFTA-DR entered into force. However, excluding apparel products, U.S. imports from Guatemala jumped by 123 percent since 2005. In addition to U.S. imports of apparel products from Guatemala, which still remain very important, other leading U.S. imports include bananas, melons, gold, coffee, petroleum products, primary metal manufactures, vegetables, and sugar.

U.S. products and services enjoy strong name recognition in Guatemala, and U.S. firms have a good reputation in the Guatemalan marketplace. It is estimated that approximately 200 U.S. firms have a presence in the market.

The United States is also a leading source of foreign investment in Guatemala. Foreign direct investment (FDI) stock was USD 13.184 billion in 2015, a 10 percent increase in relation to 2014. Some of the activities that attracted most of the FDI flows in the last three years were electricity, agriculture, mining, commerce, and manufacturing.

With a population of around 15 million, it is the most populous country in Central America and accounts for more than one-third of the region's GDP. The capital, Guatemala City, has a population of almost 4 million and features first-class hotels and restaurants.

A key component to Guatemala's economy is remittances from migrants, mostly settled in the United States. In 2015, remittances increased by 13.4 percent and were equivalent to 9.8 percent of the GDP.

The United States is Guatemala's most important economic partner. The Guatemalan government (GoG) continues to enhance competitiveness, promote investment opportunities, and work on legislative reforms aimed at supporting economic growth.

Market Challenges

Guatemala held national elections in 2015. The President, Jimmy Morales, was inaugurated on January 14, 2016. Elections were transparent, despite the political crisis that preceded them, which included the resignations and arrests of the former President and Vice President of Guatemala. The political situation in Guatemala is marked by continuing corruption scandals and widespread calls for reform.

On the commercial side, there have also been a growing number of complaints from U.S. stakeholders and companies regarding corruption and transparency issues within the country. Over twenty companies alone in 2015 brought cases alleging corruption with Guatemalan procurement and court proceedings. These cases of unfair treatment against US companies continue to reflect significant negative impact on Guatemala's investment climate. The U.S. government continues to advocate for U.S. companies on a whole and for the use of open, fair, and transparent tenders in government procurement and in accordance with CAFTA-DR obligations allowing open participation by U.S. companies.

Other concerns such as violent crime and weak judicial institutions remain serious challenges. Issues related to the Certificate of Origin continuously represent an obstacle to access preferential tariffs by Guatemalan importers. Additionally, widespread corruption, impunity, labor rights abuses, protection of intellectual property, food insecurity, poor education, and deep socio-economic divisions continue to be key challenges for the government.

Since 2009, the Guatemalan Government Procurement Law has gone through reforms, which aim to simplify procedures and provide a transparent system. A significant reform was approved in 2015 by Congress. The bill should improve procurement transparency and efficiency by barring government contracts for financiers of political campaigns/parties, congressmen, other elected officials, government workers, and their family members. It also will expand the scope of procurement oversight to include public trust funds and all institutions (including NGOs) executing public funds. To improve transparency, the bill will make the governments' electronic procurement system, Guatecompras, the only method of bidding government projects, tighten bidding requirements to promote increased competition, and create an electronic auction modality that requires awarding the lowest bidder for certain contracts. In 2015, several U.S. companies voiced concerns regarding the unfair and nontransparent tendering process by the Guatemalan government as a barrier to trade. The recently approved reform is expected to address these barriers.

Market Opportunities

Guatemalan businesspeople are accustomed to doing business with the United States and key contacts in the large corporations are fluent in English. Guatemalan businesspeople are accustomed to doing business with U.S. firms and travel regularly to the United States to conduct them.

The Guatemalan market is competitive and price-sensitive. Businesspeople expect good after-sales service and support. U.S. brands enjoy a good and long standing reputation in the market for superior quality, and for offering the after sales support that competitors may not supply.

Despite the aggressive market share that Asian products have occupied, the Guatemalan market values conducting business with a neighbor partner who stands behind the “Made in the U.S.A” label. As a signatory member of CAFTA-DR, Guatemalan importers and business representatives of U.S. products obtain CAFTA-DR benefits for their products when conducting business with the United States. As of January 1, 2015, 100 percent of U.S. consumer and industrial goods enter the CAFTA-DR countries duty free (for goods that meet the country of origin requirements).

Under CAFTA-DR, more than half of U.S. agricultural exports now enter Central America & the DR duty free. The remaining tariffs on virtually all U.S. agricultural products will be eliminated by 2020. CAFTA-DR is the third largest Latin American market for U.S. goods, surpassed only by Mexico and Brazil. Along with reduced trade barriers, CAFTA-DR loosened restrictions that have historically locked U.S. firms into exclusive, often inefficient, distribution arrangements. CAFTA-DR member countries have further promised increased transparency in customs dealings, anti-corruption measures in government contracting and procurement, and strong legal protections for U.S. investors.

Regionalization has quickly become a fact of life for doing business in Central America. Factories and distribution facilities have been and continue to be designed to serve a regional market. Furthermore, rarely does a U.S. businessperson visit just one Central American country. New investors weigh the advantages that each country offers as they look to decide where to establish new plants. Regional managers are becoming the norm, with responsibilities for multiple countries within the Central American marketplace. Trade between the countries of Central America has also increased dramatically over recent years, a trend that was accelerated with CAFTA-DR implementation.

Central America Customs integration became an important step in 2015, by opening the borders between Honduras and Guatemala to transport merchandise and people through its main border points under a smooth and practical system.

The President and his Economic Cabinet have continued programs initiated by prior administrations to promote foreign investment, enhance competitiveness and expand investment in the export, energy, and tourism sectors.

In March 2015, the Presidents of Guatemala, El Salvador, and Honduras, and Vice President Biden signed a Joint Statement of Commitments to implement specifics of the Northern Triangle's Plan for the Alliance for Prosperity. They agreed to promote strategic areas of interest, such as: energizing the productive sectors of the economy; creating economic opportunities; developing human capital, citizen security, and social inclusion; improving public safety and enhancing access to the legal system; and strengthening institutions to increase trust in the state.

The government of Guatemala welcomes foreign investment and generally accords foreign investors national treatment. There are few legal or regulatory restrictions placed on foreign investors. However, the country needs to overcome several of the challenges aforementioned in order to make Guatemala a truly business and investment friendly market.

Market Entry Strategy

If the government continues to work toward economic reform, including incorporating more of its citizenry in the formal economy (it is estimated that 600,000 of Guatemala's nearly 14 million citizens pay taxes), maintaining free trade and liberal markets, as well as providing personal and investment security, U.S. companies can expect a growing market in Guatemala. The reality in Central America and in Guatemala today is that there are challenges: corruption, weak judicial institutions, security issues, poverty, and low education levels top the list. However, there is also relative stability, real market opportunities and substantial U.S. export potential in a dynamic market that is close to the U.S. and growing. Regional integration and CAFTA-DR have spurred investment, growth, trade, and increased market opportunities for U.S. firms.

Political Environment

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2045.htm>

Selling US Products & Services

Using an Agent to Sell US Products and Services

One of the most important decisions a U.S. company will make in Guatemala will be the selection of a qualified and competent sales representative and/or distributor. A distributor with well-positioned sales outlets in important commercial locations will greatly enhance chances of capturing a major share of the end-user market.

Firms with valuable intellectual property to protect should take the legal steps necessary to ensure that it is protected. Firms should never delegate to a local agent, distributor or business partner the job of registering intellectual property, including trademarks and trade names. It should be done directly by the U.S. firm, with the assistance of a Guatemalan attorney. Careful attention to Intellectual Property Rights (IPR) issues initially can prevent problems later.

Selection of the appropriate agent or distributor requires time and effort. The same high standards used when selecting a representative in the United States should, to the greatest extent possible, be used in Guatemala. English language capability, while important, should not be over-emphasized as a decision factor when selecting an agent or distributor. Reputation, product and industry knowledge, track record, enthusiasm and commitment should be weighed heavily.

Exclusivity will be requested by most potential agents and distributors, not only for Guatemala, but also in some cases, for part or all of Central America. U.S. exporters should scrutinize the request closely. The trend among U.S. and other foreign firms seeking representation in Guatemala is toward non-exclusivity and even well-defined, renewable periods for representation. Guatemala can be a great place from which to enter the larger Central American market, but not all potential agents and distributors will be in a position to do this well.

In deciding with whom to work, U.S. firms should take the time to get to know the people they are considering, both in business and social settings (i.e., visit their offices, dine together, and request both local and international bank and trade references).

When completing an agency or distribution arrangement, U.S. exporters should make sure the agent or distributor understands clearly the terms of the relationship. The written agreement is important; however, both parties must understand it completely to avoid future problems. Exclusivity is understood unless the agreement specifically states otherwise.

Formal agency or distribution agreements should be reviewed by a Guatemalan attorney hired by the U.S. exporter (independent of the Guatemalan party with which the agreement is being established). The Guatemalan legal system can be slow and the law, under certain conditions, offers local agents and distributors a great deal of protection.

Establishing an Office

Authorizations required for operating an office in Guatemala: A foreign entity, legally registered in its country of origin, and intending to do business in Guatemala must:

Register with the Mercantile Registry (Registro Mercantil) Registro Mercantil de Guatemala

Address: 7a. Avenida 7-51, Zona 4
01004 Guatemala
Ph.: [502] 2317-3434
Fax: [502] 2334-1754
Contact: Rodrigo Valladares Molina, Registrador
E-mail: info@registromercantil.gob.gt
Website: www.registromercantil.gob.gt

Documents for submission to the Mercantile Registry with Request for Registration:

- Proof that the entity is legally constituted in accordance with the laws of the country (state) in which it is organized or registered. Certified copy of the deed of incorporation (charter), the by-laws, and modifications thereto.
- Proof that the Board of Directors has duly resolved to operate in Guatemala and has authorized the legal procedure to obtain permission to do so.
- A power of attorney in which the person named is given ample powers to act and to represent the entity in all legal matters.
- A document in which an amount is assigned as capital, with reference to the entity's operations in Guatemala, and in which it is expressly stated that the entity will be responsible for its obligations in Guatemala with all of its assets, both in Guatemala and abroad.
- A declaration that the entity recognizes the jurisdiction of the courts and laws of Guatemala, with respect to its activities and operations in the country, and that neither the entity nor its representatives and employees will seek special rights as foreigners.
- A declaration that the entity, prior to concluding operations in Guatemala, will fulfill all legal requirements in connection therewith.
- Certified copies of its latest financial statements (balance sheet and income account).

The documents must be certified by an authorized official in the country (state) of origin and must be authenticated by an appropriate Guatemalan Consular Official. For specific documentation on how to register foreign companies in Guatemala, please refer to the Mercantile Registry's website:

<http://www.registromercantil.gob.gt>

Registration with the Guatemalan Internal Revenue Service – SAT:

Register with the Guatemalan Superintendent of Tax Administration (Superintendencia de Administración Tributaria – SAT) at:

Superintendencia de Administración Tributaria – SAT

Superintendent: Juan Francisco Solorzano Foppa

Website: www.sat.gob.gt

Telephone: [502] 2329-7070

The documentation for registration with the SAT, as required by the Income Tax Law, is identical to that required for registration with the Mercantile Registry. It is advisable to have the documents prepared in duplicate and to submit one set to the SAT, together with a copy of the authorization to operate in Guatemala issued by the Mercantile Registry. Registration under the Value Added Tax (Decree 27-92) is also necessary. This registration can also be made at the SAT.

Franchising

Recent history has shown that franchises are one of the most successful systems of expansion in the world. In Guatemala, the first U.S. franchise that opened was Pizza Hut in 1969, and since then, franchises have been thriving. In many cases, such as McDonald's, they have exceeded the expectations of the franchisor, and are used as great success stories in this region by the parent company.

McDonald's Guatemala has been so successful that they have been credited with creating the concept of the "Happy Meal", the famous Latin American "Derretido" (Grilled Cheese) and being selected as one of the worldwide test sites for the McCafe's.

The real boom in the franchising sector in Guatemala occurred within the last 10 years. The country has experienced the introduction of many world known franchises and has begun creating and developing local capital franchises that now have presence in the U.S., Europe, South America, and Asia. This trend has definitely enhanced the confidence of potential investors or franchisees interested in Guatemala. According to the Guatemalan Franchise Association (AGF), fast food is the most popular subsector with 43 percent market share; followed by services with 33 percent, retail 11 percent, clothing 6 percent, and others 7 percent.

According to "Federación Iberoamericana de Franquicias" (FIAF), Guatemala is the largest franchise market in Central America, with over 300 franchise chains and 3,500 sales locations, which provide more than 25,000 direct jobs. Guatemala is also the fifth largest Latin American market for franchises; 80 percent of the franchises operated in Guatemala are of foreign origin, and 20 percent of local origin. FIAF estimates that 45 percent of the foreign franchises are from the United States, and the rest from Mexico, Spain, Brazil, Colombia, and others.

Local franchise companies operate mainly in the fields of fast food restaurants, bakeries, ice cream shops, automobile services and supplies, gas stations, advertising signs, hotels, beauty clinics, gifts, and toy shops.

There is a high concentration of franchise retailers in Guatemala City as it is the most populated city in the country with approximately 4 million people. Other cities like Quetzaltenango, Antigua, Huehuetenango, Cobán, and Escuintla have also shown growth in franchising.

Opportunities for U.S. franchises in this market are promising as Guatemalans welcome new ideas and are open to new franchising possibilities, specifically for recognized brands. Because of the proximity with the United States, many Guatemalans have experienced different U.S. concepts and want to bring them to Guatemala. It is highly suggested that franchises examine the market and determine if the franchise needs any adaptation to the local culture and customs. Additionally, they need to determine if raw materials can be found in-country or need to be imported, bearing in mind certain regulations for imported food products.

According to AGF, the franchise market in Guatemala grows at a 15 percent rate per year, very similar to the growth rate for the rest of the Central American countries. Guatemala City is recognized as the largest and most dynamic city in the region, having the largest economy with nearly 30 percent of the Region's GDP. In the past twelve years, the country has seen an increase of 375.6 percent of direct investment with a controlled inflation rate of 4.1 percent, and a historically stable exchange rate. The CAFTA-DR Free Trade Agreement provides full market access to franchising. Trademark provisions protect the franchisor's name, and tariff liberalization allows lower-cost exports of key equipment required to supply the franchisee.

Regarding the legal framework, in Guatemala there is no specific legislation for the franchise industry; however, franchises are subject to regular commercial laws. Contracts have to be reviewed by local lawyers to make sure there are no infringements of Guatemalan laws. In terms of intellectual property, Guatemala has adequate institutions in place, to guarantee the rights of companies that have been diligent in the registry of their brands and other intellectual property.

A current trend not only in Guatemala, but in the region, is that a group or local company owns one or more franchises and continues to include others as they succeed. This is looked highly upon by potential US franchises as the investors are then very experienced and keen when dealing with new projects. This is the case with many U.S. franchises in Guatemala, who are owned by one Guatemalan group or even more frequently, owned by Salvadorian or Honduran groups based in their respective countries. Successful U.S. franchises operating in Guatemala:

McDonalds, Wendy's, Burger King, Subway, Quizno's, Hard Rock, Applebee's, Kentucky Fried Chicken, Chili's, Fridays, Pollo Tropical, Hooters, IHOP, Pizza Hut, Dominos, Taco Bell, Dairy Queen, Dunkin Donuts, Wingzone, The Vitamin Shoppe, Charly's Grilled Subs, Tony Roma's, Papa John's, Little Cesar's, Cinnabon, My Yogurt, Sbarro, China Wok, Little Cesar's, Which Which, Carl's Junior, Curves, GNC, Tutor Doctor, Home Care Watch Givers, Sir Speedy, and Starbucks amongst others.

Contact:

AGF – Asociación Guatemalteca de Franquicias

Contact: Oswaldo Mansilla, President

Email: infoguatefranquicias@guatefranquicias.org

Market Entry

The most effective way to enter the Guatemalan market is through one of the Department of Commerce's Gold Key Service. This is designed to provide U.S. companies with the advantage of local expertise and to schedule meetings with pre-screened business contacts.

Direct Marketing

Approximately one half of all imports from the United States are the result of direct sales. Many of these result from Guatemalan business people contacting potential suppliers located in traditional U.S. supply centers, such as Miami, New Orleans, Los Angeles and Houston, among other cities, to satisfy a specific product or service need. Other sales result from marketing through the Internet, which is now very popular among medium and large businesses. Direct marketing is usually more effective in cases where the product is well-known or the group of local buyers is relatively small and easily identifiable, such as sugar mills. It is recommended that a U.S. exporter sends a sales person (preferably the same person, so that a relationship can develop) to Guatemala on a regular basis to call on existing and potential customers.

Sales to the government are subject to complying with the Government Procurement Law (<https://www.guatecompras.gt/info/legislacion.aspx>), which indicates that all government acquisitions have to be published in the official procurement site; "Guatecompras".

Direct sales to government agencies and state-owned firms, except in a few cases under the Government Procurement Law "Exceptions" Chapter III, Title III, are not common, unless the foreign firm has knowledge of a direct purchase opportunity. In such cases, it is recommended that the U.S. firm has an established local representative, sales agent or representative of some sort, which can act on its behalf. The Government Procurement Law indicates that purchases below USD 11,500 may be acquired through "Direct Purchase" methods.

The penetration of internet in Guatemala is 31.5 percent; this means that 4,700,000 habitants have access to internet from a population of approximately 15 million. Guatemalans are now used to buying online not only in Guatemala, but more so from the U.S. which because of the proximity is relatively easy. Many orders are placed via the Internet and most of the merchandise ordered, except for heavy machinery, is processed via electronic orders. Guatemalan business people access websites and search for specialized merchandise. Many significant Guatemalan businesses have postal boxes in Miami. Arrangements for the shipping of merchandise to Guatemala are made by the ordering companies, which can make transportation fees more favorable.

Daily internet access in Guatemala has grown during the last decade. They used to rely on television or radio for news and information, but with the spread of cell phones, the internet has become a more important outlet than radio and newspapers-particularly among younger citizens. According to a study by a marketing firm named iLifibelt; 29 percent of users in Guatemala use internet more than 2 hours a day. Users go online primarily from a computer (29 percent), cellular (27 percent), laptop (24 percent), tablet (16 percent), and TV (5 percent).

The most used sites in Guatemala are: Facebook, YouTube, Twitter, LinkedIn, Instagram, Amazon, and Pinterest. While overall Facebook usage ranges from 25 to 40 percent, the figures are much higher

among Guatemalan youths, approximately 60 percent.

As for mobile phone usage, there are three companies in Guatemala that offer the service, and there are 23.7 million lines with a penetration of 135 percent.

Joint Ventures/Licensing

Commercial companies in Guatemala are governed by the Commerce Code (Congressional Decree No. 2-70) of January 28, 1970.

Article 10 of this Code is specific with respect to the type of corporative organization which is acknowledged under the category of "Commercial Company", therefore the only collectively considered Merchant as per the Guatemalan Law (Art. 3 of the Commerce Code):

Corporations (Sociedad Anónima) The most commonly used business vehicle in Guatemala:

- General Partnerships
- Limited Partnerships
- Limited Liability Companies
- Public Partnership Companies

Article 12 provides that banks, insurance companies, re-insurance companies, bonding companies, re-bonding companies, financial firms, general warehouses, stock markets, mutual societies, and other similar organizations will be controlled with respect to their form of corporate organization and operation by the provisions of the Commerce Code, specifically to the extent not governed by special Laws and Regulations.

The use of a trade name that includes first names and two family names of the participating persons shall make those persons legally responsible, just as if they were members of a general partnership, assuming they consented to the use of their name.

Participation Agreements

Participation Agreements ("Negocios en Participación") are regulated by Articles 861 to 865 of the Commerce Code as contracts, not as companies or collective entities.

In a participation agreement, the participants enter into a contract ("Contrato de Participación"), by which the person called the "active partner" obligates himself to share with one or more persons called the "participants," who contribute goods or services, the profits or losses resulting from one or several operations of their enterprise or of the complete turnover thereof.

The main element of a Participation Agreement is the Contribution of the Participants. The active partner operates in his own name and assuming the risk of the joint operation. There is no legal relationship between third parties and the participants.

Participation Agreements are typical contractual forms according to Guatemalan Law and constitute a special case of Tax Payer, obliged to comply with all formal and material Tax Obligations as per Guatemalan Tax Legislation, holding the Active Partner responsible for Tax Liabilities of the Joint Operation.

Joint Ventures

Joint Ventures (distinct to Participation Agreements) are not regulated by Guatemalan Law. These are flexible contractual forms based expressly on Contracting Freedom Rights acknowledged by Guatemalan Law (Art. 681 of Commerce Code).

Joint Ventures are Associative Business models, which do not constitute a Partnership or a Participation Agreement or any other Merchants Collectively Organized, but are customized for the specific business collaboration tasks to be performed by the parties.

Joint Ventures are not deemed as special case of Tax Payers, therefore each of the contractual parties are responsible for the compliance of its respective formal and material Tax Obligations.

Foreign Companies

A legally incorporated foreign company in its Country of Origin, The United States of America for this means, can conduct business in the Republic of Guatemala. In order to do so it should open a branch or an agency in the Republic of Guatemala, with the Authorization of the Commerce Register of Guatemala. Locally incorporated corporation can be wholly owned by US individuals or entities, therefore it is not usual for foreign companies to register in Guatemala, but instead to establish itself as a wholly owned and managed local corporation.

To open such branch or agency the Company should have:

1. An Attorney-In-Fact who resides under permanent basis in Guatemala with sufficient faculties to represent the company as well with judicial representation powers. If the Attorney-In-Fact does not have such faculties, by law it will be deemed as vested with the same.
2. Credit that it is dully incorporated in its Country of Origin
3. Certified Copy of its Articles of Incorporation
4. Furnish an insurance policy in favor of any third party for an amount equivalent to USD 50,000.00, which should be in force during all the time the branch or agency operates in Guatemala
5. Expressly waive to the jurisdiction of the Courts of its Country of Origin and to any right of Alien Status
6. Expressly commit to fulfill all legal requirements to withdraw from Guatemala
7. Certified copy of the last General Balance and Income Statement
8. To keep books and records accordingly to Guatemalan Laws and Regulations to record all business operations held in Guatemala

There is no need to request any authorization from the Government for a Foreign Company to:

1. Be represented in a Court of Law
2. Open Bank Accounts in Guatemalan Banks

3. To sell or purchase with authorized commerce agents in the Republic of Guatemala
4. To Place Purchase Orders with authorized commerce agents in the Republic of Guatemala as long as the products have final destination abroad
5. To grant loans or credits or to receive promissory notes or trade with such credit documents
6. To Purchase any real property unless such real property is an element of a commercial enterprise or if the foreign company regularly trades with real property

Selling to the Government

Negotiations with the Guatemalan Government its offices and autonomous entities, trusts and other publicly funded entities, are subject to tender proceedings.

It is advisable to any foreign company interested in engaging into a commercial relationship with an Official or Governmental Entity to be associated with a local market participant. Still, in some cases, dully described by the Law, specifically in International Tenders, foreign companies can participate without any local business associates.

Under such circumstances, if the foreign company is awarded with a Public Contract, it should open an authorized branch or an agency by the Commerce Register of the Republic of Guatemala. The Public Procurement Law (Decree 57-92 “Ley de Contrataciones del Estado de Guatemala”) and its amendments, provides that any governmental acquisition of goods, supplies or services that exceeds Q. 90,000 (approximately USD 11,500) has to be subject of tender proceedings.

Tender Proceedings only can be excluded in expressly stipulated emergency cases in the Public Procurement Law.

With respect to Foreign Suppliers, the Government of Guatemala can directly purchase abroad goods or services.

Government procurements executed by one government administration are occasionally challenged, breached or unpaid by the subsequent administration.

In some of these cases, the Embassy of the United States of America can assist and service U.S. firms by encouraging the government to respect the legally binding executed agreements. Tender Proceedings are public in the Republic of Guatemala. Any party or person can access to any tender to follow up on its development at www.guatecompras.gt.

As well, all tenders already awarded are recorded in the above referred digital platform.

Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education,

and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

Web Resources

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

Distribution & Sales Channels

Guatemalan businesspeople are accustomed to doing business with the United States and key contacts in the large corporations are fluent in English. A majority of Guatemalan importers have traveled extensively to the United States and/or have done business with U.S. firms. Nevertheless, to maximize the probability of succeeding in the Guatemalan market, U.S. exporters should be aware that when the time comes to formalize a business relationship, for example, through a contract or writing materials, it is most recommended that such formalities are conducted in Spanish.

Almost half of all firms selling into the Guatemalan market do so by means of a Guatemalan agent or distributor. The rest sell directly to Guatemalan buyers. In general, the more pre-sales marketing and after-sales support and service that a product requires, the more important it is to have a local agent and distributor.

Most business is conducted in Guatemala based on personal relationships. Guatemalan business executives and government officials place great importance on personal contacts with suppliers. U.S. suppliers should be prepared to travel to Guatemala often and have a local representative or distributor. U.S. businesspersons are often surprised by the accessibility of key decision makers and the openness and frankness of local buyers.

Sales to government agencies and corporations are best achieved through local agents, distributors and other types of representatives; in some cases it is a requirement. It is not very practical to target government sales if a firm does not have contacts in Guatemala who are aware of opportunities and able to assist with obtaining the specifications and meeting deadlines for submission.

Express Delivery

All major shipping companies (UPS, Fedex and DHL) as well as local companies offer express shipping to and from Guatemala to U.S. with door to door service for 2-3 business days. The service is feasible for documents, samples or personal effects.

Selling Factors & Techniques

Guatemalan purchasing decisions are primarily based on price, service, and quality.

Direct sales by U.S. exporters to end-users, importers, wholesalers, and retailers are usually most successful when the product is well-known within the market or when a limited number of (usually

large) buyers exist. Direct sales are often supported by local advertising, sales promotion campaigns, technical or illustrative brochures, visits by salespeople, and in some cases, samples.

Sales via local agents and distributors are usually the most effective means of penetrating the market successfully. The U.S. exporter appoints a person or firm, which in turn, either promotes sales on a commission basis or purchases the merchandise and re-sells it. End-users and retailers generally have neither the experience nor the time to import directly, nor to handle customs clearance, which is time-consuming.

If a U.S. firm signs a representation contract, it is important to know that such will be subject to the Agency, Distribution and Representation Law, contained in Congressional Decree No. 8-98, of February 4, 1998.

According to this law, in Article 290, there are five instances by which a contract may be cancelled;

1. As a result of mutual consent
2. As per expiration date, if indicated in the contract
3. As per the local agent's decision, as long as it provides three month notice. In such case, the agent is subject to responding to all pending settlements according to the contract
4. As per the principal's decision, in which case it will be responsible for all damages to the agent, as a result of the termination
5. As per fair cause, which includes all sorts of situations common to the termination of a commercial relationship?

The law presents details on each situation. It is recommended that an attorney, other than the one representing the local firm, is consulted for the signing of these agreements.

eCommerce

E-commerce is becoming a common practice in the Guatemalan market. Guatemala has begun to use e-commerce among its chambers and associations, some of the larger banks, supermarkets, the exporters' guild, and others. Some government agencies, like the local equivalent of the Internal Revenue Service, the Government Procurement Office, and Trade Mark Registry have launched web pages and offer interactive services. Businesspeople, associations, and the government have realized that this is a very important electronic tool in doing business.

Facebook is the most used social media tool, where the majority of promotion and sales are done. The e-commerce industry is growing rapidly. Large companies have been the first to take advantage of this tool. It will take some time for smaller firms to adapt. Examples of some users of e-Commerce are: www.amchamguate.com, www.negociosenguatemala.com; www.industriaguatemala.com;

www.prensalibre.com; www.guatecompras.gt; www.bi.com.gt; www.cinepolis.com.gt.

In September 2008, an e-Commerce bill was approved by Congress. This bill is called “Law for the Recognition of Communications and Electronic Signatures”, and provides a secure environment for the transmission of electronic messages addresses the validity and efficiency of documents and electronic signatures and contains other e-Commerce specific matters.

Trade Promotion & Advertising

The Commercial Service of the U.S. Embassy in Guatemala City can provide guidance and assistance to U.S. firms seeking to enter or expand their presence in the Guatemalan market. The following trade associations can also provide guidance, information and/or assistance to companies planning trade promotion events, which may include product demonstrations, seminars, conferences, etc. The associations are as follows:

American Chamber of Commerce of Guatemala (AMCHAM)

Contact: Bruce Masters, President
E-mail: trade@amchamguate.com
Web page: www.amchamguate.com

Cámara de Comercio de Guatemala (Guatemalan Chamber of Commerce)

Contact: Jorge Briz Abularach, President
E-mail: info@cameradecomercio.org.gt
Web page: www.ccg.com.gt

Cámara de Industria de Guatemala (Chamber of Industry)

Contact: Oscar Emilio Castillo Montano, President
E-mail: info@industriaguade.com
Web page: www.industriaguade.com

Cámara Empresarial de Comercio y Servicios (Chamber of Commerce and Services)

Contact: Jaime Matus, President
Maria Elisa de Escobar, Administrative Manager
E-mail: cecoms@gmail.com

Local Guatemalan trade events scheduled for 2016 include:

Apparel Sourcing Show May 17-19, 2016
www.apparelexpo.com

Expomueble Jul 29-Aug 2, 2016 www.expomueblecentralamerica.com

Organizers of these and other fairs:

Permanent Committee for Expositions (COPEREX)

Contact: Ericka Chinchilla, Director
E-mail: echinchilla@coperex.com.gt
Web page: www.coperex.com.gt

Osmosis, Impulso y Desarrollo

Contact: Carlos Rafael Anzueto, General Manager
E-mail: gerencia@osmosisconsultores.com
Web page: www.osmosisconsultores.com

The Commercial Service in Guatemala can assist U.S. exporters in promoting their materials at some of the events mentioned above. More information may be obtained at:

U.S. Embassy in Guatemala, Commercial Service

Ph.: [502] 2326-4259
Fax: [502] 2331-7373
E-mail: Office.GuatemalaCity@trade.gov
Web page: www.export.gov/guatemala

Advertising

Advertising in Guatemala is usually done through the local media, such as newspapers, magazines, radio and television. In recent years, the use of billboards displayed along highways has proliferated. In addition, web based advertising, such as Facebook and Twitter, are becoming more popular every day.

Firms interested in advertising in Guatemala may wish to contact the following association for guidance and referrals to Guatemalan advertising firms:

Unión Guatemalteca de Agencias de Publicidad - UGAP (Guatemalan Association of Advertising Agencies)

Contact: Carol Ladd, Executive Director
E-mail: director@ugap.com, ugap@ugap.com
Web page: www.ugap.com

Major Newspapers

The leading newspapers in Guatemala include the following:

Prensa Libre

Contact: Luis Enrique Solórzano, General Manager
Miguel Angel Méndez, Editorial Director
E-mail: nacionales@prensalibre.com.gt
Web page: www.prensalibre.com

Siglo Veintiuno

Contact: Amilcar Alvarado Nisthal, President
Carlos Aldana, Editorial Director
E-mail: servicios@siglo21.com.gt
Web page: www.s21.com.gt

El Periódico

Contact: Rodolfo Móvil, Director
E-mail: opinion@elperiodico.com.gt
Web page: www.elperiodico.com.gt

Nuestro Diario

Contact: Jorge Springmuhl, General Manager
E-mail: opinion@nuestrodiario.com.gt
Web page: www.nuestrodiario.com

La Hora

Contact: Oscar Clemente Marroquín, Director
E-mail: lahora@lahora.com.gt
Web page: www.lahora.com.gt

Television Channels/Companies:

The following are the major television channels in Guatemala:

Canal 3 de Televisión (Channel 3)

Contact: Fernando Villanueva, President
E-mail: fernando@canal7.com.gt
Web page: www.canal3.com.gt

Televisiete (Channel 7)

Contact: Fernando Villanueva, President
E-mail: fernando@canal7.com.gt
Web page: www.canal7.com.gt

TELE ONCE (Channel 11)

Contact: Juan Carlos Gonzáles President
E-mail: katlyn.ruiz@canal3.com.gt
Web page: N/A

TRECEVISION (Channel 13)

Contact: Alfredo Brito, Editorial Director
E-mail: Alfredo.brito@telecentro.com.gt
Web page: N/A

GuateVision (Channel 25)

Contact: Jaime Torres, General Manager
E-mail: jtorres@guatevision.com
Web page: www.guatevision.com

Canal Antigua

Contact: Karla Ortiz de Archila, General Manager
E-mail: info@canalantigua.com
Web page: www.canalantigua.com

Radio Stations:

To listen to Guatemalan radio on the Internet, visit
www.surfmusic.de/country/guatemala.html

For a list and description of Guatemalan radio stations, visit:
radiotime.com/region/c_100350/Guatemala.aspx

The following is a list of some of the major radio stations in Guatemala City:

Emisoras Unidas

Contact: Marco Chávez, General Manager
Luis Felipe Valenzuela, Director
E-mail: emisorasunidas@emisorasunidas.com
Web page: www.noticias.emisorasunidas.com

Note: Emisoras Unidas is the largest radio network throughout Guatemala.

Cadena Azul de Guatemala

Radio Mundial

Contact: Fredy Azurdia Marroquín, General Manager

E-mail: cadenaazul@hotmail.com

Web Page: www.radiomundial.com.gt

Radio Punto

Contact: Helen Liu de Sánchez, General Manager

E-mail: info@grupoalius.com

Web page: www.radiopunto.com

Radio Sonora

Contact: Arnulfo Agustín Guzman, Director

E-mail: repcion@sonora.com.gt

Web page: www.sonora.com.gt

Grupo Nuevo Mundo

Contact: Alfredo González Gamarra, General Manager

E-mail: info@nuevomundoradio.com

Web page: www.nuevomundoradio.com

Magazines and Business Journals:

The following are some of the leading magazines for business in Guatemala:

Revista Gerencia

Asociación de Gerentes de Guatemala

Contact: Alvaro Urruela, General Manager

E-mail: agg@agg.org.gt

Web page: www.agg.org.gt

Revista Industria

Cámara de Industria de Guatemala

Contact: Hernán Guerra, Editor General

E-mail: revistacig@industriagate.com

Web page: www.revistaindustria.com

Mundo Comercial

Cámara de Comercio de Guatemala

Contact: Jeannette Balcarcel y Cristian Mayorga, Editors

E-mail: jbalcarcel@ccg.gt;
cmayorga@ccg.gt
Web page: www.ccg.gt

Doing Business in Guatemala

American Chamber of Commerce of Guatemala

Contact: Gabriela Flores, Publishing Department
E-mail: publicaciones@amchamguate.com
Web page: www.amchamguate.com

Pricing

Price is a very important decision factor for most Guatemalan businesspeople when selecting a supplier of imported goods and services. Many Guatemalan businesspeople are accustomed to purchasing directly from abroad, especially when they feel that the price of locally available imported products or services is too high. In order to calculate the cost of a product or shipment, companies add up the following expenses:

- a) Product F.O.B. cost
- b) Product freight and/or transportation cost
- c) Product insurance cost
- d) Import duties
- e) Value added tax, 12 percent

Sales Service/Customer Support

One of the most important purchasing decision factors for Guatemalan importers is after-sales service. U.S. firms, more than other foreign firms, generally have a reputation for providing good service and support. U.S. firms interested in penetrating the Guatemalan market should make a commitment to offer excellent service and support to their Guatemalan buyers, agents and distributors. This commitment to excellent service and support should also be made clear by the U.S. firm to its local agent or distributor. Poor or mediocre service often leads to lower sales. The Guatemalan business community is comparatively small and word travels quickly about local and foreign firms that offer poor service and support.

Although after-sales service is not included in the Commercial Code, many representatives, wholesalers and retailers also provide after-sales service and support.

This is particularly the case with items such as household appliances, electronic consumer goods, telecommunications and computer equipment, other electronic equipment and industrial machinery.

There are no provisions in the law regarding product guarantees. However, most retailers provide some sort of guarantee that covers problems which occur under normal conditions of use.

Due Diligence

Performing due diligence in Guatemala can be time-consuming, and challenging at times. There are very few sources of independently verifiable information about companies and individuals. There are no publicly-listed Guatemalan companies and rarely do they publish information about their officers, sales or financial information. Most companies are sole proprietorships and partnerships, and business generally is conducted based upon personal reputation and contacts.

Companies should request bank and trade references from potential agents and customers. Companies should also consult with their own U.S. banks for information on Guatemalan banks, most of which have correspondent banking relationships with banks in Florida.

The U.S. Commercial Service in Guatemala offers an International Company Profile report to U.S. companies, in which in depth information about the local Guatemalan company may be obtained, depending on the source availability. For more information, please refer to:

export.gov/guatemala/servicesforu.s.companies/index.asp

Local Professional Services

Professional services involving lawyers, auditors, consultants, custom brokers, financial consultants, etc. can be very useful in instances such as preparation of agency and distribution agreements and are essential for the legal registration of a new company, registration of a patent or trademark, debt collection, property rights, power of attorney, and trade arbitration. As a matter of good business practice, U.S. businesspeople should not share the same attorney or auditors utilized by their local business associates. Please visit the following website:

export.gov/guatemala/businessserviceproviders/index.asp to find a list of Business Service Providers.

The U.S. Government cannot recommend any particular attorney or professional.

Principle Business Associations

There are several business associations in Guatemala.

The largest one, Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), is the umbrella to eight chambers or associations that gather over 1,500 companies. Also, the American Chamber of Commerce (AmCham) is very active. All chambers accept U.S. companies as members.

These associations have an active role in advocating for rule of law, transparency, economic growth,

trade, competitiveness and corporate social responsibility.

Limitations on Selling US Products and Services

There are no significant limitations on selling U.S. products or services to the Guatemalan market, as long as the exporter or seller complies with the regulations and laws that applied to the specific product.

Selling U.S. Products and Services Web Resources

Advertising Association: www.ugap.com

Agritrade: www.agritradecentralamerica.org/

American Chamber of Commerce: www.amchamguate.com

Apparel Show: www.apparelexport.com

Canal Antigua: www.canalantigua.tv

Chamber of Construction: www.construguate.com

COPEREX Trade Fairs: www.coperex.com.gt

El Periodico (newspaper): www.elperiodico.com.gt

Expomueble (furniture): www.expomueblecentralamerica.com

Export association: www.export.com.gt

Guatemalan Chamber of Commerce: www.ccg.com.gt

Guatemala Chamber of Industry: www.industriaguate.com

Guatemala Managers Association: www.agg.org.gt

Guatemala Procurement Office: www.guatecompras.gt

Guatemala Radio Stations: radiotime.com/region/c_100350/Guatemala.aspx

GuateVision: www.guatevision.com

Trade Regulations, Customs, & Standards

Import Tariff

Guatemala applies the common external tariff schedule of the Central American Common Market (CACM), which ranges from zero to 15 percent for most agricultural and industrial goods, though there are exceptions of up to 40 percent for alcoholic beverages and up to 20 percent for cigarettes with tobacco content, various types of vehicles, and firearms. The average applied rate on all products is approximately 2.4 percent.

Under the Dominican Republic-Central American-United States– Free Trade Agreement (CAFTA-DR), about 5,263 of a total of 6,307 HS codes for U.S. industrial and consumer goods enter Guatemala duty-free, with the remaining 1,044 tariffs scheduled to be phased-out by 2026. Nearly all textile and apparel goods that meet the agreement's rules of origin are now traded duty-free and quota-free, promoting new opportunities for U.S. and regional fiber, yarn, fabric and apparel manufacturing. The agreement's tariff treatment for textile and apparel goods is retroactive to January 1, 2004. Guatemala is open to U.S. agricultural products. Prior to CAFTA-DR, Guatemala was already complying with its WTO tariff bindings, and duties were relatively low.

Tariff-rate Quotas (TRQs)

The CAFTA-DR set TRQs on 12 agricultural products and product categories, which is managed by DACE, the Administration of Foreign Commerce / Ministry of Economy, who has implemented a well-functioning system for distributing quota and reporting on quota allocation.

The 12 products are: Rough Rice, White Rice, Beef, Pork, Chicken Leg Quarters, Ice-cream, Milk, Yellow Corn, White Corn, Butter, Cheese, and Other Dairy Products. To obtain updated information on quota allocation procedures, advisory committee meetings, and quota utilization status by commodity, please visit their website at: dace.mineco.gob.gt/seleccioncontingentes.php?idtratado=5

Trade Barriers

Although agricultural trade with Guatemala is not plagued by tariff and non-tariff barriers, there are still some common issues which importers of U.S. agricultural and food products often encounter. These issues include: 1) Customs regulations; 2) Sanitary and phytosanitary certifications; 3) Product fortification requirements; and 4) Product samples.

Customs Regulations

Since 2009, importers of U.S. food and agricultural products have encountered increased issues resulting from the denial of preferential treatment for U.S. origin goods as well as newly enforced customs

classification and evaluation policies. These problems have been characterized by the denial of preferential treatment which results in a higher tariff rate, re-classifying goods that are imposed a higher tariff rate, and customs authorities who have difficulties understanding variations in commodity spot prices between shipments. Exporters who are aware of shipments encountering these types of problems should contact the Office of Agricultural Affairs at U.S. Embassy Guatemala.

Sanitary and Phytosanitary Concerns

Importers of U.S. seafood need to request a plant-by-plant inspection of supplier warehouses or packing facilities prior to being authorized to import. Ministry of Agriculture (MAGA) will not approve import permits for seafood which has not been previously inspected by MAGA and which does not appear in the list of approved exporting plants or companies.

Additionally, Guatemala's phytosanitary requirements for grains and fresh produce are established on a State-by-State basis. Importers, who are bringing the same agricultural product but sourcing from a State without historical record, should first consult with MAGA on the phytosanitary requirements. If the Animal and Plant Health Inspection Service (APHIS) does not have official requirements provided, they will issue a standard export certificate which will not comply with MAGA requirements and the product will be rejected and destroyed.

Processed products of animal origin need to be accompanied by sanitary certificates issued by the Food Safety Inspection Service (FSIS) if meat or eggs, and an APHIS animal health certificate if milk or other dairy product. The Agricultural Marketing Service (AMS) certificates are also widely accepted for milk and dairy products.

Product Fortification Requirements

Requirements for product fortification have been in place for many years. The requirements are, on paper at least, part of nutritional efforts carried out by the GOG. The Central American and Panama Nutrition Institute (INCAP) oversees fortification standards for the region, and evaluates ingredients intended for fortification.

Product Sample

Guatemalan law prohibits the importation of samples over a certain weight, unless they are specifically sent for the purpose of product registration. At the same time, the law specifies that all processed food products must be registered before they enter the country. This limits the opportunity for possible buyers to sample new products and to test their market potential; it also restricts the presence of U.S. samples in Guatemalan trade shows. Small samples of up to 55 pounds are allowed, however, many

Guatemalan importers are reluctant to import new products that cannot be previously tested in the market if the product has to be registered first. Additionally, as of 2010, the GOG has been requiring registration of primary food processed products (additives are the only exception, unless needed for the fortification program).

There are four main clearly defined trade barriers faced by U.S. agricultural exports to

Guatemala: 1) the denial of preferential treatment for U.S. products under CAFTA-DR;

2) delayed shipments resulting in heightened demurrage charges and refused product due to unsound phytosanitary inspections at ports-of-entry; 3) required fortification of all imported flours, salts, and sugars; and 4) prohibition against food samples, especially for food shows.

In early 2011, importers had problems with the Superintendence of Tax Administration (SAT) and the Ministry of Economy (MOE) regarding the Certificates of Origin (COOs) which did not comply with the CAFTA-DR Rules of Origin. As of November 21, 2011, USTR signed “common directives” with CAFTA-DR countries and U.S. exports have been granted CAFTA-DR preferential tariffs even if there are mistakes in the COOs.

As of 2012, U.S. exports have been experiencing other problems including: a) the denial of CAFTA-DR preferential tariffs due to HS tariff codes re-classifications; b) adjustment of tariff rates at the port of entry, based on re-classification issues; c) and adjustment of the import taxes because of questions on the prices declared in the invoices. These problems are commonly encountered at the port of entry, delaying shipments and resulting in significant demurrage costs.

EU Geographical Indications

The Association Agreement (AA) with the European Union (EU) entered into force for Guatemala on December 1, 2013. The EU requested registration of 114 geographical indications (GIs) for various cheeses and liquors under the AA.

Guatemalan administrative authorities issued rulings on applications to register GI names that appear sound and well-reasoned for compound GI names. However, U.S. exporters are concerned that 2014 rulings on single-name GIs will effectively prohibit new U.S. exporters to the Guatemalan market from using what appear to be generic or common names when identifying their goods in Guatemala’s market. For this particular purpose, the following common name cheeses, among others, will continue to be commercialized normally: parmesan, provolone, mozzarella, brie, camembert, and emmental. So far, only gorgonzola and fontina cannot be commercialized in Guatemala, as they have GI protection. If U.S. firms are interested in finding specifics on other indications, they can contact the Foreign Agricultural Service or the IP Registry Office at the Ministry of Economy, as it is public information.

SPS and TBT Commitments

Sanitary and Phytosanitary

With regards to SPS obligations, Guatemala has made efforts to meet U.S. trading requirements. Guatemala granted the U.S. meat inspection system equivalency as part of CAFTA-DR. Additionally, on July 28, 2006, Guatemala opened its market for all U.S. live cattle and beef products in exchange for modifications to U.S. beer access to the Guatemalan market. Guatemala accepts the USDA-FSIS export certificate as the sole valid document for microbiological, free sale, and sanitary certificates. Equivalence was strictly negotiated for U.S. meat and meat products, but eggs and other animal products are still fighting to get access to the Guatemalan market. Meats other than chicken, beef, and pork will require plant-by-plant inspection. At present, hatching eggs and table eggs are subject to the same sanitary requirements, counter to OIE standards allowing for lower standards for table eggs, as compared to hatching egg. During 2012, Guatemala approved the MOU between FGIS/GIPSA/USDA and FDA, accepting the U.S. "Export Certificate of Grains" as valid to comply with Guatemalan food safety regulations.

For fisheries and seafood products, the Food Safety Unit of the Ministry of Agriculture has established that exporters of seafood products must be inspected prior to export to Guatemala. If the product is U.S. origin, the inspection will be carried at the U.S. facility or warehouse. For non U.S. products, Guatemalan inspectors will have to carry out inspection in the facilities or warehouses of the third country supplier.

Phytosanitary restrictions have been partially eliminated as they arise; however, horticultural imports from Florida and California are still restricted due to the presence of the Pink Hibiscus Mealy bug. In November 2015, Guatemala finally published its official quarantine pest list, significantly reducing excessive fumigation at ports. The quarantine pest list is in the process of being revised and should be used as the reference for the phytosanitary requirements to import agricultural products. The International Regional Organization of Plant and Animal Health (OIRSA) is responsible for quarantine measures at ports of entry and is mandated to take action only if the pest identified appears on the official list.

Import Requirements & Documentation

The Division of Registration and Control of Medicines and Foods of the Ministry of Health, here after referred to as Food Control, is the main authority for food products legally imported or manufactured in Guatemala. Government Decree # 45-79 established the Health Code in 1979, later published and updated under Government Decree 90-97. Chapter Five of the Health Code refers to food products. Food Control, under the authority of Ministerial Decree 969-99 (which replaces Decree 132-85), is responsible for upholding food product norms set by the Guatemalan Ministry of Economy's National Quality System, which is governed by Law 78-2005. Under the National Quality System, administered by

the Ministry of Economy, three offices operate: The Standard Commission, COGUANOR; the Guatemalan Accreditation Office (OGA), and the National Metrology Center (CEME)
www.mineco.gob.gt/mineco/calidad/direccioneng.htm.

The COGUANOR office, prior to December 17, 2005, was the sole entity responsible for setting obligatory standards regarding processed food, but after the establishment of the National Quality System, COGUANOR kept the mandate exclusive to voluntary standards. The National Quality System has approved standards since December 17,

2005; prior to which standards were not modified and appeared as COGUANOR norms. The OGA, (governed by Presidential Decree 145-2002,) is responsible for accreditation of laboratories, certifying entities and inspecting organizations.

Presidential Decree 78-2005 establishes official tariffs for the services provided by the OGA, which is a signatory to the "Multilateral Recognition of the Inter American Cooperation for Accreditation" (IAAC) and has been accepted in the "Mutual Agreement of Recognition of the International Accreditation for Laboratories" (ILAC).

There are many specifications, rules, laws and other requirements regulating food products. Decree 969-99 details various regulations related to food safety. Standards for both local and imported products are exactly the same, except for public markets and other food serving locations that require sanitary licenses but no product registration.

Any producer, processor, packer, or distributor needs to operate under a sanitary license issued by Food Control at the Ministry of Health. Importers need to be legally registered with an active sanitary license of operations and imported products need to be registered as well, both primary as well as end processed food products. Labeling is required and imported food products are marketed in Guatemala with a Spanish-language label in accordance with the food law. Stickers are also allowed. Stickers would be required to declare name of the product, list of ingredients, and nutritional label if appropriate. A retailer who violates the food laws as interpreted by Food Control can be fined up to half the value of the previous day's total sales. Furthermore, there have been situations where imports have had difficulty clearing customs when the labels have not been in Spanish.

Product Registration is required for all primary and final processed food products in Guatemala. Food Control is responsible for all registrations. Regulations and registration procedures and requirements can be consulted on-line at: <http://portal.mspas.gob.gt/index.php/en/servicios/regulacion-y-control-de-alimentos-menu-servicios.html>

The Government of Guatemala is requesting registration of primary processed food products under the same procedure that applies for registration of end processed food products; additives do not need to be registered. The Government of Guatemala has also set in place a mechanism known as "sanitary inscription for registered products," which allows for an extension option of already existing registries, for different companies. For example, if company 1 registers brand "x", and the registration number 1520-1 is assigned, company 2 can register the same brand "x" under the 1520-2 registration number.

This mechanism allows for: a) title of ownership of the registered product, but not over the brand, allowing for different importers/distributors to commercialize the same product (exclusive distribution is left in the hands of commercial interests and not for regulatory purposes); and b) title of ownership of the registration and sole responsibility for the registration. For example, if for any reason, registration number 1520-1 has any specific issue (labeling, license status of the importer, food safety or other), only company 1 is affected. Besides the title of the ownership component, the "sanitary inscription for registries" also expedites the registration process -especially in the case of animal products- since the extension is granted immediately given the fact that the first registration number has already passed the laboratory analysis. The registration, in this case number 1520, is valid for five years, independent of when the extension was granted, and all extensions of this registration must be renewed every five years.

Food Control issues a sanitary registration number after a laboratory test has been performed on animal products. This registration number is valid for five years and in the case of animal products, takes about six weeks to be issued. For other processed products, it takes approximately 7-10 days to obtain the registration number and laboratory tests will take place routinely and one scheduled annually according to product category. If products do not comply with labeling standards or food safety parameters, importers will be notified as necessary. Non animal products do not require a phyto- or sanitary certificate; a Certificate of Free Sale applies in this case. The Certificate of Free Sales is required for registration purposes only, and can be a federal or state document.

For registration purposes, the sample must come with the following documentation: a) Certificate of Free Sales, b) Bill of Lading, and c) Invoice (with any negligible quantity) specifying it is only a sample. If the product to be registered is non-animal origin, registration will take between 3-5 days; for animal origin products, registration might take up to one month.

In addition to the laboratory analysis for animal products, (for the wholesomeness of the product) the law requires inspections at the point of entry, wholesale and retail levels. Non-processed foods and food additives do not require registration. There is no environmental legislation that affects the importation of food products. The cost of registration and analysis of a product is about USD 215, independent of its category, and independent of registering it for the first time or requesting an extension of an already existing registration.

In order to receive an import permit, all imported foods of animal or vegetable origin, fresh or processed, must comply with the following requirements:

a) Certificate of Origin for Sanitary Purposes:

- i. plant health certificate (phytosanitary certificate) issued by APHIS if it is a fresh plant food product;

- ii. Sanitary certificate issued by the Food Safety Inspection Service (FSIS) of the U.S. Department of Agriculture (USDA), if it is meat product, either fresh or processed
- b) Certificate of Free Sale if it is a processed food product, either primary or end, which is not a meat product;
- c) Commercial invoice;
- d) Bill of lading
- e) Certificate of Origin for customs and tariff purposes. The Dominican Republic - Central American Free Trade Agreement (CAFTA-DR) certificate of origin fulfills customs requirements so that preferential tariffs can be applied.
- f) Re-Export Certificate if the product is re-exported from the country, but please note that it still requires the original sanitary or phytosanitary certificate.

The Certificate of Free Sale can include a list of products to be registered, as long as all the products in that list are registered simultaneously.

For example, if twenty products are to be registered at the same time, Food Control allows for one original certificate and nineteen copies to accompany the rest of the products, since one complete file is kept per registered product.

The Unit of Norms and Regulations (UNR) of the Ministry of Agriculture, Livestock and Food Security (MAGA) control all of these requirements and issues the import permit. Import procedures are readily available on-line at: visar.maga.gob.gt/. Please verify that the attestations in the sanitary and phytosanitary certificates comply with Government of Guatemala requirements, consulting the "vudi" system, portal.maga.gob.gt/vudi-web/.

If the certificate cannot attest against specified quarantine pests, it might not be considered valid and the shipment might not receive an import permit or worse, its entry might be forbidden, even if the shipment has arrived at a Guatemalan port. Please ask the importer to double check if the "vudi" requirements have been updated or are in accordance with hard copies of specific requirements available at the "ventanilla única".

Microbiological - On July 19, 2009, the Government of Guatemala (GOG) published their Central American Technical Ruling (CATR): 67.04.50:08. This ruling establishes the maximum level of food-borne pathogens permitted in processed and unprocessed food and agricultural products. The following website has further information:

portal.mspas.gob.gt/index.php?option=com_content&view=article&id=106:resoluciones-comieco-alimentos&catid=10&Itemid=14

Compliance with the microbiological criteria spelled out in the CATR started being enforced on November 19, 2009. Compliance with the microbiological parameters will be determined during the registration process or during surveillance using laboratory analysis. Most plants in the U.S. already have systems in place to measure microbiological profiles as part of their Hazard and Critical Control Points (HACCP) programs. It is recommended to send the most recent report with the sample that will be used for registration purposes.

Under CAFTA-DR, the U.S. meat and poultry inspection system was recognized as equivalent by MAGA, so FSIS Certificate of Wholesomeness (FSIS 9060-5) is accepted by the Government of Guatemala as a Certificate of Free Sale and/or Sanitary Certificate, according to the specific case of a meat processed product and/or fresh meat product.

Central American Technical Regulations (RTCA) – As part of the Central American harmonization process, Ministries of Economy have published the RTCAs that spell out technical regulations for packaging, labeling, liquors and spirits, approved additives, infant food, sanitary license and registration of products. Though the regulations are the same for all Central America, their implementation varies from country to country. Please, refer to the following web site to assure compliance with presently enforced technical regulations: <http://www.sieca.int/Documentos/DocumentoMatriz.aspx?ClasificacionId=2&q=>.

CAFTA-DR CERTIFICATE OF ORIGIN

The Government of Guatemala has asserted that a CAFTA-DR Certificate of Origin must accompany the shipment in order to receive CAFTA-DR preferences. (See: dace.mineco.gob.gt/mineco/cafta/doctos_cafta/Certificado%20de%20Origen%20DR-CAFTA%20.pdf). Double check that the correct "preferential criteria" is included in space # 7 of the form. Importers have been denied the preferential tariff for incorrect criteria designation.

The preferential criterion corresponds to letters "a", "b", or "c", according to Chapter 4 - Rules of Origin (please read attachment CAFTA-DR rules of origin.pdf). If either the exporter or the importer does not know which criterion applies, the Ministry of Economy is willing to review the product description with the importer to determine the correct criterion.

For rules regarding how to complete the CAFTA-DR Certificate of Origin, please refer to the Directorate of Administration of Foreign Commerce (DACE) of the Ministry of Economy, dace.mineco.gob.gt/portal/paginaOrigen.php, or read the attachment "Instructivo Cert Origen.xls" (Spanish only).

Medical Devices, Pharmaceutical Products and Cosmetics

The Division of Registration and Control of Medicines and Foods of the Ministry of Health issues import permits for medical devices, pharmaceutical products and cosmetics.

Some products require an inscription (registration) at the registration office of the Ministry of Health. The approximate amount of time for the registration of a medical device is between 2-3 weeks and for pharmaceuticals and cosmetics is 4-6 months. These inscriptions need to be renewed every five years.

Surgical devices that require an inscription are those defined as cutting the skin or a membrane or which touch blood, such as syringes or finger pricks. Devices such as anesthetics and asthmatic inhalers, high pressure measuring apparatus, laser-guided apparatus and others do not require an inscription. These would be classified under medical equipment and supplies and undergo normal customs clearance procedures.

The Central American Technical Regulations, CATR (RTCA in Spanish) have been recently issued and published for processed food products, pharmaceuticals and cosmetics, among others. The CATR established unified standards and requirements for commercializing agricultural products, pharmaceuticals, cosmetics, healthcare products and others within the Central America and Panama region. Compliance with these technical regulations may assure that products may be imported without major complications.

For more information on these technical regulations, please visit:

www.medicamentos.com.gt/index.php/legislacion-vigente/resoluciones-comieco

www.sieca.int/Portal/EnlacesDeInteres.aspx?NodoNavegacionId=11&NodoId=724

Registration Requirements for Pharmaceutical Products:

Pharmaceutical products, including but not limited to specialty pharmaceuticals, homeopathic, radiopharmaceutical, supplements, biological, biotechnology and allergens require a Sanitary permit in order to be imported and commercialized in Guatemala.

Details and registration forms for pharmaceutical products and renewal process may be found in the following link: www.medicamentos.com.gt/index.php/servicios/autorizacion-de-productos-farmaceuticos-y-afines/registros-sanitarios

A simplified list of requirements for obtaining a sanitary permit is below:*

1. Fill and submit the appropriate forms in original and duplicate
2. Product formula and composition (mention both common and scientific names: (using appropriate form)
3. Sanitary license, valid or prior license (usually from FDA or PAHO)
4. Legalized copy of the Trade Mark registry

5. Free Sale Certificate from the country of origin; CBL approved by a recognized organization such as the OMS
6. Monograph study, when it is a new product
7. Product description
8. Product specifications
9. Method of analysis used
10. Packaging materials used (a sample), originals and copy
11. Instructions on label in Spanish
12. Copy of contract (in case of manufacture under drawback or “maquila” law)
13. Stability study for products with 24 months life expectancy or more, according to product
14. Samples
15. Bio-equivalence study, when applied
16. Standard of raw material of active principle/s for new molecules
17. Copy of the Sanitary License of the local distributor
18. All foreign language documents have to be legally translated into Spanish.

*This is a simplified guide; it is recommended that the U.S. Company visits the appropriate links to obtain updated and specific guidance on how to register products.

Registration Requirements for Medical Devices, Dental Materials, Laboratory

Reagents:

Details and registration forms for these products may be found in the following link www.medicamentos.com.gt/index.php/formularios/registro-e-inscripcion under subtitle: “F-AS-f-08: Solicitud de Inscripción Sanitaria de Productos Afines”

Cosmetics

Authorization to commercialize cosmetic products in Guatemala is required.

In Guatemala, the owner of the sanitary registration must be a local company. It is recommended that the U.S. exporter find local representation to take care of the ownership of its sanitary registrations.

When products are registered under a distributor's name, and the U.S. Company determines that there is a need to change the distributor, it is necessary to present a document or contract, signed by both parties to the Ministry of Health.

If the U.S. Company owns the sanitary registrations through a local representative or company and chooses to change a distributor, such change must be notified to the Ministry of Health; this is a simple procedure.

Some requirements for sanitary registration include, but are not limited to:

Good Manufacturing Practices

This document must be filed once for all the products manufactured by the same Company. It must be issued by the Health Authority or similar authority in the country/state of origin of the product. If this document is not issued by the Health Authority or similar, a Sanitary License of the Manufacturer may be accepted.

Qualitative and Quantitative Formula

This document must be issued by the producer/manufacturer, and must be signed by a responsible person (responsible professional in the Company).

Finished Product Specifications

This information may be contained in the Analysis Certificate.

The document must include the physical specifications of the product: (odor, color, appearance), and the chemical and microbiological specifications.

Original labels or its projects

Original Labels

Labels must be in Spanish.

If they are in English, they should be translated by a legal translator, and the relevant information must be bonded to the product.

Power of Attorney

This document must be apostilled, or legalized, by a Guatemalan Consulate in the United States.

The Power of Attorney will allow a third party to sign in the name of the foreign company, and it must also specify a person that will be responsible for any sanitary eventuality when importing and commercializing the product in Guatemala.

Apostille

This is an international certification comparable to a notarization in U.S. domestic law, and normally supplements a local notarization of the document. In the United States, the Secretary of State is responsible for the apostille procedure for all public documents.

<http://travel.state.gov/content/travel/english/legal-considerations/judicial/authentication-of-documents/notarial-and-authentication-apostille.html>

Additional Requirements

When a product has an active ingredient that exceeds the maximum percentage permitted by Law, the manufacturer is required to issue a letter declaring whether the ingredient is pure or part of a blend. Guatemala requires a distributor, with valid sanitary permits, to have the proper facilities to import and storage cosmetic products.

Source: "Sanitary Registration of Cosmetic Products in Central America" by Unimark Law Firm, www.unimarkcr.com

Details and registration forms for cosmetic products may be found in the following link:

<http://www.medicamentos.com.gt/index.php/formularios/registro-e-inscripcion> under the following subtitle:

"F-AS-f-08: Solicitud de Inscripción Sanitaria de Productos Afines"

Validity and Renewal

The sanitary registration is valid for five years. It can be renewed for five more years. The renewal procedure must be initiated before its expiration, and the requirements for the renewal process may be found at www.medicamentos.com.gt/index.php/formularios/registro-e-inscripcion

under the following subtitles:

“F-AS-f-05: Solicitud Renovación de Registro” (Renewal)

“F-AS-f-09: Solicitud Actualización de Registro” (Update)

The Division of Registration and Control of Medicines and Foods of the Ministry of Health generally does not reply to inquiries via email or telephone. A request for personal appointments is highly recommended.

U.S. businesses that have an experienced and strong representative in Guatemala will find that this is the best means to easy registration in the country.

For more information please refer to:

Dirección General de Regulación, Vigilancia y Control de la Salud,

Departamento de Regulación y Control de Productos Farmacéuticos, Higiénicos, Quirúrgicos y Cosméticos

Elizabeth Cesino de Pozada, Head of Department

drcpfa.jefatura@gmail.com

www.mspas.gob.gt

U.S. Export Controls

The U.S. Government requires firms to obtain an export permit to export all arms, ammunition and related products to Guatemala. For more information, U.S. exporters should contact the Bureau of Industry and Security (BIS) at the U.S. Department of Commerce, Ph.: (202) 482-4811 or the nearest Trade Information Center: <http://www.export.gov/eac/>. If the product for which an export permit is being sought is listed on the U.S. Munitions List (USML) the product will be subject to export controls administered by the U.S. Department of State, rather than the Department of Commerce, under the Arms Export Control Act and the International Traffic in Arms Regulations (ITAR). More information can be found at: www.pmdtc.state.gov. A Guatemalan law on firearms was passed in March 2009 which established new requirements for firearm possession in Guatemala. For more information on the law, go to: www.digecam.mil.gt

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>

Temporary Entry

Guatemala's 1989 drawback and export promotion law allows duty and tax free entry of raw materials, intermediate products, packaging and labels used in the production or assembly of merchandise exported to markets outside of Central America. Some exporters, however, complain that the local tax administration, SAT, asks for payments in order to process these drawback refunds.

Drawback law, also known as "Ley de Maquilas":

<http://www.industriaguatemala.com/sites/default/files/docs/apoyo/Reglamento%20533-89%20Ley%20de%20Fomento%20y%20Desarrollo%20de%20la%20actividad%20Exportadora%20y%20de%20Maquila.pdf>

Labeling/Marking Requirements

The Central American Technical Rule RTCA 67.04.60:10

members.wto.org/crnattachments/2011/tbt/CRI/11_0530_00_s.pdf regulates nutritional labeling.

The rule allows for complimentary labels in Spanish, which can be stick-on labels, for labels in another language. Complimentary labels need to provide the following information written in Spanish:

- Product definition/description (including health declarations)
- Name of the product (This should be the official name as noted on the U.S.
 - Certificate of
 - Free Sale)
- Physical characteristics, including ingredients (This has to be a qualitative composition, which was indicated in the back of the registration form). If this information is in English, please translate literally.
- Net weight/volume
- List of ingredients (including allergens) and additives and the percentage of total for each
- Name, address and telephone number of the Guatemalan distributor
- Food Control registration number (D.G.S.S.-D.R.C.A.-Sanitary license obtained at a Center of Sanitation); the original license has to be presented. Approximate cost for each product: Q. 1,650.00 (Q=quetzal, the national currency).
- Country of origin
- Lot production identification
- Expiration date

For perishable products and if applicable it has to say "Keep Frozen" or "Form of Preparation"

Prohibited & Restricted Imports

Arms and Ammunitions

The Guatemalan Ministry of Defense's Department for the Control of Arms and Munitions (DECAM) enforces a law which virtually prohibits the import of high powered weapons, as well as a range of military weapons and hardware except for use by the Guatemalan government.

Pharmaceuticals

Pseudoephedrine and any products containing pseudoephedrine are banned from importation or sale within Guatemala as of April 2009.

Food Products

The Technical Directorate of Plant Health of MAGA, (Plant Health), regulates pesticides. The Office of Vegetable Health was established by Government Decree # 43-74 and regulates all agriculturally related chemical use by authority of Ministerial Decree 377-90. Plant Health maintains a list of pesticides that are not permitted in Guatemala. This list is based on standards set by the Environmental Protection Agency (EPA), Codex Alimentarius, and the United Nations Food and Agriculture Organization (FAO), among others. All pesticides must be registered with Plant Health.

Customs Regulations

Name: Dr. Edmundo Cordón
Title: Director for Regulations
Institution: Food Control Unit/Ministry of Health (MSPAS)
Address: 6a. Av. 3-45, Zona 11
01011 Guatemala
Telephone: (502) 2444-7222
Website: <http://portal.mspas.gob.gt/index.php/en/servicios/regulacion-y-control-de-alimentos-menu-servicios.html>

Name: Guillermo Ortiz
Title: Plant Health Director
Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)
Address: 7 Avenida 3-67, Zona 13
01013 Guatemala
Telephone: (502) 2413-7389
Website: visar.maga.gob.gt

Name: Alex Salazar
Title: Food Safety Director
Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)
Address: 7 Avenida 3-67, Zona 13
01013 Guatemala
Telephone: (502) 2413-7389

Website: visar.maga.gob.gt

Name: Byron Thomae

Title: Animal Health Director

Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)

Address: 7 Avenida 3-67, Zona 13
01013 Guatemala

Telephone: (502) 2413-7389

Website: visar.maga.gob.gt

Name: Ing. Efraín Medina

Title: Director OIRSA-SEPA-SITC

Institution: Inter-Regional Body for Plant and Animal Health/Ministry of Agriculture (MAGA)

Address: 21 Avenida 3-12, Zona 15, Guatemala

Telephone: (502) 2369-5900

Fax: (502) 2334-0646

Website: www.oirsa.org

Name: Lic. Alejandro Cutz

Title: CAFTA-DR Administrator

Institution: Foreign Commerce Administration Direction/Ministry of Economy

Address: 6 Avenida 10-43 Zona 1, Guatemala

Telephone: (502) 2412-0200

Website: www.mineco.gob.gt

For information on Customs Regulations and a list of Business Service Providers in Guatemala, please refer to the following website: export.gov/guatemala/businessserviceproviders/index.asp, or contact the Office of Global Markets in Guatemala at 011-502-2334-3147

Trade Standards

Overview

The National Standards Commission (COGUANOR) was created in Guatemala in 1962 under the direction of the Ministry of Economy under Decree #1523. The National Standards Commission is responsible for developing standards to encourage the development of agricultural, commercial and industrial activities. COGUANOR was also established to create a favorable environment for fair competition and equitable relations between producers and consumers.

Companies or individuals interested in establishing or revising a particular standard may submit a request to COGUANOR. Specifically, it is COGUANOR's Technical Working Committee's (CCT),

interdisciplinary groups made up of representatives from organized public, private, academic-scientific, and consumer sectors, which are in charge of drafting and revising national standards.

National standards drawn up by COGUANOR come into effect once they are approved by the government's executive branch and are published in the *Diario de Centro America*, the national gazette.

Standards Organization

COGUANOR is empowered to direct and coordinate national policy regarding the setting of standards. Through the Ministry of Economy, it proposes the modification of current standards and the adoption of new standards to the government's executive branch, and oversees the application of adopted standards. Its technical committees are responsible for reviewing standards when necessary. COGUANOR also maintains communication with regional and international standards organizations.

COGUANOR is governed by an executive advisory committee, which is made up of representatives from the Ministry of Health, Ministry of Economy, Ministry of Labor, the College of Engineers, and the Chambers of Agriculture, Industry and Commerce.

The Commission oversees two forms of national standards: a) NGR – Recommended Guatemalan Standards and b) NGO – Required Guatemalan Standards. NGR standards refer to quality standards relating to the production and sale of goods. NGR standards are mandatory for government entities.

According to Government Decrees 182-2000, 145-2002, and 57-2003, COGUANOR, the National Center of Metrology and the Guatemalan Accreditation Office (OGA) together form the National Quality Systems Directorate.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

The Guatemalan Consumer Service and Support Board (DIACO) was created in 1995. In December 2003, Government Decree 777-2003 added a Testing and Inspection Department to DIACO. This department is responsible for investigating compliance with the legal requirements of COGUANOR and international treaties ratified by Guatemala.

When the United States and Central America launched the free trade agreement negotiations, they initiated an active working group on Sanitary and Phytosanitary Standard (SPS) barriers to agricultural trade that met in conjunction with the negotiations to facilitate market access. The objective was to leverage the trade negotiations to seek changes to the Central American countries' SPS regimes. Through this group, Guatemala has committed to resolving specific measures which affect U.S. exports to Guatemala. In particular for meat, poultry and dairy, Guatemala will recognize the equivalence of the U.S. food safety and inspection system, thereby eliminating the need for plant-by-plant inspections. For distilled spirits, U.S. industry welcomed the trade facilitating initiative of the five Central American countries, including Guatemala, to develop common standards for distilled spirits products. However, outstanding concerns remain over issues such as alcohol content, brand registration and certification requirements.

Product Certification

Any commercially-sold food products imported into Guatemala must present a phyto- sanitary and/or zoo-sanitary certificate, certificate of origin, commercial invoice, free sale certificate and bill of lading to receive an import license. Effective July 2006, in accordance with Article 3.10.2 of CAFTA-DR, the Guatemalan authorities at the Ministry of Health and Ministry of Agriculture no longer require that commercial invoices, bills of lading, certificates of free sale, sanitary and microbiological certificates and product- specific laboratory testing for pathogens of products exported to Guatemala be authenticated at the Guatemalan Embassy or one of its Consulates in the United States.

All documents can be written in English. In addition, all packaged food products require product registration from the Division of Registration and Control of Medicines and Foods and must obtain a sanitary import certificate from the Ministry of Health.

Guatemalan norms regarding food additives are based on the Codex Alimentarius' food additives list. Any additives for placement on this list must be approved by COGUANOR's executive advisory committee. The approval process can take six months or longer.

Pesticides are regulated by the Technical Directorate of Vegetable Health of the Ministry of Agriculture. They maintain a list of prohibited pesticides. See www.maga.gob.gt for details.

Guatemala has been a correspondent member of the International Organization for Standardization (ISO) since 1997, meaning that Guatemala does not actively participate in the development of policies and standards, but is kept fully informed of such developments.

Accreditation

The Guatemalan Accreditation Body (OGA) was established in May 2002 by Government Decree 145-2002 as a technical unit of the Quality Systems Directorate within the Ministry of Economy. OGA

oversees accreditation throughout the nation and grants formal approval to Guatemala's various other conformity assessment bodies, including:

- Testing and Calibration Laboratories (ISO/IEC 17025 Standard)
- Quality Management Systems (ISO/IEC Guide 61)
- Environmental Management Systems (ISO/IEC Guide 66)
- Products (ISO/IEC Guide 65)
- Inspection Bodies (ISO/IEC 17020 Standard)

OGA is a full member of the Inter-American Accreditation Cooperation (IAAC), created in 1996, consisting of various accreditation agencies from 20 Western Hemisphere countries. OGA is also a member of the International Accreditation Forum (IAF), an associate member of the International Laboratory Accreditation Cooperation (ILAC), a correspondent member of the International Organization for Standardization (ISO) and a member of the World Trade Organization (WTO).

Publication of Technical Regulations

Guatemala's national gazette is the *Diario de Centro America*, available online (see under Contacts). New national standards that have been approved by the government's executive branch become effective on the date that they are published in the *Diario de Centro America*.

Labeling and Marking

Guatemala has labeling standards for food products, pharmaceuticals, pesticides, footwear and distilled alcoholic beverages.

Guatemalan law requires that food products sold in the domestic market be tested, registered and labeled in Spanish. While labeling standards for domestic food products are very strict, importers negotiated with COGUANOR and reached an agreement for the use of stick-on labels. Products sold in bulk are exempt from the labeling requirements unless they are to be sold at the retail level. Enforcement of product registration and labeling requirements has been inconsistent but is improving. See: www.mspas.gob.gt

Food Labeling

Labeling requirements are set by COGUANOR Labeling Standard #34039. It establishes 40 requirements with respect to the appearance of the label. The specified information must be written on the label, and in the Spanish language. However, importers negotiated with COGUANOR and reached an agreement for a stick-on label to be used with the following information written in Spanish:

1. Product definition/description
2. Name of the product (This should be the official name as noted on the U.S. Certificate of free sale)
3. Physical characteristics, including ingredients (This has to be a qualitative composition, which is indicated on the back of the registration form). If this information is in English, it must be fully and correctly translated.
4. Net weight/volume
5. List of ingredients (including allergens) and additives and the percentage of total for each
6. Name, address and telephone number of Guatemalan distributor
7. Food Control registration number (D.G.S.S.-D.R.C.A.-Sanitary license obtained at a Center of Sanitation). The original license has to be presented. Approximate cost for each product: Q1,650 (USD206)

Sample:

Nombre del Producto: Puré para bebés; postre, sabor chocolate
Ingredientes: Harina de trigo, leche entera reconstruida, azúcar, vitaminas, colorantes naturales, cocoa.
12 oz. Netas
Distribuidor: Importaciones Guatemala, S.A.
Dirección: Avenida Las Estrellas, 0-01, Zona 24, Guatemala, Ciudad
Teléfono: (502) 555-1212 y (502) 555-2121
D.G.S.S.-D.R.C.A. 123-456-789
Fecha de vencimiento: 31-02-02

Contacts:

- COGUANOR – Standards Commission: www.coguanor.gob.gt
Licenciado, Hector Herrera, Secretario Ejecutivo: mbeteta@mail.mineco.gob.gt
- DIACO – Consumer Assistance Center: www.diaco.gob.gt
Licenciada, Silvia Escobar Santos, Directora: diacoquejas@mail.mineco.gob.gt
- OGA - Accreditation Office: oga.org.gt/ambito_internacional.html
Sistema Nacional de Calidad: info-oga@mineco.gob.gt
- National Gazette -Diario de Centro America: www.diariodecentroamerica.gob.gt
Ana Maria Rodas, Directora: lborrayo@dca.gob.gt; info@dca.gob.gt
- PROAM - Healthcare Services: www.mspas.gob.gt
- Agriculture: www.maga.gob.gt
- Import procedures at the Ministry of Agriculture: www.maga.gob.gt

Trade Agreements

The United States, the Dominican Republic, and five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua), signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) in August 2004. The Agreement entered into force in Guatemala on July 1, 2006, after the country completed all the commitments necessary for implementation.

CAFTA-DR liberalizes bilateral trade between the United States and the region and promotes regional integration. It also requires the Central American countries to undertake needed reforms to alleviate systemic problems in such areas as customs administration, protection of intellectual property rights, services, investment, financial services, market access, and government procurement, as well as sanitary and phytosanitary and other non-tariff barriers.

As of January 1, 2015, 100 percent of U.S. consumer and industrial goods enter the CAFTA-DR countries duty free (for goods that meet the country of origin requirements). Approximately 80 percent of these products entered duty-free following when CAFTA-DR first entered into force in 2006 (for the countries that implemented at that time). The remaining 20 percent of consumer & industries goods were on a 5 or 10 year phased tariff reduction schedule.

Under CAFTA-DR, more than half of U.S. agricultural exports now enter Central America & the DR duty free. The remaining tariffs on virtually all U.S. agricultural products will be eliminated by 2020 (a few products categories will be eliminated over subsequent years - e.g. chicken leg quarters; rice; dairy products). For certain agricultural products, tariff-rate quotas (TRQs) will permit some duty-free access for specified quantities during the tariff phase-out period, with the duty-free amount expanding during that period.

In addition to CAFTA-DR, Guatemala has signed bilateral or regional free trade agreements with Chile, Mexico, Colombia, Taiwan, Panama, the European Union, Peru, and the European Free Trade Association (EFTA) countries. Guatemala has also signed partial scope agreements with Belize, Ecuador, Cuba, and Venezuela, which cover a reduced number of products and do not include chapters beyond trade.

Central America established a common external tariff schedule in 1998. Six Central American countries signed a revised protocol for economic integration and macroeconomic coordination in October 1993. The integration protocol allows Central American countries to advance at varying rates toward more open trade. The “Northern Triangle” countries (Guatemala, El Salvador and Honduras) have moved the most rapidly to eliminate trade barriers among themselves. In January 2009, the presidents of Guatemala and El Salvador signed an amendment to the framework agreement that facilitates the establishment of a customs union between the two countries. Honduras joined the agreement in May 2009. Guatemala ratified the amendment to the framework agreement in February 2011, but it was not ratified by El Salvador and Honduras.

In February 2015, as part of the Plan for the Alliance for Prosperity of the Northern Triangle countries, the presidents of Guatemala and Honduras signed a general framework agreement to establish a customs union between the two countries. In January 2016, the Guatemalan Congress approved the protocol to enable a customs union with Honduras, which will allow for the free movement of people

and goods between the two countries. Both countries must deposit the enabling protocol with the Central American Integration System (SICA) for entry into force and complete regulatory, technical, and administrative procedures to allow implementation of the customs union. El Salvador is expected to join after the implementation of the customs union process between Guatemala and Honduras is completed.

For more information on how U.S companies can take advantage of those agreements please consult the links listed below.

Trade Regulation Web Resources

Guatemalan Superintendence of Tax Administration: www.sat.gob.gt

Guatemalan Ministry of Economy: www.mineco.gob.gt

Secretariat for Central American Economic Integration: www.sieca.int

Office of the United States Trade Representative: www.ustr.gov

Foreign Agricultural Service: www.fas.usda.gov

Guatemalan Administration of International Commerce: dace.mineco.gob.gt/mineco/tlc/index.htm

Guatemalan Investment Office: www.investinguatemala.org

Guatemalan e-procurement system: www.guatecompras.gt

Guatemalan Exporters' Association: www.export.com.gt

Guatemalan Chamber of Commerce: www.negociosenguatemala.com

Guatemalan Chamber of Industry: www.industriaguatemala.com

American Chamber of Commerce: www.amchamguatemala.com

Ministry of National Defense of Guatemala: www.mindef.mil.gt

Investment Climate Statement

Executive Summary

Guatemala has the largest economy in Central America, with a USD 63.9 billion gross domestic product (GDP) in 2015, and an estimated 4.1 percent growth rate in 2015. Remittances, mostly from the United States, increased by 13.4 percent in 2015 and were equivalent to 9.8 percent of GDP. The United States is Guatemala's most important economic partner. The Guatemalan government (GoG) continues to enhance competitiveness, promote investment opportunities, and work on legislative reforms aimed at supporting economic growth. More than 200 U.S. and other foreign firms have active investments in Guatemala, benefitting from the U.S. Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Foreign direct investment (FDI) stock was USD 13.184 billion in 2015, a 10 percent increase in relation to 2014. Some of the activities that attracted most of the FDI flows in the last three years were electricity, agriculture, mining, commerce, and manufacturing.

Despite positive steps to improve Guatemala's investment climate, international companies choosing to invest in Guatemala face significant challenges. Complex and confusing laws and regulations, inconsistent judicial decisions, bureaucratic impediments, and corruption continue to constitute practical barriers to investment. Under CAFTA-DR obligations, the United States has raised concerns with the GoG regarding its enforcement of both its labor and environmental laws.

Since 2006, the UN-sponsored International Commission against Impunity in Guatemala (CICIG) has undertaken numerous high-profile official corruption investigations, leading to significant indictments. CICIG has gained private sector praise and the endorsement of the private sector for a rash of high-profile investigations uncovering official corruption in 2015, particularly a case revealing a customs corruption scheme, which led to the resignations of the president and vice president.

Guatemala held national elections in 2015 amid 19 weeks of anti-corruption protests that culminated in the establishment of an interim government in September. President Jimmy Morales (National Convergence Front, FCN) took office January 14, 2016, along with a new Congress of mostly freshman members and locally elected officials. These newly elected officials enter a changed geopolitical landscape in Guatemala, with a lower tolerance for corruption and lingering citizen demands for widespread government reform and improved efficiency. The presidents of El Salvador, Guatemala, and Honduras, and the Vice President of the United States, Joe Biden agreed to specific commitments in a joint statement to the support of the Alliance for Prosperity on February 24, 2016, including measures to ensure more accountable, transparent, and effective public institutions.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	123 of 168	http://www.transparency.org/cpi2015#results-table
World Bank's Doing Business Report "Ease of	2016	81 of 189	doingbusiness.org/rankings

Doing Business”			
Global Innovation Index	2015	101 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 1,158	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
World Bank GNI per capita	2014	USD 3,430	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here:

<http://www.mcc.gov/pages/selection/scorecards>.

Details on each of the MCC’s indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

Openness to and Restrictions upon Foreign Investment

Attitude toward Foreign Direct Investment

The GoG continues to promote investment opportunities and work on reforms to enhance competitiveness and the business environment. The 2016 Heritage Economic Freedom Index gave Guatemala a score of 61.8 out of 100, up 1.4 points from 2015, reflecting improvements in trade freedom, monetary freedom, and business freedom. Property rights, corruption, and labor freedom were noted as areas of concern in the 2016 Economic Freedom Index. Guatemala scored 28 points out of 100 on Transparency International’s 2015 Corruption Perception Index, ranking it 123 out of 168 countries. The World Bank’s Doing Business 2016 ranked Guatemala 81 out of 189 countries, same position observed in the 2015 report. The two areas where the country improved the most were: paying taxes and trading across borders. Areas where challenges remain and where reforms are most needed are protecting minority investors, enforcing contracts, and resolving insolvency. Guatemala remained in the same spot in the 2015-2016 World Economic Forum’s Global Competitiveness Index (78 out of 140). Guatemala made the most improvements in financial market development, business sophistication, and goods market efficiency, but ranked 138 in organized crime and business costs associated with crime and violence.

Other Investment Policy Reviews

Guatemala has been a World Trade Organization (WTO) member since 1995. The GoG had their last WTO trade policy review (TRP) in 2009. In 2011, the United Nations Conference on Trade and Development (UNCTAD) conducted an investment policy review (IPR) on Guatemala. The WTO TPR noted that Guatemala lacked a general competition law and that increasing the level of competition was one of the most important pending tasks for the country's government policy. The UNCTAD IPR recommended to strengthen the public sector's institutional capacity and also highlighted that adopting a competition law and policy should be a priority of Guatemala's development agenda. Guatemala has not approved a competition law as of March 2016, but the GoG agreed to approve a competition law by November 2016 as part of its commitments under the Association Agreement with the European Union. Other important recommendations from the UNCTAD IPR were to further explore alternative dispute resolution mechanisms and the establishment of commercial and land courts.

Laws/Regulations on Foreign Direct Investment

More than 200 U.S. and hundreds of other foreign firms have active investments in Guatemala. The U.S. Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) established a more secure and predictable legal framework for U.S. investors operating in Guatemala. Under CAFTA-DR, all forms of investment are protected, including enterprises, debt, concessions, contracts, and intellectual property. U.S. investors enjoy, in almost all circumstances, the right to establish, acquire, and operate investments in Guatemala on an equal footing with local investors. The U.S. Embassy in Guatemala places a high priority on improving the investment climate for U.S. investors. Guatemala passed a foreign investment law in 1998 to streamline and facilitate foreign investment. The GoG continues to work on legislative reforms aimed at supporting economic growth and closing regulatory loopholes that become barriers to investment. As part of the CAFTA-DR implementation process, the Guatemalan Congress approved in May 2006 a law that strengthened existing legislation on intellectual property rights (IPR) protection, government procurement, trade, insurance, arbitration, and telecommunications, as well as the penal code, to ensure compliance with CAFTA-DR. An e-commerce law was approved by Congress in August 2008, which provides legal recognition to communications and contracts that are executed electronically; permits electronic communications to be accepted as evidence in all administrative, legal, and private actions; and, allows for the use of electronic signatures.

The United States raised concerns with the GoG's adherence to its CAFTA-DR obligations with respect to the effective enforcement of both its labor and environmental laws. Regarding the labor law case, an arbitral panel was established, pursuant to CAFTA-DR procedures, to consider whether Guatemala is conforming to its obligations to effectively enforce its labor laws. A hearing was held in June 2015 and a decision is expected in July 2016. Regarding the environmental case, the CAFTA-DR Secretariat for Environmental Matters was required to suspend its investigation in 2012 when the GoG provided evidence that the relevant facts of the case were under consideration by Guatemala's Constitutional Court. The court dismissed the case on procedural grounds in 2013.

Complex and confusing laws and regulations, inconsistent judicial decisions, bureaucratic impediments and corruption continue to constitute practical barriers to investment. According to the World Bank's Doing Business Report for 2015 and 2016, Guatemala has made paying taxes easier and less costly by

improving the electronic filing and paying system (Declaraguata) and by lowering the corporate income tax rate. The GoG has developed one website that is useful to help navigate the laws, procedures and registration requirements for foreign investors: <http://asisehace.gt/>, which provides detailed information on laws and regulations and administrative procedures applicable to investment.

Business Registration

The GoG has a business registration website <https://minegocio.gt/>, which facilitates on-line registration procedures for two types of new businesses. Foreign companies that are incorporated locally are able to use the online business registration, but the system is not yet available to other foreign companies. According to an assessment from the Global Enterprise Registration (GER) on the GoG's business registration website, more than 50% of the mandatory registrations can be requested online simultaneously and at least one fee can be paid online. A company is required to register at a minimum with the business registry, the tax administration authority, the social security institute, and the labor ministry.

Guatemala's investment promotion agency Invest in Guatemala provides support to potential foreign investors by offering information, assessment and personalized assistance, including coordination of country visits and contact referrals. Services are available to all investors without discrimination.

According to Guatemala's National Institute of Statistics, 260,800 companies from the micro, small and medium-size sector (MSME) were active in Guatemala as of January 2016. The GoG defines MSMEs based on number of employees and annual sales. Micro enterprises are defined as production units carrying out transformation, services, or commercial activities with a maximum of 10 employees and annual sales equivalent to a maximum of 190 monthly minimum salaries (about USD 62,016). Small enterprises are defined as those businesses with a maximum of 80 employees and annual sales equivalent to up to 3,700 monthly minimum wages (about USD 1.2 million) and medium sized-enterprises are those businesses with up to 200 employees and annual sales equivalent to up to 15,420 monthly minimum wages (approximately USD 5.03 million). The Vice ministry of Economy for the Development of MSMEs has programs to facilitate access to financing and entrepreneurial development services intended to increase productivity and competitiveness of the sector.

Industrial Promotion

Guatemala's main incentive programs are provided to the apparel and textile sector and to business process outsourcing (BPO) operations through the Law for the Development of Export Activities and Drawback and the Free Trade Zones Law, and their amendments approved through the Law for Conservation of Employment. Guatemala's investment promotion agency Invest in Guatemala promotes sectors such as BPO, light manufacturing, forestry, apparel and textile, food, infrastructure, mining, energy and petroleum, and tourism. Information for those programs is disseminated through business chambers, Guatemala's Foreign Ministry, and Guatemalan embassies abroad, which provide general information to potential investors and refer them to Invest in Guatemala for additional information and support.

Mining has historically been a sensitive social conflict issue in Guatemala, and operations in Guatemala have been subject to protests. Sub-surface minerals and petroleum are the property of the State, and

the Ministry of Energy and Mines (MEM) is in charge of approving mining licenses. An initial exploration license is issued for three years, which can be extended for two additional two-year periods, if needed. After completing the exploration phase, a company may then apply for a separate exploitation license. Mining exploitation licenses are granted for twenty-five years and can be extended for an additional twenty-five years. Petroleum contracts are granted through a public tender process. One contract is awarded covering both exploration and exploitation. This contract is granted for a period of twenty-five years and can be extended for an additional fifteen years. Contracts for petroleum extraction are typically granted through production-sharing agreements. Over the past several years, a number of U.S. companies have had significant investments in the mining and petroleum sectors put at risk, which required the approval of contracts or exploitation licenses by GoG regulatory bodies, in order to begin operations or to realize a return on their investments. Examples include a contract for one petroleum company that was signed in November 2014 after 28 revisions and 17 months of delays. Another investor received its approved license in April 2013, after more than a year of delays by MEM. A contract for another such company was approved in August 2013, after about two years of delays, despite having satisfied all legal requirements to move forward. The future of these investments is not guaranteed.

Privatization Program

The GoG privatized a number of state-owned assets in industries and utilities in the late 1990s including power distribution, telephone services, and grain storage. Guatemala does not currently have a privatization program.

Screening of FDI

All firms are subject to certain basic requirements; foreign firms are subject to additional requirements. Domestic and foreign firms must publish their intent to conduct business, agree to Guatemalan legal jurisdiction and register with the Ministry of Economy (MINECO) in order to incorporate formally in Guatemala. In addition to this, foreign firms are required to demonstrate solvency, deposit operating capital of GTQ 5,000 (about USD 654) in a local bank, establish a bond in favor of third parties for an amount of not less than USD 50,000, provide legalized financial statements, appoint a local representative, and contractually agree to fulfill any pending legal obligation before permanently closing operations in Guatemala.

Competition Law

There is no law regulating monopolistic or anti-competitive practices, but the GoG agreed to approve a competition law by November 2016 as part of its commitments under the Association Agreement with the European Union.

[Conversion and Transfer Policies](#)

Foreign Exchange

Guatemala's Foreign Investment Law and CAFTA-DR commitments protect the investor's right to remit profits and repatriate capital. There are no restrictions on converting or transferring funds associated with an investment into a freely usable currency at a market-clearing rate. U.S. dollars are freely available and easy to obtain within the Guatemalan banking system. In October 2010, monetary authorities approved a regulation to establish limits for cash transactions of foreign currency to reduce the risks of money laundering and terrorism financing. This regulation establishes that monthly deposits over USD 3,000 will be subject to additional requirements, including a sworn statement by the depositor stating that the money comes from legitimate activities. There are no legal constraints on the quantity of remittances or any other capital flows, and there have been no reports of unusual delays in the remittance of investment returns.

The Law of Free Negotiation of Currencies allows Guatemalan banks to offer different types of foreign-currency-denominated accounts. In practice, the U.S. dollar is used most frequently. Some banks offer "pay through" dollar-denominated accounts in which depositors make deposits and withdrawals at a local bank while the actual account is maintained on behalf of depositors in an offshore bank.

Capital can be transferred from Guatemala to any other jurisdiction without restriction. The exchange rate moves in response to market conditions. The government sets one exchange rate as reference, which it applies only to its own transactions and which is based on the commercial rate. The Central Bank intervenes in the foreign exchange market only to prevent sharp movements.

Remittance Policies

There are no time limitations on remitting different types of investment returns. Guatemala became a member of the Financial Action Task Force of Latin America (GAFILAT), in July 2013. It became a member of the Caribbean Financial Action Task Force (CFATF) in 2002.

Expropriation and Compensation

Guatemala's Constitution prohibits expropriation, except in cases of eminent domain, national interest, or social benefit. The Foreign Investment Law requires proper compensation in cases of expropriation. Investor rights are protected under CAFTA-DR by an impartial procedure for dispute settlement that is fully transparent and open to the public. Submissions to dispute panels and dispute panel hearings are open to the public, and interested parties have the opportunity to submit their views.

The GoG maintains the right to terminate a contract at any time during the life of the contract, if it determines the contract is contrary to the public welfare. It has rarely exercised this right and can only do so after providing the guarantees of due process.

In June 2007, a U.S. company operating in Guatemala filed a claim under the investment chapter of CAFTA-DR against the GoG with the International Centre for Settlement of Investment Disputes (ICSID Convention). The claimant alleged the GoG indirectly expropriated the company's assets through a breach of contract. The U.S. company requested USD 65 million in compensation and damages from the GoG. The ICSID court issued its ruling on this case in June 2012 and stated that the GoG had in fact breached the minimum standard of treatment under Article 10.5 of CAFTA-DR and required the GoG to pay an award of USD 14.6 million. The GoG paid this award in November 2013.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Guatemala follows the civil law system. Codified Judicial Branch Law stipulates that jurisprudence or case law is also a source of law. The right to own private property is recognized within the Guatemalan Constitution. The law requires that all real property transactions must have their deeds registered in the local property registry to make them enforceable. Guatemala has a written and consistently applied Commercial Code. Contracts in Guatemala are legally enforced when the owner of a property right that has been infringed upon files a lawsuit to enforce recognition of the infringed right or to receive compensation for the damage caused. The civil law system, allows for civil cases to be brought before, after, or concurrently with criminal claims. Guatemala does not have specialized courts to hear intellectual property rights (IPR) claims, but it does have a dedicated IPR prosecutor and specialized courts to hear labor cases.

Bankruptcy

Guatemala does not have an independent bankruptcy law, but the Code on Civil and Mercantile Legal Proceedings contains a specific chapter on bankruptcy proceedings. Under the code, creditors can request to be included in the list of creditors, request an insolvency proceeding when a debtor has suspended payments of liabilities to creditors, and constitute a general board of creditors to be informed of the proceedings against the debtor. According to the World Bank's 2016 Doing Business Report, one of the areas where reforms are most needed is the area of resolving insolvency where Guatemala ranked 153 out of 189 countries.

Investment Disputes

Over the past nine years, two investment disputes in 2007 and 2010 involving U.S. businesses were filed under the investment chapter of CAFTA-DR against the GoG with the ICSID. The status of both cases is described under section 4.4 of this report (International Arbitration).

International Arbitration

CAFTA-DR incorporated dispute resolution mechanisms for investors. The first claim under the agreement was filed in June 2007. In October 2010, a U.S. company operating in Guatemala filed the second claim against the GoG with the ICSID. The second claim seeks to resolve a dispute against the GoG regarding the regulation of electricity rates. In 2013, ICSID's arbitral tribunal issued its judgment and awarded the U.S. company over USD 21 million in damages and USD 7.5 million to cover legal expenses. In 2014, the GoG filed an appeal to have the 2013 award annulled. On the same date, the U.S. company also filed for a partial annulment of the award. The ICSID ad-hoc committee held a hearing on annulment in October 2015. The ruling from the ad-hoc committee on both annulment proceedings remains pending as of March 2016.

Guatemala's Foreign Investment Law also allows alternative dispute mechanisms, if agreed to by the parties. Guatemala's Arbitration Law of 1995 uses the U.N. Commission on International Trade Law (UNCITRAL) Model Law as the bases for their rules on international arbitration. The subsequent enforcement of arbitral awards is recognized under the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention), of which Guatemala is a signatory.

ICSID Convention and New York Convention

Guatemala is a signatory to convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention), the Inter-American Convention on International Commercial Arbitration (Panama Convention), and a member state to the International Center for Settlement of Investment Disputes (ICSID Convention).

Duration of Dispute Resolution – Local Courts

Resolution of business and investment disputes through Guatemala's judicial system is time-consuming, and can take years to resolve. Alleged corruption, intimidation, and ineffectiveness in the judiciary have contributed to inefficiency and frequent delays. U.S. companies, however, face the same conditions as local companies and are not subject to any pattern of discrimination in the legal system.

[Performance Requirements and Investment Incentives](#)

WTO/TRIMS

Guatemala's 1998 Foreign Investment Law eliminated trade-related investment restrictions and ensured Guatemala was compliant with World Trade Organization (WTO) obligations under the Agreement on Trade Related Investment Measures (TRIMS). In 1999, Guatemala notified the WTO that it was TRIMS compliant.

Investment Incentives

Investment incentives are specified in law and are available, with few exceptions, to both foreign and Guatemalan investors without discrimination. There are three main programs, two focused on exports and the other on reforestation.

The major Guatemalan incentive program, the Law for the Promotion and Development of Export Activities and Maquilas, is aimed mainly at the apparel and textile sector and at exporters of services such as call centers and BPO companies. Investors in these two sectors are granted a 10-year exemption from both income taxes and the Solidarity Tax, Guatemala's alternative minimum tax. Additional incentives include an exemption from duties and value-added taxes (VAT) on imported machinery and a one-year suspension (extendable to a second year) of the same duties and taxes on imports of production inputs and packing material. Taxes are waived when the goods are re-exported. The Free Trade Zone Law provides similar incentives to those provided by the incentive program described above. The Guatemalan Congress approved the Law for Conservation of Employment (Decree 19-2016) in

February 2016, amending Guatemala's two major incentive programs to replace tax incentives related to exports that Guatemala dismantled on December 31, 2015, per WTO requirements. The income tax exemption will apply exclusively to apparel and textile companies as well as to exporters of services, such as call centers and BPO companies.

Property owners who engage in reforestation activities may qualify for government incentives through the National Institute of Forests (INAB). This incentive program (PINFOR) is scheduled to run through 2016 and a new incentive program (Probosque) was approved by Congress to start activities in 2017.

Research and Development

Information not available.

Performance Requirements

Guatemala does not impose performance, purchase, or export requirements, other than those normally associated with free trade zones and duty drawback programs. The Labor Code requires that at least 90 percent of employees must be Guatemalan, but the requirement does not apply to high-level positions such as managers and directors. Companies are not required to include local content in production.

Data Storage

Guatemalan companies do not require foreign IT providers to turn over source code and/or provide access to surveillance. Some industries, such as the banking and financial sector, can request that their institution or a source code facilities management company has a copy of the source code in case of potential problems with the IT provider. This requirement is usually specified on the software license contract.

[Right to Private Ownership and Establishment](#)

Limits on Foreign Control and Right to Private Ownership and Establishment

The right to hold private property and to engage in business activity is recognized in the Guatemalan Constitution. Foreign private entities can establish, acquire, and dispose freely of virtually any type of business interest, with the exception of some professional services as noted in this section. The Foreign Investment Law specifically notes that foreign investors enjoy the same rights of use, benefits, and ownership of property as afforded Guatemalans. Foreigners are prohibited, however, from owning land immediately adjacent to rivers, oceans, and international borders.

There are no impediments to the formation of joint ventures or the purchase of local companies by foreign investors. The absence of a developed, liquid, and efficient capital market, in which shares of publicly-owned firms are traded, makes equity acquisitions in the open market difficult. Most foreign firms, therefore, operate through locally incorporated subsidiaries.

There are no restrictions on foreign investment in the telecommunications, electrical power generation, airline, or ground-transportation sectors. The Foreign Investment Law removed limitations to foreign ownership in domestic airlines and ground-transport companies in January 2004.

Foreign banks may open branches or subsidiaries in Guatemala subject to Guatemalan financial controls and regulations. These include a rule requiring local subsidiaries of foreign banks and financial institutions operating in Guatemala to meet Guatemalan capital and lending requirements as if they were stand-alone operations.

Some professional services may only be supplied by professionals with locally-recognized academic credentials. Public notaries must be Guatemalan nationals. Foreign enterprises may provide licensed, professional services in Guatemala through a contract or other relationship with a Guatemalan company. In July 2010, the Guatemalan Congress approved a new insurance law, which allows foreign insurance companies to open branches in Guatemala, a requirement under CAFTA-DR. This law requires foreign insurance companies to fully capitalize in Guatemala.

Protection of Property Rights

Real Property

Guatemala follows the real property registry system. Defects in the titles and ownership gaps in the public record can lead to conflicting claims of land ownership. The government has stepped up efforts to enforce property rights by helping to provide a clear property title. Nevertheless, when rightful ownership is in dispute, it can be difficult to obtain and subsequently enforce eviction notices.

Mortgages are available to finance homes and businesses, and about half of the banks offer mortgage loans with terms as long as 15-20 years for residential real estate. Mortgages and liens are recorded at the real estate property registry. According to the 2016 World Bank's Doing Business Report, registering property in Guatemala takes 24 days, and it costs 3.7 percent of the property value. In 2016, Guatemala ranked 75 out of 189 countries in the category of Registering Property.

The legal system is readily accessible to foreigners. Foreign investors are advised to seek reliable local counsel early in the investment process.

Intellectual Property Rights

Guatemala belongs to the WTO since 1995 and to the World Intellectual Property Organization (WIPO) since 1983. It is also a signatory to the Paris Convention, Berne Convention, Rome Convention, Phonograms Convention, and the Nairobi Treaty. Guatemala has ratified the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). In June 2006, as part of CAFTA-DR implementation, Guatemala ratified the Patent Cooperation Treaty and the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. Also in June 2006, the Guatemalan Congress approved the International Convention for the Protection of New Varieties of Plants (UPOV Convention); however, implementing legislation that would allow

Guatemala to become a party to the convention remains pending. The Guatemalan Congress approved the Trademark Law Treaty in February 2016.

Guatemala has a registry for intellectual property. Trademarks, copyrights, patents rights, industrial designs, and other forms of intellectual property must be registered in Guatemala to obtain protection in the country.

Guatemala has a sound IPR legal framework. The Guatemalan Congress passed an industrial property law in August 2000, bringing the country's intellectual property rights laws into compliance with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. This legislation was modified in 2003 to provide pharmaceutical test data protection consistent with international practice, and, in 2005, the law was again amended to comply with IPR protection requirements in CAFTA-DR. CAFTA-DR provides for improved standards for the protection and enforcement of a broad range of IPR, which are consistent with U.S. standards of protection and enforcement as well as emerging international standards. A law to prohibit the production and sale of counterfeit medicine was approved by Congress in November 2011. It approved amendments to the Industrial Property Law in June 2013 to allow the registration of geographical indications (GI), as required under the Association Agreement with the European Union. Guatemalan administrative authorities issued rulings on applications to register GIs that appear sound and well-reasoned for compound GI names, but U.S. exporters are concerned that 2014 rulings on single-name GIs will effectively prohibit new U.S. exporters to the Guatemalan market from using what appear to be generic or common names when identifying their goods in Guatemala's market.

Enforcement of IPR laws has been inconsistent. A number of raids, cases, and prosecutions have been pursued; however, resource constraints and lack of coordinated government action impede efficient enforcement efforts. Piracy of works protected by copyright and infringement of other forms of intellectual property, such as trademarks, including those of some major U.S. food and pharmaceutical brands, remains problematic in Guatemala.

Guatemala has been included on the Watch List in USTR's Special 301 Report for more than ten years. The 2015 Special 301 Report noted ineffective enforcement activities due to lack of resources for IPR prosecution, trademark squatting, and the GoG's use of unlicensed software as significant areas of concern. The IPR prosecutor's office tracks seizures of counterfeit goods as part of its prosecution work and reports to the judge in charge of a case the type and amounts of goods that have been seized. Guatemalan customs officers do not have ex-officio authority to seize and destroy counterfeit goods. Right holders or their representatives are required to confirm the authenticity of goods before seizures and to draft a declaration. Counterfeit goods seized during working hours are sent to judicial storage spaces paid by the government, but counterfeit goods seized outside of working hours are sent to a private storage spaces paid by the right holders.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Mission:

Natasha Basley Economic Officer
(502) 2326-4636
BasleyNM@state.gov

Country Resources:

Contact information for the American Chamber of Commerce in Guatemala can be found at: <http://amchamguate.com/amcham-staff/>.
For information about a public list of local lawyers please see the U.S. Embassy website at: http://guatemala.usembassy.gov/acs_legal_information.html.

Transparency of the Regulatory System

Tax, labor, environment, health, and safety laws do not directly impede investment in Guatemala. Bureaucratic hurdles are common for both domestic and foreign companies, including lengthy processes to obtain permits and licenses and receive shipments. The legal and regulatory systems are confusing and not transparent. Regulations often contain few explicit criteria for government administrators, resulting in ambiguous requirements that are applied inconsistently by different government agencies and the courts. While there is no apparent systematic discrimination against foreign companies in these processes, these inconsistencies can favor local firms that are more familiar with these challenges.

Public participation in the promulgation of regulations is rare. In some cases, companies and individuals are able to submit comments to the issuing government office, but with limited effect. There is no consistent legislative oversight of administrative rule-making.

The Guatemalan Congress publishes all draft bills on its official website, but these are not made available for public comment. Last-minute amendments often are not publicly disclosed before congressional decisions. Final versions of laws, once signed by the President, must be published in the official gazette before taking effect.

Guatemala is a member of UNCTAD's international network of transparent investment procedures, <http://asisehace.gt/>. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations, including the number of steps, name, and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal grounds justifying the procedures.

Efficient Capital Markets and Portfolio Investment

Guatemala's capital markets are weak and inefficient because they lack a securities regulator. The local stock exchange (Bolsa Nacional de Valores) deals almost exclusively in commercial paper, repurchase agreements (repos), and government bonds. A new capital markets law has been drafted by Banguat and the Superintendence of Banks (SIB). Notwithstanding the lack of a modern capital markets law, the government debt market has continued to develop. Domestic treasury bonds now represent 52.3 percent of total public debt.

Guatemala lacks a market for publicly-traded equities, the absence of which raises the cost of capital and complicates mergers and acquisitions. As of December 2015, borrowers faced a weighted average

annual interest rate of 16 percent, with some banks charging over 30 percent on consumer or micro-credit loans. Foreigners rarely rely on the local credit market to finance investments.

Money and Banking System, Hostile Takeovers

Overall, the banking system remains stable. According to information from the SIB, Guatemala's 17 commercial banks had an estimated USD 34.6 billion in assets among them in 2015. The five largest banks control about 82 percent of total assets. In addition, there are 14 non-bank financial institutions, which perform primarily investment banking and medium- and long-term lending, and three exchange houses.

In April 2002, the Guatemalan Congress passed a package of financial sector regulatory reforms that increased the regulatory and supervisory authority of the SIB, which is responsible for regulating the financial services industry. These reforms brought local practices more in line with international standards and spurred a round of bank consolidations and restructurings. The 2002 reforms required that non-performing assets held offshore be included in loan-loss-provision and capital-adequacy ratios. This forced a number of smaller banks to seek new capital, buyers, or mergers with stronger banks. As a result, the number of banks was reduced from 27 in 2005 to 17 in 2015.

Guatemalan banking and supervisory authorities and the Guatemalan Congress have been actively working on new laws in the business and financial sectors. In August 2012, the Guatemalan Congress approved reforms to the Banking and Financial Groups Law and to the Central Bank Organic Law that strengthen supervision and prudential regulation of the financial sector and resolution mechanisms for failed or failing banks. In July 2010, the Guatemalan Congress approved a new insurance law, which strengthens supervision of the insurance sector and allows foreign insurance companies to open branches in Guatemala. Groups of affiliated credit card, insurance, financial, commercial banking, leasing, and related companies must issue consolidated financial statements prepared in accordance with uniform, generally accepted, accounting practices. The groups are audited and supervised on a consolidated basis.

Competition from State-Owned Enterprises

With the exception of the National Electricity Institute (INDE) and two state-owned ports, Guatemala does not have significant SOEs in other industries. INDE is a state-owned electricity company responsible for expanding the provision of electricity to rural communities. INDE generates about 19 percent of total power produced in Guatemala, and it participates in the wholesale market under the same rules as its competitors. It also provides a subsidy for the first 100 kilowatt-hours (kWh) to consumers of less than 300 kWh per month. Its board of directors comprises representatives from the government, municipalities, business associations, and labor unions. The general manager is appointed by the board of directors. The GoG currently owns 16 percent of the shares of Rural Development Bank (BanRural), the second largest bank in Guatemala, and it is allotted 3 out of 10 seats on its board of directors. BanRural is a mixed capital company and operates under the same laws and regulations as other commercial banks. The GoG also appoints the manager of GUATEL, the former state-owned telephone company dedicated to providing rural and government services that were split off from the fixed-line

telephone company during its privatization in 1998. GUATEL's operations are small, and it continuously fails to generate sufficient revenue to cover expenses. The GUATEL director reports to the Guatemalan president and to the board of directors. GUATEL is required by law to publish annual reports. Guatemala is not a party to the WTO Agreement on Government Procurement.

OECD Guidelines on Corporate Governance of SOEs

Guatemala has signed on to the OECD guidelines, but they have not taken the necessary steps to adhere to the guidelines regarding Corporate Governance of State Owned Enterprises (SOEs). The Government does not have a centralized ownership entity that exercises ownership rights for each of the SOEs.

Sovereign Wealth Funds

Information not available

Responsible Business Conduct

There is a general awareness of expectations of or standards for responsible business conduct (RBC) on the part of producers and service providers, as well as Guatemalan business chambers. A local organization called the Center for Socially Responsible Business Action (CentraRSE) promotes, advocates, and monitors RBC in Guatemala. They operate freely with multiple partner organizations, ranging from private sector to United Nations entities. CentraRSE currently has over 100 affiliated companies from 20 different sectors that represent about 30% of GDP and provide employment to over 150,000 families. CentraRSE defines RBC as a business culture based on ethical principles, strong law enforcement, and respect for individuals, families, communities, and the environment, which contributes to businesses competitiveness, general welfare, and sustainable development. The GoG does not have a definition of RBC at the moment, but is currently working with CentraRSE to develop a national RBC action plan. Guatemala submitted its formal request to join the Extractive Industries Transparency Initiative (EITI) in February 2011 and was designated EITI compliant in March 2014.

In January 2014, a U.S.-based company was recognized as one of twelve finalists for the Secretary of State's 2013 Award for Corporate Excellence for its contributions to sustainable development in Guatemala. U.S. companies such as McDonald's, Starbucks, and Denimatrix have been recognized by the State Department for their CSR programs that aim to foster a safe and productive workplace as well as provide health and education programs to aid workers, families and communities. Many international companies have found that CSR programs targeted to the local communities they serve help to build trust. These practices are generally expected by communities with low levels of government funding to health, education, and infrastructure.

OECD Guidelines for Multinational Enterprises

Guatemala is a non-adhering country to the OECD Guidelines for Multinational Enterprises, but multinational enterprises from adhering countries operate in the country.

Political Violence

Guatemala has one of the highest violent crime rates in Latin America. According to the National Forensic Institute (INACIF), the murder rate in 2015 was 35 per 100,000, making Guatemala one of the most dangerous countries in the world. Rule of law is lacking and the judicial system is weak, overworked, and inefficient. The police are understaffed and sometimes corrupt.

Given the weak rule of law, violent common crime is a major problem in Guatemala. Gangs are a constant concern in urban areas and gang members are often well-armed. Widespread narcotics and alien smuggling activities make some remote areas dangerous, especially along Guatemala's border with Mexico. Security, therefore, remains a widespread concern; however, foreigners are not usually singled out as targets of crime.

There have been recent examples of violence that resulted in extrajudicial killings, illegal detentions, and property damage as a result of investment projects. The main source of tension among indigenous communities, Guatemalan authorities, and private companies had been the lack of prior consultation and alleged environmental damage. The UN's Office of the High Commissioner for Human Rights (OHCHR) reported an increase in conflicts over the exploitation of natural resources in indigenous areas between 2012 and 2014. In more than a dozen incidents between 2012 and 2014, the government's response has been the declaration of a state of emergency, limiting certain constitutional rights in the conflicted areas.

Corruption

Bribery is illegal under Guatemala's Penal Code; however, corruption remains a serious problem that companies may encounter at many levels. Guatemala scored 28 out of 100 points on Transparency International's 2015 Corruption Perception Index, ranking it 123 out of 168 countries, a decline from the 2014 score of 32 points, ranking it 22nd out of 26 countries in the region.

Investors have historically found corruption especially pervasive in customs transactions, particularly at ports and borders away from the capital. The Superintendence of Tax Administration (SAT) launched a customs modernization program in November 2006, which implemented an advanced electronic manifest system and removed many corrupt customs officials. However, reports of corruption at major customs locations such as ports and border points remain prevalent. Since 2006, the UN-sponsored International Commission against Impunity in Guatemala (CICIG) has undertaken numerous high-profile official corruption investigations, leading to significant indictments. CICIG has gained private sector praise and the endorsement of the private sector for a rash of high-profile investigations uncovering official corruption in 2015, particularly a case revealing a customs corruption scheme, which led to the resignations of the president and vice president. In that continuing case, a current and former SAT Superintendent and at least 19 others were arrested. In a separate SAT corruption case, two high ranking SAT officials, together with 11 other SAT employees and private sector representatives were arrested in February 2016 on bribery and illicit association charges linked to a tax audit and fraudulent value added tax refunds.

In 2015, the people of Guatemala mobilized peacefully for 19 straight weeks against corruption, spurring government reforms and making corruption the defining issue of the 2015 national elections. Riding a groundswell of anti-establishment sentiment, actor Jimmy Morales won Guatemala's October 25, 2015 presidential runoff election. Since his January 14 inauguration, Morales has reiterated anti-corruption and accountability themes, prioritizing health, education, and food security funding, improvements very much aligned with regional Alliance for Prosperity (A4P) and U.S. Strategy for Engagement in Central America. Public demands spurred the establishment of congressional working groups that drafted overdue reforms of the civil service, justice sector, government procurement, and electoral laws. Early in 2016, the new Congress passed legislation to strengthen the Attorney General's Office, create a customs union protocol with Honduras, and provide incentives to Guatemala's garment industry. Perhaps most significant to the public, Congress changed its own rules to become more transparent and restrict nepotism.

Guatemala's Government Procurement Law requires most government purchases over USD 117,570 to be submitted for public competitive bidding. Since March 2004, GoG entities are ostensibly required to use Guatecompras, an Internet-based electronic procurement system to track GoG procurement processes. GoG entities must also comply with GoG procurement commitments under CAFTA-DR. There has also been a growing number of complaints from U.S. stakeholders and companies over government entities undertaking major procurements through unusual special-purpose mechanisms, such as on an emergency basis, enabling the procuring entity to make a direct purchase from a pre-selected supplier and avoid competitive bidding through the public tender process, or structuring the requirements of the tender in such a way so as to favor a particular foreign company. In August 2009, the Guatemalan Congress approved reforms to the Government Procurement Law, which simplified bidding procedures, eliminated the fee previously charged to receive bidding documents, and provided an additional opportunity for suppliers to raise objections over the bidding process. Despite these reforms, large government procurements are often subject to appeals and injunctions based on claims of irregularities in the bidding process (e.g., documentation issues and lack of transparency). In November 2015, the Guatemalan Congress approved additional amendments to the Government Procurement Law, which will help to improve transparency of procurement processes by barring government contracts for financiers of political campaigns/parties, members of Congress, other elected officials, government workers and their family members. It also will expand the scope of procurement oversight to include public trust funds and all institutions (including NGOs) executing public funds. The U.S. government continues to advocate for the use of open, fair, and transparent tenders in government procurement and in accordance with CAFTA-DR obligations, which would allow open participation by U.S. companies.

The presidents of El Salvador, Guatemala, and Honduras, and the Vice President of the United States, Joe Biden agreed to specific commitments in a joint statement to the support of the Alliance for Prosperity on February 24, 2016. The countries agreed to measures that will ensure more accountable, transparent, and effective public institutions; invest in human capital; provide greater opportunities to all citizens; and guarantee a safe and secure environment for their people, with a particular focus on the underlying conditions driving migration to the United States. The statement follows progress on commitments agreed to by the same countries in March, 2015 and the approval of the initial A4P plan by the governments of Guatemala, Honduras, and El Salvador in September 2014 to address the underlying drivers of migration.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Guatemala ratified the U.N. Convention against Corruption in November 2006, and the Inter-American Convention against Corruption in July 2001. In October 2012, the Guatemalan Congress approved an anti-corruption law that increases penalties for existing crimes and adds new crimes such as illicit enrichment, trafficking in influence, and illegal charging of commissions. Guatemala is not a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Public Ministry

Address: 23 Calle 0-22 Zona 1, Ciudad de Guatemala

Phone: (502) 2251-4105; (502) 2251-4219; (502) 2251-5327 Email address:

fiscaliacontracorrupcion@mp.gob.gt

Comptroller General's Office

Address: 7a Avenida 7-32 Zona 13

Phone: (502) 2417-8700

Contact at "watchdog" organization

Name: Accion Ciudadana (Guatemalan Chapter of Transparency International) Address: Avenida Reforma 12-01 Zona 10, Edificio Reforma Montufar, Nivel 17, Oficina 1701

Phone: (502) 2388- 3400

Toll free to submit corruption complaints: 1-801-8111-011

Email address: alac@accionciudadana.org.gt; accionciudadana@accionciudadana.org

Bilateral Investment Agreements

Bilateral Taxation Treaties

In 2004, the United States, the Dominican Republic, Guatemala, Costa Rica, El Salvador, Honduras and Nicaragua signed the Central America Free Trade Agreement (CAFTA-DR). The agreement entered into force in Guatemala on July 1, 2006. CAFTA-DR contains a chapter on investments.

Guatemala has bilateral investment agreements with Argentina, Austria, Belgium, Cuba, Chile, Finland, France, Germany, Israel, Italy, South Korea, Spain, Sweden, Switzerland, Taiwan, the Czech Republic, and The Netherlands. It has also signed bilateral investment agreements with Trinidad and Tobago, Turkey, and Russia, which are not in force as of March 2016..

In addition to CAFTA-DR, Guatemala has signed bilateral or regional free trade agreements with Chile, the European Union, Peru, Mexico, Colombia, Taiwan, Panama, and the European Free Trade Association (EFTA) countries. Guatemala has also signed partial-scope agreements with Belize, Cuba, Ecuador, and Venezuela, which cover a reduced number of products and do not include chapters beyond trade.

The United States and Guatemala do not have a bilateral taxation agreement.

OPIC and Other Investment Insurance Programs

Guatemala ratified the Multilateral Investment Guarantee Agency (MIGA) Convention in 1996. The Overseas Private Investment Corporation (OPIC) is active in Guatemala, providing both insurance and investment financing. OPIC applicants have generally been able to quickly obtain foreign government approval (FGA). For more information, U.S. investors should contact OPIC headquarters in Washington, D.C., at (202) 336-8799, or go to www.opic.gov.

According to Banguat, the reference exchange rate of Quetzals (GTQ) to the U.S. dollar (USD) remained relatively stable during 2015, with a high of 7.77 and a low of 7.59.

Labor

An estimated 2.1 million individuals in the formal sector employed workforce are augmented by about 4.03 million more who work in the informal sector, including some who are too young for formal sector employment. In rural areas, in particular, child labor remains a serious problem in certain industries, according to the 2014 Survey on Employment and Income. About 31 percent of the total labor force is engaged in agricultural work. The availability of a large, unskilled, and inexpensive labor force has led many employers, such as construction and agricultural firms, to use labor-intensive production methods. About 17 percent of the employed workforce is illiterate. In developed urban areas, however, education levels are much higher, and a workforce with the skills necessary to staff a growing service sector has emerged. Even so, highly capable technical and managerial workers remain in short supply, with secondary and tertiary education focused on social science careers.

No special laws or exemptions from regular labor laws are provided for the export processing zones. In December 2015, then-President Alejandro Maldonado issued an executive order establishing a lower minimum wage for workers employed by light manufacturing export companies in four of 340 municipalities of the country, with the intention of attracting foreign investment and creating jobs in those areas. A temporary injunction was filed against the order, which never took effect. The Morales Administration revoked the executive order in February 2016, although it has since indicated a willingness to revisit the initiative. The Labor Code requires that at least 90 percent of employees be Guatemalan, but the requirement does not apply to high-level positions, such as managers of Guatemalan companies who must be either Guatemalan citizens or resident aliens with work permits. Employer responsibilities regarding working conditions, especially health and safety standards, benefits, severance pay, premium pay for overtime work, minimum wages, and bonuses are specified in the Labor Code. Mandatory benefits, bonuses, and employer contributions to the social security system can add up to about 55 percent of an employee's base pay. Many workers, however, especially in the agricultural sector, do not receive the full compensation package mandated in the labor law. All employees are subject to a two-month trial period during which time they may resign or may be discharged without any obligation on the part of the employer or employee. An employer may dismiss an employee at any time, for any reason (except pregnancy) and without giving the employee any notice. For any dismissal after the two-month trial period, the employer must pay unpaid wages for work already performed, proportional bonuses, and proportional vacation time. If the employee is dismissed without just cause, the employer must also pay severance equal to one month's regular pay for each full year of employment.

The Constitution guarantees the right of workers to unionize and to strike, with an exception (to the right to strike) for security force members and workers employed in hospitals, telecommunications, and other public services considered essential to public safety in order to avoid suspension of these services. The Constitution also commits the state to support and protect collective bargaining, as well as to respect international labor conventions. Labor unions operate independently of the government and employers, both by law and in practice, in most cases. The law prohibits anti-union discrimination and employer interference in union activities and requires employers to reinstate workers dismissed for organizing union activities. A combination of inadequate allocation of budget resources to the Ministry of Labor (MINTRAB) and other relevant state institutions, and inefficient administrative and justice sector processes, act as significant impediments for more effective enforcement of labor laws to protect these workers' rights. As a result, investigating, prosecuting, and punishing employers who violate these guarantees remain a challenge. The rate of unionization in Guatemala is very low.

Both the United States and the International Labor Organization (ILO) have filed complaints against the GoG for allegedly failing to adequately enforce its labor laws and protect the rights of workers. In 2010, a U.S. interagency delegation engaged in formal consultations, under Chapter 16 of CAFTA-DR, with the GoG regarding its apparent systematic failure to investigate alleged labor law violations, take enforcement action once labor law violations have been identified, and enforce labor court orders in cases of labor violations. An arbitral panel was established to consider whether Guatemala is conforming to its CAFTA-DR obligations to enforce effectively its labor laws. In April 2013, after lengthy negotiations, the United States and Guatemala agreed to an ambitious and comprehensive labor Enforcement Plan that includes significant, concrete actions that the GoG agreed to implement within specified time frames to improve enforcement of labor laws. Arbitration was suspended during the Enforcement Plan's implementation period. The U.S. Government asked to reconvene the arbitral panel in September 2014 due to alleged lack of promised progress, and the panel held a hearing in June 2015. Its decision remains pending as of March 2016, but is expected in July 2016. Separately, the GoG agreed to a roadmap with social partners in an attempt to avoid the establishment of an ILO Commission of Inquiry in 2013 in response to a complaint filed by workers in 2012 alleging that the government had failed to comply with ILO Convention 87 on Freedom of Association. The government took some steps to implement its roadmap, including setting up a hotline to enable labor activists to report cases of violence, and continuing to convene the Trade Union Committee of the Public Prosecutor's Office to discuss progress on investigations of cases of violence. Nevertheless, the ILO noted several areas where additional and urgent action was needed, including investigation and prosecution of perpetrators of trade union violence, the adoption of protection measures for union officials and members, legislative reforms, and raising awareness on freedom of association and collective bargaining. The ILO decision on the Commission of Inquiry remains pending as of March 2016.

Foreign Trade Zones/Free Ports/Trade Facilitation

Decree 65-89, Guatemala's Free Trade Zones Law and its amendments approved through Decree 19-2016, Law for Conservation of Employment, permits the establishment of free trade zones (FTZs) in any region of the country. Developers of private FTZs must obtain authorization from the MINECO to install and manage a FTZ. Businesses operating within authorized FTZs also require authorization from the MINECO. Investment incentives are specified in law and are available to both foreign and Guatemalan

investors, without discrimination. As of December 2015, 17 of 25 authorized FTZs were operational. Commercial activities and apparel assembly operations are the main beneficiaries of Guatemala's Free Trade Zones Law.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Guatemala has the largest economy in Central America, reaching a USD 63.9 billion gross domestic product (GDP) in 2015, with an estimated 4.1 percent growth rate in 2015. Remittances, mostly from the United States, increased by 13.4 percent in 2015 and were equivalent to 9.8 percent of GDP. The United States is Guatemala's most important economic partner. According to preliminary Banguat data, FDI stock was USD 13.18 billion in 2015, a 10 percent increase in relation to 2014. Estimated foreign portfolio investment totaled USD 2.95 billion in 2015, with about 62 percent invested in government bonds. There is no official data available on sources of stock of FDI or foreign portfolio investment.

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$63,963	2014	58,827	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	2014	\$1,158	
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2014	-\$41	http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm

Total inbound stock of FDI as % host GDP	2015	20.6	N/A	N/A
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*Bank of Guatemala <http://www.banguat.gob.gt>. Estimated GDP yearend data was published in November 2015 and preliminary FDI yearend data was published in March 31.

Table 3: Sources and Destination of FDI

According to data from the Coordinated Investment Survey for 2014 published by the IMF, about one fifth of FDI in Guatemala comes from the United States. Other important sources of FDI are Mexico, Canada, and Colombia (please see Table 3 on sources and destinations of FDI below). Preliminary data from Banguat also shows that the flow of FDI totaled USD 1.2 billion in 2015 (1.89 percent of GDP), a 12.9 percent decline compared to USD 1.38 billion (2.4 percent of GDP) received in 2014. Some of the activities that attracted most of the FDI flows in the last three years were electricity, agriculture, mining, commerce, and manufacturing.

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	12,102	100%	Total Outward	503	100%
United States	2,805	23%	Panama	122	24%
Mexico	1,469	12%	The Bahamas	111	22%
Canada	1,269	10%	Barbados	108	22%
Colombia	1,195	10%	El Salvador	67	13%
United Kingdom	668	6%	Puerto Rico	31	6%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Guatemala.

Contact for More Information on the Investment Climate Statement

U.S. Embassy Guatemala
Economic Section
(502) 2326-4202
GuatemalaPOL-ECON@state.gov

Trade & Project Financing

Methods of Payment

The most secure means of payment is cash in advance or an irrevocable letter of credit. However, many Guatemalan imports are financed through short term (typically 60-day) lines of credit. Generally, these are extended directly by the U.S. exporter to the Guatemalan importer. This method of financing is usually only available to large importers and long-term clients. The larger Guatemalan importers frequently have their own source of capital abroad, which can be used to finance or to leverage financing for imports such as Exim or OPIC. U.S. exporters should exercise caution when extending credit. The pursuit of claims against Guatemalan firms for lack of payment can be time-consuming and costly.

Banking Systems

Capital markets in Guatemala are weak and inefficient, though there has been some consolidation and restructuring as a result of financial sector regulatory reforms approved in 2002. Overall, the banking system remains stable. According to information from the Superintendence of Banks (SIB), the Guatemalan banking system comprises seventeen commercial banks, which held an estimated USD 34.6 billion in assets in 2015. The five largest banks control about 82 percent of total assets. In addition, there are fourteen non-bank financial institutions specializing in investment operations, three licensed exchange houses, twenty eight insurance companies, six credit card issuers, fourteen bonded warehouses, and six offshore banks which, by law, are affiliated with domestic financial groups. The Superintendence of Banks is responsible for regulating the financial services industry.

In August 2012, the Guatemalan Congress approved reforms to the Banking and Financial Groups Law and to the Central Bank Organic Law that strengthen supervision and prudential regulation of the financial sector and resolution mechanisms for failed or failing banks. Financial sector regulations passed by the Guatemalan Congress in April 2002 have increased the scope of supervision and brought local practices more in line with international standards. The 2002 regulations included Banking and Financial Groups Law, a Financial Supervision Law, and a Central Bank Law.

The Guatemalan Congress also passed strong anti-money laundering legislation in December 2001. The Financial Action Task Force removed Guatemala from the list of non-cooperating countries in July 2004. Terrorism finance legislation was passed in August 2005. For more information on the banking system please read the section [Efficient Capital Markets and Portfolio Investment](#) of the Investment Climate Chapter.

Foreign Exchange Controls

Guatemala maintains an open and unrestricted exchange regime. The exchange rate moves in response to market conditions. The government sets one reference rate, which it applies only to its own transactions and which is based on the commercial rate. The Central Bank intervenes in the foreign exchange market only to prevent sharp movements. There are no legal constraints on the quantity of

remittances or any other capital flows, or delays in acquiring foreign exchange. Since May 2001, banks are permitted to offer accounts and conduct business in any foreign currency. In October, 2010, monetary authorities approved a regulation to establish limits for cash transactions of foreign currency to reduce the risks of money laundering and terrorism financing. The regulation establishes that monthly deposits over USD 3,000 will be subject to additional requirements, including a sworn statement by the depositor stating that the money comes from legitimate activities.

US Banks & Local Correspondent Banks

The Guatemalan Bank Association site has a link to most Guatemalan banks and their correspondent U.S. banks. More information at: www.abg.org.gt

Project Financing

A wide variety of sources of project financing are available in Guatemala, both from U.S. and international organizations. The U.S. Overseas Private Investment Corporation (OPIC), EXIMBANK, and the U.S. Trade and Development Agency (USTDA) are all involved in private sector projects in Guatemala and after CAFTA-DR implementation have shown interest in participating in more projects in the region. The International Finance Corporation (IFC-World Bank Group), the Multi-Lateral Investment Guaranty Agency (MIGA), the World Bank and the Inter-American Development Bank are all active players in project finance in Guatemala, especially when projects coincide with these organizations' priorities related to the implementation of Guatemala's peace accords. The Central American Bank of Economic Integration (CABEI) continues to play an important role in many projects, especially those related to public services and infrastructure.

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank (<http://export.gov/worldbank>) and to the Inter-American Development Bank (<http://export.gov/idb>).

Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

Web Resources

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>
Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

Financing Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team: <http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: www.exim.gov

Country Limitation Schedule: www.exim.gov/tools/country/country_limits.html

OPIC: www.opic.gov

U.S. Trade and Development Agency: www.ustda.gov/

U.S. Small Business Administration, Office of International Trade: www.sba.gov/oit/

USDA Commodity Credit Corporation: www.fsa.usda.gov/about-fsa/structure-and-organization/commodity-credit-corporation/index

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

U.S. Agency for International Development: www.usaid.gov

Guatemalan Superintendence of Banks: www.sib.gob.gt/web/sib/inicio

Inter-American Development Bank: www.iadb.org/

Business Travel

Business Customs

Guatemala, with a population of over 15 million, has the largest economy of Central America and is one of the most important U.S. trading partners in the Caribbean Basin Region. Guatemalan business executives and government officials place great importance on personal contacts with suppliers. U.S. suppliers should be prepared to have a local representative or distributor and to travel to Guatemala personally.

Travelers are often surprised at the accessibility to key decision-makers and by the openness and frankness of local buyers.

U.S. executives interested in pursuing business in Guatemala should approach local business people in the same manner that they would approach good clients in the

United States. Exporters should be prepared to explain how their products and services can complement existing products and systems.

The dress code for Guatemala City business appointments depends on the type of meetings planned. For meetings in the city executives should use proper business attire but for meetings in factories, farms or plants casual attire is recommended.

Although many Guatemalans speak and read English in the private sector, promotional material should be in Spanish and emphasize U.S. origin. Guatemalans are extremely receptive to technical presentations that are educational rather than sales oriented.

Travel Advisory

The U.S. Embassy in Guatemala provides travel information to U.S. citizens through the Country Specific Information Sheet which is updated annually and can be accessed through www.travel.state.gov.

In addition, the U.S. Embassy shares information with U.S. Citizens in Guatemala through messages that can be accessed through the [Crime and Public Safety](#) section of the Embassy's [website](#).

All U.S. citizens traveling to or residing in Guatemala are encouraged to register with the Embassy through the on-line [Smart Traveler Enrollment Program \(STEP\)](#).

Visa Requirements

U.S. Citizens do not need to obtain a visa before traveling to Guatemala. Upon entry into Guatemala, visitors are normally granted a temporary stay of 90 days.

Those who wish to remain longer will need to apply to extend their visa with Guatemalan immigration authorities within 90 days after arrival to Guatemala.

Information about applying for permanent residency or extending a visa in Guatemala can be found at: www.migracion.gob.gt

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that each traveler will need to apply and qualify separately for a Non-Immigrant Visa. Visa applicants should go to the following links:

- State Department Visa Website: travel.state.gov/visa/
- U.S. Embassy Guatemala Nonimmigrant Visa Services: [Nonimmigrant Visas | Embassy of the United States Guatemala](#)

When necessary, security evaluations are handled via an interagency process which can delay processing.

Currency

Local currency is the “Quetzal”. The U.S. Dollar is commonly accepted in tourist transited areas such as artisan markets, some restaurants and hotels. There is a broad presence of ATM machines throughout the Capital City, but they become less available as one travels into the country rural areas. In general, the Capital City, and areas where most famous tourist sites are located, well established hotels and restaurants will accept international credit cards. When traveling to the rural areas or smaller towns in Guatemala, it is a recommended practice to bring local cash in order to purchase artisan products, or food in local smaller locations.

Telecommunications/Electric

Internet access is widely accessible by computers and smartphones. Hotels offer Internet telephone service and cellular phone systems can be used throughout most of Guatemala. Cell phones have to be programmed for roaming to Guatemala; once programmed, calls can be placed to the U.S. without any problems. Calls can also be placed through hotel operators or directly with AT&T, MCI, or Sprint calling cards, or collect. Claro, Telefonica, Tigo, and other international companies compete in the market and provide telecommunications services, including Internet.

Transportation

Several airlines offer direct flights to Guatemala from the United States, including American Airlines, Avianca, Delta, United, and Spirit. Other airlines operating in Guatemala include COPA, Interjet, Aeromexico, and Iberia. There are direct flights between Guatemala and Atlanta, Chicago, Dallas, Ft. Lauderdale, Houston, Los Angeles, Miami, Washington, Newark, New York and Orlando.

Transportation between the airport and hotels is available by hotel shuttle or taxi. Several rental car companies are represented at Guatemala City's airport. However, traffic is often very heavy and chaotic. Additionally, Guatemala has one of the highest rates of crime in Latin America; therefore, it is recommended that travelers take taxis from the major hotels, or dispatch taxis such as Taxis Amarillos (yellow cabs). Reservations can be made at (502) 2470-1515. (Agents speak only Spanish.) Public bus transportation is unsafe and is not recommended.

Language

While there are over 22 languages in use in Guatemala, Spanish is the official language. Many firms are accustomed to working in English; however, correspondence should be in Spanish. Catalogs and technical literature should be provided with a careful translation.

Health

Medical Facilities and Health Information: A full range of medical care is available in Guatemala City, but medical care outside the capital is limited. Guatemala's public hospitals frequently experience serious shortages of basic medicines and equipment. Care in private hospitals is generally adequate for most common illness and injuries, and many of the medical specialists staffing them are U.S.-trained and certified.

Food: Most well-known restaurants in Guatemala serve safe food and beverages. As in any part of the world, common sense should prevail. Hot food should be eaten hot, and cold food should be cold. Meat should be well cooked.

Drink: Bottled drinks are considered safe. Tap water is generally not potable. Commercially available water bottled in Guatemala at the Salvavidas plant has been judged safe for consumption. Be sure the heat-molded seal on the bottleneck has not been broken. All reputable restaurants in Guatemala use commercially-produced ice that is safe for consumption. Contrary to notices occasionally posted in some hotels, water from faucets and other non-bottled sources should not be considered safe to drink.

Information on vaccinations and other health precautions, such as insect bite protection, may be obtained from the Centers of Disease Control and Prevention's (CDC) by calling 1-800-232-4636 or visiting CDC's Internet site at wwwnc.dcd.gov/travel/. For information about outbreaks of infectious diseases abroad and additional health information for travelers, consult the site of the World Health Organization at www.who.int/en.

Medical Insurance: The Department of State strongly urges Americans to consult with their health insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuations. Many hospitals in Guatemala require payment prior to treating patients, even if personal insurance will cover the treatment. Hospitals do not typically enter into payment plan agreements. Travelers should be aware that they may have to pay in advance and seek reimbursement.

Local Time, Business Hours and Holidays

Local Time:

The time in Guatemala is one hour behind Eastern Standard Time. For example:

Guatemala: 2:00 p.m. Chicago: 2:00 p.m. Miami: 3:00 p.m.

This difference changes to 2 hours during Daylight Savings Time.

Business Hours:

Business hours for commercial and industrial offices are generally between 8:00 a.m. and 6:00 p.m., Monday through Friday. Operating hours at manufacturing plants and construction sites are generally 7:00 a.m. to 4:00 or 5:00 p.m. Banks are open to the public at 9:00 a.m. and close at 6:00 p.m. Drive-through banking closes at 8:00 p.m. Some banks have automatic tellers that are open all night; however, travelers are discouraged from using ATMs after dark due to the threat of crime.

In 2016, the U.S. Embassy will observe the following holiday schedule (A for U.S. holiday, G for Guatemalan holiday).

January 1	Friday	New Year's Day	(A & G)
January 18	Monday	Martin Luther King's Birthday	(A)
February 15	Monday	Presidents Day	(A)
March 24	Thursday	Holy Thursday	(G)
March 25	Friday	Good Friday	(G)
May 1	Sunday	Guatemalan Labor Day	(G)
May 30	Monday	Memorial Day	(A)
July 1	Friday**	Army Day	(G)
July 4	Monday	U.S. Independence Day	(A)
August 15	Monday	Feast of the Assumption	(G)
September 5	Monday	U.S. Labor Day	(A)
September 15	Thursday	Guatemalan Independence Day	(G)
October 10	Monday	Columbus Day	(A)
October 20	Thursday	Revolution Day	(G)
November 1	Tuesday	All Saints Day	(G)
November 11	Friday	Veterans Day	(A)
November 24	Thursday	Thanksgiving Day	(A)
December 24	Saturday	Christmas Eve – Half Day	(G)
December 25	Sunday	Christmas Day	(A & G)
December 31	Saturday	New Year's Eve – Half Day	(G)

Temporary Entry of Materials or Personal Belongings

The temporary entry of materials and belongings for personal use while in Guatemala (such as camera equipment, cellular telephones, laptop computers) is generally not a problem. Larger quantities of products and display systems for participation in trade events or tools and equipment for projects should be imported temporarily with the assistance of a customs broker, or with the help of the particular event organizer.

Donations:

Often times, generous donations are delayed in customs or lack approval to enter the country due to missing paperwork. At times, medicines, equipment, food, clothing and organs for transplants are lost because they lacked proper registrations to import.

The U.S. Foreign Commercial Service recommends that donors communicate with the local importers or recipients of goods well in advance of the date to ship donations.

Some products might take up to 10 months to receive a proper import permit; therefore the U.S. Foreign Commercial Service recommends reaching out to the following institutions to obtain advanced understanding of how to import donated goods:

- **SAT** (Customs)

Customs Management Unit, SAT

Website: <http://portal.sat.gob.gt/sitio/index.php/tramites-o-gestiones/aduanas.html>

Telephone: (502) 23297070 ext.: 3301 y 3302

- **Ministry of Health** (Website: <http://www.mspas.gob.gt/index.php/en/>)

1. Pharmaceutical, Cosmetic and Medical Devices Unit

Website: <http://www.medicamentos.com.gt/>

Address: 3 Calle Final 2-10, Zona 15
Colonia Valles de Vista Hermosa
01015 Guatemala

Telephone: (502) 2502-2503

2. Regulation and Control of Food Products Unit

<http://www.mspas.gob.gt/index.php/en/servicios/regulacion-y-control-de-alimentos-menu-servicios.html>

Address: 5ª Avenida 13-27, Zona 9
(All paperwork submission)

E-mail: consultasdrca@gmail.com

Telephone: (502) 2502-2502

Ministry of Agriculture

Website: <http://web.maga.gob.gt/>

Tel: (502) 2413-7000

Single Imports Window

Travel Related Web Resources

U.S. Department of State Country Specific Information Sheet:

travel.state.gov/content/passports/english/country/guatemala.html

State Department Visa Information: travel.state.gov/visa/visa_1750.html

U.S. Bureau of Consular Affairs Travel Information: travel.state.gov

Visa Information from the U.S. Embassy in Guatemala: guatemala.usembassy.gov/non-immigrant_visas.html

World Health Organization: www.who.int/en

Guatemalan Ministry of Foreign Affairs (in Spanish): www.minex.gob.gt

Travel, Immigration, and Customs Information: www.cbp.gov/xp/cgov/travel/

U.S. Embassy in Guatemala: guatemala.usembassy.gov

Leading Sectors for US Exports & Investments

Best Prospect Overview

Automotive

Overview

	<i>Value (in Thousands USD)</i>			
	<i>2014</i>	<i>2015</i>	<i>2016 (e)</i>	<i>2017(f)</i>
Total Exports	15,885	16,044	16,024	17,626
Total Imports	439,858	466,249	494,224	543,646
Imports from the U.S.	145,263	146,716	148,183	163,001

Guatemala continues to be an important market for automotive parts and accessories. In 2015, the sector grew approximately ten percent, a slight increase from previous years. According to sources, the increase was in response to fair economic conditions in the market. On average, Guatemalans keep their automobiles for five to seven years before purchasing a newer model. To supply the demand for those who wish to purchase a new vehicle at a smaller cost, an important number of informal importers purchase damaged cars at auctions in the United States. These importers later repair the automobiles and refurbish them locally for later re-sale.

According to the U.S. Department of Commerce, used passenger vehicle exports from the U.S. to Guatemala in 2015 totaled USD 56.2 million, with 12,273 units.

Medium, heavy duty & other truck exports to Guatemala totaled USD 19.1 million in 2015, with 2,817 units.

In 2015 the total numbers of vehicles in Guatemala was 3,012, 535 units, including motorcycles. This number represented a one hundred and thirty one percent record increase in the park, compared to the units from ten years ago.

These vehicles require continuous maintenance and replacement services. Imported parts and equipment are sold to local mechanic shops, service stations and gas stations. The significant volume of used vehicles in circulation and the poor conditions of the roads have stimulated the need for repair equipment and parts.

Thirty six percent of all automotive parts, accessories and service equipment are imported from the U.S. with the remaining percentage of imports coming from Korea, Japan, China, Brazil, India and Europe. A significant volume of Asian manufacturers are present in the market with significantly low-priced products. It is estimated that almost seventy five percent of the cars circulating in Guatemala represent Asian brands.

In 2012, Congress approved a law to double the Guatemalan vehicle road tax. New vehicle dealers reported a decrease in sales in 2013, mostly due to the high economic impact that the law had on those who were interested in purchasing newer model vehicles. The new law also prohibits the import of vehicles older than 10 years. Because of the decrease in vehicle imports, the current vehicle park will grow older in the market and need maintenance parts to continue working for more years before owners are ready to purchase newer models.

There is a great opportunity for U.S. exporters of automotive parts and accessories that will help maintain the current vehicle volume.

Sub-Sector Best Prospects

The most promising sub-sectors for U.S. products within the industry include aftermarket products such as: bumpers, spoilers, tail lights, wheels, sound systems, alarms, tires, batteries, suspension kits, mufflers, filters, chips, exhaust systems, brakes, windshield wipers, spark plugs, wheel covers, steering wheels, etc.

Other promising products are service equipment such as: lifts, tire repair, electronic diagnosis, tire balancing, compressors, and in general all necessary equipment and tools for service stations.

Opportunities

There are more than one hundred spare parts and service agents in Guatemala due to the large demand for aftermarket products, service tools and equipment. The majority of agents and distributors, whether they are large companies or small entrepreneurs, are always open to look at new alternatives to offer their customers. It is very important to note that this market is price driven and that Asian brands are well positioned in the market. Innovative, unusual products are a good opportunity for U.S. manufacturers as long as the prices remain competitive. For additional information, please contact Ana.Polanco@trade.gov

Market Size: 3,012,535 vehicles (2015)

U.S. Auto Parts Exports: USD 146.7 million in 2015

Impact of Tariff Reduction: Free duty entrance for automotive parts under CAFTA - DR, which had ranged from one to twenty percent, provides immediate cost savings.

Other Trade Agreement Impacts: Origin rules in CAFTA-DR allow remanufactured parts to qualify for duty free treatment, potentially expanding the market for these products in the CAFTA-DR region.

Web Resources

U.S. Commercial Service in Guatemala: www.buyusa.gov/guatemala

Official website for Government Tenders: www.guatecompras.gt

Guatemalan Chamber of Commerce: www.negociosenguatemala.com

Tax information official website: www.sat.gob.gt

Statistical information: www.sieca.int/site/inicio.aspx

Travel and Tourism

Overview

The United States is the top choice for Guatemalan travelers. At least half of the traveling community chooses to travel to American destinations because the market offers non-stop convenient flights, because family and friends live in the Country, and because the United States is on the top of the Guatemalan travelers' minds as a destination.

The Guatemalan community living in the U.S. is estimated at 1.4 million, hence, the strong family ties between both countries. The States with most Guatemalan population are California, Florida and New York, but, there are also large Guatemalan communities that attract visitors to Illinois, New Jersey, D.C., and Texas.

In addition to family related tourism, Guatemalans believe that the United States offers the best family entertainment experience, hence, travel to popular destinations with theme parks, shopping, parks and venues spurs during school vacations.

Growing destinations for Guatemalan visitors are Massachusetts, Texas, Nevada, Washington, DC, California, and Georgia. Business people or trade events attendees constitute an important category among travelers. Guatemalans distinguish themselves by taking advantage of the opportunities they have while traveling on business and will take time to conduct tourist activities.

Commercial Carriers serve the Guatemalan market with 75 to over 100 direct flights per week to the United States, depending on the season. The carrier capacity of transporting passengers to the U.S. is of approximately 600,000 seats per year.

According to the U.S. Office of Travel and Tourism Industries (OTTI), there was a four percent increase in Guatemalan Nationals travelling to the U.S. in 2014. In addition, the report from OTTI shows that Guatemala is the Central American country that contributes to the most travelers to the U.S.

The following airlines offer daily non-stop flights from Guatemala to the United States: American Airlines, Avianca, Delta Airlines, Spirit and United Airlines. Other airlines also service the Guatemalan market offering flights to the U.S. and multiple destinations, such as Aeromexico, Copa Airlines, Iberia, Interjet, Tag, and, Volaris. Avianca and Copa transport many Guatemalan passengers to the United States, with a short stop at their regional hubs in El Salvador and Panama, respectively.

Carriers offer non-stop flights to Atlanta, Chicago, Fort Lauderdale, Dallas, Houston, Los Angeles, Miami, Newark, New York, and Washington D.C. The duration of these flights ranges from two to four hours maximum, which makes it very attractive for Guatemalans to plan their vacations or business trips. From these major cities, airlines offer a significant number of connections to the rest of the United States and to the world.

Sub-Sector Best Prospects

Sectors within the U.S. Travel and Tourism market that are considered best prospects are:

- Family attractions
- Family friendly hotels

- Shopping venues (outlets and discount stores)
- Entertainment shows
- Sports events
- Cruise trips

Many Guatemalans look forward to sending their children to enhance their English speaking skills through exchange programs. There is also a market for Higher Education Schools to offer their programs to Guatemalan students.

Opportunities

CS Guatemala is active in promoting U.S. Travel and Tourism destinations. CS actively supports the Visit USA Committee's activities in the country, recruits delegations to attend important tourism trade events such as "International Pow Wow" (www.ipw.com), and maintains active contacts with the local media in order to feed them information on U.S. destinations for later distribution, printing and/or advertising.

The Visit USA Committee in Guatemala organizes a targeted International Trade Show every year to promote the U.S. as a travel and tourism destination. Airlines, hotels, car rentals, insurance companies, cruise lines, U.S. Convention and Visitors Bureaus, and U.S. Tourism Offices are among the main exhibitors. Interested parties may contact Senior Commercial Specialist, Ana Polanco (ana.polanco@trade.gov) at the U.S. Commercial Service Office in Guatemala This event which will take place on August 25-26, 2016.

In May 2014, Guatemala became a part of the Brand USA Committee to focus on the Mexico and Central America Region. An executive working group, led by the Visit USA Committee, prepared a Strategic Plan in accordance to the Brand USA Business Objectives for the following years. Efforts to align strategies will open opportunities for new destinations and activities to become available for promotion in Guatemala.

Web Resources

U.S. Travel Association: www.ustravel.org

Visit USA Committee Guatemala: visitusaguatemala.org

US Commercial Service in Guatemala: www.buyusa.gov/guatemala

Brand USA: www.thebrandusa.com

Safety and Security Equipment

Overview

	<i>Value (thousands USD)</i>			
	<i>2014</i>	<i>2015</i>	<i>2016 (e)</i>	<i>2017(f)</i>
Total Exports	16,884	18,984	21,457	23,744
Total Imports	598,342	604,478	612,345	623,574
Imports from the U.S.	299,468	302,654	310,547	314,088

Source: SIECA Guatemala (www.sieca.int)

Guatemala continues to be plagued by security issues related to narcotics trafficking, the rise of organized crime, social disparity, and poverty. Although the majority of serious crime involves local gangs, incidents are usually indiscriminate and can occur at any time.

Lack of prosecutions and convictions, and an ineffective and insufficient police force make the country one of the most insecure countries in the world.

The focus of security issues in Guatemala has shifted from the violence of civil conflict to high levels of crime over the past quarter century. Weak institutions, remote areas with little effective state presence, and the country's geographic position between the drug producing nations of South America, and consumers in the United States have made Guatemala a prime target for drug traffickers and other organized criminal groups.

The Guatemalan government has made some progress in addressing crime and impunity, with the help of the United Nations Commission Against Impunity in Guatemala (CICIG). As the general public has little or no confidence in the local law enforcement agencies, many of which are believed to be corrupt.

Citizens also recognize the lack of the ability of the police to protect private property and companies. Companies, as well as individuals, are taking security into their own hands by hiring private security and demanding more security systems. The country roughly has 32,000 active police officers and 133,000 private guards.

The private security sector in Guatemala is growing fast; approximately ten percent to twelve percent of their budget is invested in private security. The Northern triangle countries of Guatemala, El Salvador and Honduras have the largest concentration of private security firms in the region.

According to security statistics in Guatemala:

- There are currently more than 200 companies offering private security
- More than 454,000 registered guns and approximately 1.5 million illegal guns in the country
- An estimated 265 metric tons of cocaine is smuggled through Guatemala

- The cost of a patrol to accompany a trailer from a port to the capital starts at USD150, an additional custodian guard costs USD87. Placing a satellite chip in a trailer truck costs USD700 and a monthly payment of USD40 for the maintenance of the service

Sub-Sector Best Prospects

U.S. products have the majority of market share with 50 percent, most of the well-known brand companies from the U.S. have a distributor or agent locally and offer training, installation and after sales service.

Best prospects for products and services in the security and safety sector include:

- Tracking devices
- CCTV
- GPS and RFID technology
- Token
- Metal detectors (manual and arc type)
- Biometrics
- Perimeter security
- Alarms
- Access control equipment
- Armored vehicles
- Drones

Opportunities

Personal security products, protection products and high tech solutions and services have the most significant opportunities. All security products are imported due to the fact that there is no local production. Import taxes for these products range from 0 to 15 percent and free duty entrance under CAFTA - DR, plus the VAT of 12 percent.

CS Guatemala is in constant contact with security and safety equipment importers as well as the Security Chamber of Guatemala, to keep track of market trends, and importers interested in U.S. made products. CS promotes and sends a delegation of importers each year to the ISC Expo and to ASIS International Expo.

Web Resources

Secretariat for the Central American Economic Integration: www.sieca.int

Guatemalan Government Purchasing Website: www.guatecompras.gt

Security Chamber of Guatemala: www.camaradeseguridad.com.gt

Forestry and Woodworking Machinery (FOR)

Overview

	<i>Value (thousands USD)</i>			
	<i>2014</i>	<i>2015</i>	<i>2016 (e)</i>	<i>2017(f)</i>
Total Exports	730	742	754	773
Total Imports	18,457	18,900	19,334	20,584
Imports from the U.S.	6,812	7,264	7,687	8,412

Source: SIECA Guatemala (www.sieca.int)

Because there is no local production, the forestry and woodworking industry depends on importing equipment, parts, and raw materials. U.S. equipment and materials have a 38.43 percent market share an increase of 3 percent compared to 2014.

Guatemala exported USD 122.3 million worth of furniture and forestry products in 2015, and this tendency will continue as companies diversify and reach other markets.

According to the National Institute of Forestry the woods exported by Guatemala are: Pine, MDF, Teak, Mahogany, Cedar and Hickory. The finished products exported by Guatemala consist of furniture, doors, coffins, flooring and pallets.

This Industry is very well organized in Guatemala and generates 90,000 jobs in the country. Much of this market is fueled by domestic and export demand. Manufacturers in Guatemala have realized the need to modernize their woodworking machinery and shift towards mechanized mass production to fill the demand gap in the country and meet international standards of price and quality. Technology up-grades and capacity expansion are a strong focus area for woodworking today in Guatemala

Guatemala has many different microclimates throughout the country creating a perfect environment for the development of wood forests for cedar, mahogany, pine, teak and many others. According to the Forest Guild of Guatemala there are around 22 wood mills and around 200 companies that use wood to manufacture products for construction, furniture and carpentry.

The Guatemalan Government created in 1997 the National Forest Institution (INAB). The Institution is in charge of the promotion and policies execution to maintain forests. It also offers incentives to large land owners to grow forests for production and conservation. These policies have been very effective, and as a result Guatemala has large areas of forest for production with many different types of wood.

The U.S. is the major exporter of wood-related equipment and accessories to Guatemala. Strong competition from China and Mexico have gained market share in recent years. Most of the local importers do prefer brand names that offer local service for large equipment. U.S. exporters have the advantage of exemption of import duties for wood equipment, tools and others due to CAFTA-DR.

Sub-Sector Best Prospects

Best prospects for forestry and woodworking sector include:

- Arch machines
- CNC Routers
- Door Machines
- Glue applicators
- Chippers
- Electric Saws
- Sanders
- Tools

This is the machinery and tools that show a large demand by furniture manufacturers carpenters and sawmills.

Opportunities

The Guatemalan woodworking machinery industry is maturing and convinced that they need improved machinery for faster, more efficient production instead of traditional manual labor. This presents an opportunity for U.S. companies. There are no local manufacturers of machinery and tool import taxes range from 0 percent to 15 percent plus the VAT of 12 percent.

This industry is very well organized and because of that there are two local shows every year:

- Expomueble: an expo for furniture manufacturers
- Promueble: *a show for suppliers of tools and machinery for wood.*

CS is actively promoting two trade shows delegations to AWFS and IWF, both excellent U.S. shows in this sector. Each show occurs every two years and Guatemala has successfully sent Guatemalan delegations looking for new machinery to both expos in the past. For further information on the Guatemalan and U.S. shows, contact the Commercial Section.

Web Resources

Secretariat for the Central American Economic Integration: www.sieca.int

National Forest Institution: www.inab.gob.gt

Forest Trade Union: www.gremialforestal.com

Guatemalan Exporters Association: www.export.com.gt

Expomueble: www.expomueblecentralamerica.com

Promueble: www.promueblecentralamerica.com

Agricultural Sector

Fresh Fruits

Overview

Tariff Code 080	Value (in thousand USD)			
	<i>2014</i>	<i>2015</i>	<i>2016(e)</i>	<i>2017 (f)</i>
Total Exports	969,029,808	1,105,683,224	1,244,,424,989	1,306,646,239
Total Imports	66,366,549	75,117,558	81,705,035	84,973,236
Imports from the U.S.	31,759,953	35,233,541	37,352,396	38,472,968

Source: Global Trade Atlas (<http://www.gtis.com/>); U.S. Census Bureau Trade Data (<http://www.census.gov/foreign-trade/index.html>)

Since the implementation of the CAFTA-DR, U.S. fresh fruits enter duty-free and without quotas. U.S. apples, grapes and pears are the main imports and are very competitive with imported products from Chile, which is the second largest exporter of fresh fruits to Guatemala. Although Guatemala ratified the Free Trade Agreement with Chile in 2009, the U.S. is still the main supplier of most fresh fruits, mainly because U.S. suppliers have a very aggressive marketing strategy for apples, grapes and pears, trying to make these products available in the supermarkets and open-air markets year round.

Generally, in Central American markets, two or three importers dominate each market. Importers sell to retailers and wholesalers that also supply street vendors. In Guatemala, only 40 percent of U.S. fresh fruits are sold by retailers and 60 percent sold in street markets.

Sub-Sector Best Prospects

For apples, the most popular imported varieties include Red Delicious, Granny Smith, Fuji, and Gala. Other varieties including Golden Delicious, Honey Crisp and Jonagold are found during the Christmas season at upper scale supermarkets.

For grapes, the most popular varieties imported into the country are Autumn Royal, Red Globe and Thompson seedless grapes. U.S. exports of grapes continue to have great growth potential in the Guatemalan market and there are opportunities to introduce new varieties.

For pears, while the Green and Red Anjou, Bartlett and Bosc varieties are the most popular varieties, the market is still new and has opportunities for other varieties.

Other fruits including peaches, plums, oranges, mandarins, cherries and kiwis have potential growth especially at the retail level where a wider variety of imported fruits are found and consumers have the purchasing power to pay higher prices for quality products.

Opportunities

Because of cultural similarities among Central American countries, most U.S. Cooperators (U.S. agricultural export associations supported by USDA) view Guatemala as part of a Central American marketing region. Spanish is the first language and Central American countries have the same peak sales periods. All are serviced by only two or three importer/buyer groups. Most consumer marketing activities are done at the point of purchase. Activities are exemplified by in-store sampling, chef demonstrations and the displaying of point-of-sale materials. However, a small public relations and advertising program exists to gain additional visibility, primarily during the December holidays and New Year's celebration. The implementation of back-to-school promotions in January has proved to be an effective strategy which has helped maintain U.S. imported fruit preferences at the retail levels and increase overall sales in the Guatemalan market.

Web Resources

U.S. Department of Agriculture: Foreign Agricultural Service in Guatemala: www.fas.usda.gov

Search engine for FAS Reports 2015: gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Statistical information: www.sieca.int/site/inicio.aspx; www.fas.usda.gov/gats/bicoreport.aspx; www.worldtradestatistics.com

Meat of Bovine Animals and Meat of Swine (Pork)

Overview

<i>Tariff</i>	<i>Value (in thousand USD)</i>			
	<i>2014</i>	<i>2015</i>	<i>2016 (e)</i>	<i>2017 (f)</i>
Total Exports	3,815,320	4,229,360	4,229,360	4,271,654
Total Imports	49,210,206	65,760,638	72,911,392	76,656,962
Imports from the U.S.	45,671,130	42,343,671	44,474,367	45,808,598

Source: Global Trade Atlas (<http://www.gtis.com/>); U.S. Census Bureau Trade Data (<http://www.census.gov/foreign-trade/index.html>)

CAFTA-DR ratification and implementation opened the market for USDA prime and choice beef cuts given their duty-free access status. Local beef production is consumed domestically and exported to other Central American countries. Local production is of irregular quality and supply, which is a problem for hotels and fine restaurants that need a consistent supply of high-quality beef.

U.S. pork is recognized by consumers as being safe and healthy in comparison to locally produced pork. Since 2011, Guatemala had some cases of classical swine fever and therefore local exports to Mexico and other Central American countries stopped, causing a loss of more than 75 percent in exports to those markets.

The U.S. Meat Export Federation (USMEF) is working closely with distributors and Hotel Restaurant and Institutional (HRI) outlets to raise awareness about U.S. high quality beef products as an alternative to lower grade meats.

Sub-Sector Best Prospects

High quality meat cuts (choice and prime) are imported duty-free throughout the CAFTA- DR region and are an important source of meat for hotels, restaurants, and upscale consumers. This creates an opportunity to increase sales of these products.

Opportunities

The U.S. Meat Export Federation has an on-going educational program addressed to the major Guatemalan foodservice companies that sell high-quality meat products to the hotel and restaurant sectors. This program includes learning about the profitability of high-quality U.S. beef value cuts by leveraging consumers' positive perception of U.S. brands.

U.S. pork imported into Guatemala is mainly used by the processing sector as a raw material to produce sausages, pork rinds, hot dogs and hams. Pork variety meats are consumed as a protein source. There are opportunities for U.S. pork feet and jowls that are consumed by medium-low and medium income groups in the country.

In addition USMEF has started a promotional program in the major supermarket chains sampling different U.S. meat cuts that are sold at the stores.

Web Resources

U.S. Department of Agriculture

Foreign Agricultural Service in Guatemala: www.fas.usda.gov

Search engine for FAS reports 2015: gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Statistical information: www.sieca.int/site/inicio.aspx; www.worldtradestatistics.com

Poultry

Overview

<i>Tariff Code 0207</i>	<i>Value (in thousand USD)</i>			
	<i>2014</i>	<i>2015</i>	<i>2016 (e)</i>	<i>2017 (f)</i>
Total Exports	3,952,810	3,053,135	3,053,135	3,083,666
Total Imports	75,485,524	89,402,644	98,832,725	103,774,361
Imports from the U.S.	75,151,847	87,847,000	93,129,895	97,786,389

(<http://www.census.gov/foreign-trade/index.html>)

Guatemala is a major importer of U.S. poultry and is one of the three largest markets in the region. It imposes few import restrictions on poultry, and imports large amounts of U.S. brand-name frozen chicken cuts. Under CAFTA-DR, only chicken leg quarters are under a tariff-rate-quota (TRQ) which grew by 5% on a yearly basis. The quota will be eliminated along with the import tariffs resulting in unlimited access of leg quarters to the market. by year 2023. As of year 2011, other chicken cuts have zero percent import tariff.

Sub-Sector Best Prospects

Chicken leg quarters represent an inexpensive, meat protein source that is primarily imported from the United States since the domestic industry cannot meet total demand. Also, there is a market for U.S. exports of mechanically deboned meat (MDM) for the food processing industry which produces sausages, franks, and other processed meats.

Opportunities

Other value-added poultry products such as nuggets, sausages, and chicken patties have good prospects in Guatemala. While these products are already available in supermarkets and are increasing in popularity with consumers, there is still more potential for growth. U.S. poultry leg quarters are very price competitive.

Web Resources

U.S. Department of Agriculture

Foreign Agricultural Service in Guatemala: www.fas.usda.gov

Search engine for FAS reports 2015: gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Statistical information: www.sieca.int/site/inicio.aspx; www.worldtradestatistics.com

Processed Food

Overview

Tariff Code	Value (in thousand USD)			
	2014	2015	2016 (e)	2017 (f)
Total Exports	1,507,428,035	1,461,711,142	1,524,123,214	1,554,605,678
Total Imports	742,531,662	773,502,150	831,896,121	856,853,004
Imports from the U.S.	156,360,817	166,585,338	185,167,283	194,425,647

Source: Global Trade Atlas (<http://www.gtis.com/>); U.S. Census Bureau Trade Data (<http://www.census.gov/foreign-trade/index.html>)

U.S. processed food exports is one of the fastest growing sectors in Guatemala, offering U.S. food exporters huge opportunities to capture market share by supplying new products to the retail and foodservice sectors. Consumption trends in Guatemala are very much influenced by the United States not only because the U.S. is Guatemala's largest trading partner but also because U.S. high-value foods are more affordable due to remittances sent by more than one million Guatemalans living and working in the United States to their families in Guatemala.

Sub-Sector Best Prospects

- Chocolate and Confectionary
- Condiments and Sauces
- Food preparations (protein concentrates, ingredients & beverage bases, baking inputs)
- Prepared/Preserved Meats
- Processed vegetables (French fries, canned vegetables)
- Dairy products (cheeses, whey protein, cream & powdered/condensed milk)
- Snacks (mixes of nuts, baked snack foods)

Opportunities

Guatemalans have adopted much of the U.S. culture and for this reason the local food consumption trend is changing and consumers are looking for more high-value added foods. Consumers have also followed the U.S. trend towards more natural and healthy products and consumers are demanding food with less sugar, saturated fat, and cholesterol. Convenience products have more demand and there is a niche market for refrigerated, ready-to-eat products, and organic foods. Supermarket sales continue growing and new supermarket units are being built not only in Guatemala City, but also in the interior of the country. It is estimated that around 30 percent of food sales are made through the supermarkets compared to sales at open air markets.

Web Resources

U.S. Department of Agriculture, Foreign Agricultural Service in Guatemala: www.fas.usda.gov

Search engine for FAS reports 2015: gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Statistical information: www.sieca.int/site/iicio.aspx; www.worldtradestatistics.com