



The Gateway to Guatemala and Central America, Guatemala City is a modern metropolis built on trade, commerce, and tourism.

Guatemala: Investment Hub

Foreign investment is pouring into Central America's best-performing economy as business confidence in the forward-thinking nation soars.

A competitive, modern, ambitious, and strategically positioned business platform at the heart of Central America, Guatemala is taking advantage of its excellent human and natural resources, and attracting foreign investors in record numbers.

With the region's best performing economy and a pro-business government, the republic of 13.5 million people boasts an attractive investment climate that has enticed U.S.\$1.8 billion of foreign direct investment (FDI) since 2008.

That impressive figure is forecast to jump by a further U.S.\$1.5 billion by 2013 as investors seeking rich rewards continue to pour money into the country's vast agriculture and manufacturing sectors, and a fast-growing tourism industry.

Foreign finance is also funding major new infrastructure works, such as highways, offices, apartment blocks, hotels, Information and Communications Technology (ICT) systems, business parks, port facilities, schools, medical centers, and hospitals.

Figures from the republic's Central Bank show that in 2007, the U.S. and Mexico were responsible for around half of all FDI, with European and Asian nations the source of the majority of the remaining 50%.

Since the signing of a peace accord in 1996 that marked the end of three decades of civil conflict, Guatemala's government has worked hard to establish the three core pillars of a successful nation: political, economic, and social stability.

Fiscal reforms introduced by the government of President Álvaro Colom helped the economy grow 0.6% last year. Gross domestic product is expected to rise by between 2% and 2.5% this year. These strong performances, together with

positive reviews from respected global financial organizations like the World Bank and International Monetary Fund (IMF), prompted Moody's to raise the country's credit rating in June from Ba2 to Ba1.

"Guatemala has significant potential to accelerate economic growth and alleviate its poverty through trade, regional integration, and tourism," says President Colom, who took office in January 2008 after entering politics following a successful career in the private sector.

"Thanks to political and economic stability, Guatemala is a country that offers small, medium, and large investors the option to participate in many productive sectors that guarantee high returns in the short, medium, and long term."

The father of three and former executive director of the National Fund for Peace (Fonapaz) is using his valuable business experience to create a thriving climate that is leading to employment and strong socioeconomic development.

New Markets Targeted

As the President observes: "Traditionally, Guatemala targeted the same markets—such as the U.S.—for fresh FDI, but we are now reaching out to other parts of the world and seeking two-way investment agreements with countries in Europe and the Middle East. It is important to highlight that Guatemala has a very agile investment mechanism that can perfectly handle large investments."



Álvaro Colom
President



President Álvaro Colom addresses the United Nations. First Lady Sandra Torres de Colom awards gifts to mothers.

Spearheading this hunt for foreign investment and helping to accelerate economic and productive growth is a national investment agency, Invest in Guatemala, which was established in 2004 as part of the National Competitiveness Program. Since its formation, the one-stop shop has helped secure FDI worth billions of dollars, organized visits for potential investors, promoted the republic's competitive advantages, and supported many export-oriented services and activities.

Guatemala, which enjoys a privileged location between North and South America and the Atlantic and Pacific Oceans, has enacted a series of laws that simplify the FDI process and is set to introduce legislation to promote public-private partnerships.

Combined with free trade agreements with major countries—such as the U.S., Mexico, Chile, and Colombia—tax free zones, generous tax breaks, low labor and utility costs, modern port facilities, and excellent air links to the U.S., Europe, and Asia, it is plain to see why investment, both local and foreign, is flooding into a diversified, efficient, and expanding economy at a record rate.

Known as the "Gateway to the Americas," Guatemala is the ideal platform for firms wishing to tap into the huge Meso-American market that features nearly 70 million inhabitants and an economy estimated at around U.S.\$260 billion a year.

Diversified Economy

Key areas of interest for international investors remain the agriculture, manufacturing, forestry, energy, mining, tourism, and service industries.

Rich in natural resources like fertile soil, virgin rainforests, and 350 microclimates, Guatemala is one of the world's leading growers and exporters of agricultural products such as coffee, fruit, sugar, and flowers. The giant coffee industry comprises thousands of farms that employ huge numbers of workers, with Guatemalan coffee used by leading coffee chains and suppliers around the world.

Such is the sector's importance to the national economy, in February of this year the country's bustling capital, Guatemala

City, hosted the third meeting of the World Coffee Conference, which was attended by representatives of more than 75 nations.

According to the International Coffee Organization, the republic is expected to produce four million bags of coffee this year, with the U.S., Europe, and Japan forecast as the final destinations for about 90% of that huge total.

Guatemala is also the world's fifth-largest sugar exporter. More than a third of its beautiful and diverse territory of 108,000 square kilometers consists of forest that provides quality wood for the furniture and handicraft industries.

Because of its delicate microclimates and eco-systems, the republic wants to secure substantial FDI for the development of technology in renewable energies like solar, hydro, and wind power. A recent U.S.\$250 million loan by the Inter-American Development Bank will help officials prepare, supervise, strengthen, and monitor the national climate change agenda.

"Guatemala has a very agile investment mechanism that can perfectly handle large investments."

Álvaro Colom, President of Guatemala

With an expanding middle class and overwhelmingly young population, Guatemala's service sector has massive potential. One of the sector's fastest-growing areas is the business processing outsourcing (BPO) industry that includes call centers. Around 10,000 people work in this industry, which has flourished thanks to modern ICT networks, strong human capital, bilingual staff, low labor costs, government incentives, and an attractive investment climate. Clients include banks and other financial institutions.

Dealing with Social Challenges

Guatemala also faces a number of social challenges as it works to eradicate poverty and raise health, education, housing, and

welfare standards across the country, but particularly in the many rural areas.

One of Colom's first acts as President was the launch of the Social Cohesion Council, which works closely with communities and families to meet the government's many social goals and

"My dream is to see hunger and poverty completely eradicated."
Rafael Espada, Vice President of Guatemala

targets. As well as providing free food, medical care, education programs, and housing to poor people and citizens affected by the civil conflict, the council and its sister agencies ensure that foreign revenues play a part in securing Guatemala's future.

President Colom and First Lady Sandra Torres de Colom frequently visit towns and villages where these life-changing projects are being implemented in order to see for themselves the valuable work of these government entities.

Like her husband, the First Lady is an experienced business professional who is now devoting her time and efforts to humanitarian projects and supporting the nationwide battle against social ills such as malnutrition, poverty, and illiteracy.

"We have a lot of work to do, but the changes have begun," says the active First Lady. "Our many social programs and projects do not have political interests—they only see the people and their needs."

In a speech to world leaders at the United Nations

headquarters in New York City in late September, President Colom outlined the solid progress Guatemala has achieved as it works towards the completion of its many Millennium Development Goals. These include boosting a literacy rate that currently stands at nearly 75% and original programs that encourage children to attend school through the provision of food and financial assistance to their parents.

"Guatemala's education system has advanced greatly in the past year, a historical achievement that means up to 40% more children now receive education," President Colom stated. "Thanks to the projects and programs managed by organizations such as the Social Cohesion Council, thousands more children and young people across Guatemala are exercising their rights to education."

"In addition, my government has created 5,100 new centers of education. I am particularly pleased to report we have created more than 800 new schools that cater especially for very young children."

Greatly Improved Transparency

Under the current administration, Guatemala has made giant strides in the fight against corruption and greatly improved transparency levels, with this progress acknowledged by independent observers such as Transparency International.

Leading this drive towards greater transparency is Vice President Rafael Espada, one of the world's leading heart surgeons who is regarded as a national hero by many Guatemalans due to his outstanding humanitarian work.

Thriving Tourism Industry Set For Record Year As High Demand Entices Investors

Steeped in history and blessed with magnificent natural landscapes such as towering volcanoes, lush tropical rainforests, and beautiful freshwater lakes, Guatemala is Central America's fastest-growing tourist destination.

Two million visitors are expected to enjoy its natural, cultural, and historical charms this year as the republic chases substantial FDI across the sector to meet growing demand.

Because of its diverse topography, Guatemala offers a broad selection of excursions and activities, ranging from the famous Mayan ruins hidden deep among dense jungle at Tikal, to the best preserved colonial city in the Spanish speaking Americas—Antigua Guatemala.

"Our wonderful territory comprises a diverse range of landscapes, microclimates, and ecosystems," says President Álvaro Colom proudly. "These multiple habitats stretch to lovely coastlines that offer a splendid selection of water sports such as game fishing and surfing."

"Guatemala also has lots of lakes—many of which are volcanic—and in addition to all these great attractions, we have invested in modern accommodation and transport infrastructure such as hotels, highways, airports, and advanced communication networks."



Gorgeous Guatemala is a magnet for foreign tourists.

An increasingly popular port of call for cruise liners due to its natural treasures, Guatemala is also attracting growing numbers of health tourists seeking quality medical care. Guatemala City is the regional hub for business conferences and trade exhibitions.

"Guatemala offers visitors a unique and unforgettable experience," President Colom adds. "I invite everyone to come and enjoy this beautiful country."



President Álvaro Colom and Vice President Rafael Espada.

Congress President José Roberto Alejos (left).

With a successful medical career in the U.S. that stretches back 30 years, Dr. Espada returned to his home country in 2007 to play a prominent role in the raising of health, education, and social standards.

"My dream is to see hunger and poverty completely eradicated one day, and for everyone to have access to medical care, education, and decent housing," he says.

Appointed Vice President in early 2008, the 66 year-old and his department recently coordinated a series of programs and activities for the United Nations' International Anti-Corruption Day on December 9.

Six weeks earlier, the former student of San Carlos University in Guatemala City gave a speech to the United Nations Population Fund (UNPFA) in the capital that touched on the social, cultural, and environmental challenges facing the country. During his address to the international development agency, which is working with government agencies to promote the basic human rights of health and equal opportunity, Vice President Espada outlined his vision for the country.

"Guatemala has many natural and human advantages, such as its multicultural society, its people, and its productive land," he said. "We must work together to maintain the vision of international development agencies like the UNPFA, putting in practice the meaning of the following three words that will lead us to success: respect, tolerance, and dignity."

Congress Ensures Democracy

While President Colom and Vice President Espada have played important roles in Guatemala's excellent socioeconomic success in recent years, the Congress of the Republic of Guatemala has deservedly won plaudits for strengthening the democratic rule of law.

Headed by President José Roberto Alejos, the Congress of Guatemala has approved a series of legislative reforms and provided a strong political base that has generated stability and enhanced the country's reputation in the eyes of investors.

"In the last 20 years, Guatemalan society has made a great effort to develop a true democracy based on the rule of law," Alejos states. "During this current term, agreements on crucial aspects of Guatemalan democracy have been realized...which shows people are mobilized to defend and secure the values of coexistence, democracy, justice, and peace."

An experienced businessman who has attended many political forums and conferences in the past two decades, Alejos is using this valuable knowledge to secure a bright future for his country. Elected to his third term as President of Congress in early November, Alejos regularly meets groups of potential foreign investors and politicians during their official visits to Guatemala, and frequently meets local investment officials and business leaders.

During one such meeting with the Chamber of Commerce and Industry in Guatemala City in late September, Alejos discussed a range of business issues and suggested mechanisms and tools for attracting fresh FDI in various sectors and industries.

"There are many different ideas and roads to reach the Guatemala that we all desire," the Congress President said. "I welcome foreign investors to our country as they support us in our aim to create private sector employment, raise living standards for all members of our society, and make Guatemala a better country."

While President Colom has received praise for his work in driving Guatemala's solid socioeconomic development, he recognizes that this success would not have been possible without the support of his large team of staff.

As President Colom's Private Secretary, Gustavo Alejos is a respected senior civil servant who plays a prominent role in ensuring the president's daily meetings, visits, and talks run smoothly. A successful businessman and entrepreneur, Alejos is responsible for filtering and prioritizing official invitations, briefing the president about policy matters, parliamentary business, and various other political and legislative issues. ●