

# **A Primer on Exporting to Guatemala**

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## **Abstract**

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries. These guides provide a great deal of information useful to individuals interested in developing exports markets either through direct exports or through direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Guatemala as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Guatemala.

**Keywords:** Guatemala, agribusiness, export guide, trade, foreign investment

## **Introduction**

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries.<sup>1</sup> These guides provide a great deal of information useful to individuals interested in developing export markets either through direct exports or through direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Guatemala as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Guatemala.

## **Economic and Political Overview**

Guatemala is the northernmost country in Central America. Famed for its volcanoes, textiles and Mayan ruins, Guatemala is at the center of a large regional market for U.S. goods and services. Guatemala's GDP reached USD 23 billion, and U.S. exports to Guatemala totaled USD 2.2 billion in 2002. 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 half of all Guatemala's imports come from the United States. Guatemala can also be an attractive place for foreign investment. With a population of approximately 11.9 million, it is the largest country in Central America and accounts for one-third of the region's GDP.

The Guatemalan market is competitive. Guatemalan businesspeople 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 2.2 percent in 2002, only slightly less than the rate of 2.3 in 2001 and less than the rate of population growth. Inflation has been relatively moderate, with the rate decreasing by over two percentage points in 2002. Commodity prices for traditional exports, such as coffee and sugar, have been relatively low by historic standards in recent years, with most growth coming from 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. Remittances from Guatemalans living abroad, mainly in the United States, have become the largest single source of foreign exchange earnings.

The government of Guatemala welcomes foreign investment and generally accords

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<sup>1</sup> "County 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.stat-usa.gov>, <http://www.state.gov/>, and <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 or by fax at (202) 482-4473" (U.S Department of State, 2001, p. 2).

foreign investors national treatment; there are few legal or regulatory restrictions placed on foreign investors. Although U.S. companies are largely free from the infighting between the government and the local business elite, the country has a long way to go to make Guatemala business and investment friendly. Increasing government revenue, security, corruption, worker's rights, protection of intellectual property rights and education are key challenges for the government.

Prospects for the Central American region are bright, especially with negotiations expected to conclude in December 2003 on the Central American Free Trade Agreement (CAFTA) with the United States. This makes Central America a greater market today for U.S. exporters than many markets where the competition and travel distance is much greater. Regionalization is quickly becoming a fact for business. Although the U.S. is now in the midst of negotiations with the Central American countries toward a free trade agreement, most companies are not waiting. Factories and distribution facilities have been and are being located to serve a regional market. Furthermore, rarely does a U.S. businessperson visit just one Central American country. New investors weigh the advantages each country offers as they look to locate new plants. Regional managers are becoming the norm, with responsibilities for multiple countries within the Central American marketplace. Trade among the countries of Central America has also increased dramatically in recent years.

Agriculture continues to dominate the local economy, contributing roughly 23 percent of the total GDP. Non-traditional export products, e.g., cut flowers, specialty fruits and berries, shrimp, and textile assembly, are of growing importance, but the Guatemalan economy is still largely dependent upon exports of only a few agricultural commodities. Exports of coffee, sugar and bananas still account for nearly 32 percent of total exports. Exports of non-traditional products declined by 11 percent in 2002, largely due to lower demand by Guatemala's main trading partners. As for traditional products, exports of coffee decreased by 14 percent, while exports of sugar and bananas increased by 7 and 19 percent, respectively, in 2002.

### **Marketing U.S. Products and Services**

There are a number of factors that should be considered in exporting products to Guatemala. This section provides a brief overview of many critical factors that must be considered.

#### ***Distribution and Sales Channels***

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.

### ***Use of Agents and Distributors/ Finding a Partner***

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. Guatemala has a good number of qualified, competent individuals 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.

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

### ***Franchising***

Guatemalan entrepreneurs are very receptive to U.S. companies offering franchising arrangements. Presently, there are approximately 175 franchising companies in Guatemala with approximately 800 outlets. Opportunities for the establishment of additional U.S. franchises in all areas of economic activity are very good, as businesspeople are increasingly interested in new franchising sectors.

### ***Direct Marketing***

Approximately one-half of all imports from the United States are the result of direct sales. Many of these result from Guatemalan businesspeople contacting potential suppliers located in their traditional U.S. supply centers, such as Miami, South Florida, New Orleans, Los Angeles and Houston, among other cities, 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 to Guatemala on a regular basis to call on existing and potential customers.

The use of the Internet is ever increasing in Guatemala. Many orders are placed through the Internet and most of the merchandise ordered, except for heavy machinery, is processed via orders. Many of the significant Guatemalan businesspeople have postal boxes in Miami. The ordering companies make arrangements for the shipping of merchandise to Guatemala, which makes transportation fees more favorable.

### ***Joint Ventures***

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.

### ***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 is presumed to be vested 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.

### ***Steps to Establishing An Office***

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)
- Register with the [Guatemalan Superintendence of Tax Administration](#)

Documents to be submitted to the Mercantile Registry with Request for Registration include:

- Proof that the entity is legally constituted in accordance with the laws of the country (state) in which it is organized or registered;
- Certified copy of the deed of incorporation (charter), the by-laws, and modifications thereto;
- Proof that the Board of Directors has duly resolved to operate in Guatemala and has authorized the legal procedure to obtain permission to do so;
- A power of attorney in which the person named is given ample powers to act and to represent the entity in all legal matters;
- A document in which an amount is assigned as capital, with reference to the entity's operations in Guatemala, and in which it is expressly stated that the entity will be responsible for its obligations in Guatemala with all of its assets, both in Guatemala and abroad;

- A declaration that the entity recognizes the jurisdiction of the courts and laws of Guatemala, with respect to its activities and operations in the country, and that neither the entity nor its representatives and employees will seek special rights as foreigners;
- A declaration that the entity, prior to concluding operations in Guatemala, will fulfill all legal requirements in connection therewith; and
- 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 documentation for registration with the SAT, as required by the Income Tax Law, is identical to that required for registration with the Mercantile Registry.

### ***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 marketplace.

Direct sales by U.S. exporters to end-users, importers, wholesalers and retailers are usually most successful when the product is well known within the market or when a limited number of (usually large) buyers exist. Direct sales are often supported by local advertisement, sales promotion 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, which, 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 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. 8-98, of February 4, 1998.

### ***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.

The [Commercial Service](#) of the U.S. Embassy in Guatemala City can provide guidance and assistance to U.S. firms seeking to enter or expand their presence in the Guatemalan market. The following trade associations, 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 include [American Chamber of Commerce of Guatemala](#), [Cámara de Comercio de Guatemala](#) (Guatemalan Chamber of Commerce), and [Camara de Industria de Guatemala](#) (Chamber of Industry).

### ***Product Pricing***

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

The pricing of a product is based on several different factors. Local merchants consider the following when deciding how to price a product: product F.O.B. cost; product freight and/or transportation cost; product insurance cost; consular fees; and import duties.

### ***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 contact(s) in Guatemala to be on the lookout for opportunities and then assist with obtaining the specifications and meeting deadlines for submission.

The Government Procurement Law (Decree 57-92) stipulates that all government purchases over \$ 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 by 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. Government procurements executed by one government are frequently challenged by the next government. In these cases, the Embassy can assist U.S. firms by insisting that the government respect the original contract.

### ***Protecting Products from IPR Infringement***

U.S. and other foreign countries encounter 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.

### ***Need for a Local Attorney***

The professional services of a lawyer are very useful in instances like preparation of agency and distribution agreements and are 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. businesspeople should not share the same attorney utilized by their local business associates.

## **Agribusiness Industry Prospects**

### ***Apples***

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 1999 were registered at 6,230 MT. The import duty under the TRQ is set at 12 percent. Imports outside of the TRQ have to pay 25 percent import duty. Apple importers have to pay an additional Q0.07 cents (US\$1.00 Q7.95) per pound of apples imported into the country, under the concession they made during 1996, which is given to the local growers cooperative. This arrangement has not affected apple imports. The TRQ for 2003 is 10,100. 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.

### ***Cotton***

Cotton imports have been dropping in the last two years. This is due to the conditions under the CBI, which require U.S. yarn and fabric in order to take advantage of the program. Although, raw cotton imports have dropped, yarn and fabric imports have increased dramatically.

### ***Planting Seeds***

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 seeds, 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. Fruit seeds include cantaloupe, melon and watermelon.

The United States supplied Guatemala with over 90 percent of their imported seeds in 2002. Other seed competitor countries include Holland, Mexico, and Brazil.

### ***Poultry***

In 2000, the GOG eliminated the TRQ for poultry. All poultry now enters with a flat duty of 15 percent.

### ***Red Meats***

Guatemala used to be a large meat exporter, 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 imported U.S. meats in their menus. There is a TRQ of 1,560 MT on the books, however, at the present time it is suspended and all red meats are levied a duty of 15 percent.

### ***Processed Fruits and Vegetables***

Processed fruit and vegetables have been growing in the last few years, especially canned goods with familiar U.S. familiar brands. There is still tremendous growth available in this market, especially with private label products.

### ***Grapes***

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 the Christmas season. Chile is the United States' closest grape competitor. During 1998, the U.S. supplied Guatemala with 68 percent of its grapes, followed by Chile with 32 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.

### ***Dairy Products***

In Guatemala, almost 8 percent of dairy consumption is imported. Powdered milk is a very competitive market segment. Only 15 percent of the supply in the local market is made in Guatemala. The U.S. closest competitors are New Zealand, Denmark, Holland, Costa Rica, Ireland, the United Kingdom, and Panama. Mexico and Costa Rica have placed themselves in a good market situation with UHT milk with no need of refrigeration, experiencing with respectable success, indicating that the market is in search of something new, of a higher quality, and with better packaging. Guatemala's total dairy imports from the U.S. and other countries reached US\$90.1 million during 2001, of which US\$10.1 million were imported from the United States. Price differentials of products from the United States and those from Guatemala may reach 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 the Dairy Export Incentive Program (DEIP), in order to promote U.S. dairy product exports to other countries.

## **Trade Regulations and Standards**

### ***Trade 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 0 to 15

percent, with the majority of products in the 0% category being capital goods and industrial inputs not produced in the Central American region. The 12% value added tax, to which all locally produced and imported goods are subject, is also collected at the port of entry.

While Guatemala has significantly liberalized its trade policies, it now imposes TRQ's for corn, rice, wheat and wheat flour, apples, poultry meat and poultry by-products (fresh, frozen, or refrigerated, with some exceptions), and fresh and frozen red meat. In many cases, these TRQ's are used like "variable levies", as the Government of Guatemala 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.

### ***Customs Valuation***

Many importers report that customs (SAT) arbitrarily assigns values to imported products. Exporters are advised to work with their Guatemalan import brokers to provide a consistent description and a consistent classification from SAT for their products.

### ***Import Licenses***

Guatemala allows the entry of white corn by permit only. In addition, all agricultural products of animal and plant origin must obtain an authorization for import from the [Ministry of Agriculture](#).

### ***Export Controls***

Guatemala operates a one-stop window for the granting of export permits. The average exporter is able to receive authorization within four to five hours. However, exporters have complained that there have been delays. Guatemala allows the exportation of white corn by permit only.

### ***Import/Export Documentation***

All commercial invoices, bills of lading, certificates of free sale, sanitary and microbiological certificates and product-specific laboratory testing for pathogens of products exported to Guatemala must be legalized at the Guatemalan Embassy or one of its Consulates in the United States. All documents must be translated into Spanish.

### ***Temporary Entry***

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

### ***Labeling/Marketing Requirements***

Importers must register any food product to be imported with the Department for the Registry and Control of Foodstuffs. The registration is valid for five years. In addition to

a payment of \$110 for laboratory analysis and applicable amounts of samples required for registration, Guatemalan law officially requires that foreign products contain a Spanish-language label or a stick-on label. The information necessary on the stick-on label is: product description; physical characteristics; net weight/volume; a list of ingredients and additives; name and address of Guatemalan distributors; registry number; expiration date; and, if applicable, "Keep Frozen" and/or preparation instructions. U.S. exporters of consumer-ready products should provide Spanish-language labeling or stickers to avoid problems.

### ***Standards***

The market has been largely self-regulating with respect to package quantities and product quality. The [Ministry of Economy](#) has proposed the establishment of a consumer protection office designed to verify measurements and quality, which has yet to be established. Food Control, under authority of ministerial Decree 132-85, is responsible for upholding food-product norms set by Guatemala's Commission of Standards (COGUANOR), an agency of the Ministry of Economy.

COGUANOR is governed by an executive advisory committee, which is made up of representatives from the Ministry of Health, Ministry of Economy, Ministry of Labor, Bar of Engineers, and Chambers of Agriculture, Industry and Commerce. The Codex Alimentarius food additives list was used in creating the Guatemalan norm. The executive advisory committee must approve any new additives. The approval process can take six months or perhaps longer.

### ***Free Trade Zones/Warehouses***

The "ZOLIC" free trade zone at Puerto Santo Tomas de Castilla, adjacent to Guatemala's principal port on the Atlantic coast; the Grupo Zeta Free Zone located in the town of Palin, near Guatemala City; and ZOFRACSA, in Zone 9 of Guatemala City, offers exemption from payment of all duties and taxes (except employer social security contributions). Legislation passed in 1989 allows the establishment of private incentives for manufacturing companies (draw back) and other export-oriented industries.

### ***Special Import Provisions***

Decree 29-89, Guatemala's 1989 Drawback and Export Promotion Law, allows duty and tax-free entry of raw materials, intermediate products, packaging and labels used for the production or assembly of merchandise, which are required to be exported to markets outside of Central America. The law allows a single business to qualify as a stand-alone free trade zone anywhere in the country.

### ***Membership in Free Trade Arrangements***

Central America established a common external tariff schedule in 1998. Six Central American countries had signed a revised Protocol for economic integration and macroeconomic coordination in October 1993. The integration protocol allows Central American countries to advance at varying rates toward more open trade, and the "Northern Triangle" countries (Guatemala, El Salvador and Honduras) have moved the most rapidly to eliminate trade barriers among themselves.

In 1991, Guatemala signed a framework agreement on trade and investment with the United States, establishing a bilateral Trade and Investment Council (TIC). During the last three years, Guatemala has signed, bilaterally or together with other Central American countries, free trade agreements with Chile, Mexico and the Dominican Republic. As has been mentioned earlier in this report, the U.S. is currently negotiating a free trade agreement with the "CA-5" (Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica). Negotiations are scheduled to close by the end of 2003.

### **Investment Climate In Brief**

- Though Guatemala passed a foreign investment law in 1998 to streamline and facilitate foreign investment, time-consuming administrative procedures, arbitrary bureaucratic impediments, corruption, and a generalized atmosphere of confrontation between the current administration and the private sector are often cited as reasons why direct investment has stagnated.
- As a result of preferential access to the U.S. market and favorable agricultural conditions, nontraditional exports, e.g., cut flowers and seasonal fruits and vegetables, have benefited from very healthy growth over the last decade.
- However, a 2001 increase in the IEMA (an alternative minimum tax based on assets or gross income), rising labor costs relative to the Far East and Central American neighbors, the WTO-mandated lifting of quotas in 2005, and slow U.S. demand have dampened investors' confidence in the sector.
- The rights to hold private property and to engage in business activities are specifically recognized by the Guatemalan Constitution. Foreign private entities have the right to establish, acquire and dispose freely of virtually any type of business interest.
- Guatemala's foreign investment law protects the investor's right to remit profits and repatriate capital.
- 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.
- 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 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.
- Resolution of business disputes through Guatemala's judicial system is time consuming and often unreliable. Corruption in the judiciary is not uncommon.
- Guatemala does not impose performance, purchase or export requirements.
- Violence is sufficiently widespread in Guatemala that it is often impossible to tell whether crimes, including murders, are motivated by politics, interpersonal conflicts, or organized crime activities, or are simply the results of random violence. Foreigners are not singled out as the targets of crime but, like Guatemalans, must remain watchful. Large firms report that security adds as much as 25 percent to the variable cost of doing business in Guatemala.

- The Overseas Private Investment Corporation (OPIC) is active in Guatemala, providing both insurance and investment financing.
- The minimum wage and maximum weekly working hours are established by law and revised periodically. The current minimum wage per day is USD 4.25 in agriculture and USD 4.56 in commerce (at exchange rate of USD=Q7.75). Current law requires an incentive bonus be added to this minimum wage for all hours worked, effectively bringing up the minimum wage to USD 5.58 per day in agriculture and USD 5.87 per day in commerce. The rate of unionization is very low.
- The estimated 3.5 million individuals in the formal sector workforce are augmented by at least a million more who work in the informal sector. 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. Over a quarter of the overall workforce is illiterate.

### **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 to key decision makers and by the openness and frankness of local buyers.

U. S. suppliers will quickly become aware of increased foreign competition in Guatemala. Foreign competitors are extremely aggressive. U.S. executives interested in pursuing business in Guatemala should approach local businesspeople in the same manner that they approach prized clients in the United States. Suppliers should be prepared to explain how their products and services will complement existing products and systems.

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.

### ***Entry and Exit Departure Requirements***

A valid U.S. passport is required to enter and depart Guatemala; travelers are sometimes mistakenly admitted without one. U.S. citizens returning to the United States from Guatemala are not allowed to board their flights without a valid U.S. passport. Therefore, U.S. citizens are strongly advised to obtain a U.S. passport before departing the United States. Certificates of naturalization, birth certificates, driver's licenses, and photocopies are not considered acceptable alternative travel documents. While in Guatemala, U.S. citizens should carry their passports, or photocopies of their passports, with them at all times. U.S. citizens do not need a visa for a stay of 90 days or less. An exit tax must be paid when departing Guatemala.

U.S. citizens whose passports are lost or stolen in Guatemala must obtain a new passport

at the U.S. Embassy and present it, together with a police report of the loss or theft, to Guatemalan Immigration. For further information regarding entry, exit and customs requirements, travelers should contact the Guatemalan Embassy.

### ***Business Infrastructure***

Major credit cards are accepted at the main hotels, restaurants and stores.

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

Taxi transportation facilities exist between the airport and hotels. The most important hotels all have airport shuttle service. 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. Transportation within the city should be made by dispatch taxis or taxis from the major hotels, as public transportation is not up to U.S. standards.

Basic telephone service is readily available in Guatemala City. Calls can be placed to the U.S. without any problem. Calls can be placed through the hotel operator, or directly with AT&T, MCI, and Sprint calling cards, or collect.

A full range of medical care is available in Guatemala City, but medical care outside of the city is limited. Care in private hospitals is generally adequate for the most common illnesses and injuries. Serious medical problems requiring hospitalization and/or medical evacuation to the United States can cost thousands of dollars or more. Doctors and hospitals often expect immediate cash payment for health services, although practically all private hospitals accept major U.S. credit cards. Americans should consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas. U.S. medical insurance plans seldom cover health costs incurred outside of the United States, unless supplemental coverage is purchased.

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. It is generally accepted advice not to resist a would-be thief or mugger. If interested in visiting restaurants/nightspots in outer zones of the city, it is convenient to do so in groups with others and obtain taxis from the hotel front desk.

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 the 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.

## Useful Web Links

### **Guatemala:**

[U.S. Embassy](#)

[American Chamber of Commerce of Guatemala](#)

[Cámara de Comercio de Guatemala](#) (Guatemalan Chamber of Commerce)

### **US:**

[USDA Foreign Agricultural Service](#)

[US Export Programs Guide](#)

[Internet Guide to Trade Leads](#)

[US Trade Finance Resources](#)

[Basic Guide to Exporting](#)

### **Hemispheric:**

[Hemispheric Guide on Customs Procedures](#)

[Hemispheric Trade and Tariff Database](#)