



U.S. Country Commercial Guides



2017

Guatemala

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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, lakes, 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 68.8 billion in 2016, and sources anticipate a 3.1 percent growth rate in 2017. 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 2016, 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 3.948 billion in 2016, a slight decrease from 2015. 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 (35.8 percent), other leading U.S. imports include agricultural products (39.4%) such as bananas, melons, sugar, vegetables and coffee; gold, petroleum products, and primary metal manufactures. 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.

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 2016, remittances increased by 13.9 percent and were equivalent to 10.4 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

The political situation in Guatemala is marked by continuing corruption scandals and widespread calls for reform. 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.

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 2016 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.

A significant reform to the Guatemalan Government Procurement Law 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 approved reform was 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. They also travel regularly to the United States to conduct business and attend trade shows and conferences related to their field.

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 and the Dominican Republic 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.

In March 2017, Guatemala began the implementation of the Trade Facilitation Agreement, under the WTO. Guatemala's participation in this initiative will benefit commerce through harmonization and automated systems in Customs, less discretionary rulings, increased public-private sector dialogue, certainty and transparency on doing business internationally.

Central America Customs integration continued to play an important role in 2016, 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 [U.S. Department of State Background Notes](#).

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: Marina Girón Saenz

E-mail: info@registromercantil.gob.gt

Website: [Registro Mercantil General](#)

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: [Registro Mercantil General](#)

Registration with the Guatemalan Internal Revenue Service – SAT:

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

Superintendencia de Administración Tributaria – SAT

Superintendent: Juan Francisco Solorzano Foppa

Website: [Superintendence of Tax Administration](#)

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 (Guatemalan Association of Franchises), 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, The Orange Theory, Hard Rock, Applebee's, PF Chang's, Kentucky Fried Chicken, Chili's, Friday's, Pollo Tropical, Hooters, IHOP, Pizza Hut, Dominos, Taco Bell, Dairy Queen, Dunkin Donuts, The Vitamin Shoppe, Charley's Grilled Subs, Tony Roma's, Papa John's, Phillies and Subs, Little Cesar's, Cinnabon, My Yogurt, Sbarro, China Wok, Panda Express, Little Cesar's, Which Which, Carl's Junior, Curves, GNC, Tutor Doctor, Home Care Watch Givers, Sir Speedy, and Starbucks.

Latin American countries share much history and language backgrounds, yet there are remarkable differences in ethnic composition of their societies, cultural heritage and customs. Income of each market will vary significantly, same as the purchasing power of communities, and commercial relationship with the United States and other countries.

Understanding these differences is vital to understanding the challenges and opportunities for the U.S. franchises when interested in having presence in the country.

Economists have divided Latin America in three groups:

- Group A, with roughly 10 percent or less of the per capita income in the U.S. (Haiti, Nicaragua, Paraguay)
- Group B, with 20 percent or less of the per capita income in the U.S. (Colombia, Guatemala, El Salvador)

- Group C, with 20 or more of the per capita income in the U.S. (Panama, Mexico, Chile)

Guatemala is in the second group, which is marked by inequality and disparity. For U.S. businesses, the large gap of inequality within Guatemala presents opportunities and challenges.

Opportunities may be to target the well-off, well-educated elites, which are natural markets for goods and services from the U.S. These groups may also become business partners and valuable contacts within the country and Region.

A challenge may be that just a few segments of the population are potential customers for U.S. franchises, due to their low income.

For the reasons described above, Guatemalan investors are very selective when showing interest in brands that are well-known and successful. The U.S. Commercial Service has found that there is little interest in developing unknown brands, or concepts, because they would have to struggle to compete and stay afloat with the existing strong brands.

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.

The penetration of internet in Guatemala is 32 percent; this means that 6.5 million 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 18.2 million lines with a penetration of 109 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

Guatemala's Government Procurement Law requires most government purchases over

Q 900,000 (about USD 121,620) to be submitted for public competitive bidding. Any government acquisition of goods, supplies or services that exceeds Q 90,000 (approximately USD 12,160) is subject to price quotation procedures, which also require public competition through Guatecompras. Since March 2004, government entities are required to use Guatecompras, an Internet-based electronic system to track GoG procurement processes. GoG entities must also comply with GoG procurement commitments under CAFTA-DR. Tender proceedings are public in the Republic of Guatemala. Any party or person can track the development of any tender process or tenders already awarded at [Guate Compras](#).

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. Foreign companies can participate in any government procurement modality without a local business associate, but must show that the company has provisionally registered with the Mercantile Registry. If the foreign company is awarded a public contract, it must demonstrate that it is properly registered to operate in the country through an authorized branch. Although it is technically possible to provisionally register a company during the bidding process, in practice it is hard to complete the process before the deadline for submitting a bid.

Tender proceedings only can be excluded in expressly stipulated emergency cases in the Government Procurement Law.

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.

Guatemala is not a signatory to the WTO Agreement on Government Procurement.

Many governments finance public works projects through borrowing from the

Multilateral Development Banks. Please refer to “Project *Financing*” Section in “*Trade and Project Financing*” for more information.

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

Major shipping companies (UPS, Fedex and DHL), as well as local companies, offer express shipping to and from Guatemala to U.S., and vice versa, with door to door service in 2-3 business days. These services are available 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

Overview

Guatemala, through its chambers and associations, large banks, supermarkets, government agencies, and others, is actively involved and promoting eCommerce. Some government agencies, for example SAT

(equivalent to IRS), the Government Procurement office, and the Trade Mark Registry, have launched web pages to offer interactive services.

Businesspeople, associations, and the Government acknowledge that eCommerce is a very important electronic tool in doing business.

The eCommerce industry is growing rapidly in the country. Large companies have become pioneers within the industry, smaller firms are adapting.

Examples of some users of eCommerce are: [Guatemala - American Chamber of Commerce](#), [Camara de Comercio de Guatemala](#) ; [Camara de Industria de Guatemala](#); [Prensa Libre](#), [Guate Compras](#), [Banco Industrial](#), [Cinepolis](#)

According to the U.S. Census Bureau Report, Guatemala had 6.2 million users in January 2017, a 37 percent internet penetration, which reads as an increase of 8.4 percent from 2015.

A challenging factor for eCommerce to flourish in the country has been the low connectivity infrastructure.

Guatemala's increasing use of eCommerce is impressive, considering challenges such as large amount of unbanked citizens, relatively low percentage of credit card holders, and difficulties with both cross-border transactions and delivery of products.

Current Market Trends

In September 2008, an eCommerce 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 eCommerce specific matters.

Regarding payment methods, Guatemala has a significant number of retailers with ability to conduct electronic commerce. The Country offers new payment methods that facilitate the development of e-commerce, not only in Guatemala but also in the Central American Region. According to sources, electronic transactions grew 28 percent from 2013 (USD 1,271 billion) to 2015 (USD 1,628 million).

Guatemala has also begun participation in the "eTrade for all" initiative led by UNCTAD. It focuses on the development of eCommerce in developing countries by:

1. Strengthening of the regulatory framework
2. Protecting the consumer
3. Protecting of data
4. Strengthening of capacities to innovate

For more information:

[The eTrade for all Initiative](#)

Domestic eCommerce (B2C)

Guatemalans have embraced the advantages of purchasing from the comfort their homes, offices or their mobile device.

ECommerce has also allowed a number of Small-Medium entrepreneurs to trade their products locally, and internationally.

Cross-Border eCommerce

Purchasing products from the United States has become trendy due to the ease of doing business, and the well-established delivery companies one can find in Guatemala. Guatemalan consumers also buy from the European and Mexican eMarkets.

When speaking of the most popular products that Guatemalans purchase overseas, there is not limit. In the past years, the market has been all over the board with electronics, clothing and books. Recently, consumers purchase repair parts, household items, gifts, decorations, take online courses, etc.

According to experts in eCommerce, the most important challenges of buying from the U.S are:

- Some U.S. vendors only accept credit cards with a U.S. billing address
- Guatemalan Customs Authorities will open and verify all packages from the U.S. Sometimes this slows the process, and on occasion there is debate over import duties.

B2B eCommerce

Despite the attractiveness and growth of electronic commerce, Guatemalan consumers and small business, can be reluctant to purchasing goods and services online due to lack of trust in the system.

Culturally speaking, Guatemalans prefer face to face engagements, but the new generation embraces technology.

Another factor that concerns Guatemalans is the lack of information and certainty of privacy protections, personal identification information, and insecurity of online transactions.

As a result, some courier and delivery companies offer to pay customer's purchases with their company's credit card for a small fee (1-3 percent of the total purchase).

Credit Card issuers now offer security solutions for eCommerce that help mitigate the risk of fraud and chargeback rates.

There is no Government support for opening Business to Business eCommerce, yet this is a huge opportunity for local firms.

eCommerce Services

The eCommerce ecosystem in Guatemala is comprised by company websites. These websites may be accessed by anyone or only to registered members. Larger companies have IT offices within their organization to manage commercial services in their webpages. Others, subcontract from local firms that specialize in developing and managing eCommerce sites. These companies will provide software to the hiring firm such as site-building tools and templates, database features and methodologies for best practices, plus transaction software.

Another category is product supply and procurement exchanges. These sites serve a range of industries and often focus on a niche market. A company purchasing agent can purchase supplies from vendors, request proposals and even make bids for purchases at specific prices. These B2B websites enable the exchange of product supplies and procurement.

eCommerce Intellectual Property Rights

Guatemala, as many developing countries, does not take into consideration Intellectual Property Rights (IPR) when it comes to eCommerce. Much of this is due to lack of understanding in the emerging sector.

Guatemala is a signee of the WTO agreement on IPR, and is under Guatemalan legislation as a result of the ratification of the Marrakesh Agreement.

Subsequently, Guatemala has undertaken legal and administrative reforms to facilitate the protection of the rights of intellectual property, for example, through the enactment of new laws relating to copyright and industrial

property. The Minister of Economy recently began addressing these matters with WTO.

Popular eCommerce Sites

The business model mostly used in Guatemala is B2C (Business to Consumer) and it is used by many local retailers, international retailers, banks, fast food franchises, pay per view, movie and TV show streaming subscription services, movie theaters, supermarkets, pharmacies, etc.

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: [Guatemala - American Chamber of Commerce](#), [Camara de Comercio de Guatemala](#) ; [Camara de Industria de Guatemala](#); [Prensa Libre](#), [Guate Compras](#), [Banco Industrial](#), [Cinapolis](#)

In Guatemala, Business to Business is used on a smaller scale, in which certain industries have the ability to sell their products and services to other companies like to focused on selling products or services to other companies is used less but firms like Microsoft, Google, Cisco, software developers and Amazon are widely used.

The Guatemalan Government has developed a platform for businesses to bid on government opportunities under one website [Guate Compras](#), the site is managed by the Ministry of Finance. All Government agencies are mandated to use this site for public procurement.

Online Payment

The most common forms of payment are personal debit and credit cards (VISA, MasterCard and American Express), PayPal Latin America, Apple Pay and wire transfers. As mentioned before banks and several courier companies offer the service for secure payment for a small fee

Mobile eCommerce

Regarding accessibility to mobile services, according to the International Telecommunications Union there are 111.3 mobile phones for every 100 citizens.

With smartphones now more affordable than ever, most of Guatemalans have a full-time internet connection in their pocket. Mobile commerce has allowed Guatemalans younger demographic to jump straight to eCommerce.

According to a report by Deloitte; 93 percent of the mobile users in emerging markets, and 78 percent in developed markets, look at their phones within an hour or less of when waking up. 47 percent of emerging markets consumers reported using their phones to make in-store payments, compared to 20 percent of consumers from developed markets.

In Guatemala many retail stores, fast food restaurants and movie theaters have developed their own apps, and offer many discounts when purchasing through the application.

Digital Marketing

Emerging trends in Latin America show an exponential growth for the online audience. Mobile phones and tablets continue to account for the growth in online traffic. This shift in the digital media landscape has changed the way marketers are communicating. Digital marketing is now at the core of the marketing mix in Latin America where consumer insights and channel selection are essential to creating successful marketing strategies. There are local and international companies offering digital marketing campaigns tailored to different budgets and needs

According to a report from Digital Strategy Consulting from January 2017, there are 6.2 million active social media users, and 5.7 million active mobile social users. Their numbers also suggest a digital annual growth of +32 percent in internet users, +29 percent in social media users, +8 percent in mobile subscriptions, and +33 percent mobile social users.

Major Buying Holidays

Due to the proximity and influence from the United States, many holiday's and shopping trends are similar.

- Mother's Day (May 10)
- Father's Day (June 17)
- Valentine's Day
- Black Friday
- Cyber Monday
- End of Year Holidays – December
- Easter Week, a major Guatemalan holiday, usually marking the warm season. (March, April)

Social Media

The total number of Facebook users for Guatemala is 6.2 million. 92 percent of these users are accessing the platform via a mobile device. Facebook is the most used social media tool, where the majority of promotion and sales takes place. Other popular social platforms used are: FB Messenger, WhatsApp, YouTube, Instagram, Twitter, Skype and LinkedIn.

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: Juan Pablo Carrasco, President

E-mail: trade@amchamguate.com

Web page: [Guatemala - American Chamber of Commerce](#)

Cámara de Comercio de Guatemala (Guatemalan Chamber of Commerce)

Contact: Jorge Briz Abularach, President

E-mail: info@cameradecomercio.org.gt

Web page: [CCG](#)

Cámara de Industria de Guatemala (Chamber of Industry)

Contact: Oscar Emilio Castillo Montano, President

E-mail: info@industriaguatemala.com

Web page: [Camara de Industria de Guatemala](#)

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

Web page: [Camara Empresarial de Comercio y Servicios](#)

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: [UGAP](#)

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: [Prensa Libre](#)

Siglo Veintiuno

Contact: Amilcar Alvarado Nisthal, President
Carlos Aldana, Editorial Director
E-mail: servicios@siglo21.com.gt
Web page: [Siglo 21](#)

El Periódico

Contact: Rodolfo Móvil, Director
E-mail: rmovil@elperiodico.com.gt / opinion@elperiodico.com.gt
Web page: [El Periodico](#)

Nuestro Diario

Contact: Jorge Springmuhl, General Manager
E-mail: opinion@nuestrodiario.com.gt
Web page: [Nuestro Diario](#)

La Hora

Contact: Oscar Clemente Marroquín, Director

E-mail: lahora@lahora.com.gt

Web page: [La Hora](#)

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: [Canal 3](#)

Televisiete (Channel 7)

Contact: Fernando Villanueva, President

E-mail: laura.alvarez@canal11.tv

Web page: [Chapin TV](#)

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: Ing. Guillermo Bendfeldt

E-mail: gbendfeldt@prensalibre.com.gt

Web page: [GuateVision](#)

Canal Antigua

Contact: Karla Ortiz de Archila, General Manager

E-mail: info@canalantigua.com

Web page: [Canal Antigua](#)

Radio Stations:

To listen to Guatemalan radio on the Internet,
visit [Surf Music](#)

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: Jaime Torres, General Manager
Luis Felipe Valenzuela, Director

E-mail: apatrullaje@emisorasunidas.com

Web page: [Emisoras Unidas](#)

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: [Radio Mundial](#)

Radio Punto

Contact: Helen Liu de Sánchez, General Manager

E-mail: info@grupoalius.com

Web page: [Radio Punto](#)

Radio Sonora

Contact: Arnulfo Agustín Guzman, Director

E-mail: maria.solarez@sonora.com.gt

Web page: [Radio Sonora](#)

Grupo Nuevo Mundo

Contact: Alfredo González Gamarra, General Manager

E-mail: info@nuevomundoradio.com

Web page: [Grupo Nuevo Mundo](#)

Magazines and Business Journals:

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

Revista Gerencia

Asociación de Gerentes de Guatemala

Contact: Mario Eduardo López Salguero, General Manager

E-mail: agg@agg.com.gt

Web page: [AGG](#)

Revista Industria

Cámara de Industria de Guatemala

Contact: Félix Colindres, Editor General

E-mail: info@industriaguatemala.com

Web page: [Revista Industria](#)

Mundo Comercial

Cámara de Comercio de Guatemala

Contact: Jeannette Balcarcel

E-mail: jbalscarcel@ccg.gt;

Web page: [Camara de Comercio de Guatemala](#)

Doing Business in Guatemala

American Chamber of Commerce of Guatemala

Contact: Gabriela Flores, Publishing Department

E-mail: gflores@amchamguatemala.com

Web page: [Guatemala - American Chamber of Commerce](#)

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.

Protecting Intellectual Property

IP Attaché Contact for Guatemala

Todd Reves

Intellectual Property Attaché for Mexico, Central America and the Caribbean
U.S. Embassy Mexico City | U.S. Department of Commerce, ITA | U.S. Patent & Trademark

Tel: (52)(55) 5080-2189 | todd.reves@trade.gov

It is critical for companies to ensure that their brands remain protected around the world and protected from trademark infringements. It is recommended to use a lawyer with expertise and knowledge of local laws and skills to conduct in country investigations.

In Guatemala, Intellectual Property Laws confers discretionary powers and faculties to the Customs authorities to conduct investigations and retain merchandise, which is suspected to be counterfeit. Customs is the first line of defense as it has the authority to confiscate the counterfeited goods. Unfortunately under Guatemalan

laws, customs agents are responsible for the seizure and can only retain the merchandise for 48 hours, sometimes it is not sufficient time for the brand owners to be notified and start legal actions.

The Attorney General's office and the Customs Bureau are officially empowered to initiate investigations on intellectual property matters. In Guatemala the IPR prosecution office is small and operates with very little resources. The office relies on assistance from the private sector and foreign Governments.

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 protection of intellectual property rights, customs administration services, investment, financial services, market access, and government procurement, as well as sanitary and phytosanitary and other non-tariff barriers.

In Guatemala the entity in charge of intellectual property is the Mercantile Registry and with the support of the World Organization of Intellectual Property (WIPO), launched the national strategy of intellectual property (ENPI), in mid-2015. Its main objective is to promote the intellectual property to be used as a tool for economic and social development, promoting creativity and innovations elements of productivity.

In order to comply with an adequate enforcement of intellectual property rights and avoid criminal actions that weaken the system, Guatemala has strengthened the prosecution of offences against the intellectual property of the Public Ministry. To this end, projects have been implemented in constant training with national and international organizations that provide knowledge technicians on the matter. It has also carried out dynamics of exchange of experiences at the level institutional with the judiciary, the Superintendence of tax administration.

It is important to mention that Guatemalan legislation on this matter is modern and in accordance to the multilateral agreements on intellectual property such as:

- TRIPS (Trade related aspects of Intellectual Property Rights) ,
- Paris Convention
- Berne Convention
- Rome Convention

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.

Web Resources

Advertising Association: [UGAP](#)

[Agritrade](#)

[Guatemala - American Chamber of Commerce](#)

[Apparel Show](#)

[Canal Antigua](#)

[Chamber of Construction](#)

[COPEREX Trade Fairs](#)

[El Periodico \(newspaper\)](#)

[Expomueble \(furniture\)](#)

[Export association](#)

[Guatemalan Chamber of Commerce](#)

[Guatemala Chamber of Industry](#)

[Guatemala Managers Association](#)

[Guatemala Procurement Office](#)

[Guatemala Radio Stations](#)

[GuateVision](#)

Leading Sectors for US Exports & Investments

Automotive Aftermarket and Accessories

Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production				
Total Exports	15,885	16,044	16,024	17,626
Total Imports	439,861	473,710	519,131	555,470
Imports from the US	144,322	147,142	121,748	130,271
Total Market Size	423,976	457,666	503,107	537,844
Exchange Rates	7.74	7.66	7.61	7.5

(Total market size = (total local production + imports) - exports)

Source: SIECA GUATEMALA

Guatemala continues to be an important market for automotive parts and accessories. In 2016, the sector showed a 10 percent 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.

As of March, 2017 the total numbers of vehicles in Guatemala was 3,327,590 units, including motorcycles. This number represented over one hundred and thirty percent increase in the vehicle 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.

Leading Sub-Sectors

The most promising sub-sectors for U.S. products within the industry include aftermarket products such as: hydraulic brake fluids, liquids for hydraulic transmission systems, batteries, lead-acid, piston engines, used pneumatic tires or rubber, parts and accessories for suspension systems, oil and fuel filters, bumpers, spoilers, tail lights, wheels, sound systems, alarms, radial tires, batteries, suspension kits, mufflers, air filters, chips, exhaust systems, brakes, windshield wipers, spark plugs, wheel covers, and steering wheels.

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: 3,300,100 vehicles (2016)

U.S. Auto Parts Exports: USD 121.7 million in 2016

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](#)

[Official website for Government Tenders](#)

[Guatemalan Chamber of Commerce](#)

[Tax Information Official Website](#)

[Statistical Information](#)

Safety and Security Equipment

Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production				
Total Exports	16,884	18,984	22,857	23,744
Total Imports	598,342	604,478	616,253	623,574
Imports from the US	299,468	302,654	312,294	314,088
<u>Total Market Size</u>	581,458	585,494	593,396	599,830
Exchange Rates	7.74	7.66	7.61	7.5

Source: [SIECA Guatemala](#)

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

Leading Sub-Sectors

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](#)

Guatemalan Government Purchasing Website

Security Chamber of Guatemala

Forestry and Woodworking Machinery (FOR)

Overview

	<i>Value (thousands USD)</i>			
	2014	2015	2016	2017 (Estimated)
Total Exports	730	742	782	796
Total Imports	18,457	18,900	21,147	22,584
Imports from the U.S.	6,812	7,264	8,364	8,612
Total Market Size	17,727	18,158	20,365	21,788
Exchange Rates			7.78 = \$1.00	7.42 = \$1.00

Source: [SIECA Guatemala](#)

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.

Leading Sub-Sectors

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 tools. 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](#)

[National Forest Institution](#)

[Forest Trade Union](#)

[Guatemalan Exporters Association](#)

[Expomueble](#)

[Promueble](#)

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, D.C., 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 2015. 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.

Leading Sub-Sectors

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 and summer camps 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" (IPW), 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 27-28, 2017.

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](#)

[Visit USA Committee Guatemala](#)

[US Commercial Service in Guatemala](#)

[Brand USA](#)

Agricultural Sector

Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	2,503	2,593	2,682	2,762
Total Exports	1,587	1,635	1,759	1,846
Total Imports	1,426	1,447	1,500	1,545
Imports from the US	312	314	339	355
Total Market Size	2,342	2,405	2,423	2,483
Exchange Rates	7.74	7.66	7.61	7.5

(total market size = (total local production + imports) - exports)

Value (in thousand USD)

Source: [Global Trade Atlas](#); and [Bank of Guatemala](#)

Processed foods make up an important economic sector in Guatemala and are identified as the Food and Beverage category within the Manufacturing Industry. 13 different industries make up this category:

- Meats and meat products
- Fish and fishery products
- Fruits, legumes and horticultural products
- Oils and fats of animal and vegetable origin
- Wheat and bakery products
- Pet foods and preparations for animal feed
- Sugar, sweeteners, beverage preparations
- Pasta and processed cereals

- Other food preparations
- Alcoholic beverages
- Non-alcoholic beverages

Tobacco products (although this is not considered as a food & beverage product within the International product classifications, Guatemala does consider it as part of this category)

The United States is Guatemala's largest supplier of agricultural, food, fishery and forestry products and in 2016; exports totaled \$1, 09 billion. U.S. exports of consumer ready products such as red meats, chicken, dairy products, fresh fruits, and processed products such as baking materials, condiments, sauces, and food preparations, are often used to improve the quality of the processed goods produced in Guatemala. While some processors use domestic inputs in processing, consistent supplies are not available, and the United States offers a reliable supply of these goods.

Guatemala is one of the major food processing countries in Central America. Domestic brands offer a wide variety of products that include shelf-stable, ready-to-eat meals such as canned and refried beans, tomato paste and sauce, soy-based ready meals, and instant noodle soups, among other products. These products are available to consumers not only on all local supermarkets, but also at corner stores, and open-air-markets throughout the country.

The Guatemalan food processing industry also exports to other countries and is one of the fastest growing sectors in the food industry. Approximately 25 percent of the food and beverage companies in Guatemala are large processors, 50 percent are medium-sized companies, and the rest are small processing companies.

U.S. food ingredient producers that want to enter the Guatemalan market may contact the local food processors directly or through local importers/agents/distributors depending on the type of product. The larger food processors frequently prefer to import directly from the suppliers, while medium and smaller processors are sometimes not familiar with importing procedures and prefer to have a local distributor supply their inputs. The key to success in the market is to match local prices with higher quality inputs as Guatemala is a price-conscious market. U.S. products are well known for their quality and safety; therefore, local food processors are looking for U.S. companies that can supply products that comply with these two important

factors. Local companies prefer to establish a long-term business relationship with U.S. suppliers that can offer good credit terms, customer service, and marketing support.

Leading Sub-Sectors

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 2017:
gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Shows:

Feria Alimentaria Guatemala City - September 4-6, 2017
(<http://feriaalimentaria.com>)

Is the largest food show with approximately 200 stands with local companies that exhibit and promote food products, services, packing, and equipment for the restaurant and hotel industries. It is also addressed to end consumers to introduce new products into the market and companies also use the show as a tool for brand awareness. During the show there are chef competitions and cooking presentations.

Customs, Regulations & 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, Ice-cream, Milk, Yellow Corn, White Corn, Butter, Cheese, and Other Dairy Products. Chicken leg quarter, previously under a TRQ, enter duty free as of April 2017. To obtain updated information on quota allocation procedures, advisory committee meetings, and quota utilization status by commodity, please visit their website at: dace.mineco.gov.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.

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.

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 accusations from Customs of under declaring the value of products. 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 revaluation of products which causes delays and results in additional value-added taxes. 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 no longer need to request a plant-by-plant inspection of supplier warehouses or packing facilities prior to import, however, the Ministry of Agriculture (MAGA) is working on a new protocol and there is currently no way to get new facilities approved for export. In the meantime, there are only five U.S. exporters authorized to export seafood to Guatemala.

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 a history of exporting to Guatemala, 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.

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) [Ministerio de Economia](#)

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: [Ministerio de Salud Publica y Asistencia Social](#)

Sanitary registration, a requirement throughout Central America, is causing increasing delays. 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. (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) controls 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 Rule (RTCA): 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 RTCA 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: [SIECA](#).

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: [Tratado de Libre Comercio entre República Dominicana-Centroamérica- Estados Unidos de América](#)). 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:

[Departamento de Regulacion y Control de Productos Farmaceuticos y Afines](#)

[SIECA](#)

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 [Departamento de Regulacion y Control de Productos Farmaceuticos y Afines](#) 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. [Travel State Gov - Notarial and Authentication \(Apostille\)](#)

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, [Unimark](#)

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

[Departamento de Regulacion y Control De Productos Farmaceuticos y Afines](#) 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 [Medicamentos – Formularios Registros Sanitarios](#)

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

[Ministerio de Salud Publica y Asistencia Social](#)

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”

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: [Ministerio de Salud Publica y Asistencia Social](#)

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

Contact Information

- **COGUANOR – Standards Commission**
Licenciado, Hector Herrera, Secretario Ejecutivo:
mbeteta@mail.mineco.gob.gt
- **DIACO – Consumer Assistance Center**
Licenciada, Silvia Escobar Santos, Directora: diacoquejas@mail.mineco.gob.gt

- [OGA – Accreditation Office](#)
Sistema Nacional de Calidad: info-oga@mineco.gob.gt
- [National Gazette –Diario de Centro America](#)
Ana Maria Rodas, Directora: lborrayo@dca.gob.gt; info@dca.gob.gt
- [PROAM – Healthcare Services](#)
- [Agriculture](#)
- [Import procedures at the Ministry of Agriculture](#)

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: [export.gov – Contact](#). 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: [U.S Department of State – Directorate of Defense Trade Controls](#). 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: [Digecam](#)

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: [Export.gov – Consolidated Screening List](#)

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;](#)”

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: Bernardo Molina
Title: Director for Regulations
Institution: Food Control Unit/Ministry of Health (MSPAS)
Address: 3 Calle Final 2-10, Zona 15. Valles de Vista Hermosa
01011 Guatemala
Telephone: (502) 2369-8784
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: Dr. Nelson Ruano Garcia
Title: Food Safety Director
Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)
Address: 7 Avenida 3-67, Zona 13
01013 Guatemala

Telephone: (502) 2413-7000 ext. 7455-7454
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: Dra. Nidia Sandoval
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: OIRSA

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: Ministerio de Economia

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

Standards for Trade

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

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.

Testing, inspection and certification

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 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*.

Contact Information

- **COGUANOR – Standards Commission**
Licenciado, Hector Herrera, Secretario Ejecutivo:
mbeteta@mail.mineco.gob.gt
- **DIACO – Consumer Assistance Center**
Licenciada, Silvia Escobar Santos, Directora:
diacoquejas@mail.mineco.gob.gt
- **OGA – Accreditation Office**
Sistema Nacional de Calidad: info-oga@mineco.gob.gt
- **National Gazette –Diario de Centro America**
Ana Maria Rodas, Directora: lborrayo@dca.gob.gt; info@dca.gob.gt
- **PROAM – Healthcare Services**
- **Agriculture**
[Import procedures at the Ministry of Agriculture](#)

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.

Under CAFTA–DR, 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 and industrial goods were on a 5 or 10 year phased tariff reduction schedule.

Under CAFTA–DR, 95 percent of U.S. agricultural exports now enter Guatemala duty free. Guatemala will eliminate its 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 and is currently negotiating a free trade agreement with South Korea. Guatemala has also signed partial scope agreements with Belize, Ecuador, Cuba, Trinidad and Tobago, 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. Guatemala's Protocol to enable the customs union with Honduras went into force on May 2016. Both countries are in the process of completing 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.

Licensing Requirements for Professional Services

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Web Resources

[Guatemalan Superintendence of Tax Administration](#)

[Guatemalan Ministry of Economy](#)

[Secretariat for Central American Economic Integration](#)

[Office of the United States Trade Representative](#)

[Foreign Agricultural Service](#)

[Guatemalan Administration of International Commerce](#)

[Guatemalan Investment Office](#)

[Guatemalan E-procurement System](#)

[Guatemalan Exporters' Association](#)

[Guatemalan Chamber of Commerce](#)

[Guatemalan Chamber of Industry](#)

[Guatemala - American Chamber of Commerce](#)

[Ministry of National Defense of Guatemala](#)

Investment Climate Statement

Executive Summary

Guatemala has the largest economy in Central America, with a USD 68.8 billion gross domestic product (GDP) and an estimated 3.1 percent growth rate in 2016. Remittances, mostly from the United States, increased by 13.9 percent in 2016 and were equivalent to 10.4 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 14.57 billion in 2016, an 11 percent increase in relation to 2015. Some of the activities that attracted most of the FDI flows in the last three years were electricity, commerce, manufacturing, agriculture, and mining.

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) undertook numerous high–profile official corruption investigations, leading to significant indictments. In 2015, CICIG uncovered several cases of high–level official corruption. A case revealing a customs corruption scheme 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 entered a changed geopolitical landscape in Guatemala, with a lower tolerance for corruption and lingering citizen demands for widespread government reform and improved efficiency. El Salvador, Guatemala, Honduras, and United States 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/Rank	Website Address
TI Corruption Perception	2016	136 of 176	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of	2017	88 of 190	doingbusiness.org/rankings
Global Innovation Index	2016	97 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 1,100	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2015	USD 3,590	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

The GoG continues to promote investment opportunities and work on reforms to enhance competitiveness and the business environment. 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. The 2017 Heritage Economic Freedom Index gave Guatemala a score of 63 out of 100, up 1.2 points from 2016, reflecting improvements in trade freedom, monetary freedom, and property rights.

Government integrity, business freedom, and labor freedom were noted as areas of concern in the 2017 Economic Freedom Index. Guatemala scored 28 points out of 100 on Transparency International's 2016 Corruption Perception Index, ranking it 136 out of 176 countries. The World Bank's Doing Business 2017 ranked Guatemala 88 out of 190 countries, three positions below its rank in 2016. The two areas where the country improved the most were: getting electricity 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 2016–2017 World Economic Forum’s Global Competitiveness Index (78 out of 138). Guatemala made the most improvements in financial market development, business sophistication, and macroeconomic environment, but ranked 133 in organized crime and 135 in business costs associated with crime and violence.

Invest in Guatemala, in conjunction with the Ministry of Economy (MINECO), is planning to create a new agency called Guatemala Trade & Investment (GTI). GTI will be responsible for promoting investment, along with several other services, and is scheduled to be introduced by the end of 2017.

International investors tend to engage with the GoG via chambers of commerce or industry associations, or directly with a specific government ministry. There is no formal business roundtable with regard to investment retention.

Conversion and Transfer Policies

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Maecenas porttitor congue massa. Fusce posuere, magna sed pulvinar ultricies, purus lectus malesuada libero, sit amet commodo magna eros quis urna.

Limit on Foreign Control and Right to Private Ownership and Establishment

The Guatemalan Constitution recognizes the right to hold private property and to engage in business activity. 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 below. The Foreign Investment Law specifically notes that foreign investors enjoy the same rights of use, benefits, and ownership of property as 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. The GoG

currently does not have any screening mechanisms for inbound foreign investment.

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.

Other Investment Policy Reviews

Guatemala has been a World Trade Organization (WTO) member since 1995. The GoG had their last WTO trade policy review (TPR) in November 2016. In 2011, the United Nations Conference on Trade and Development (UNCTAD) conducted an investment policy review (IPR) on Guatemala. The WTO TPR highlighted Guatemala's efforts to increase trade liberalization and economic reform efforts by eliminating export subsidies for free trade zone and maquila regimes and the passage of amendments to the government procurement law to improve transparency and efficiency. It also noted that Guatemala continues to lack a general competition law and a corresponding competition authority. 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. The GoG agreed to approve a competition law by November 2016 as part of its commitments under the Association Agreement with the European Union, but it has not been approved as of March 2017. Other important recommendations from the UNCTAD IPR were to further explore alternative dispute resolution mechanisms and the establishment of courts for commercial and land disputes.

Business Facilitation

The GoG has a business registration website <https://minegocio.gt/>, which facilitates on-line registration procedures for new businesses. Foreign companies are able to use the online business registration, but the process is quicker, less expensive, and requires fewer official notifications if the company is incorporated locally. For a locally-incorporated company, it takes 18 days to register a new business. According to a self-assessment from the Guatemalan Ministry of Economy, which was reviewed by the Global Enterprise Registration, more than 50 percent of the mandatory registrations can be requested online simultaneously and the site provides phones or online

contacts for submitting complaints for each mandatory registration. 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.

Outward Investment

Guatemala does not incentivize outward investment. Domestic investors are not restricted from investing abroad.

Bilateral Investment Agreement and 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, the Netherlands, and Trinidad and Tobago. It has also signed bilateral investment agreements with Turkey, and Russia, which were not in force as of March 2017.

In addition to CAFTA-DR, Guatemala 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 and is currently negotiating a free trade agreement with South Korea in conjunction with the other Central American countries. Guatemala also signed partial-scope agreements with Belize, Cuba, Ecuador, Trinidad and Tobago, 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. The GoG signed a bilateral taxation agreement with Mexico in 2015 but it has not yet been ratified.

Legal Regime

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 laws or regulations is rare. In some cases, private sector or civil society groups are able to submit comments to the issuing government office or to the Congressional committee reviewing the bill, 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. Congress publishes scanned versions of all laws that have been published in the official gazette.

The Guatemalan Congress passed the Law to Strengthen Fiscal Transparency and Governance of Guatemala's Tax and Customs Authority (SAT) in July 2016, which included amendments to SAT's Internal Law, the Tax Code, and other laws to allow SAT's access to banking records for auditing purposes with a judge's approval. The SAT is also analyzing methods to streamline various internal and external procedures.

International Regulatory Considerations

Guatemala is a member of the Central American Common Market and as such adopted the Central American uniformed customs tariff schedule. As a member of the WTO, the GoG notifies its draft technical regulations to the WTO Committee on Technical Barriers to Trade (TBT).

In 1996, Guatemala ratified Convention 169 of the International Labor Organization (ILO 169), which entered into effect in 1997. Article 6 of the Convention requires the government to consult indigenous groups or communities prior to initiating a project that could affect them directly. Potential investors should determine whether or not their investment will affect indigenous groups and, if so, request that the GoG lead a consultation process in compliance with ILO 169.

Legal System and Judicial Independence

Guatemala follows the civil law system. Codified Judicial Branch Law stipulates that jurisprudence or case law is also a source of law. 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 commercial courts, but it does have civil courts that hear commercial cases and specialized courts that hear labor or tax cases.

The judicial system is designed to be independent of the executive branch, and the judicial process for the most part is procedurally competent, fair, and reliable. There have been accusations of corruption within the judicial branch and Congress is currently considering judicial reform, but this would only modify how judges are selected.

Laws and Regulations on Foreign Direct Investment

More than 200 U.S. firms as well as hundreds of foreign firms have active investments in Guatemala. 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. In order to ensure compliance with CAFTA-DR, 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. 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.

Online payments outside of the formal financial sector, however, are not regulated.

The United States has filed two separate cases regarding concerns with the GoG's adherence to its CAFTA-DR obligations. For a 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 April 2017. Regarding an 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 Reports for 2015 and 2016, Guatemala made paying taxes easier and less costly by improving the electronic filing and paying system ("Declaraguat") and by lowering the corporate income tax rate. The GoG developed a website that is useful to help navigate the laws, procedures and registration requirements for investors: <http://asisehace.gt/>, which provides detailed information on laws and regulations and administrative procedures applicable to investment, 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.

As part of its 2012 income tax reform, the GoG began implementing transfer pricing provisions in 2016.

Competition and Anti-Trust Laws

Guatemala does not currently have a law to regulate 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. The GoG submitted a draft competition law to Congress in May 2016, but it was still pending approval by Congress as of March 2017.

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 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 the award in November 2013.

Dispute Settlement

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 is a member state to the International Center for Settlement of Investment Disputes (ICSID Convention).

Investor-State Dispute Settlement

CAFTA-DR incorporated dispute resolution mechanisms for investors. Over the past ten years, two investment disputes involving U.S. businesses were filed under the investment chapter of CAFTA-DR against the GoG with the ICSID – one in 2007 and the other in 2010. A Spanish firm filed a claim with the ICSID in 2009 on the same case filed by the U.S. investor in 2010. The first claim under the agreement was filed in June 2007 and the status of that

case is described under the Expropriation and Compensation section of this report.

In October 2010, a U.S. company operating in Guatemala filed the second claim against the GoG with the ICSID. The claim seeks to resolve a dispute against the GoG regarding the regulation of electricity rates and the eventual sale of the company. In 2013, ICSID's arbitral tribunal issued its judgment and awarded the company over USD 21 million in damages over electricity rates 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 company also filed for a partial annulment of the award. The ICSID ad-hoc committee issued its decision on both annulment proceedings in April 2016. The company then filed a request to resubmit the dispute over the sale to a new tribunal in October 2016. The case remains pending before the ICSID as of March 2017.

International Commercial Arbitration and Foreign Courts

Guatemala's Foreign Investment Law also allows alternative dispute mechanisms, if agreed to by the parties. Currently, there are two alternative dispute resolution mechanisms available in Guatemala to settle disputes between two private parties: the Center of Arbitration and Conciliation of the Guatemalan Chamber of Commerce (CENAC) and the Conflict Resolution Commission of the Guatemalan Chamber of Industry (CRECIG). Both dispute resolution centers provide support with arbiters and logistics. Guatemala's Arbitration Law of 1995 uses the U.N. Commission on International Trade Law (UNCITRAL) Model Law as the basis 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. The Law of the Judiciary recognizes judgments of foreign courts, but judgments must be final and comply with a legalization process to corroborate validity of the judgment.

Bankruptcy Regulations

Guatemala does not have an independent bankruptcy law. However, 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. Bankruptcy

is not criminalized, but it can become a crime if a court determines there was intent to defraud. According to the World Bank's 2017 Doing Business Report, Guatemala ranked 149 out of 190 countries in resolving insolvency.

Industrial Policies

Investment Incentives

Investment incentives are specified in law and are available, with few exceptions, to both foreign and Guatemalan investors without discrimination.

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 business processes outsourcing (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 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.

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 MINECO to install and manage a FTZ. Businesses operating within authorized FTZs also require authorization from MINECO. Investment incentives are specified in law and are available to both foreign and Guatemalan investors, without discrimination. As of December 2016, there were 14 authorized FTZs operating in Guatemala. At the moment, services and apparel assembly operations are the only beneficiaries of Guatemala's Free Trade Zones Law.

Performance and Data Localization 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.

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 receive a copy of the source code in case of potential problems with the IT provider. The requirement is usually specified in the software license contract.

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, especially in rural areas. The government 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. Approximately 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 2017 World Bank's Doing Business Report, registering property in Guatemala takes 24 days, and it costs 3.7 percent of the property value. In 2017, Guatemala ranked 74 out of 190 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 has been a member of the WTO since 1995 and 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). Implementing legislation that would allow Guatemala to become a party to the convention, however, is still 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. The legislation was modified in 2003 to provide pharmaceutical test data protection consistent with international practice and again in 2005 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. Congress approved a law to prohibit the production and sale of counterfeit medicine 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 locally.

Enforcement of IPR laws has been inconsistent. A number of raids, cases, and prosecutions have been pursued, but 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 10 years, including 2017.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at [WIPO](#).

Financial Sector

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. The Guatemalan Central Bank (Banguat) and the Superintendence of Banks (SIB) drafted a new capital markets bill, but it has not passed as of April 2017. Notwithstanding the lack of a modern capital markets law, the government debt market continues to develop. Domestic treasury bonds now represent 52.4 percent of total public debt.

Guatemala lacks a market for publicly-traded equities, which raises the cost of capital and complicates mergers and acquisitions. As of December 2016, borrowers faced a weighted average annual interest rate of 16 percent, with some banks charging over 30 percent on consumer or micro-credit loans. Commercial loans to large businesses offer the lowest rates and were on average 7.5 percent as of August 2016. Dollar-denominated loans typically are several percentage points lower than those issued in local currency. Foreigners rarely rely on the local credit market to finance investments.

Money and Banking System

Overall, the banking system remains stable. According to information from the SIB, Guatemala's 18 commercial banks had an estimated USD 37.3 billion in assets in 2016. The six largest banks control about 88 percent of total assets. In addition, Guatemala has 13 non-bank financial institutions, which perform primarily investment banking and medium- and long-term lending, and three exchange houses. Access to financial services is very good in Guatemala City, as well as in major regional cities. Most banks offer a variety of online banking services.

Foreigners are normally able to open a bank account by presenting their passport and a utility bill or some other proof of residence. Requirements, however, may vary by bank.

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. The 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. As a result, a number of smaller banks sought new capital, buyers, or mergers with stronger banks, reducing the number of banks from 27 in 2005 to 17 in 2016.

Guatemalan banking and supervisory authorities and the Guatemalan Congress actively work 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 strengthened 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 strengthened supervision of the insurance sector and allowed 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.

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.

There have been some changes to correspondent banking relationships over the past few years, and the total number of relationships with Guatemala's financial sector shows a slight decline. The changes are similar to those seen throughout the region and reflect a recent trend of de-risking. The U.S. Embassy is unaware of any correspondent banking relationships that are currently in jeopardy.

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.

Foreign Exchange and Remittances

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. 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. 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. The reference exchange rate of Quetzals (GTQ) to the U.S. dollar has remained relatively stable since 1999.

Remittance Policies

There are no time limitations on remitting different types of investment returns.

Sovereign Wealth Funds

Guatemala does not have a sovereign wealth fund.

State-Owned Enterprises

With the exception of the National Electricity Institute (INDE) and two state-owned ports, Guatemala does not have significant state-owned enterprises (SOEs) in other industries. INDE is a state-owned electricity company responsible for expanding the provision of electricity to rural communities. INDE owns approximately 13 percent of the country's installed generation capacity, and it participates in the wholesale market under the same rules as its competitors. It also provides a subsidy to consumers of up to 100 kilowatt-hours (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.

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.

Responsible Business Conduct

There is a general awareness of expectations of 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 percent of GDP and provide employment to over 150,000 individuals. 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. 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 are 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 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 for health, education, and infrastructure.

Conflict surrounding extractive projects – in particular mining and hydroelectric projects – is frequent, and there have been several cases of violence against protestors in the recent past, including several instances of murder. The GoG continues to improve its capacity to respond to protests and help facilitate a peaceful resolution. Protests against companies are normally peaceful, and usually take place only after the aggrieved parties have attempted to dialogue directly with the company in question.

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 2016 Corruption Perception Index, ranking it 136 out of 176 countries globally, and 29 out of 32 countries in the region. The same score was observed in the 2015 report.

Investors find 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 resulted in the removal of many corrupt 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) undertook numerous high-profile official corruption investigations, leading to significant indictments. Notably, CICIG unveiled a customs corruption scheme in 2015 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 inauguration in early 2016, Morales 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. In 2016, the new Congress passed legislation to strengthen the Attorney General's Office; create a customs union protocol with Honduras; strengthen the SAT; and provide incentives to Guatemala's garment industry. In addition, 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 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. 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 that improved 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. The 2015 reforms expanded the scope of procurement oversight to include public trust funds and all institutions (including NGOs) executing public funds. The Guatemalan Congress approved new reforms in October 2016 to help expedite public spending and simplify procedures for implementation of some of the reforms approved in 2015. The U.S. government continues to advocate for the use of open, fair, and transparent tenders in government procurement as well as

procedures that comply with CAFTA-DR obligations, which would allow open participation by U.S. companies.

El Salvador, Guatemala, Honduras, and the United States 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.

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

Contact at government agencies responsible for combating 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

Political and Security Environment

Guatemala has one of the highest violent crime rates in Latin America.

According to the National Civil Police (PNC), the murder rate in 2016 was 28 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. Although security remains a widespread concern, foreigners are not usually singled out as targets of crime.

Recent examples of violence include extrajudicial killings, illegal detentions, and property damage as a result of protests against some investment projects. The main source of tension among indigenous communities, Guatemalan authorities, and private companies is 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 was the declaration of a state of emergency, limiting certain constitutional rights in the conflicted areas.

Damage to projects or installations is rare. However, there was an instance in January 2017 in which unidentified arsonists burned machinery and other equipment that was being used to construct a hydroelectric project in an area near the border with Mexico.

Labor Policies and Practices

The Guatemala workforce consists of an estimated 1.93 million individuals employed in the formal sector and roughly 4.47 million individuals who work in the informal sector, including some who are too young for formal sector employment. According to the 2016 Survey on Employment and Income, child labor, particularly in rural areas, remains a serious problem in certain industries. Approximately 29 percent of the total labor force is engaged in agricultural work. The availability of a large, unskilled, and inexpensive labor force led many employers, such as construction and agricultural firms, to use labor-intensive production methods. Roughly 16 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 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. The Labor Code requires that at least 90 percent of employees be Guatemalan, but the requirement does not apply to high-level positions. The Labor Code sets out employer responsibilities regarding working conditions, especially health and safety standards, benefits; severance pay; premium pay for overtime work; minimum wages; and bonuses. Mandatory benefits, bonuses, and employer contributions to the social security system can add up to about 55 percent of an employee's base pay. However, many workers, especially in the agricultural sector, do not receive the full compensation package mandated in the labor law. According to the Human Rights Ombudsman (PDH), the Social Security Institute in Guatemala reported that in 2015 the social security system covered roughly 19 percent of the Guatemalan population. 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 during the trial period. 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.

Guatemala's 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. Before a strike can be declared, workers and employers must engage in mandatory conciliation and a strike vote must be approved by 50 percent plus one of the workers in the enterprise. If conciliation fails, either party may ask the judge for a ruling on the legality of conducting a strike or lockout. Legal strikes in Guatemala are extremely rare. The Constitution also commits the state to support and protect collective bargaining, and holds that international labor conventions ratified by Guatemala establish the minimum labor rights of workers if they offer greater protections than national law. In most cases, labor unions operate independently of the government and employers both by law and in practice. Unions must be registered by the Ministry of Labor (MinTrab) and their leadership must obtain credentials from MinTrab to carry out their functions. Delays in such proceedings are common. 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 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, particularly the enforcement of labor court orders requiring reinstatement and payment of back wages resulting from the dismissal. The rate of unionization in Guatemala is very low. The PDH's 2016 report indicates that there are only 529 active unions and 57 percent of those are in the public sector. In the private sector, PDH estimates that less than one percent of workers are unionized. PDH reports that MinTrab negotiated and approved only six collective bargaining agreements in 2016.

Both the United States Government and Guatemalan workers filed complaints against the GoG for allegedly failing to adequately enforce its labor laws and protect the rights of workers. In September 2014, the U.S. Government convened an arbitral panel alleging that Guatemala had failed to meet its obligations under CAFTA-DR to effectively enforce its labor laws related to freedom of association and collective bargaining and acceptable conditions of work. The panel held a hearing in June 2015 and its final report is expected in April 2017. Separately, the GoG faces an International Labor Organization (ILO) complaint filed by workers in 2012 alleging that the government had failed to comply with ILO Convention 87 on Freedom of Association. The complaint called for the establishment of an ILO Commission of Inquiry, which is the ILO's highest level of scrutiny when all other means failed to address issues of concern. In 2013, the GoG agreed to a roadmap with social partners in an attempt to avoid the establishment of a Commission. To date, the government took some steps to implement its roadmap, including the enactment of legislation that would restore administrative sanction authority to the labor inspectorate for the first time in 15 years. 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, additional legislative reforms to bring national law into compliance with Convention 87, and significantly increasing compliance with labor court orders related to anti-union dismissal. The ILO decision on the Commission of Inquiry remains pending as of March 2017.

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 are generally able to quickly obtain foreign government approval. For more information, U.S. investors should contact OPIC headquarters in Washington, D.C., at (202) 336-8799, or go to [OPIC](#).

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Guatemala has the largest economy in Central America, reaching a USD 68.8 billion gross domestic product (GDP) in 2016, with an estimated 3.1 percent

growth rate in 2016. Remittances, mostly from the United States, increased by 13.9 percent in 2016 and were equivalent to 10.4 percent of GDP. The United States is Guatemala's most important economic partner. According to preliminary Banguat data, FDI stock was USD 14.57 billion in 2016, an 11 percent increase in relation to 2015. Estimated foreign portfolio investment totaled USD 3.64 billion in 2016, with about 69 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

According to data from the Coordinated Investment Survey for 2015 published by the IMF, about one fifth of FDI in Guatemala comes from the United States. Other important sources of FDI are Mexico, Colombia, and Canada (please see Table 3 on sources and destinations of FDI below). Preliminary data from Banguat also shows that the flow of FDI totaled USD 1.18 billion in 2016 (1.72 percent of GDP), a 3.3 percent decline compared to USD 1.22 billion (1.91 percent of GDP) received in 2015. Some of the activities that attracted most of the FDI flows in the last three years were electricity, commerce, manufacturing, agriculture, and mining.

Table 3: Sources and Destination of FDI

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	13,176	100%	Total Outward	671	100%
United States	2,651	20%	Panama	158	24%
Mexico	2,227	17%	Bahamas, The	144	21%
Colombia	1,324	10%	Barbados	140	21%
Canada	1,135	9%	El Salvador	88	13%
Spain	573	4%	Puerto Rico	40	6X%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment
Portfolio investment data are not available for Guatemala.

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 eighteen commercial banks, which held an estimated USD 37.3 billion in assets in 2016. The six largest banks control about 88 percent of total assets. In addition, there are thirteen non-bank financial institutions specializing in investment operations, three licensed exchange houses, twenty eight insurance companies, six credit card issuers, fourteen bonded warehouses, and five offshore banks which, by law, are affiliated with domestic financial groups. The Superintendence of Banks is responsible for regulating the financial services industry.

Guatemalan banking regulatory authorities and the Guatemalan Congress have been actively working on new laws to strengthen the financial sector. 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 [Capital Markets and Portfolio Investment](#) of the Investment Climate Chapter.

Foreign Exchange Controls

Guatemala maintains an open and unrestricted exchange regime. There are no restrictions on converting or transferring funds associated with an investment into a freely usable currency at a market-clearing rate. The exchange rate moves in response to market conditions. The government sets one exchange rate as its 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. 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. The reference exchange rate of Quetzals (GTQ) to the U.S. dollar (USD) has remained relatively stable since 1999.

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: [Asociacion Bancaria de Guatemala](#)

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.

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (World Bank)

- The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including 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 Office to the World Bank [Export.gov - The World Bank](#).

Financing Web Resources

[Commercial Liaison Office to the Inter-American Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team: [Export.gov - Trade Finance Guide](#)

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[OPIC](#)

[USTDA - U.S. Trade and Development Agency](#)

[U.S. Small Business Administration, Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[Commercial Liaison Office to the World Bank](#)

[Commercial Liaison Office to the Inter-American Development Bank](#)

[U.S. Agency for International Development](#)

[Guatemalan Superintendence of Banks](#)

[Inter-American Development Bank](#)

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 [Travel State Government](#).

While there is currently no Travel Warning in place for Guatemala, it is considered to be a “critical” crime threat country and all travelers should take due precautions. The U.S. Embassy regularly 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: [Direccion General de Migracion](#)

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](#)

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. Visitors should only travel between cities during daylight hours and we recommend contacting the Guatemalan Protection of Tourist Office at (502) 2421-2810 for updates on safety issues and possible security escorts for specific routes.

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 [World Health Organization](http://WorldHealthOrganization).

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 2017, the U.S. Embassy will observe the following holiday schedule (A for U.S. holiday, G for Guatemalan holiday).

January 2	Monday	New Year's Day	(A)
January 16	Monday	Martin Luther King's	(A)
February	Monday	Washington's Birthday	(A)
April 13	Thursday	Holy Thursday	(G)
April 14	Friday	Good Friday	(G)
May 1	Monday	Guatemalan Labor Day	(G)
May 29	Monday	Memorial Day	(A)
June 30	Friday	Army Day	(G)
July 4	Tuesday	U.S. Independence Day	(A)

August 15	Tuesday	Feast of the Assumption	(G)
September	Monday	U.S. Labor Day	(A)
September	Friday	Guatemalan	(G)
October 9	Monday	Columbus Day	(A)
October	Friday	Revolution Day	(G)
November	Wednesday	All Saints Day	(G)
November	Friday	Veterans Day	(A)
November	Thursday	Thanksgiving Day	(A)
December	Sunday	Christmas Eve – Half	(G)
December	Monday	Christmas Day	(A &
December 31	Sunday	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-gestion/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: [Departamento de Regulacion y Control de Productos Farmaceuticos y Afines](#)

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

[Ministerio de Salud Publica y Asistencia Social](#)

Address: 5^a 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](#)

[Guatemalan Ministry of Foreign Affairs \(in Spanish\)](#)

[Travel, Immigration, and Customs Information](#)

[U.S. Embassy in Guatemala](#)