

GUATEMALA

Steaming ahead

Famed

for its high-quality coffee and indigenous Mayan culture, the Republic of Guatemala is a beautiful and ambitious nation that is promoting its fascinating heritage while focusing on the future and enticing significant new foreign direct investment (FDI).

Brimming with untapped potential and outstanding natural and human resources, the Central American country of 13.5 million people has enjoyed steady economic growth in recent years amid social and political stability.

A world-class coffee-bean grower and leading exporter of fresh agricultural produce such as bananas, flowers, rum, sugar and tropical fruit, Guatemala is setting the standard for socioeconomic development in the region.

Called "The Land of Trees" by the ancient Mayans who lived in the tropical rainforests that cover more than a third of the country's 108,000 sq km, Guatemala and its diverse economy offer countless FDI opportunities.

The republic celebrated its Independence Day on Sept. 15 and took the opportunity to showcase its wonderful potential to hundreds of thousands of visitors at Shanghai Expo 2010 in China.

The U.K. and Guatemala have benefited from solid bilateral trade and political relations for many years, with the U.K. helping the republic's socioeconomic development through various projects and programs.

"Guatemala has continued to place trade liberalization at the core of its development strategy and has significantly improved governance since 2002." World Trade Organization

This valuable practical assistance includes a U.S.\$2 million project—run in conjunction with the U.S. Wildlife Conservation Society—to help local communities preserve the tropical rainforests in the Mayan Reserve.

The U.K. is also promoting the use of renewable energies in Guatemala as part of a drive to develop sustainable energy and maximize opportunities in the geothermal-, hydroelectric-, solar- and wind- energy sectors.

The U.S. is the republic's leading trade partner and, since 2006, Guatemala has benefited from the Central America-Dominican Republic-United States Free Trade Agreement. Recent figures from the Foreign Trade Division of the U.S.



President Álvaro Colom speaks at the UN Millennium Development Goals Summit

Census Bureau reveal that in the first six months of 2010, the U.S. imported Guatemalan goods worth U.S.\$1.7 billion and exported products to Guatemala valued at U.S.\$2.2 billion.

Should this trend continue through the second half of the year, total annual exports would climb 10% from 2009, when total exports amounted to almost U.S.\$4 billion.

Following the successful conclusion of negotiations with senior European Union (E.U.) trade officials, Guatemala is now awaiting final approval for lucrative free-trade access to E.U. member states such as the U.K.

In recent months, the British government's U.K. Trade and Investment Agency has listed several business opportunities in Guatemala, including possible export-oriented openings in the pharmaceutical, recycling and transport sectors.

Meanwhile, a World Trade Organization (WTO) Secretariat trade policy review (TPR) in Feb. 2009 stated: "Guatemala has continued to place trade liberalization at the core of its development strategy and has significantly improved governance since the last TPR in 2002.

"The peace accords have brought favorable changes to the country, particularly in relation to the strengthening of democracy and civil liberties, [though] several improvements are still needed, such as the strengthening of the public sector and government institutions."



Álvaro Colom
President



First Lady Sandra Torres de Colom during the celebrations of the 189th anniversary of Guatemala's independence

As Central America's economic powerhouse, Guatemala offers promising FDI opportunities in the agribusiness, business process outsourcing (BPO), forestry, manufacturing, mining and tourism sectors.

The country's open, low-cost and competitive business environment is supported by new infrastructure and modern transport, as well as information and communication technology (ICT) networks.

The government of President Álvaro Colom allows foreign investors total freedom of movement of capital and full distribution of dividends. His administration has clamped down on corruption, and Guatemala enjoys higher levels of transpar-

"Guatemala is a magical country with a very stable economy. It has significant potential to accelerate economic growth." President Álvaro Colom

ency. Earlier this year, Transparency International—the global anticorruption organization—highlighted the progress Guatemala has made in this area. When the organization compiled the latest edition of its transparency index, Guatemala had moved up an impressive 12 places.

Credit Rating Raised

Despite the global economic crisis, Guatemala's GDP edged up 0.6% in 2009 from the previous year. That exceptional performance did not go unnoticed by leading international financial organizations, with both the World Bank and the International Monetary Fund (IMF) praising the achievement.

"Guatemala's economic recovery is firming up. The authorities' strong policy response to the global crisis ... has provided a solid foundation for the recovery," the IMF stated in a recent review. "With a more benign global outlook, real GDP growth is expected to exceed 2% in 2010, which is significantly higher than envisaged in the previous review."

That view was echoed in June of this year, when U.S. credit ratings agency Moody's raised the country's credit rating to

Ba1 from Ba2, citing a "stable macroeconomic environment supported by prudent fiscal and monetary policies."

Such praise has placed the excellent work of President Colom under the full glare of the global spotlight, as his center-left administration introduces a wide range of business-friendly legislative and fiscal reforms.

Since taking office in Jan. 2008, the 59-year-old President has created a modern and transparent commercial climate in which local, regional and international enterprises are flourishing as annual FDI worth an estimated U.S.\$600 million flows into the country.

Forecasts by the Central Bank of Guatemala (Banco de Guatemala) predict the republic will attract further FDI of U.S.\$1.5 billion by 2013, as investor confidence rises and the government's fiscal and monetary reforms catch the eye of international corporations.

"Guatemala is a magical country with a very stable economy," says President Colom, a father of three who enjoyed tremendous success in the private sector before entering politics.

"It has significant potential to accelerate economic growth and alleviate poverty through trade, regional integration and tourism. In the middle of the global financial crisis, Guatemala was one of the few Latin American nations to record positive GDP growth. Public debt remains one of the lowest in the region and the investment climate remains healthy."

The President—a former professor at Rafael Landívar University, in the nation's capital Guatemala City—rose to prominence in the 1990s during his successful stint as executive director of the National Fund for Peace (Fonapaz). Against a backdrop of civil conflict that ended in 1996 with the signing of a peace deal, Colom spearheaded Fonapaz's efforts to re-home tens of thousands of refugees.

His work at the helm of Fonapaz enabled the organization to help eradicate poverty by generating more than 70 new businesses that, in turn, created 23,000 direct jobs and 100,000 indirect jobs.

A member of the National Unity of Hope since 2001, Colom—together with his wife Sandra Torres de Colom—has used his



The First Lady supports education initiatives for disenfranchised children

role as head of state to continue his humanitarian mission and raise living standards across the country.

Focus On Social Projects

One of Colom's first acts as President was the formation of the Social Cohesion Council (SCC), which strives to achieve a fairer and more equal society and eradicate poverty for current and future generations of Guatemalans. "Ours is the first government in 50 years to tackle social issues, and there have already been dramatic changes in the education and health sectors," Colom says.

This commendable social commitment comprises a broad range of medium- and long-term socioeconomic development programs throughout the health, education and welfare sectors. They include better access to health care, new housing, and even financial incentives for parents who ensure their children attend school regularly—a conditional, cash-transfer program called *Mi Familia Progres*a (My Family Progresses).

Other initiatives include the *Escuelas Abiertas* (Open Schools) program—a nationwide program in which 200 schools open on weekends to provide youngsters with additional educational, social and sporting opportunities within a safe environment.

Established in 2008, *Escuelas Abiertas* not only offers children free food and drink, it also gives them responsibility for organizing their own games, shows, events and activities.

"We have received several ratings [from independent organizations] and all the indicators related to education and health have increased," Colom states. "We are now in the process of setting up a system that will give people free access to health services around the clock, which is helping to reduce indicators like neonatal mortality rates."

Additional flagship projects coordinated by the SCC include food and nutrition programs, health strategies to reduce deaths during childbirth, better access to basic education and scholarships, and the wider availability of drinking water.

At the forefront of this nationwide battle against poverty,

malnutrition and hunger is the First Lady, who takes a particular interest in helping make a better life for babies, children, teenagers and women.

As well as supporting the work of the SCC, Sandra Torres de Colom travels the country to support a broad range of projects designed to raise the quality of life for tens of thousands of citizens.

The First Lady, who like her husband had a successful career in the private sector, is using her business knowledge to drive health and welfare programs in order to ensure a brighter future for all Guatemalans.

"Babies and young people represent the hope and future of Guatemala," she says. "This is why we are committed to taking action to improve the lives of our people through greater access to higher standards of health care."

Since President Colom established the organization, the SCC has helped millions of families, both directly and indirectly, through food packages and general improvements to infrastructure. Among key achievements in the health sector are a reduction in deaths during childbirth, greater vaccine protection and lower rates of infections and respiratory diseases.

While the vast majority of this success has been achieved in poorer rural areas, the launch of a sister organization aimed at supporting people living in poverty in urban areas is a further sign of the government's pledge to raise living standards for everyone.

Legislative Reforms

In addition to an enviable location between the vast Atlantic and Pacific oceans, a major factor in Guatemala's recent development is the political stability generated by the legislative reforms approved by the Congress of the Republic of Guatemala. The Congress of Guatemala, led by its president José Roberto Alejos, has helped strengthen the democratic rule of law and has played a key role in the country's emergence as a leading destination for FDI.

A key figure in his country's rise to prominence, Alejos is an ambitious politician who studied law and business admin-



Santa Catalina Arch, a landmark of Antigua Guatemala, Guatemala



Tikal, cradle of Mayan civilization in Petén



**José Roberto Alejos,
President of Congress**

istration in the U.S. before becoming a businessman and entering mainstream politics.

Over the past two decades, Alejos has taken part in a range of political forums and conferences. As the director of several businesses, he has gained valuable insight into the industrial and commercial spheres—knowledge he is

now using to benefit Guatemala as it moves forward.

In July of this year, during a high-profile speech in Switzerland at the third meeting of the World Conference of Speakers of Parliament, Alejos highlighted Guatemala's solid socioeconomic progress.

"In the last 20 years, Guatemalan society has made a great effort to develop a true democracy based on the rule of law," he said. "Institutional normalization has given way to a full respect for freedom of organization, and political and social participation. It closed the chapter of social exclusion and enabled the signing of peace accords. It has been easier to dispose of dictatorial, authoritarian structures and build strong, democratic institutions... One of our biggest successes has been to eliminate the specter of electoral fraud."

Developing its Mayan and Coffee Heritage

Regarded as one of the most beautiful countries in the world, Guatemala is a thriving tourist destination, with the industry expected to hit new highs this year as international visitors flock to enjoy its many natural and cultural attractions.

A record 2 million people from Asia, Europe and North America are forecast to visit Guatemala in 2010 to experience its tropical rainforests, sun-kissed beaches, majestic mountains, ancient Mayan ruins and stunning colonial architecture.

The country enjoys a proud reputation as a vacation hotspot. The 1.8 million foreigners who arrived last year generated revenue estimated at U.S.\$1.1 billion.

Tourism is one of the country's most important sectors and the government—through the Guatemalan Tourism Institute

(INGUAT)—is committed to its sustainable development and is seeking foreign partners to help achieve its goals.

While delighted at Guatemala's booming global reputation as a leading tourism location, INGUAT says demand for luxury hotel and resort accommodation far outstrips supply.

The forward-thinking agency is especially eager for investors to help develop and expand the sector through the building of new hotels and resorts in line with the National Policy for the Development of Sustainable Tourism. This policy gives priority to projects and initiatives focused on the republic's magnificent national treasures.

"In the last 20 years, Guatemalan society has made a great effort to develop a true democracy based on the rule of law." José Roberto Alejos, President of Congress

Situated just 45 km away from the historic colonial city of Antigua Guatemala is Guatemala City—a modern, cosmopolitan and friendly metropolis, and the leader of Central America's fast-growing business-travel market.

The gateway to Guatemala, due to its international airport and good road links, the city of around 3 million people is the country's political and economic hub and a popular choice for international conferences and conventions.

The International Olympic Committee held its 2007 session there, and earlier this year the city hosted the latest meeting of the World Coffee Conference.

Organized by Guatemalan coffee association Anacafé and the London-based International Coffee Organization, the Feb. 26-28 event was chaired by President Colom and attended by representatives from more than 75 countries.

Guatemala is one of the world's leading coffee-producing nations and exporters, with its unique microclimates creating a range of premium beans that are sold to top coffee companies like U.S. giant Starbucks and the U.K.'s Costa Coffee. Local growers have made concerted efforts to focus on quality.