



U.S. Department of State FY 2000 Country Commercial Guide: Guatemala

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I. Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Guatemala's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

Guatemala is the northernmost country in Central America with Mexico to the north and west, Belize and the Atlantic Ocean to the east, Honduras and El Salvador to the southeast and the Pacific Ocean to the south. Famed for its volcanoes, textiles and Mayan ruins, Guatemala is also a good market for U.S. products and can be an attractive place for foreign investment. With a population of approximately 11.0 million, it is the largest country in Central America. The capital, Guatemala City, has a population of about 2.7 million and has first-class hotels and restaurants. La Aurora International Airport serves the city, which is located just minutes from the major business and financial areas.

Guatemala is experiencing rapid, positive change enhancing its attraction as a commercial partner for the United States. The government of President Alvaro Arzú -- the fourth consecutive constitutionally-elected government -- is promoting major changes to further open the already liberal economy, fight corruption, improve public security, enhance the efficiency and effectiveness of government and expand infrastructure. The December 29, 1996 signing of the final peace agreement between the Government and the URNG has afforded the government and society the opportunity to focus more intensely on economic development and modernization.

Guatemala's economy is the largest in Central America, with a GDP

of about \$19 billion. It is also one of the most important U.S. trading partners in the Caribbean Basin region. U.S. exports to Guatemala in 1998 totaled USD 1.93 billion, up from 1997's level of USD 1.59 billion. Exports of U.S. products are forecasted to grow by 12 percent during 1999. U.S. products and services enjoy high name recognition in Guatemala and U.S. firms have a good reputation in the Guatemalan market. As a result, almost one half of all Guatemala's imports come from the United States.

The Guatemalan market is competitive. Guatemalan business people are price sensitive and expect good after-sales service and support. They are accustomed to doing business with U.S. firms and many travel regularly to the United States and speak English. The Guatemalan economy has done reasonably well over the last several years. Real GDP grew by 4.7 percent in 1998, an increase over the 4.3 percent achieved during 1997. Inflation has been relatively moderate, holding within the 8-10 percent range this year. Guatemala's economic growth in recent years has been led by traditional exports, such as coffee and sugar, and by non-traditional exports, such as assembled clothing, winter fruits and vegetables, furniture and cut flowers. The non-traditional sector, in particular has seen strong growth and has provided jobs and increased income for tens of thousands of people over the last ten years. Tourism has also developed significantly and should continue to grow. In 1998, 636 million visitors came to Guatemala.

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. The U.S. is by far the largest foreign investor in the country.

Most hurdles to exporting and investing in Guatemala are bureaucratic in nature. The government is generally aware of these problems and is working to overcome them. There are no exchange controls and the currency, which currently trades at slightly more than 7.0 quetzales to the dollar. Currency is bought and sold freely in national markets. There are no restrictions on repatriation of profits by foreign business people.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE.

II. Economic Trends and Outlook

I. Major Trends and Outlook

Central Bank data indicate that real GDP grew by about 4.7 percent in 1998, a slight improvement over the 4.1 percent real growth in 1997. The economy had been on track to exceed 6.0 percent growth, but the combination of a domestic financial sector crisis and the destruction caused by Tropical Storm Mitch was a setback. Though inflation, as measured by the official Consumer Price Index, is under control, the market basket and the government's sampling methodology do not produce a reliable or accurate indicator of price movements. This year's price increases will probably be somewhat higher than official estimates of 6-8 percent.

The Central Bank and the Ministry of Finance have sent mixed signals and, while generally prudent in economic management, have generally failed to plan and execute consistent, comprehensible and coordinated policies. Coupled with the failure of a number of unregulated financial intermediaries, the result has been a loss of confidence in both the financial service sector and the ability of regulators to monitor and supervise the financial services industry. One reflection of this lack of confidence has been increased demand for foreign exchange. Despite several rounds of intervention during which the Central Bank spent over USD 500 million to support the exchange rate, the value of the local currency has depreciated nearly 15 percent in the last year. Meanwhile, interest rates, which declined through the first half of 1998, have since been forced up by monetary authorities, also contributing to lower than anticipated economic growth.

Agriculture continues to dominate the local economy, contributing roughly one fourth of total output and 70 percent of exports. Despite a policy of economic diversification and the diminished relative importance of traditional agricultural exports, coffee, sugar and bananas still account for nearly 50 percent of total exports. Though, nontraditional export products, especially

products such as cut flowers, specialty fruits and berries, shrimp, and textile assembly are of growing importance to the Guatemalan economy, overall economic health is too dependent upon the exportation of a few agricultural commodities.

II. Principal Growth Sectors

Deregulation of the financial service industry has led to dramatic growth in this sector, but the failure of supervisory authorities to adequately monitor and regulate elements of this industry has contributed to overall economic uncertainty. Continued diversification and economic growth also depend upon the development of more efficient capital markets, including an equities market.

The insufficiency of Guatemala's infrastructure and the generally low levels of training and education are obstacles to significant investment in higher value-added industries. Nonetheless, one foreign investor has successfully established a satellite-linked data processing operation that employs over 600 workers.

III. Government Role in the Economy

The government undertook several significant privatizations in 1998. In addition to selling selected assets of the state-owned electricity production company, the government sold the major electricity distribution company and the telephone company. Furthermore, a concession was granted to a private firm to operate Guatemala's postal system.

The government has traditionally played a minor role in the Guatemalan economy. Despite a commitment to increase tax collections and the establishment of a new Tax Administration Agency, total collections are still below 10 percent of GDP, effectively limiting government's ability to invest in infrastructure and other needed social welfare activities.

Guatemala in 1998 passed a new Foreign Investment Law that removed a number of administrative and other impediments to trade and investment, but the development of institutional mechanisms to implement these changes has been slow. For example, the new Tax Administration, which has assumed responsibility for customs operations, promises to expedite administrative procedures over the long term. It has nonetheless created a number of bottlenecks during the initial phase of implementation.

IV. Balance of Payments

Preliminary data indicate that Guatemala's exports increased by \$171 million in 1998 to \$2,561 million, an increase of 7.2

percent. Imports in 1998 were \$4,650 million, an increase of \$799 million, or 20.7 percent compared to 1997. Guatemala's national income accounts do not include the value added of the textile assembly industry as merchandise exports. Including value added of the textile assembly industry and other invisible inflows (primarily remittances from Guatemalans working and living abroad) Guatemala's official current account deficit in 1998 was \$1,031 million, 62 percent higher than that experienced in 1997. Net international reserves at the end of 1998 exceeded \$1.6 billion, or about 4.1 months of import cover. The exchange rate experienced a slight depreciation during the second semester of 1998.

V. Infrastructure Situation

The underdevelopment of Guatemala's infrastructure remains and will continue to be a significant obstacle to investment and economic development. Despite the rehabilitation to the railroad, major investment in highways and electrification, a disproportionate share of public and private investment continues to be located in the metropolitan Guatemala City area.

Telephone density remains low, even by regional standards, and it is not clear that the new owners of the recently privatized telephone company will undertake the investment needed to extend basic telephony to those areas currently under-served.

Three Guatemalan ports handle most of Guatemala's exports, primarily bulk agricultural commodities. The recent concession of the railroad will facilitate the movement of goods to the ports, but more investment in cargo handling facilities will be needed to keep transportation costs in line with competing markets. A concession to modernize and operate Guatemala's two publicly owned seaports will be offered in 1999.

La Aurora International Airport in Guatemala City is the country's only airport equipped with full passenger and freight facilities, including warehousing and refrigerated storage. But the airport's capacity and its location relative to production facilities will soon be a constraint on continued growth. The concession to expand and operate La Aurora International Airport and Flores International Airport will be offered later this year.

The Pan American Highway runs through Guatemala and connects the country with Mexico, Honduras, El Salvador and beyond. Over 30 percent of Guatemala's trade is with its neighboring countries, and there is increasing overland cargo traffic transiting Guatemala. However, the generally poor condition of Guatemala's highways and the lack of security are obstacles to increased intra-regional commerce.

III. Political Environment

A. Nature of Bilateral Relationship with the United States

Relations between the United States and Guatemala are excellent. Current U.S. policy towards Guatemala is focused on:

- Supporting the institutionalization of democracy;
- Encouraging respect for human rights and the rule of law;
- Supporting implementation of the peace process;
- Supporting sustainable broad-based economic growth, with U.S. trade and investment; and,
- Cooperating with the Guatemalan Government in fighting the illegal drug trade and international criminal activity, including illegal immigration transiting Guatemala.

B. Major Political Issues Affecting Business Climate

Over the past decade, foreign investors have not generally been the target of political violence. Attacks on public installations, electrical towers and bridges ceased in 1995 and a final peace agreement was signed on December 29, 1996.

The U.S. Department of State's travel warning for Guatemala was lifted on August 19, 1996.

C. Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political Parties

Guatemala's 1985 Constitution calls for election by universal suffrage of a one-term President, a unicameral Congress, and municipal officers; it mandates an independent judiciary and a human rights ombudsman, who is elected by and reports to Congress.

Democracy's roots are still relatively shallow in Guatemala. The 1990 election was the first peaceful transfer of power from one-elected civilian government to another since 1951. Voter participation is generally low, as is popular confidence in the democratic system. The abstention rate is high, over fifty percent in the 1995-6 elections.

The two significant political parties in Guatemala are the ruling,

conservative and business-oriented National Advancement Party (PAN) and the conservative and populist Guatemalan Republican Front (FRG). The Democratic Front for a New Guatemala (FDNG), a democratic, left-of-center party, was organized in 1995, winning eight percent of the presidential vote and six of the 80 seats in Congress later that year.

In 1998, the Guatemalan National Revolutionary Unity (URNG), the umbrella organization of the four former guerilla armies, became a legally-recognized political party, eligible to compete in all electoral races. The URNG, the FDNG and others joined in an electoral accord, the New Nation Alliance (ANN). The ANN is running a distant third to the closely matched PAN and FRG in the campaign leading up to general elections on November 7, 1999.

Alvaro Arzu Irigoyen, the PAN's 1995 presidential candidate, was elected by a narrow margin of two percent in the second round of a fair, transparent and open election on January 7, 1996 and assumed office five days later. He acted quickly to remove a number of generals, colonels and police officials accused of corruption. He then vigorously pursued peace negotiations with the URNG, resulting in the signing of "A firm and lasting Peace Accord" on December 26, 1996. President Arzu has largely achieved the ambitious objectives of the Peace Accord. The former guerilla armies are completely demobilized, Civilian Defense Patrols abolished, and the standing army reduced by more than a third. President Arzu has spent the "peace dividend" on social and economic programs meant to make Guatemala a more just and open nation.

President Arzu's National Advancement Party has enjoyed an absolute majority in Congress throughout his term. At this point it seems most likely that either the PAN or FRG presidential candidate will be inaugurated on January 14, 2000 but with no assurance of a majority in Congress.

IV. Marketing U.S. Products and Services

A. Distribution and Sales Channels

Guatemalan business people are accustomed to doing business with the United States. Most importers have traveled extensively to the United States and/or done business with U.S. business people. Many speak English. Nevertheless, to maximize the probability of succeeding in the Guatemalan market, U.S. exporters should be aware of and respect local business practices.

About 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. Generally speaking, 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 or 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 have a local representative or distributor and to travel to Guatemala personally. U.S. business persons often are surprised at the accessibility to key decision-makers and the openness and frankness of local buyers.

B. Use of Agents and Distributors: Finding a Partner

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 the major commercial locations will greatly enhance chances of capturing a major share of the end-user market.

Selection of the appropriate agent or distributor requires time and effort. Guatemala has a good number of qualified, competent people who can serve in this capacity. The same high standards when selecting someone 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 at times for part or all of Central America. U.S. exporters should scrutinize the request closely. The trend among 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 it 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, request both local and international bank and trade references).

When consummating the 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 really need to understand it completely to avoid problems later. The constant need to refer to the written agreement to clarify issues forebodes problems for the success of the relationship.

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. Under no circumstances should a U.S. exporter give a local agent or distributor the responsibility of registering any intellectual property (i.e. trademarks, trade names, copyrights, etc.); it should be done directly by the U.S. exporter with the assistance of a Guatemalan attorney.

C. Franchising

Guatemalan entrepreneurs are very receptive to U.S. companies offering franchising arrangements. Presently there are dozens of U.S. firms operating under franchising arrangements, particularly companies that provide fast-food services, hotel operations, physical fitness facilities and car rentals. Such franchises include McDonald's, Burger King, Wendy's, Westin Hotels, Marriott Hotels, Ramada Hotels, Crowne Plaza Hotels and Radisson Hotels. The opportunities for the establishment of additional U.S. franchises in all areas of economic activity are very good, especially in the area of non-food franchises. Guatemalan business people are increasingly interested in franchising and a Guatemalan franchise association was formed in 1997.

D. 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 their traditional U.S. supply centers, such as Miami, South Florida, New Orleans and Houston, among others, to satisfy a specific product or service need.

While most business is conducted in Guatemala based on personal relationships, direct sales by U.S. manufacturers, suppliers, exporters, etc., to local end-users is possible without a local representative. Direct marketing is usually more effective in cases where the product is well known or the universe of local buyers is relatively small and easily identifiable, i.e. sugar millers. To be effective, a U.S. exporter would need to send a sales person (preferably the same person all of the time so that a relationship can begin to develop) to Guatemala on a regular basis to call on existing and potential customers. Direct sales to Government agencies and state-owned firms, except in a few cases, are not possible unless the foreign firm has some sort of local representative authorized to act on its behalf.

Telemarketing and mail order sales are not common in Guatemala.

E. Joint Ventures

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

Article 10 of this Code recognizes as commercial companies those organized exclusively as: (1) general partnerships; (2) limited partnerships; (3) special limited liability companies; (4) corporations; and (5) stock-issuing partnerships. Article 12 provides that banks, insurance companies, reinsurance 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, organization and operation by the provisions of the Commercial Code only to the extent they are not covered by other specific laws and regulations.

Joint Ventures (negocios en participacion) are regulated by Articles 861 to 865 of the Commercial Code as contracts not as companies or juridical persons. 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.

In a joint venture the participants enter into a participation contract (contrato de participacion), 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 active partner operates in his own name; there is no legal relationship between third parties and the participants.

The Guatemalan Development Foundation (FUNDESA), a private sector organized and operated business assistance organization, provides information to foreign firms on investment and joint-venture opportunities in Guatemala. FUNDESA has offices in Guatemala City, Miami and New Orleans to provide information and assistance to U.S. firms. The telephone number for the Miami Office is (800) 741-6133 and the number for the New Orleans Office is (504) 558-3750.

F. Licensing

A company or association that has been legally established in the United States may be established in Guatemala or may have agencies or branches in Guatemala, after receiving authorization from the government. It must show proof of its legal constitution and that it has appointed a remunerated local agent with all general and special powers. For purposes of the law, the agent will be presumed to be invested with such powers, even though the agency agreement may not specifically so provide.

A foreign company or association that does business in Guatemala is required to: (a) establish agencies or branches that take care of its business; (b) have an accounting system, in legal form and in Spanish, in which the operations or business negotiations that take place in Guatemala are recorded; and (c) submit for decision by the Guatemalan courts under Guatemalan law any legal questions that arise from the business of the agency or branch.

In general, licensing is defined as a contract partnership in which two or more persons agree to place goods or services in common for the purpose of carrying on a economic activity and dividing the profits. The licensing contract is tailored according to the needs and interests of the parties involved. However, all obligations are governed by the Civil Code.

G. Steps to Establishing an Office

How to Obtain Permission to Operate 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) and
- Register with the Guatemalan Internal Revenue Service (Direccion General de Rentas Internas-DGRI).

Documents to be submitted 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 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.

The address of the Mercantile Registry is the following:

- Registro Mercantil de Guatemala
6ta. Calle 7-57, Zona 1
01001 Guatemala, C.A.
Tel: [502] 253-58-19 / 232-07-19 / 232-04-81
Attn: Arturo Saravia Altolaquirre, Registrador
No e-mail address

Registration with the Guatemalan Internal Revenue Service-DGRI:

The documentation for registration with the DGRI, 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 DGRI together with a copy of the authorization to operate in Guatemala issued by the Ministry of Government. Registration under the Value Added Tax (Decree 72-83) is also necessary.

H. Selling Factors/Techniques

The three most important factors affecting Guatemalan purchasing decisions are price, service and quality. Being "Made in USA" usually confers a strong advantage to any product in the Guatemalan market place.

Direct sales by U.S. exporters to end-users, importers, wholesalers and retailers is usually most successful when the product is well known within the market or when a limited number of (usually large) buyers exists. Direct sales are often supported by local advertisement, sales promotional campaigns, technical or illustrative brochures, visits by salespeople and in some cases samples.

Sales via local agents and distributors are the most effective means of penetrating the market successfully in most cases. The U.S. exporter appoints a person or firm who in turn either promotes sales on a commission basis or purchases the merchandise and resells it. End-users and retailers generally do not have the experience nor the time to import directly or to handle customs clearance, which is time consuming. Once an exclusive representation has been given to a local company, it can not be taken away and given to another concern without complying with the existing Agency, Distribution and Representation Law contained in Congressional Decree No. 78-71, of September 29, 1971.

I. Advertising and Trade Promotion

Advertising in Guatemala is usually done through the local media such as newspapers, magazines, radio and television. Also the use of billboards displayed along highways has proliferated in recent years. Firms interested in advertising in Guatemala may want to contact the following association for guidance and names of Guatemalan firms that could be of assistance.

-- Union Guatemalteca de Agencias de
Publicidad - UGAP
(Guatemalan Union of Publicity Agencies)
12 Calle 3-40 Zona 10
3er Nivel local 45
Edificio Geminis 10, Torre Norte
01010 Guatemala, C.A.
Tel. [502] 367-23-01 to 2

Fax: [502] 367-23-03
Pedro Alvarado , President

Trade Promotion:

The U.S. Department of Commerce's Commercial Office at 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 at times 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
Avenida Las Américas 18-81, Zona 14
01014 Guatemala, C.A.
Tel: [502] 363-17-74
Telefax: [502] 363-17-74
E-mail address: guamcham@ns.guate.net
Web page address: www.guate.net/amcham
Frank Galán, President / Scott Robberson, Executive Director

- Camara de Comercio de Guatemala
(Chamber of Commerce)
10 Calle 3-80, Zona 1
01001 Guatemala, C.A.
Tel. [502] 232-45-45 / 253-53-53
Fax: [502] 251-41-97
E-mail address: camcomgu@guate.net
info@guatemala-chamber.org
Web page address : www.guatemala-chamber.org
César Estrada, President
Federico Polá, Manager

- Camara de Industria de Guatemala
(Chamber of Industry)
Edificio Camara de Industria, nivel 12
Ruta 6, No. 9-21, Zona 4
01004 Guatemala, C.A.
Tel. [502] 331-91-91 / 334-48-48
Fax: [502] 334-10-90
E-mail address: cig@ns.concyt.gob.gt
Jaime Botran, President
Luis Pedro Toledo, Director

- Fundacion para El Desarrollo, S.A. - FUNDESA
(Guatemalan Development Foundation)
Parque Gerencial Las Margaritas, Torre 1, Nivel 4, Of. 402
Diagonal 6, 10-65, Zona 10
01010 Guatemala, C.A.

Tel: [502] 332-79-52 to 5
Fax: [502] 332-79-58

E-mail address: fundesa@gold.guate.net
 investinguat@guate.net
Carmelo Torrebiarte, Chairman of the Board
Paul Wever, Executive President

A major international promotion scheduled for October 26 to 31, 1999 is INTERFER, the Guatemalan international trade fair held every odd year in Guatemala City. Information on exhibiting in the "USA Pavilion" can be obtained from the Commercial Service Office at the U.S. Embassy, tel: 011-502-331-15-41 ext. 259 and fax: 011-502-331-73-73.

Major Newspapers:

The leading major dailies in Guatemala are the following:

1. Prensa Libre
13 Calle 9-31, Zona 1
Edificio Prensa Libre
01001 Guatemala, C.A.
Tel. [502] 230-50-96
Fax: [502] 251-87-68
E-mail address: emprotec@guate.net
Web Page Address: www.prensalibre.com.gt
Edgar Contreras, General Manager
2. Diario El Grafico
14 Avenida 4-33, Zona 1
01001 Guatemala, C.A.
Tel. [502] 230-50-80
Fax: [502] 251-00-14 (advertising)
E-mail address: grafico@guate.net
Marta Arrivillaga, General Manager
3. Siglo Veintiuno
7 Avenida 11-63, Zona 9
Edificio Galerias España, Nivel 6
01009 Guatemala, C.A.
Tel: [502] 360-67-04
Fax: [502] 331-91-45 or 48
E-mail address: buzon21@sigloxxi.com
 www.sigloxxi.com
Edgar Díaz Alonso, General Manager
4. El Periodico
15 avenida 24-51 Zona 13
Tel: [502] 332-1578
Fax: [502] 332-9761
E-mail address: periodic@gold.guate.net

Juan Luis Font, Director

5. Nuestro Diario
15 avenida 24-51 Zona 13
Tel: [502] 361-6988 / 90
Fax: [502] 361-6988 ext 280
E- mail address: noticia@infovia.com.gt
Carlos Rodolfo Movil Heller, Director
6. Al Dia
Avenida Reforma 6-64 Zona 9
Plaza Corporativa, Torre II, of. 203
Tel: [502] 339-0870
Fax: [502] 339-1276
E-mail address: aldia@notinet.com.gt
Gerardo Jimenez Ardon, Director
7. Diario La Hora
9 Calle "A" 1-56, Zona 1
01001 Guatemala, C.A.
Tel. [502] 232-68-66/2-68-64
Fax: [502] 251-70-84
E-mail address: lahora@lahora.com.gt
Luis Marroquín, General Manager
*Afternoon Paper.

Television Channels/Companies:

The following are the major television channels in Guatemala:

1. Canal 3 de Television
Canal 7 de Television
30 Avenida 3-40, Zona 11
01011 Guatemala, C.A.
Tel. [502] 594-72-30 / 594-63-20
Fax: [502] 594-74-92
E-mail address: informat@infovia.com.gt
Fernando Villanueva, General Manager
2. Canal 5 de Television
4ta. Calle 18-38, Zona 1
01001 Guatemala, C.A.
Tel. [502] 238-17-81
Fax: [502] 232-70-03
Victor Hugo Giron Guerra, Director
3. Canal 11 de Television
Canal 13 de Television
20 Calle 5-02, Zona 10
01010 Guatemala, C.A.
Tel. [502] 368-25-32/5

Fax: [502] 333-4656
e-mail: canal13@infovia.com.gt
canal11@infovia.com.gt
Juan Enrique Ortiz, General Manager

4. Mayacable/Comtech
23 Avenida 31-01, Zona 5
Edificio Spectrum
01005 Guatemala, C.A.
Tel: [502] 335-58-55
Fax: [502] 335-58-55 (ext 410)
E-mail address: slopez@pronte.net.gt
Luis Meza, General Manager
5. Canal 25 de Television
3 avenida 12-13 Zona 9
Centro Comercial Bonsai, 3 nivel
Tel: [502] 362-0507/17
Fax: [502] 362-9661
E-mail address: aemundo@tikalnet.gt
Mario David Garcia, Director

Radio Stations:

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

1. Radio Fabu Stereo
4ta. Calle 6-84 Zona 13
01009 Guatemala, C.A.333-4656
Tel. [502] 440-51-54
Fax: [502] 440-51-59
Angel Maria Figueroa, Director
No e-mail address
* Radio Fabu has been incorporated by Emisoras Unidas.
2. Cadena Azul de Guatemala
Radio Mundial y Radio Emperador
6ta. Avenida 2-80, Zona 1
01001 Guatemala, C.A.
Tel. [502] 253-25-52
Fax: [502] 253-25-52
Fredy Asurdia, General Manager
3. Emisoras Unidas
4ta. Calle 6-84, Zona 13
01013 Guatemala, C.A.
Tel: [502] 440-51-33
Fax: [502] 440-51-59
E-mail address: emisorasunidas@centroamerica.com

Web page address: www.emisorasunidas.com
Rolando Archila, Gerente General
Edgar Archilla Maroquín, Presidente

4. Radio Nuevo Mundo
Radio Cristal
6ta. Avenida 10-45, Zona 1, Nivel 2
Tel: [502] 230-36-18/230-46-18
Fax: [502] 232-20-36
E-mail address: nuevomundo@gold.guate.net
Alfredo González Gamarra, Gerente General

5. Organizacion Alius
6ta. avenida 0-60, Zona 4
Edificio Torre Profesional II, Nivel 3
01004 Guatemala, C.A.0
Tel. [502] 335-24-33
Fax: [502] 335-23-04
E-mail address: radioactiva@guate.net
Eduardo Liu, General Manager

6. Radio Panamericana
1a. Calle 35-48, Zona 7, Col. Toledo
01007 Guatemala, C.A.
Tel: [502] 591-22-93
Fax: [502] 591-22-93
Maria Antonieta de Paniagua, General Manager

7. Radio Corporacion Nacional
6ta. avenida 24 calle Zona 9
Torre Profesional I, Nivel 9, of 903-4
01009 Guatemala, C.A.
Tel: [502] 335-20-30
Fax: [502] 335-20-05
E-mail address: RCN@starnet.net.gt
Web Page address: www.starnet.net.gt/RCN
Fernando Alcazar, General Manager

Magazines and Business Journals:

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

1. Revista Crónica
6 avenida 0-60, Zona 4
Edificio Torre Profesional II
Nivel 3, Of. # 312
01004 Guatemala, C.A.
Tel. [502] 335-1693
Fax: [502] 335-2360
E-mail address: cronica@guate.net
Ana Maria de Vizcayno, General Manager

2. Revista Gerencia
Asociacion de Gerentes de Guatemala
6 Avenida 1-36, Zona 14
01014 Guatemala, C.A.
Tel. [502] 367-49-95 to 7 / 367-50-01 to 5
Fax: [502] 367-50-06 to 7
E-mail address: agg@guate.net
Mario Alfonso González, President
3. Revista Industria
Cámara de Industria de Guatemala
Ruta 6, No. 9-21, Zona 4
Edificio Camara de Industria
01004 Guatemala, C.A.
Tel. [502] 331-91-91 / 334-48-48
Fax: [502] 334-10-90
E-mail address: cig@ns.concyt.gob.gt
Web page address: www.concyt.gob.gt
Luis Pedro Toledo, Director
4. Mundo Comercial
Camara de Comercio de Guatemala
10 Calle 3-80, Zona 1
01001 Guatemala, C.A.
Tel. [502] 232-45-45 / 253-53-53
Fax: [502] 251-41-97
E-mail address: camcomgu@guate.net
info@guatemala-chamber.org
Web Page Address: www.guatemala-chamber.org
César Estrada, President
Federico Polá, Manager
5. Business Guatemala
Avenida Las Américas 18-81, Zona 14
01014 Guatemala, C.A.
Tel: [502] 363-17-74
Telefax: [502] 363-17-74
E-mail address: guamcham@ns.guate.net
Web page address: www.guate.net/amcham
Frank Galán, President

J. Pricing Product

Price is a very important decision factor for most Guatemalan business people when selecting a supplier of imported goods and services. Many Guatemalan business people are accustomed to purchasing directly from abroad when they feel that the price of locally available imported products or services are too high.

The Pricing of a product is based on different factors. Local merchants consider the following when deciding how to price a

product.

- a) Product F.O.B. cost
- b) Product freight and/or transportation cost
- c) Product insurance cost
- d) Consular fees
- e) Import duties

K. Sales Service/Customer Support

Sales service and support ranks high in the minds of Guatemalan buyers. 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 fast 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 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 that occur under normal conditions of use.

L. Selling to the Government

Sales to government agencies and corporations are best achieved through local agents, distributors and other types of representatives; at times it is a requirement. Either way, it is not very practical to target government sales if a firm does not have anyone in Guatemala to be on the look out for the opportunities and then to assist with obtaining the specifications and meeting the deadlines for submission.

The Government Procurement Law (Decree 57-92) stipulates that all government purchases over US\$ 161,000 must be submitted for public competitive bidding and no less than 5 bidders must participate, except when a project is considered to be so urgent as to be declared a national emergency. In the latter case the Government of Guatemala can forgo the bidding process and may acquire the

goods or services, regardless of the amount, from local firms or through dealers for direct importation. Unless otherwise specified, all government public bidding requires foreign suppliers to meet pre-qualification requirements, and to submit bids through local established representatives. Government purchases or acquisitions are generally exempted from import duties. The period granted for submission of bids is often quite limited.

M. Protecting Products from IPR Infringement

U.S. and other foreign encounter a various kinds of intellectual property issues in Guatemala. Firms with valuable intellectual property to protect should take the legal steps necessary to assure that it is protected. Firms should never delegate to a local agent, distributor or business partner the job of registering intellectual property. It should be done directly by the U.S. firm with the assistance of a Guatemalan attorney. Careful attention to IPR issues initially can prevent problems later.

Industrial Property Registry:

Congressional Decree No. 26-73 ratified the Central American Agreement for Industrial Protection. This law established a uniform legal framework for all the Central American countries regarding trademarks, trade names and expressions or publicity jingles and signs.

Ownership of a trademark is obtained through its registration in accordance with the above mentioned agreement and proven with the registry's certification, issued by a competent authority.

The rights granted through the registration of a trademark last ten years, and may be renewed repeatedly for the same period of time by complying with the requirements established by the agreement.

Any natural or legal person may obtain the registration of his trade marks.

The Industrial Property Registrar may be contacted at:

-- Registro de la Propiedad Industrial
5ta. Calle 4-33, Zona 1
Edificio Plaza Rabi, 7o Nivel
01001 Guatemala, C.A.
Tel. [502] 230-16-92/7 and 230-18-22
Fax: [502] 230-16-94
E-mail address: repiweb@concyt.com.gob.gt
Carlos Illescas, Director

N. Need for a Local Attorney

The professional services of a lawyer are very useful in instances like preparation of agency and distribution agreements and practically essential for 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. business people should not share the attorneys utilized by their local business associates.

The following is a list of some of the Guatemalan law firms that have English-speaking attorneys and practice international corporate law in Guatemala. The U.S. Government cannot recommend any particular attorney and many other qualified attorneys also practice business law in Guatemala.

BELTRANENA, DE LA CERDA Y CHAVEZ
Avenida La Reforma 12-01, Zona 10
Edificio Reforma Montufar, Torre A, Oficina 201
01010 Guatemala, C.A.
Tel: [502] 332-50-32 / 331-86-35
Fax: [502] 331-76-14 / 331-78-03
E-mail address: fchavez@gold.guate.net
Contact: Luis Beltranena Valladares

QUEZADA, LEONHARDT, FISCHER Y ASOCIADOS
13 Calle 2-60, Zona 10
Edificio Topacio Azul, Nivel 12, Ofcna. 1202
01010 Guatemala, C.A.
Tel: [502] 339-04-01 / 339-04-02 / 363-16-78
Fax: [502] 363-16-88
E-Mail address: quasoc@infovia.com.gt
Contact: Karen Marie Fischer Pivaral

BONILLA, MONTANO & TORIELLO
Avenida La Reforma 15-54, Zona 9
01009 Guatemala, C.A.
Tel: [502] 334-40-57 / 334-40-86 / 332-60-62
Fax: [502] 332-23-61
E-mail address: ebmytlaw@guate.net
Contact: Rodrigo Toriello Arzu

PALOMO CAMPOS Y ASOCIADOS
12 Calle 1-25, Zona 10
Edificio Gemenis 10, Torre Norte, Ofcna. 1305
01010 Guatemala, C.A.
Tel: [502] 335-33-01/335-33-04 to 06
Fax: [502) 335-32-97
No e-mail address
Contact: Eduardo Palomo E.

SOTO & SOTO

Boulevard Los Próceres 5-56, Zona 10

Edificio Unicentro, Oficina 702

01010 Guatemala, C.A.

Tel: [502] 366-37-35

Fax: [502] 366-45-15

E-mail address: soto&soto@guate.net

Contact: Manuel Arturo Soto

MAYORA & MAYORA

15 Calle 1-04, Zona 10

Edificio Plaza Céntrica, Nivel 3, Oficina 301

01010 Guatemala, C.A.

Tel: [502] 366-25-31 to 34 / 366-25-36 to 7

Fax: [502] 366-25-40 to 41

E-mail address: mayora&mayora@gua.gbm.net

Contacts: Eduardo Mayora Dawe

SKINNER KLEE Y RUIZ

9a. Calle 3-72, Zona 1

01001 Guatemala, C.A.

Tel: [502] 232-61-19 / 251-62-35

Fax: [502] 238-34-31

No e-mail address

Contact: Jorge Skinner Klee

MONTUFAR INTERNATIONAL LAW-FIRM

Calle Montufar y 5a. Avenida, Zona 9

Edificio El Cortez, 5o. Nivel

01009 Guatemala, C.A.

Tel: [502] 334-61-32

Fax: [502] 331-37-95

E-mail address: montlawoff@pronet.net.gt

Contact: Lic. Rodrigo Montufar

O. Performing Due Diligence/Checking Bona Fides of Banks,
Agents and Customers

Performing due diligence and checking bona fides in Guatemala can be time consuming and difficult. There are very few sources of independently verifiable information about companies and individuals. There are no publicly listed Guatemalan companies and companies do not publish information about their officers, sales or financial information. Most companies are sole proprietorships and partnerships, and business generally is conducted based on personal reputation and contacts. Companies should request bank and trade references from potential agents and customers. Companies should consult with their own U.S. banks for information on Guatemalan banks, most of which have correspondent banking relationships with banks in Florida. Another source of information is the International Company Profile service, which can be ordered through any U.S. office of the U.S., and Foreign Commercial Service (U.S. Export Assistance Center). The reports are brief and basic, but do

contain some information that might be difficult for a U.S. firm to obtain on its own.

V. Leading Sectors for U.S. Exports and Investment

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 1
 B. NAME OF SECTOR: Telecommunications Equipment
 C. ITA INDUSTRY CODE: TEL

	<u>1997</u>	<u>1998</u>	<u>1999e</u>
D. Total Market Size:	86.1	112.1146.2	
E. Total Local Production:	---	---	---
F. Total Exports:	2.7	3.3	4.0
G. Total Imports:	88.8	115.4150.2	
H. Total Imports from U.S.:	46.9	61.0	79.3
I. Exchange Rate:	6.20	6.73	N/A

Comments:

The telecommunications market in Guatemala has changed dramatically during the last two years. After twenty five years of being run by the Government, the industry was finally liberalized with the approval of the new telecommunications law passed by the Guatemalan Congress in 1996.

Guatemala has been moving quickly to liberalize the telecommunications sector during the last two years. On October 10, 1998, representatives from Telecomunicaciones de Guatemala (TELGUA) and Luca, S.A. met in New York to sign the documents for the sale of TELGUA. Luca, S.A., a Central American investment group, was the winner of the bidding process for the privatization of TELGUA. During the meeting, Luca, S.A., announced that TELMEX (Telefonos de Mexico) was chosen to be TELGUA'S operator for a period of five years. It also announced that TELMEX was not only participating as an operator, but also as an investor. TELMEX purchased at least 49 percent of TELGUA'S shares and is actively participating in the modernization process of the telecommunications sector in Guatemala. Until now, the largest buyer/importer of telephone equipment and systems has been TELGUA.

One of the fastest growing sub-sectors within this industry is wireless telephony. COMCEL, formerly the only wireless service provider, offered the service to more than 100,000 customers. In August 1997, before being privatized, TELGUA awarded the U.S. Company NORTEL a contract to install a wireless CDMA network. The first phase of the project was finished by the time TELGUA was sold. The system is functional and COMCEL customers are switching from analog to digital technology. Competition in the wireless industry is expected

to get even stronger this year. Telefonica de España recently announced its intentions to invest more than USD250 million in infrastructure for mobile and stationary telephony in Guatemala.

The market for telecommunications equipment, such as faxes, telephone sets, PBX's, answering machines and others is also growing.

The import market for telecommunications equipment is expected to grow at a rate of approximately 30 percent per year, for the next three years. Local production includes assembly of T.V. sets, telephone sets and some radio communications equipment.

The largest supplier of telecommunications equipment is the U.S. with more than 50 percent of the import market. Other strong suppliers of telecommunications equipment include Panama, Japan, Italy, Germany and Mexico.

List of the most promising sub-sectors within the industry, along with estimated 1999 total market size of each sub-sector (USD millions):

HTS NO.		
85178100	Telephonic intercom systems, apparatus	9.9
85173000	Telephone switching equipment	40.1
85179000	Telephone switching parts	15.6
85279000	Other apparatus for radiotelephony	4.1
85171000	Telephone sets	3.5
85291000	Antennas	20.2
85252000	Telephone parts	5.3
-----	Others	1.3

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 2
 B. NAME OF SECTOR: Drugs & Pharmaceutical Products
 C. ITA INDUSTRY CODE: DRG

	<u>1997</u>	<u>1998</u>	<u>1999</u> est.
D. Total Market Size:	67.5	135.0155.2	
E. Total Local Production:	28.0	30.0	32.0
F. Total Exports:	65.2	30.5	31.0
G. Total Imports:	104.7	135.5155.8	
H. Total Imports from U.S.:	8.3	12.3	14.1
I. Exchange Rate:	6.08	6.40	7.3

Comments:

The market for drugs and pharmaceutical products in Guatemala has grown over the last few years and is expected to increase 15 percent in 1999. Total exports decreased 53 percent in 1998 and are expected to remain steady in 1999. This is due to the fact that several companies moved their manufacturing to Mexico and remained in the country as distributors.

Panama is the major supplier of pharmaceutical products with 35 percent of the import market share, but Panama is not a manufacturer. Mexico has 12 percent of the import market share followed by El Salvador and the United States with 9.2 percent.

Favorable possibilities for imports of pharmaceutical products from the U.S. and other countries are foreseen during the next three-year period, with an estimated annual growth of 15 percent.

List of the most promising sub-sectors within this industry, along with estimated 1999 total market size of each sub-sector (USD millions):

3004.9090	Medicaments for veterinary use put up in measured doses for retail sale	106.2
3004.2000	Medicaments in measured doses containing antibiotics Nesoi	14.3
3004.3900	Medicaments in measured doses containing hormones or other steroids	8.1
3004.5000	Medicaments in measured doses containing natural or synthetic vitamins and their derivatives	5.3
3002.2000	Vaccines for human medicine	3.5
3002.3000	Vaccines for veterinary medicine	3.3

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
 (U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 3
 B. NAME OF SECTOR: Automotive Parts/Service Equipment
 C. ITA INDUSTRY CODE: APS

	<u>1997</u>	<u>1998</u>	<u>1999</u> est.
D. Total Market Size	129.0	160.0	195.1
E. Total Local Production	20.5	23.5	27.0
F. Total Exports	26.6	25.8	27.0
G. Total Imports	136.0	162.6	195.1
H. Total Imports from U.S.	67.3	80.6	96.7
I. Exchange Rate:	6.20	6.73	N/A

Comments:

Imports of automotive parts, accessories and service equipment have been growing rapidly for the past three years. Imports rose by 25 percent from USD136.0 million in 1997 to USD162.6 million in 1998. The future for this sector looks promising. Overall, estimated annual market growth for the next three years is 25 percent. Imports from the United States grew from USD67.3 million in 1997 to USD80.6 million in 1998, a 20 percent increase.

Guatemala imports a wide range of automotive parts and accessories. These products are imported from the United States and 54 other countries. Approximately 20 percent of automotive parts and accessories imported into Guatemala are used or reconditioned. Used tire imports account for approximately 12 percent of all tire imports.

During 1998, Guatemala exported USD25.8 million mainly to countries within the Central American region. Exports decreased 3 percent between 1997 and 1998. It is expected that exports will pick up during 1999, increasing at a rate of 5 percent per year during the next three years. Exports consist mainly of locally produced tires (USD22.7 million in 1998), with some exports of bodies for buses, radiators, batteries, windshield or laminated safety glass, compressors, filters, jacks, hoists, ball bearings, spark plugs, magneto dynamos, body stampings, brake drums, rotors, airbags, and seats. Not all of the above mentioned products are manufactured in Guatemala, however, they are imported and then re-exported to other countries in Central America.

Local production of certain items is also growing due to the high retail price of some imported parts and accessories and the growing number of vehicles in circulation. Most vehicles in circulation in Guatemala are Japanese or European, nevertheless, sales of U.S. vehicles are increasing rapidly. Sales of new vehicles are also growing.

Growth in the number of automobiles in Guatemala has led to an increase in the number of retail dealers of spare parts and accessories, as well as automotive repair shops throughout the country. Today, there are more than 600,000 vehicles registered in Guatemala, and the vehicle growth rate is projected at 15 percent annually.

List of the most promising subsectors within the industry, along with estimated 1999 total market size of each subsector (USD millions):

HTS NO.

40111000	New pneumatic tires	10.6
40112010	Of a kind used on buses or trucks, radial	15.7
40112090	Other tires for buses or trucks	4.3
40122000	Used pneumatic tires	2.4
40131000	Inner tubes of rubber, motor car	1.3
40169900	Vulcanized rubber mechanical articles for motor vehicles	1.0
68131000	Brake linings and pads	2.4
84099100	Other parts suitable for use solely or principally with engines of heading 8407/8408	15.9
84099900	Other parts	7.5
84139100	Parts of fuel injection pumps for compression-ignition engines	4.5
84143000	Compressors of a kind used in refrigeration equipment for motor vehicles	5.8
84212300	Oil and fuel filters for internal combustion engines	5.5
84213100	Intake air filters for internal combustion engines	2.7
85119000	Parts for other equipment	2.4

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 4
 B. NAME OF SECTOR: Electric Power Gen. & Distr.
 C. ITA INDUSTRY CODE: EDP

	<u>1997</u>	<u>1998</u>	<u>1999*</u>
D. Total Market Size:	55.8	89.4	109.0
E. Total Local Production:	19.3	21.0	24.0
F. Total Exports:	1.4	2.0	3.0
G. Total Imports:	46.9	70.4	88.0
H. Tot. Imports from U.S.	30.9	41.4	51.7
I. Exchange Rate:	6.05	6.40	6.45

* Estimates:

Comments:

The market for electrical power generation, distribution equipment and materials in Guatemala keeps growing. Total imports for this product category increased by approximately 25.0 percent from 1998 to 1999. Guatemala imported U.S. \$ 70.4 million in 1998, while imports for 1999 are estimated at about \$ 88.0 million. The U.S. share of the import market for 1998 was \$ 51.7 million (59 percent). The increase shown in total import and domestic production is due to additional investments in power generating projects as a result of the new electricity law now in effect. This law gives certain advantages to new investors in the electricity generating subsector.

It is estimated that by the end of 1999 the total production capacity will be 1500 MW. The present generating capacity is approximately 1015 MW. Other suppliers of power generating and distribution equipment include Germany, Japan, Taiwan, Brazil, Italy and Mexico. Domestic production is limited to certain types of conductor wire and cables, connectors, terminals, switch boxes, transformers (assembly) and switch , posts, towers and other related products.

Following is the list of the most promising subsectors within the sector along with the estimated 1999 market size of each subsector (USD millions):

HTS	NO.	DESCRIPTION	VALUE
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850134	Electrical/Gas Generators	24.2	
841013	Hydraulic Turbines		8.0
854459	Cooper Electrical Conductors		9.5
850300	Parts for generators	9.0	
850213	Electr. Generators over 375 Kw	4.0	
850161	Electr. Generators under 75 Kw	3.5	
850133	Electr. Generators over 75 Kw		3.5
840219	Electr. Steam Generators		4.0
902830	Electricity Meters		3.7
854890	Electrical Boards, Panels, Consols		3.2
850420	Dielectric Transformers		3.1
850430	Electric Transformers		4.6
850164	Other Electric Conductors	3.0	
854420	Electrical Coaxial Cable		3.0
854459	Other Cooper electr. Conductors		3.0
853650	Electrical Switches		3.0
850112	Generators under 37 Kw		3.0
850132	Generators under 75 Kw		2.5
853620	Automatic Circuit Breakers		2.0
853628	Other Circuit Breakers		2.0
850140	Electr. Motors AC Single phase	2.2	
853649	Electro-Mechanical Breakers		3.0
850432	Transformers over 1 Kw (to 16 Kw)		5.0
850422	Transformers over 650 Kw (to 10.000 Kw)		3.5

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

- A. RANK OF SECTOR: 5
- B. NAME OF SECTOR: Construction Equipment
- C. ITA INDUSTRY CODE: CON

	<u>1997</u>	<u>1998</u>	<u>1999*</u>
D. Total Market Size:	63.0	100.6	105.9
E. Local Production:	-----		
F. Total Exports:	1.4	2.5	3.1
G. Total Imports	65.0	103.1	109.0
H. Tot. Imports from U.S.	37.6	73.5	82.0
I. Exchange Rate:	6.05	6.40	6.45

* Estimates:

Comments:

Despite a small decline during 1996 and the beginning of 1997, Guatemala is a growing market for imports of construction machinery and equipment. The import market for construction equipment grew 20.3 percent from 1997 to 1998 and is expected to grow 25 percent between 1998 and 1999. For the next three to four years, the construction machinery import market could increase 35 to 40 percent. Estimates show that imports will grow from \$ 109 million in 1999 to \$ 114 million in 2000. Imports from the U.S. should reach \$ 82 million in 1999.

Imports of construction equipment into Guatemala includes, but is not limited to track type tractors, motor graders, planers, levelers, excavators, front loaders, scrapers trenchers, dump trucks and small tractors (Tomcats). It is estimated that between 35 to 40 percent of the construction equipment and machinery imported into Guatemala, is used equipment, mainly front loaders (Wheel type), cranes, small tractors, bulldozers, excavators, paving and recycling machines, graders, dump trucks and others.

Guatemala also imports construction equipment from Germany, Japan, Italy, Brazil, Mexico and Denmark.

Following is the list of the most promising subsectors within the sector along with estimated 1999 market size of each subsector (USD millions) :

HTS NO.	DESCRIPTION	VALUE
842911	Bulldozers, angle dozers, new	5.9
842919	Bulldozers, angle dozers, used	3.4
870190	Used construction tractors	0.0
842951	Front loaders	4.5
842960	Tamping machines, road rollers (used)	3.5
842959	Shovels, backhoes, ditchers, trenchers	5.1
843149	Attachments for the previous category (842959)	7.6
847420	Crushing or grinding machinery	1.8
847910	Paving machinery	5.0
870130	Track laying tractors	1.6
843061	Soil compactors	1.1
842952	Excavators	4.8
870899	Parts and Accessories	19.2

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 6

B. NAME OF SECTOR: Food Processing & Packaging Equipment
 C. ITA INDUSTRY CODE: FPP

	1997 (ACTUAL)	1998 (ACTUAL)	1999 (ESTIMATED)
D. Total Market Size:	58.9	72.9	86.3
E. Total Local Production:	22.6	26.0	29.9
F. Total Exports:	2.8	1.8	2.0
G. Total Imports:	39.1	48.7	58.4
H. Imports from U.S.:	20.2	22.7	25.4
I. Exchange Rate:	6.19	6.40	N/A

Comments:

The market for food processing and packaging equipment in Guatemala has grown over the last few years and is expected to rise to USD 86.3 million in 1999. For the next three years the market is expected to grow approximately 20 percent per year.

The United States is the major supplier of food processing and packaging equipment and enjoyed a 47 percent market share in 1998. The United States' major competitors are: Germany with 10%; Spain and Mexico with 8% each; and Italy with 6%.

Food processing and packaging equipment made in the United States enjoys a high level of recognition and acceptance, and a reputation for high quality.

There is great potential in Guatemala for food processing and packaging machinery. Many new companies have been established as agro-industrial plants, both for local consumption and for export purposes.

List of the most promising sub-sectors within the industry, along with estimated 1999 total market size of each subsector (USD millions):

8422.3090	Packaging machinery, including cleaning, bottling, filling and sealing bottles, cans	11.8
8438.9000	Parts for food and beverage processing mach.	6.5
8438.3000	Machinery for sugar preparation	4.4
8479-2000	Mach for extract of prep of animal or veg oil	3.8
8437.8000	Mach for milling or working cereals and veg.	3.5
8422.4000	Packing or wrapping machinery	3.5
8422.9095	Parts for machinery to cleanse, dry and seal containers	3.4
8438.8000	Machinery for the preparation and manufacture of food and beverages	3.3
8422.8000	Packing and wrapping machinery	2.9
8437.8000	Mach for milling or working cereals and veg.	2.6
8438.1000	Machinery for sugar preparation	2.5

*Food manufacturers are buying both new and reconditioned/used machinery.

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES
(U.S. millions, unless otherwise noted)

A. RANK OF SECTOR: 7

B. NAME OF SECTOR: Hotel and Restaurant Equipment
 C. ITA INDUSTRY CODE: HTL

	1997 (ACTUAL)	1998 (ACTUAL)	1999 (ESTIMATED)
D. Total Market Size:	25.9	33.8	40.8
E. Total Local Production:	14.4	17.3	20.8
F. Total Exports:	3.4	3.9	4.5
G. Total Imports:	14.9	20.4	24.5
H. Imports from U.S.:	10.6	12.9	15.5
I. Exchange Rate:	6.19	6.40	N/A

Comments:

Hotel and restaurant equipment and supplies are in great demand in Guatemala. New franchises in the restaurant industry are being opened on a regular basis. Small fast food restaurants are very popular. New restaurants of this type are opened every week throughout Guatemala. A new Intercontinental Hotel is under construction as are many smaller hotels and apart-hotels.

The United States is the leader in this industry with a market share of 63.1 percent. Its closest competitor is Mexico with 15.4 percent of the market, followed by Nicaragua with 3.5 percent, Panama with 3.4 percent and Italy with 3.2 percent.

The growth potential for the hotel and restaurant equipment industry has been estimated at between 18 and 20 percent per year for the next couple of years.

List of the most promising sub-sectors within the industry, along with estimated 1999 total market size of each subsector (USD millions):

8516.5000	Microwave ovens	2.0	
8418.3000	Freezers of the chest type		1.8
8418.1000	Combined refrigeration/freezers, compressor type		1.8
8516.4000	Electric laundry pressing machines		1.6
8419.8100	Cooking stoves, ranges and ovens		1.4
8516.6000	Other electric grills, barbecues, warmers, heaters		1.4
8509.8000	Other electric apparatus and appliances		1.4

B. Best Prospects for U.S. Agricultural Products

A. N/A
 B. Apples
 C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (U.S. Million \$)
D. Total Market Size	N/A	N/A	N/A
E. Total Local Production	N/A	N/A	N/A
F. Total Exports	0.0	0.0	0.0
G. Total Imports	5.3	5.8	6.3
H. Total Imports from U.S.	5.1	5.6	6.0

Comments:

Guatemalan apple imports from the U.S. have grown steadily in the past five years, even though imports continue to be under a Tariff Rate Quota. During 1997, the apple TRQ was set at 5,000 MT. Imports for 1998 were registered at 5815 MT. The import duty under the TRQ is set at 12 percent. Imports out of the TRQ have to pay 25 percent import duty. Apple importers have to pay an additional 0.07 cents (US \$1.00 / Q6.30) per pound of apples imported into the country, under the concession they made during 1996. This arrangement has not affected apple imports. The Tariff Rate Quota for 1999, is set at 7,500 MT. The apple market continues to grow each year. Apple distributors are very aggressive in their marketing strategies, making the product available in supermarkets and open-air markets during most of the year. The most popular imported varieties include Red-Delicious, Golden-Delicious, Fuji, and Gala. The United States continues to be Guatemala's largest supplier of apples, and Chile is its closest competitor.

- A. N/A
- B. Cotton
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary)
	(U.S. Million \$)		
D. Total Market Size	N/A	N/A	N/A
E. Total Local Production	N/A	N/A	N/A
F. Total Exports	0.0	0.0	0.0
G. Total Imports	50.2	52.7	55.3
H. Total Imports from U.S.	42.6	45.6	49.0

Comments:

Guatemala's cotton imports during the past five years have shown tremendous growth. U.S. cotton exports to Guatemala increased from U.S. \$13.8 million in 1993 to U.S.\$45.6 million in 1998. This upward trend is expected to continue as the textile industry in Guatemala continues to grow. During 1998, U.S. continued to be the largest exporter of cotton to Guatemala, followed by Mexico, which exported around 6,000 MT. However, U.S. is expected to continue to be the largest supplier of cotton to Guatemala, since these other countries are not considered consistent suppliers.

- A. N/A
- B. Planting Seeds
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary)	
			(U.S. Million \$)	
D. Total Market Size (MT)	N/A	N/A	N/A	E.
Total Local Production	N/A	N/A	N/A	
F. Total Exports	0.0	0.0	0.0	
G. Total Imports	4.6	4.8	5.1	
H. Total Imports from U.S.	3.7	4.1	4.4	

Comments:

Guatemala's Non-Traditional Products export market continues to grow each year, and in order to keep competitiveness in the market, agriculture producers import high-quality planting seeds from other countries. Agriculture producers in Guatemala import vegetable seeds, flower seeds, fruit seed, tree and shrub seeds, grasses for pasture, forage seeds, and field crop seeds. The largest seed importer is the vegetable sector, which includes sweet corn, beets, cauliflower, onion, pepper, broccoli, cabbage, carrot, radish, cucumber, lettuce, squash, tomato, and others. Leguminous vegetable seeds include peas, chickpeas, red and other bean varieties seeds. Fruit seeds include, cantaloupe, melon and watermelon. Field crop seeds imported during 1998 included corn seed, sorghum seed, soybean seed, and cotton seed.

United States supplied Guatemala with over 85 percent of their imported seed. Other seed competitor countries include Holland, Mexico, and Brazil.

- A. N/A
- B. Poultry
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (Metric Tons)
D. Total Market Size	129,000	135,450	142,150
E. Total Local Production	117,000	123,000	129,000
F. Total Exports	605	650	650
		(US Million \$)	
G. Total Imports from U.S.	11.9 MT	13.1 MT	13.8 MT

Comments:

Guatemala's poultry import quota for 1999 remains at 7,000 MT as in 1998. But even though the tariff rate quota was set at this level poultry imports reached 13,000 MT during 1998. The demand for U.S. poultry has increased tremendously and is expected to continue during the coming years. The current duty under the poultry tariff rate quota is set at 15 percent. The out-of-quota duty is 45 percent. The valuation policy of charging \$.56/lb is still imposed on poultry parts imports regardless of the import invoice value. The United States is the largest exporter of poultry and poultry products to Guatemala. Small quantities of poultry imports were registered from El Salvador, Honduras, Costa Rica and Mexico. Poultry products from the United States are viewed by Guatemalan consumers as having superior quality.

- A. N/A
- B. Red Meats
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (U.S. Million \$)
D. Total Market Size (MT)	56,000	52,000	50,000
E. Total Local Production	54,000	49,000	47,000
F. Total Exports	1.6	0.0	0.0
G. Total Imports	4.2	5.2	5.5
H. Total Imports from U.S.	0.72	2.1	2.5

Comments:

Guatemala use to be a large meat exporter (2,000 MT and total production of about 54,000 MT of beef in 1997), but due to a drop in prices, production declined and imports have become an important source of meat for local consumption. There is still some local production, however, irregular quality is a problem in local markets. Hotels and fine restaurants need a consistent high-quality supply of high-grade cuts of beef. More and more, hotels and restaurants are priding themselves by advertising AIImported U.S. meats in their menus. Currently, the tariff on fresh and frozen red meat is 0 percent within the quota and 30% outside the quota. Central American countries pay the quota tariff as well and Nicaragua is a big exporter to this market. The Government of Guatemala established a Tariff Rate Quota of 1595 for 1999.

- A. N/A

- B. Fruit and Vegetable juices
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (U.S. Million \$)
D. Total Market Size (MT)	N/A	N/A	N/A
E. Total Local Production	N/A	N/A	N/A
F. Total Exports	N/A	N/A	N/A
G. Total Imports	6.6	7.0	7.5
H. Total Imports from U.S.	1.0	1.5	2.0

Comments:

Guatemala's market has a large variety of soda and non-soda soft drinks, the market is slowly opening to more soft drinks from foreign countries. Although the Guatemalan beverage industry is growing constantly, there is only a limited quantity of frozen juice concentrates on the shelves, almost all imported. This is part due to the relative newness of the market and the abundant supply of fresh juices, particularly citrus. Guatemalan consumers perceive U.S. fruit and vegetable juices as high quality products, and the marketing strategy should be directed in this area, although price is still an important factor. During 1998, the processed fruit and vegetable imports from the United States increased 23%. Guatemala's total imports of fruit and vegetable juices totaled U.S. \$7.0 million dollars, of which U.S.\$ 1.5 million dollars were imported from the United States. Closest competitors for fruit and vegetable juices are Mexico, Honduras, Argentina, and El Salvador.

- A. N/A
- B. Grapes

C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (U.S. Million \$)
D. Total Market Size (MT)	N/A	N/A	N/A
E. Total Local Production	N/A	N/A	N/A
F. Total Exports	N/A	N/A	N/A
G. Total Imports	5.4	5.1	5.6
H. Total Imports from U.S.	4.5	4.5	5.0

Comments:

Guatemala's market for fresh fruit has grown tremendously in the past few years. Consumers can now consume grapes year-round due to the availability in the market. When there is no U.S. production available at certain months during the year, Chile supplies the Guatemalan market with grapes. Consumption levels of grapes are higher during Christmas season. Chile is the United States' closest grape competitor. During 1998, U.S. supplied Guatemala with 88 percent of its grapes, followed by Chile with 9 percent and Mexico with 3 percent. The most popular varieties imported into the country are Emperor, Red Globe and Thompson seedless grapes. U.S. exports of grapes continue to have great growth potential in the Guatemalan market.

A. N/A

- B. Dairy Products
- C. N/A

	1997 (Revised)	1998 (Revised)	1999 (Preliminary) (U.S. Million \$)
D. Total Market Size	N/A	N/A	N/A
E. Total Local Production	N/A	N/A	N/A
F. Total Exports	N/A	N/A	N/A
G. Total Imports	53.4	55.0	56.6
H. Total Imports from U.S.	3.8	4.2	4.6

Comments:

In Guatemala, almost 90 percent of the dairy consumption is imported. Powdered milk is a very competitive market segment. Only 10 percent of the supply in the local market is made in Guatemala. U.S. closest competitors are New Zealand, Denmark, Holland, Costa Rica, Ireland, United Kingdom, and Panama. Mexico and Costa Rica have placed themselves in a good market situation with a UHT milk with no need of refrigeration with respectable success, indicating that the market is in search of something new of a higher quality and definitely, better packaging. Guatemala's total dairy imports from U.S. and other countries reached US\$55.0 million dollars during 1998, from which US\$4.2 million were imported from the United States. Price differentials of products from the United States and those from Guatemala, may reach to more than 100 percent. However, the packaging, labeling and quality of U.S. product is typically superior. The U.S. department of Agriculture has a program called Dairy Export Incentive Program (DEIP) in order to promote U.S. dairy products exports to other countries.

C. Significant Investment Opportunities

With the continued expansion in the number of supermarket chains and the related increase in frozen food demand there is a need to build facilities to better transport, handle and store frozen products. The major supermarkets and food distributors agree there is a need to improve infrastructure throughout the frozen food chain, but they are hampered by excessively high interest rates and a lack of experience in the field to make the needed investment. Many of these companies have expressed interest in working with U.S. companies in a joint venture to improve the frozen food industry in Guatemala.

A very important area of the economy that offers significant investment opportunities is the electric power sub-sector. Guatemala's current generating capacity is approximately 1000 MW and less than one half of the population currently has access to electricity. The demand is growing and the government has stated that it is looking to the private sector to take the lead in expanding service capacity. The Guatemalan Congress approved a new electricity law, which is de-monopolizing the sub-sector and clarified the growing role for the private sector. Six U.S. firms are constructing and/or already operating thermoelectric power plants in Guatemala and many other U.S. firms are providing equipment and services to Guatemalan power plant projects. The government plans to complete the privatization of the Guatemalan Electric Company (EEGSA) during 1998 and has plans to privatize parts of the National Electrification Institute (INDE).

Telecommunications is a prime area for foreign investment. The Guatemalan Congress passed a new telecommunications law that opened the sector to private investment and competition. Guatemala has one of the lowest penetration levels of telephone service in the hemisphere and the Government of Guatemala has identified this as one sector where significant advances must be made between now and the year 2000. The state-owned telephone company TELGUA/GUATEL has made significant investments in the last two and half years expanding and modernizing the network; last year NORTEL was awarded a large contract to construct a PCS network for the company. As a result of the new telecommunications law, there are already 14 firms that have interconnection agreements in place with TELGUA/GUATEL, five of which will begin offering competitive services before the end of 1998. The government currently is in the process of allocating all remaining frequencies and privatizing TELGUA/GUATEL.

VI. Trade Regulations and Standards

A. Trade Barriers, Tariff and Non-Tariff Barriers

Exporters to Guatemala enjoy an increasingly open trade regime. Imports are generally not subject to non-tariff trade barriers, though there are historical cases of arbitrary customs valuation and excessive bureaucratic obstacles. The Government of Guatemala applies the Common External Tariff schedule of the Central American Common Market (CACM) to almost all agricultural and industrial goods.

Tariffs range from zero to 15 percent, with the majority of products in the zero percent category being capital goods and industrial inputs. The 10 percent value added tax (IVA), to which all locally produced and imported goods are subject, is also collected at the port of entry.

Tariffs for 1999

Complying with the tariff reduction agreement, and the Governmental Agreement 483-96, the Ministry of Economy of Guatemala has reduced tariffs as follows:

In 1999	For products with a tariff of:	the tariff was reduced to:
	7 %	5%
	12 %	10 %
	17 %	15 % *

* The 17 % tariff was reduced to 15 %, with the exception of tires, where the tariff reduction will happen as follows:

1999	18 %	2001	16 %
2000	17 %	2002	15 %

(1) The Ministry Council is still working on this tariff adjustment to

comply with the Governmental Agreement 483-96.

The tariff for textiles and manufacture of textiles, which currently has tariffs up to 26 percent, will be reduced by year 2005 to 15 percent for finished goods and 10 percent for unfinished goods. In 1999 shoe tariffs decreased from 29 percent to 28 percent, and will probably be reduced one percent every year.

While Guatemala has significantly liberalized its trade policies, it now imposes TRQ's for corn, rice, wheat and wheat flour, apples, pears, poultry meat and poultry by-products (either fresh, frozen, or refrigerated, with some exceptions), and fresh and frozen red meat. In many cases these TRQ's are designed to be used like "variable levies" as the GOG sets the TRQ's seasonally and/or provides for increases in the in-quota tariffs if export prices fall. However, because U.S. prices have been so high, these variable-levy provisions have not been implemented. For this reason, technically Guatemala is meeting its WTO obligations.

Tariff/Quotas

Tariffs and quotas vary depending on the product. Tariffs could be anywhere from 0 percent for raw materials, up to 28 percent in some products, 15 percent being the usual tariff on finished products.

Guatemala, along with other Central American countries, has made a tariff reduction agreement. The agreement is intended to maintain lower costs of imported products.

Tariff rate quotas are in place for the following products as of 1999

<u>Description</u>	<u>QUOTA</u> (Metric Tons)	<u>Tariff</u>
Poultry meat and edible poultry meat byproducts, fresh, frozen, or refrigerated (with some exceptions)	7,000 Outside quota	15% 45%
Fresh and frozen red meat	1,595 Outside quota	0% 30%
Apples and pears	7,500 Outside quota	12% 25%
Wheat, hard wheat and other	391,322 Outside quota	1.20% 6%
Yellow corn	401,820 Outside quota	5% 35%
Rice	29,000 paddy Milled Outside quota	0% 20% 40%
Wheat flour	17,984 Outside quota	8.28% 15%

* Information from the Ministry of Economy

VII. Investment Climate

A.1. Openness to Foreign Investment

Many U.S. and other foreign firms have active investments in

Guatemala. Though Guatemala in 1998 passed a new foreign investment law to streamline and facilitate foreign investment, time-consuming administrative procedures and occasional arbitrary impediments are still a reality. There are no impediments to the formation of joint ventures or to the purchase of local companies by foreign investors, but the absence of an equities market in which shares of publicly traded firms are exchanged makes acquisitions or takeovers virtually impossible. Most foreign firms operate as locally incorporated subsidiaries.

All firms, domestic and foreign, wishing to operate in Guatemala must formally incorporate, publish their intent to conduct business, agree to Guatemalan legal jurisdiction and register with the Ministry of Economy. Foreign firms are subject to additional registration procedures, which usually delay final incorporation much longer than for a local company. The additional requirements include: demonstrating solvency; depositing operating capital in a local bank; supplying financial statements; agreeing to fulfill all legal obligations before leaving the country; and the appointment of a Guatemalan citizen or foreign resident (with work permit) as legal representative. The requirements are not used specifically to screen or discriminate against foreign companies, but the government recognizes that the procedures are disincentives to investment.

Foreign investment is restricted in only a few sectors considered to be strategic. Domestic airlines and ground transport companies must be 60 and 51 percent Guatemalan-owned, respectively. In the case of ground transport companies, the restriction will be decreased gradually through 2004, when foreign companies will be permitted to own 100 percent of total share capital. There are no restrictions on foreign investment in the telecommunications sector.

During the last two years the government has privatized a number of state-owned assets or companies and has encouraged foreign participation. A 50-year concession to operate the railroad (FEGUA) was won by a U.S. bidder. The state-owned power distribution company (EEGSA) spun-off its power generating assets and in 1998 sold 80 percent of its stock; the state-owned power production company (INDE) was also privatized and sold its distribution activities in 1998. Last year the concession to operate the postal service was granted to a private Canadian entity. The state-owned telephone company, TELGUA, was sold to a private local investor group in November 1998. In most cases, U.S. firms were active participants in the privatization process and competed equally with domestic and other foreign firms.

Subsurface minerals and petroleum are property of the state. Concessions for exploitation are typically granted through production-sharing contracts which, in the past, were negotiated in a non-transparent manner.

Tariffs are based on the Common Duty System (SAC) of the Central American Common Market (CACM). In most cases, tariffs range between 0-15 percent.

Guatemalan exports enjoy preferential access to the U.S. market through the Caribbean Basin Initiative (CBI) and the Generalized System of Preferences (GSP). As a result of these programs and favorable agricultural conditions, nontraditional exports, e.g., textiles, flowers and seasonal fruits and vegetables have enjoyed very healthy growth over the last decade. Prospects for continued growth in these sectors are good.

A.2. Conversion and Transfer Policies

The right to hold private property and engage in business activities is specifically recognized by the Guatemalan Constitution, and foreign private entities have the right to freely establish, acquire and dispose of virtually any type of business interest. Guatemala's foreign investment law protects the investor's right to remit profits and repatriate capital. The current law requires all foreign exchange to be deposited daily with the Central Bank, but in practice there are no restrictions on converting or transferring funds associated with an investment (or otherwise) 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. Though 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 Central Bank does have the legal authority to impose restrictions and on several occasions has reasserted this prerogative.

Some banks offer "pay through" dollar-denominated accounts in which the depositor makes deposits and withdrawals at a local bank with the actual account maintained on behalf of the depositor in a U.S. bank. The Central Bank's policy board has decided to permit Guatemalan banks to begin offering dollar-denominated accounts, but regulations governing these accounts have not yet been issued.

Capital can be transferred from Guatemala to any other place without restriction. Guatemalan investors historically have not been major investors in businesses outside of the country, with the exception of investments in neighboring countries.

A.3. Expropriation and Compensation

The constitution prohibits expropriation except in cases of eminent domain, national interest, or social benefit. The foreign

investment law requires advance compensation in cases of expropriation.

A.4. Dispute Settlement

The Government of Guatemala has signed the United Nations convention on the recognition and enforcement of arbitral awards (New York convention) but has not signed the convention on the settlement of investment disputes between states and nationals of other states ("ICSID"). Though the United States Government has urged Guatemala to agree to the submission of investment disputes to international arbitration, Guatemala has cited specific constitutional prohibitions against requiring international arbitration. The foreign investment law permits international arbitration or alternative resolution of disputes, if agreed to by the parties.

In principle, Guatemalan procedures for enforcing agreements do not differ significantly from those of the United States. In practice, however, the process is less transparent, more cumbersome and poorly implemented. The time required to complete these procedures can be significant and Guatemala does not allow the parties to proceed to arbitration or obtain a default award until those procedures are completed. The procedures for enforcing foreign awards are even more cumbersome. The party against whom enforcement is sought can raise a number of procedural objections through the local judicial process in a manner that is inconsistent with the New York convention.

A.5. Performance Requirements/Incentives

Guatemala does not impose performance, purchase or export requirements. There are no conditions on locations in specific geographic areas or on the percentage of local content in production.

With the new Foreign Investment Law, Guatemala eliminated remaining trade-related investment restrictions (TRIMS). Recently, Guatemala sent its notification of compliance to the WTO.

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

The major Guatemalan incentive program, the Drawback Industry Law, is aimed at "maquiladoras" - manufacturing or assembly operations for which over half of the machinery, supplies, and components are imported and the completed products are exported outside the Central American area. Incentives include a one-year suspension of duties and value added taxes on each importation of machinery and production inputs. Investors are also granted a 10-year

income tax exemption. These incentives do not exist for several agricultural, petroleum and forestry products.

The government also provides other incentives for some forestry, mining, tourism and petroleum investments:

--Property owners who engage in reforestation activities may qualify for fiscal incentives through the national institute of forests (INAB);

--Mining and renewable energy projects qualify for duty-free imports of goods that are not produced locally. Capital goods used in hydro-electric projects (but not thermoelectric) may be imported duty free;

--Firms developing projects in designated national tourism zones are eligible for several fiscal incentives for 10 years, including the importation of duty-free goods not manufactured in Central America and income tax exemption on revenues coming from the new investment.

--For petroleum production, 100 percent of exploration and drilling expenses are recoverable. Petroleum investors are eligible for tax-free imports of most inputs for five years and suspension of duties without bond on items to be re-exported.

A.6. Right to Private Ownership And Establishment

The right to hold private property and engage in business activity is recognized in the Guatemalan constitution. The new foreign investment law specifically notes that foreign investors enjoy the same rights of use, benefit, and ownership of property as afforded Guatemalans. These rights are subject only to the limitations imposed by the Guatemalan constitution and are imposed equally on Guatemalans and foreign investors alike.

A.7. Protection of Property Rights

Guatemalan law permits foreigners to acquire, hold and dispose of real property and tangible personal property with few restrictions. Foreigners are prohibited from owning land immediately adjacent to rivers, oceans and international borders.

Mortgages are available to both home and business purchasers, though in practice, few banks offer loans for residential real estate for longer than five year terms.

The legal system is accessible to foreigners and does not discriminate on the surface; however, in practice it favors a "home team" accustomed to maneuvering a case through the process. One cannot stress too strongly the need for investors to secure

reliable local counsel.

Protection of intellectual property is inadequate and a potential impediment to investment. Enforcement mechanisms and penalties are weak, and an overburdened, poorly trained judiciary does not understand the issue. A 1997 amendment to the penal code classified intellectual property rights violations as subject to private action vice government action.

Guatemala passed a new copyright law in March 1998 and some private businesses have used the provisions of this law to initiate civil actions against IPR violators. A new cable television law has been pending since August 1997 and the Government is reportedly drafting a new law to protect patents, trademarks, and other industrial property.

The Guatemalan Government has established a TRIPS mailbox, as required by its adherence to the TRIPS agreement, and a number of applications -- primarily pharmaceuticals -- have been received.

Guatemala is not in compliance with its TRIPS Agreement obligations.

A.8. Transparency of the Regulatory System

Bureaucratic hurdles are common for both domestic and foreign companies. Regulations, where they exist, often contain few explicit criteria for government administrators, resulting in ambiguous requirements that are applied inconsistently or retroactively by different government agencies.

Public participation in the promulgation of regulations is rare and there is no consistent legislative oversight of administrative rule-making. Customs administration has historically been a problem area with inconsistent classification and valuation of imports, frequent delays and widespread corruption. The recent creation of the semi-autonomous Superintendency of Tax Administration (SAT) should improve customs operations, though in the short-term there has been a number of administrative bottlenecks that may be attributable to the novelty of newly implemented regulations and procedures.

A.9. Efficient Capital Markets and Portfolio Investment

Guatemala's 35 commercial banks have an estimated USD 5.0 billion in assets. The five largest banks control about 40 percent of total assets. In addition, there are 20 non-bank financial institutions that primarily do investment banking and medium and long-term lending, and 12 exchange houses. The Superintendency of Banks is charged with regulating the financial services industry, but existing banking regulations and practices permit banks and

other financial services providers wide latitude in valuing assets and evaluating the performance and quality of those assets.

A number of "financial houses" are registered as commercial enterprises and although they perform intermediation functions they are not subject to supervision and regulation. The failure of several of these "financial houses" in late 1998 and early 1999 had a significant effect on several commercial banks which held obligations issued by these unregistered intermediaries.

There are no generally accepted accounting practices or other comprehensive standards or procedures such that independent audits are useful indicators of value or risk implicit in banks' portfolios. Similarly, businesses' periodic statements are not considered reliable indicators of the financial health or stability of the issuing firms.

Following recent bankruptcies, the Congress approved a deposit insurance program, but banks have up to two years to provide initial funding for the plan. Other key reforms, e.g., increasing minimum capitalization requirements to levels indicated by the Basel Agreement, restrictions on self-lending, etc., recently were shelved by the legislature.

There are two principal stock exchanges, which deal almost exclusively in commercial paper and government bonds; there is virtually no market in publicly traded equities. Borrowers now face real interest rates in the range of 12-15 percent. The Central Bank has changed course several times in the last year, alternating between liquidity expansion and contraction. Commercial Banks have reported difficulty in undertaking strategic planning in an atmosphere of uncertainty over monetary policy.

Foreign investors are reported to be active participants in financial markets and large holders of government debt, but foreigners rarely rely on the local credit market to finance investments.

With the exception of constitutionally protected industries, there are no significant practices by private firms or the government to restrict foreign investment, participation or control of domestic enterprises.

A.10. Political Violence

Following the December 1996 signing of the final peace accords ending the 36-year armed conflict, political violence abated to nearly negligible levels. A small number of crimes with suspected political motives is a dying remnant of that era. Armed bands, some claiming political motivations, continue to commit criminal acts in the countryside, but they are disavowed by the former

insurgents and have generally not found resonance with a population exhausted by violence.

Several unsolved murders with possible political origins, including the April 1998 murder of human rights figure Bishop Gerardi, are under investigation but are unlikely to rekindle the conflict. Guatemala has no issues with its neighbors that are likely to result in hostilities, although political instability in Southern Mexico could affect Guatemala's border region.

While political violence is low, criminal violence escalated severely at the end of the armed conflict, partly because of the reduction on conflict-era security forces as part of the peace process. The level of criminal violence remains high, although the initial wave of murders and kidnappings has begun to abate as the new National Civil Police increases its size and effectiveness. Foreigners do not appear to be singled out as targets for crime, but nonetheless must remain watchful.

A.11. Corruption

Though bribery is illegal under the penal code, corruption is a serious problem which companies may encounter at nearly any level. Investors have historically found corruption most pervasive in customs transactions, particularly at ports and borders away from the capital.

B. Bilateral Investment Agreements

In October 1991, the United States and Guatemala signed a framework agreement on trade and investment, establishing a bilateral Trade and Investment Council (TIC). The council, which last met in January of 1997, was designed to discuss general issues related to trade and investment. Actual negotiation of a BIT based on the current U.S. model has been delayed by a number of factors, including inadequate protection of intellectual property rights.

Guatemala is, either bilaterally or in conjunction with other Central American countries, negotiating trade and investment treaties with Chile, Mexico, and Panama.

C. OPIC and Other Investment Insurance Programs

President Arzu signed the Multilateral Investment Guarantee Agreement (MIGA) in 1996. The Overseas Private Investment Corporation (OPIC) is active in Guatemala, providing both insurance and investment financing. Obtaining Foreign Government Approval (FGA) for OPIC applicants has generally been very fast. OPIC in 1997 proposed a new bilateral agreement with Guatemala that would obviate the need for FGA of individual projects. However, the government of Guatemala has identified possible legal

obstacles to concluding this agreement. For more information on OPIC programs, U.S. investors should contact OPIC headquarters in Washington, D.C. at tel.: (202) 336-8502.

D. Labor

The minimum wage and maximum weekly working hours are established by law and revised periodically. The current minimum wage per day is just under USD 3.00 in agriculture, USD 3.30 in commerce, USD 3.38 in construction and USD 6.00 for specialized labor (At an exchange rate of USD=Q7.00). The standard workweek for day-shift workers is 44 hours per week (eight hours per day) and 36 hours per week (six hours per night) for night-shift workers. Time-and-a-half pay is required for overtime work. The labor code provides for the right to organize employee associations and/or unions, and to engage in collective bargaining, if 25 percent of the workers so request. The rate of unionization is relatively low, less than 15 percent of the total work force.

Managers of Guatemalan companies must be either Guatemalan citizens or resident aliens with work permits. The labor code specifies employer responsibilities regarding working conditions, especially health and safety standards, benefits, severance pay, and bonuses. Employers are legally required to pay bonuses equivalent to one month's salary in July and December. The law establishes a two-month probationary period for new employees. If dismissed at any time after completing this two-month period of employment, employees receive separation pay equal to one month's pay for each year worked. Employers are required to make a 10 percent contribution for social security. Total benefits, bonuses, and employer contributions cost the employer an additional 62.3 percent of base pay.

The government estimates the formal work force to be 3.5 million, with at least another one million in the informal sector. Thirty-six percent of this combined work force has no formal education, 26 percent has from one to three years of primary education, and 22 percent has from four to six years of primary education. Twelve percent have had some secondary education, and three percent have had some university education. Although the choice of inputs varies by industry, the availability of a large, unskilled, and inexpensive labor force has led many employers, such as construction and agricultural firms, to use labor-intensive production methods. In contrast, shortages of skilled and semi-skilled manual workers, particularly in construction, and of management and information-processing professionals, sometimes occur. Base wages for a skilled technician may run up to USD 20.00 per day.

E. Foreign Trade Zones/Free Ports

Guatemalan law permits the establishment of free trade zones. Currently, there are eight authorized free trade zones in Guatemala. In order to attract foreign investment, changes to the Free Trade Zones Law are being discussed. Textile assembly operations are the common beneficiaries of Guatemala's free trade/maquiladora laws.

F. Foreign Direct Investment Statistics

There is no reliable data on foreign direct investment.

Major U.S. companies, including investors:
(representative, but not a complete listing)

Abbott laboratories
American Cyanamid Co.
Avon products
Cargill
Citibank
Colgate Palmolive
Enron Corporation
Exxon
Gillette
Goodyear Tire & Rubber
Hyatt Hotels
Kellogg Co.
Kimberly Clark Corp.
Levi Strauss & Co.
Marriott Hotels
3M
Phillip Morris Inc.
Proctor and Gamble
Ralston Purina
Sealand Service, Inc.
Teco Power Services
Texaco
Warner Lambert
Xerox

Other major foreign investors:

Barcelo Hotel
BD Centroamericana
Bimbo de C.A.
Cindal-Nestle
Elektra
Ericsson de Guatemala
Sabritas-Frito Lay
Shell Oil
Siemens
Telefonica de ESPN

VIII. Trade and Project Financing

A. Description of the Banking System

Capital markets in Guatemala have been developing rapidly in recent years but remain fairly shallow. There are now 35 private commercial banks, but the five largest banks control about 40% of total assets. There are also a number of investment firms that specialize in somewhat longer-term credit, bonded warehouses that issue warrants against the goods they hold, and several exchange houses. A large number of cooperatives provide credit to small and medium businesses under the supervision of the Ministry of Economy. Also a number of informal, extralegal financial institutions operate independent of any government supervision. These include money changers, informal investment firms, and traditional rural moneylenders.

Government intervention in the financial sector is limited to implementation of monetary policy and to prudential regulation of

the banks, investment firms, bonded warehouses and exchange houses. However, existing banking regulations and practices allow banks and other financial institutions freedom in valuing assets and evaluating the performance and quality of those assets. Independent audits are useful indicators of value or risk implicit in bank's portfolios.

After the failure of some unsupervised financial institutions in late 1998 and early 1999, the Congress approved a deposit insurance program. Banks will have up to two years to provide initial funding for the program. Other key reforms for the banking system, such as increasing minimum capital requirements to levels established by the Basel Agreement and restrictions on self-lending have not been approved. Credit is not rationed or otherwise directed by the government, with the exception of a small amount of lending subsidized by the government - principally for small businesses, small farms or low-income housing.

Two "stock" exchanges provide a limited alternative to the traditional financial sector. The exchanges trade almost exclusively in government bonds and corporate paper, and are much smaller than the commercial banking sector. Repurchase agreements dominate the markets, accounting for over three quarters of total volume. To-date, there have been no equity issues. Three government bonds (the CENIVACUS, CERTIBONO and CDP) are now traded on the exchanges. Secondary trading of both government bonds and corporate paper is active, relative to the size of the market.

B. Foreign Exchange Controls Affecting Trade

Guatemala maintains an open, relatively undistorted exchange regime. There are no legal constraints on remittances or any other capital flows. In early 1994, the Bank of Guatemala (BANGUAT) moved to a dirty float; BANGUAT still intervenes in the foreign exchange market to prevent sharp movements in the exchange rate. There are no delays in acquiring foreign exchange. The government sets only one reference rate, which it applies only to its own transactions and which is based on the commercial rate. Remittances can take the form of dollar denominated government bonds, although the supply of these is limited. A number of banks also offer "pay through" dollar-denominated accounts; the depositor makes deposits and withdrawals at a local bank but the account is maintained by the local bank on behalf of the depositor in a U.S. bank.

C. General Financing Availability

The overwhelming bulk of credit is allocated by commercial banks on market terms. The five largest banks account for over 40 percent

of all assets. Most lending takes the form of short term and/or signature loans. Small and medium sized businesses complain that it can be difficult to find operating capital, i.e., that commercial lending is concentrated among a relatively small group of the large borrowers. Foreign borrowers face no systematic discrimination in terms or access.

Under its Financial Modernization Program (FMP) with the Inter-American Development Bank, the government is attempting to make credit more widely available, stretch out the term of most lending, and make interest rates more competitive. The FMP also has tightened requirements for reclassifying non-performing assets, for information disclosure, and for avoiding lending to directors and owners. Accounting practices have also been made uniform and external audits are now required of financial institutions. In general, the government is trying to improve both prudential regulation and information disclosure, though progress has been limited. Another objective of the FMP has been to increase the number of instruments available in Guatemalan financial markets and remove some of the restrictions on the types of services banks and other financial institutions offer.

D. How to Finance Exports/Methods of Payments

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. 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.

E. Types of Available Export Financing and Insurance

The Export-Import Bank of the United States (EXIMBANK) is active in Guatemala and Central America and offers a number of programs to assist U.S. firms to export successfully to Guatemala and elsewhere. In Spring of 1999, EXIMBANK established a renewable \$50 million credit facility with Central American Economic Integration Bank (BCIE) to support exports of U.S. products to the region.

U.S. exporters should contact EXIMBANK at tel: (202) 565-EXIM/(800) 565-EXIM and fax: (202) 565-3931. Further information can be viewed at their website: www.exim.gov and further questions and concerns can be sent to their e-mail address: bgb@eximbank.gov

The U.S. Trade and Development Agency (USTDA) has been involved in financing a few public and private pre-feasibility and feasibility studies and technical assistance programs for high priority development projects in Guatemala that have the potential to generate significant exports of U.S. products and services. U.S. firms interested in learning more about USTDA and its activities in Guatemala should contact the agency directly at tel: (703) 875-4009 and fax: (703) 875-4357.

The U.S. Department of Agriculture has implemented regional GSM-102/103 Credit Guarantee Programs for Central America. There are more than 20 Guatemalan banks approved to use the GSM-102/103 programs. The GSM-102 program was designed to facilitate U.S. agriculture exports by means of granting U.S. banks a guarantee of 98 percent on loans made under the program. The Central American GSM-102 program was set at USD 80.0 million and provides loans from 90 days to three years. Interest rates are negotiated between the Guatemalan bank and the U.S. corresponding bank and are set at approximately LIBOR plus a fraction. The GSM-102 program covers more than twenty commodities ranging from basic grains to red meats and poultry. The GSM-103 program offers loans for periods greater than three years, but no more than seven years. Livestock and animal genetics are covered under this program. For more information, contact the Office of Agricultural Affairs at the U.S. Embassy in Guatemala at tel: 011 [502] 332-4030 or fax: 011 [502] 331-8293.

The U.S. Department of Agriculture has also developed a Supplier Credit Guarantee Program (SCGP) for Guatemala. This program offers credit guarantees to U.S. suppliers of agricultural products to facilitate exports to Guatemala. Since the credit guarantee is given directly to the supplier, there is no need for letters of credit or U.S. banks. This eliminates the expense of opening a letter of credit and other bank charges, which are expensive in Guatemala. Products covered are a select group of high-value consumer-ready products. The Central American SCGP for FY 1998 was set at USD 10.0 million. Exporters interested in additional information should contact the Agricultural Affairs Office at the U.S. Embassy in Guatemala at tel: 011 [502] 332-4030 and fax: 011

[502] 331-8293.

F. Availability of 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 are interested in participating in more projects in the future. 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 Economic Integration Bank (BCIE) continues to play an important role in many projects, especially those related to public services and infrastructure.

G. Types of Projects Receiving Financing Support

Both the U.S. Trade and Development Agency (TDA) and the U.S. Overseas Private Investment Corporation (OPIC) are operating in Guatemala and have been supportive of U.S. firms seeking to undertake projects in Guatemala that have the potential to generate substantial exports of U.S. products and services.

U.S. Trade and Development Agency recently provided financing for a feasibility study to the Guatemalan subsidiary of the U.S. firm awarded the concession to operate Guatemala's railroad. In recent years, the U.S. Trade and Development Agency has also provided financing to the National Electrification Institute (INDE) to conduct feasibility studies related to the upgrading of the electric power transmission network.

In the aftermath of Hurricane Mitch, OPIC established a \$200 million credit facility administered by Citibank to support new investment projects in Central America and the Caribbean. For more information on the facility, firms should contact Citibank in Guatemala at tel: 011-502-333-6574 or fax 011-502-333-6860.

OPIC has been very active in Guatemala in recent years providing both political risk investment insurance and direct financing to a

number of projects involving U.S. investors, especially in the electric power sector. Other projects that have benefited from OPIC support in recent years include franchises, a small factory to manufacture jewelry, and a financial group offering financial support to a wide variety of investment projects in Guatemala. The Guatemalan Government has been very quick to respond to requests for approval to utilize OPIC insurance and financing.

Many other projects in Guatemala are being financed by the World Bank, the Inter-American Development Bank (IDB), the International Finance Corporation (IFC), the Commonwealth Development Corporation (CDC) and the Central American Economic Integration Bank (BCIE). These projects include electric power, road construction, and other infrastructure projects. It is very common to find consortia made up of public and private, domestic and international financial groups supporting projects jointly.

H. Banks with Correspondent U.S. Banking Arrangements

Given the importance of the United States as a trading partner, almost all of Guatemala's commercial banks maintain correspondent relations with U.S. banks.

IX. Business Travel

A. Business Customs

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 have a local representative or distributor and to travel to Guatemala personally. Travelers often are surprised at the accessibility of key decision makers and by the openness and frankness of local buyers.

Promotional material should be in Spanish and emphasize U.S. origin. Though many private and public officials speak and read English, many technicians and engineers do not. Guatemalans are extremely receptive to technical presentations that are educational rather than sales oriented.

B. Travel and Visas

Entry requirements: To travel to Guatemala, U.S. citizens must have a valid passport. U.S. citizens no longer need a visa or tourist card for stays of up to three months (the three month period can be extended upon application). U.S. citizens must carry identification with them at all times. For further information regarding entry requirements, contact the Embassy of Guatemala at 2220 R Street, N.W., Washington, D.C. 20008, telephone (202) 745-4952/3/4, or the Guatemalan Consulate in Los Angeles, San Francisco, Miami, New Orleans, New York, Houston or Chicago.

The government of Guatemala requires all U.S. citizens to have a valid passport to depart Guatemala. U.S. citizens whose passports are lost or stolen in Guatemala must obtain a new passport and present it, together with a police report of the loss or theft, to the main immigration office in Guatemala City to obtain permission to depart.

An exit tax must be paid upon departure from the Guatemala City airport.

C. Holidays

Holidays in Guatemala are keyed to dates, not days of the month or week (except for Holy Week) so they are the same every year. The following are the (commercial) holidays.

New Year's Day	January 1
Martin Luther King's Birthday	January 19
President's Day	February 16
Holy Thursday	April 9
Good Friday	April 10

Holy Saturday	April 11
Easter	April 12
Labor Day	May 1
Memorial Day	May 25
Army Day	June 30
Independence Day	July 3
Feast of Assumption	August 15
Labor Day	September 7
Independence Day	September 15
Columbus Day	October 12
Revolution Day	October 20
All Saints Day	November 1
Veteran's Day	November 11
Thanksgiving Day	November 26
Christmas Eve	December 24
Christmas Day	December 25
New Year's Eve	December 31

In addition, the banking sector celebrates the following holidays:

Bank Worker's Day	July 1
Columbus Day	October 12

D. Business Infrastructure

Language: Spanish is the official language in Guatemala. Many firms are accustomed to working in English. However, correspondence is preferred in Spanish. Catalogs and technical literature should be provided in careful translations.

Currency: The official currency unit is the Quetzal. The exchange rate as of June 1997 is approximately Q6.30 to US\$1.00. Generally, the exchange rate fluctuates minimally. Currency exchange facilities are available at the airport terminal and at local banks and hotels. Major credit cards are accepted at most major hotels, restaurants and stores.

Business hours: Business hours for commercial and industrial firms are from 08:00 to 18:00, Monday through Friday. Most businesses are open through lunch hours, but it is not unusual for some offices and businesses to be closed during lunch hours.

Transportation: Taxi service is available between the airport and hotels. Travelers arriving at La Aurora International Airport should only hire vehicles marked clearly as taxis and bearing a registration number on the left and right side doors. The taxi fare from the airport to most of the business hotels is approximately US\$6.40 or Q40.00.

Use of taxis within the city is strongly recommended as public bus transportation is not up to U.S. standards. Taxis are available at

the hotels and if transportation is required from a company or restaurant to the hotel or other places, a taxi should be requested by phone. Taxis are not commonly available in the streets, however, there are a number of new radio taxi firms that will respond to telephone requests for service.

Communications: Basic telephone service is easily available at most hotels and offices in Guatemala City. Generally, calls can be placed to the U.S. without any problem. Calls can be placed through the hotel operator (via the Guatemalan Telecommunications Company-GUATEL) or directly (calling card or collect) via AT&T (dial 9999190), MCI (dial 9999189) and Sprint (dial 9999195).

Guatemala City's international dialing code is (502) plus the local seven digit number.

Hotel Accommodations and Housing: Hotel accommodations are abundant in Guatemala City and in the major tourist areas, such as Antigua Guatemala and Panajachel. Most U.S. business visitors to Guatemala City stay in the following hotels:

Hotel Clarion Suites
14 calle 3-08, Zona 10
01010 Guatemala, C.A.
Tel: [502] 363-33-33
Fax: [502] 363-33-03
E-mail address: vivaclarion@guate.net
Home Page address: www.sonda.com.gt/hotelviva
Carlos Calvo, General Manager

Hotel Westin Camino Real
14 Calle 0-20, Zona 10
01010 Guatemala, C.A.
Tel: [502] 333-46-33
Fax: [502] 337-43-13
E-mail address: caminor@guate.net
Robert Stanfield, General Manager

Hotel Guatemala City Marriott
7ma. Avenida 15-45, Zona 9
01009 Guatemala, C.A.
Tel: [502] 331-77-77
Fax: [502] 332-18-77
E-mail address: dorado@ns.guate.net
Web page address: www.marriot.com
Dennis Whitelaw, General Manager

Hotel Princess Reforma
13 Calle 7-65, Zona 9
01009 Guatemala, C.A.
Tel: [502] 334-45-45
Fax: [502] 334-45-46

E-mail address: princgua@guate.net
Javier Ortega, General Manager

Hotel Sol Melia Guatemala
Avenida Las Americas 9-08, Zona 13
01013 Guatemala, C.A.
Tel: [502] 339-06-76
Fax: [502] 339-06-90
E-mail address: guacpl@guate.net
Web Page address: www.lasamericashotel.com
Jose Luis Campos, General Manager

Hotel Radisson Suites-Villa Magna
la Avenida 12-46, Zona 10
01010 Guatemala, C.A.
Tel: [502] 332-97-97
Fax: [502] 332-97-72
E-mail address: radisson@gold.guate.com
Manuel Arzu, General Manager

Hotel Hyatt Regency Guatemala
Complejo Tikal Futura
Calzada Roosevelt 22-43, Zona 11
01011 Guatemala, Guatemala, C.A.
Tel: [502] 440-1234
Fax: [502] 440-4050
E-mail address: hyatt@guate.net
Web page address: hyatt.com
Eduardo Cruz, General Manager

Hotel Quinta Real
Km. 9 Carretera al El Salvador, Zona 15
01015 Guatemala, Guatemala, C.A.
Tel: [502] 365-5050
Fax: [502] 365-5051
E-mail address: businessguat@c.net.gt
Paul Ingebretsen, General Manager

Hotel Holiday Inn Guatemala
lera. avenida 13-22, Zona 10
01010 Guatemala, C.A.
Tel: [502] 332-2555/66
Fax: [502] 332-2578
E-mail address: holidayinn@guate.net
Edgar Perez Cardosa, General Manager

For those firms planning to locate staff on a more permanent basis in Guatemala there are a number of real estate brokerage firms and independent agents that speak English and work with expatriate government officials and business people seeking apartments and houses. Rents are relatively expensive for housing that meets U.S. standards; it is not wise to rent an apartment or house that does

not already have functioning telephone service. Most foreign government officials and business executives live in Zones 10, 13, 14, 15 and on the Carretera a El Salvador. The Commercial Section of the Embassy can assist U.S. firms in obtaining names of real estate agents.

Health: A full range of basic medical care is available in Guatemala City, but medical care outside of the city is limited. Care in private hospitals is generally adequate for common illnesses and injuries. Cholera is present in Guatemala and hepatitis A is endemic. U.S. medical insurance is not always valid outside the United States. Travelers often find that supplementary medical insurance with specific overseas coverage is useful. Additional health information may be obtained from the Centers for Disease Control's international travelers hotline at (404) 332-4559.

Food: Guatemala has numerous excellent restaurants suitable for business meals and costs are reasonable by international standards. Business persons should eat their meals at their hotels or in one of the many modern clean restaurants. Improperly washed or cooked foods are the principal cause of the simple diarrheas, food poisoning and bacillary and amoebic dysentery. Only well-cooked foods served while hot are recommended, except for fruits and vegetables that can be peeled. It is not advisable to eat fruits or raw vegetables with a broken skin and which have not been well washed and peeled or skinned.

Beverages: It is advisable to drink bottled drinking water or one of the well-known brands of carbonated drinks. These can be obtained at the hotel, restaurants or in supermarkets and mini-markets.

Climate: Guatemala is at 5,000 feet and has a temperate climate; spring/fall weight clothing is most comfortable.

Crime: The main security threat in Guatemala is street crime. It is advisable not to wear valuable jewelry nor carry large amounts of cash. Leave valuables in the hotel's safe deposit box. It is generally accepted advice not to resist a would-be thief or mugger. If interested in visiting restaurants/nightspots, it is better to do so with others and obtain taxis from the hotel front desk. The loss or theft of a U.S. passport abroad should be reported immediately to the local police and the nearest U.S. embassy or consulate.

E. Temporary Entry of Goods

The temporary entry of goods for personal use while in Guatemala, such as camera equipment, cellular telephones, laptop computers, etc. is generally not a problem. Small quantities of product samples usually are entered without 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.

F. Typical Product Pricing Structures

The product pricing structures employed by Guatemalan business people will vary widely by industry and the level of local competition. Generally speaking Guatemalan firms tend to use bigger mark ups for products than in the United States. For big ticket items, vendors in Miami and other U.S. cities offer competition for local vendors, because Guatemalan buyers travel frequently to the United States and will import products directly if the expected savings is significant.

G. Key Officers of Foreign Service Posts: Guide for Business Representatives

The "Guide for Business Representatives" is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax (202) 512-2250. Business travelers to Guatemala seeking appointments with U.S. Embassy Guatemala City officials should contact the commercial section in advance. The commercial section can be reached by telephone at [502] 334-8479 or by fax at [502] 331-7373.

X. Economic and Trade Statistics

A. Country Data

Population: 11.3 million.

Population Growth Rate: 2.9 percent per year.
Religions: Roman Catholic, Protestant, Traditional Mayan.
Government System: Constitutional Democratic Republic.
Languages: Spanish, 23 Mayan languages (e.g Quiche, Cakchiquel
and Kekchi).

B. Domestic Economy

	<u>1997</u>	<u>1998</u>	<u>1999</u>
GDP/1	17,427	18,992	20,100
GDP Growth Rate	4.3	4.7	3.5-4.0
GDP/CAPITA (USD)	1,550	1,562	1,500
Govt Spending (% GDP)	10.9	12.4	13.0
Inflation (%)	7.13	7.48	7.00
Unemployment (%) ²	4.5/2	4.5	4.7
Foreign Exchange Reserves/1	1,100	1,400	1,300
Avg. Exchange Rate/USD	6.19	6.40	7.40
Debt Service Ratio ³	3.3	3.8	5.0

All 1997 and 1998 information taken from the Bank of Guatemala (BANGUAT). All 1999 information are post estimates based on BANGUAT and Ministry of Finance data.

1) Millions of U.S. dollars.

2) Projections of Guatemalan Planning Agency, SEGEPLAN (underemployment is estimated to exceed 50 percent)

3) Ratio of principal and interest on foreign debt to foreign income)

C. Trade/5: 1996-1999

(All Figures are in thousands of U.S. Dollars)

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Total Country Exports/1 (billions USD)	2.39	2.56	1.97
Total Country Imports/1 (billions USD)	3.85	4.65	3.95
U.S. Exports/2 (billions USD)			
U.S. Imports/2 (billions USD)			

Notes

1. Based on Bank of Guatemala data. Does not include value of maquiladora exports. 1999 data are post estimates.

2) U.S. Department of Commerce data. 1998 data are post estimates based on an average annual rate of growth of 2.5 percent. Data is not prepared in the same fashion as Bank of Guatemala data.

NB: Based on comparison of final data with preliminary forecasts in previous years, Embassy does not believe that accurate, reliable projections of total Guatemalan import and export data are possible.

XI. U.S. and Country Contacts

E. U.S. and Country Contacts

U.S. Embassy Trade-Related Contacts

Daniel Thompson
Commercial Attaché

Raul Villagran
Senior Industry Trade Specialist
Commercial Office

Suzanne Heinen
Regional Agriculture Counselor

Douglas Ovalle
Senior Agricultural Specialist

Brendan Hanniffy
Economic Counselor

Roger Carignan
Deputy Economic Counselor

Will Owen
Labor Counselor

American Chamber of Commerce of Guatemala

Camara de Comercio Guatemalteco-Americana (AMCHAM)
Avenida Las Américas 18-81, Zona 14
Edificio Columbus Center, Nivel 8
01014 Guatemala, C.A.
Tel: [502]363-17-74
Fax: [502]363-17-74
E-mail address: guamcham@ns.guate.net
Web page address: www.guate.net/amcham
Frank Galán, President
Scott Robberson, Executive Director

Country Trade or Industry Associations in Key Sectors

Asociación de Gerentes de Guatemala - AGG

(Guatemalan Managers Association)

6 Ave. 1-36, Zona 14

01014 Guatemala, C.A.

Tel: [502] 367-49-95 to 7 / 367-50-01 to 5

Fax: [502] 367-50-06 to 7

E-mail address: agg@guate.net

Mario Alfonso González, President

Manuel Kaire, Vice-President

Julio Castellanos, General Manager

Asociación Gremial de Exportadores de Productos No Tradicionales -
AGEXPRONT

(Association of Exporters of Non-Traditional Products)

15 Ave. 14-72, Zona 13

01013 Guatemala, C.A.

Tel: [502] 362-20-02

Fax: [502] 362-19-50

E-mail address: gexpron@pronet.net.gt

Web page address: <http://www.agexpront.com>

Peter Klose, President

Carlos Springmuhl, Vice-President

Fanny de Estrada, Executive Director

Comite Coordinador de Asociaciones Agricolas, Comerciales,
Industriales y Financieras - CACIF

(Coordinating Committee of Agricultural, Commercial, Industrial
and Financial Associations)

Edificio Camara de Industria, 9no. Nivel

Ruta 6, 9-21, Zona 4

01004 Guatemala, C.A.

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Lic. Paufic Aranky, Asesor

Tulischth Diaz y Asociados
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Contact the OPIC Information Officer.

Chapter XII. Market Research and Trade Events

F. Market Research

The following is a list of recently completed and tentatively planned Industry Sector Analyses. All ISAs are available through the NTDB or can be ordered from the Commercial Office of the Embassy.

Textiles	November 1998
Food Processing/Packaging Eqt.	July 1999
Medical Eqt	July 1999
Construction Eqt	August 1999
New & Used Trucks/Trailers/Buses	August 1999
Automotive Parts/Service Eqt.	August 1999
Computer Software	August 1999
Franchising	September 1999
Telecommunications Eqt	February 2000
Drugs & Pharmaceuticals	February 2000

Hotel & Restaurant Eqt.

February 2000

NB: A complete list of market research is available on the NTDB.

Scheduled USDA/FAS Annual Commodity and Special Reports:

Tree Nuts	February 1
Oilseeds	March 1
Sugar	April 18
Tobacco	May 1
Coffee 1/	May 15
Poultry	August 15
FAIRS	July 31
Food & Agriculture Import Regulations & Standards	August 1
Livestock	August 1
Exporters Guide	September 30
Market Brief/Sweet Snacks	Date TBD
Market Brief/Pet food	Date TBD
Market Brief/Chocolate & Candy	Date TBD
Market Brief/Wine & Wine Products	Date TBD
Market Brief/Dairy Products	Date TBD

Note 1/: Report is not released to public until approved in Washington

G. Trade Event Schedule 1999-2000

Trade events schedules may change. Firms should consult the Export Promotion Calendar on the National Trade Data Bank (NTDB) or contact the Commercial Office of the U.S. Embassy in Guatemala for the latest information (tel: 011-502-331-15-41, ext. 259; fax: 011-502-331-73-73).

The Commercial Office of the Embassy often hosts trade delegations organized by state and local government and trade associations from the United States seeking new export opportunities. Priority is given to those delegations interested in visiting more than one Central American country, i.e. Guatemala and El Salvador or Guatemala and Honduras. Interested parties should contact the Commercial Office of the Embassy for more information and assistance.

The following are some of the local Guatemalan trade events that may be of interest to U.S. firms.

INTERFER '99 - "USA Pavilion," October 26-31, 1999:

-- Event is an international trade fair held in Guatemala City every odd year. A similar international trade fair is held every even year in San Salvador, El Salvador.

-- USA Pavilion Organized by Commercial Office, U.S. Embassy
Information: Commercial Attaché, tel: 011-502-331-15-41 ext. 259

DESTINO '00, February 7-9, 2000

-- Event is organized every year by the Guatemalan "Visit USA" Committee with the support of the Commercial Office of the U.S. Embassy. The event promotes business and pleasure travel to the United States.

-- Interested U.S. firms should contact, Ms. Ana Maria de Solares, Trade Specialist, U.S. Embassy Commercial Office, tel: 011 [502] 331-1541 ext. 310 and fax: 011 [502] 331-7373.

XVIII CONVENCION DE INFORMATICA, August 1998

-- Event is a conference on informatics and an exhibition of products and services related to the informatics industry.

-- Co-sponsored by the Guatemalan Managers Association and the Guatemalan Informatics Association. For more information, interested firms should contact the Guatemalan Managers Association (Asociacion de Gerentes de Guatemala-AGG) at tel: 011 [502] 367-4995 and fax: 011 [502] 367-9507.