


# PANORAMA

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## GUATEMALA The future's bright

A country in the midst of transition, Guatemala is Central America's rising star, impressing international agencies with its investor-friendly, socioeconomic reforms.

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### **Goldmine of Growth**

Boosting Central America's best-performing economy, Guatemala is booming.

**7**

### **Land of Opportunity**

Agriculture, forestry, mining and tourism offer foreign investors rich rewards.

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# GUATEMALA

## On course to achieve great things

Guatemala is impressing international agencies and investors with its new mandate.

**T**he birthplace of the ancient Mayan civilization and blessed with large natural resources that fuel solid economic growth, the Republic of Guatemala is a modern investment destination with a dynamic approach to business and commerce.

This wide range of outstanding investment opportunities in Central America's most ambitious country will be highlighted by senior government officials and business executives at this week's Americas Conference in Miami.

The high-profile event provides guests with an invaluable opportunity to discuss regional issues and network with top trade officials and political figures from across the Latin American region.

Spearheading the global investment race in Guatemala are U.S. companies and investors chasing robust returns in a welcoming country built on the three core pillars of political, social and economic stability.

Central America's most populous country, Guatemala is only three hours from Miami on one of the many international airlines that arrive daily in the bustling and cosmopolitan capital, Guatemala City. This fast-growing metropolis of 2.5 million inhabitants lies within a five-hour flight radius of major U.S. cities such as Washington D.C., New York, Los Angeles and Chicago.

Both countries have benefited from positive political and bilateral trade relations for many years and these ties have been strengthened by visits and talks between government ministers, trade chiefs and investment officials.

Rich in history, culture and architecture—such as the towering Mayan temples built more than 1,000 years ago amid lush tropical rainforests—Guatemala is proud of its fascinating heritage but focused firmly on the future as it



President Álvaro Colom gives a speech to the Guatemalan community in the U.S. during his recent visit.

becomes a progressive and business-friendly nation.

The country of 13.5 million people, which celebrates its Independence Day on September 15, has moved forward at record pace in recent years, following the signing of a peace deal in 1996 that marked the end of 36 years of civil conflict.

**Guatemala is proud of its fascinating heritage while being firmly focused on the future.**

President Álvaro Colom has introduced a range of effective policies and reforms in order to secure billions of dollars of foreign direct investment (FDI) across key sectors of a diverse economy, including foreign funding in the manufacturing, agriculture and tourism industries.

These pro-business strategies, together with an enviable strategic location between the Atlantic and Pacific Oceans,

have resulted in a steady flow of U.S. and foreign businesses forming industrial and commercial links with Guatemalan companies.

Low labor costs, full repatriation of profits, generous tax and trade incentives and strong legal and regulatory frameworks are among the key competitive advantages that,

together with modern infrastructure and technology networks, entice foreign investors.

"Guatemala is a magical country with a very stable economy that has significant potential to accelerate economic growth and alleviate poverty through trade, regional integration and tourism," President Colom says. "In the middle of the global financial crisis, Guatemala was

one of the few Latin American nations to record positive GDP growth [up 0.6% year-on-year]. Public debt remains one of the lowest in the region and the investment climate remains healthy."

With the strongest economy in Central America, Guatemala is the region's main economic powerhouse as illustrated by its 2009 GDP of U.S.\$38.1 billion—a figure that represented a third of the region's total GDP.

President Colom, who took up his role of politician after a long and successful career in the private sector, expects growth rates to rise by a greater amount this year. "I believe that our economic growth for 2010 will be between 2% and 2.5%," he says.

### Credit rating soars

Leading independent financial experts and organizations echo that view. In June this year, international credit ratings agency Moody's raised Guatemala's credit standing to Ba1 from Ba2.

The U.S. organization highlighted a "stable macroeconomic environment" reinforced by "prudent fiscal and monetary policies". That positive announcement came just a few weeks after the International Monetary Fund (IMF) confirmed the Guatemalan economy had emerged from the global economic slowdown in good shape.

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

"All end-December 2009 and end-March 2010 quantitative performance criteria were met comfortably and



President Álvaro Colom and First Lady Sandra Torres de Colom meet with the next generation of Guatemalans at the inauguration of the “Hogar solidario Virgen de la Esperanza” that cares for more than 500 children.



Álvaro Colom  
President of Guatemala

**“Guatemala is a magical country with a very stable economy that has significant potential to accelerate growth.”**



Sandra Torres de Colom  
First Lady

**“The Social Cohesion Council ensures a brighter future for vulnerable citizens and aiding Guatemala’s development.”**

inflation stayed within the inner consultation band agreed in the program.”

A further boost to Guatemala’s flourishing reputation was provided by the latest Corruption Perceptions Index (CPI) report from global anti-corruption organization Transparency International. The index, which surveyed 180 countries and territories for the perceived level of public sector corruption, saw Guatemala jump 12 places.

Naturally, Guatemalan ministers and trade and investment chiefs have welcomed this positive international recognition as they strive to achieve a series of ambitious socioeconomic goals centered on health, education and welfare programs.

“There have been dramatic changes in important areas such as education and health and my government is committed to fighting poverty—the root of corruption—through long-term socioeconomic development programs,” explains President Colom. “We are focused on fiscal reforms and security, while we want to develop an economic

corridor and achieve rural development. Science, technology and innovation play a crucial role in addressing some of the key challenges such as climate change, water management and food crisis facing Central America today.”

Driving many of these social programs forward is First Lady Sandra Torres de Colom who, like her husband, enjoyed a successful career in the business arena before taking up her public position. Through her work with Guatemala’s Council for Social Cohesion, the First Lady is ensuring a brighter future for vulnerable citizens and aiding the nation’s socioeconomic development.

### Talented young population

In addition to lucrative revenue, foreign investors bring valuable skills, knowledge and modern technology to Guatemala’s economically active population—85% of which is aged under 45 and 70% of which is aged under 30.

With the region’s largest college student population, the Demographic Center of Latin America and the Caribbean (CELADE) forecast that by

2020, the republic will have the largest number of inhabitants in the productive age range. This pool of talented workers is undoubtedly rich in untapped potential and will ensure Guatemala continues to attract fresh FDI and achieve its many socioeconomic development goals.

“We have received many ratings [from independent organizations] and all the indicators related to education and health have increased,” President Colom states.

In schools and colleges, innovative new education programs have lifted standards, with measures such as financial initiatives for parents who send their kids to school proving popular and bolstering attendance levels.

Earlier this year, during a high-profile speech at the 3rd World Conference of Speakers of Parliament, President of the Congress of Guatemala, José Roberto Alejos, revealed key reasons for his country’s rise to prominence and outstanding success.

“In the last 20 years, Guatemalan society has made a great effort to develop a true democracy based on the rule of law,” Alejos told delegates of the global summit at the United Nations office in Geneva.

“Institutional normalization has given way to a full respect for freedom of organization and political and social participation. It closed the chapter of social exclusion and enabled the signing of peace accords.”

Alejos, a dynamic politician, who studied law and business administration in the U.S. before becoming a successful businessman, continued: “It has been easier to dispose of dictatorial,

authoritarian structures and build strong, democratic institutions. One of our biggest successes has been to eliminate the spectre of electoral fraud.”

Alejos, who was elected President of Congress in 2008, also highlighted the political and social progress that his country has made since the current administration took office two years ago: “During this term, agreement on crucial aspects of Guatemalan democracy have been realized which shows people are mobilized to defend and secure the values of coexistence, democracy, justice and peace.”

While Guatemala benefits from sound macroeconomic management and modest levels of foreign debt, it does face several fiscal challenges such as the uneven distribution of income and low rates of tax collection that restrict public spending.

Created in 1997 as a joint venture between the government and private sector, Invest in Guatemala is the national foreign investment promotion agency tasked with publicizing the country’s competitive advantages and maximizing its full investment potential.

The agency is specialized in providing solutions for the specific needs of investors and offers a broad range of services including practical assistance and operational support, provision of contacts and references, and personalized visits. Invest in Guatemala is guided and supported by strategies within the National Competitiveness Program (PRONACOM). The program aims to ensure the republic’s transformation into a competitive business platform that



The country's modern and bustling capital, Guatemala City, is a cosmopolitan metropolis that hosts many international conferences and events. The city of 2.5 million people is also a major industrial and commercial hub.

meets all international standards and global best practice.

### Range of reforms

In recent years, Guatemala has adopted free trade policies and promoted its competitive advantages as an international export platform. Measures and reforms to entice investors include the reduction or elimination of many customs tariffs, favorable tax conditions and investment in support networks such as new infrastructure and technologies.

The government has also expanded programs to promote locally made products, boost competitiveness and attract additional FDI, particularly in the export and tourism sectors.

In an economy dominated by the private sector, agriculture and manufacturing are by far the largest earners of foreign exchange. Trade in goods and services generates around 50% of annual GDP with services industries such as tourism and business processing outsourcing (BPO) responsible for two thirds of total employment.

As part of a drive towards greater efficiencies and higher standards, several public bodies have been privatized, including the authorities tasked with managing the airports and ports.

### Trade agreements boost growth

Regional and international trade is a key source of revenue for Guatemala and the country benefits from free trade agreements, the most lucrative of which is the Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR).

Signed in July 2006, the hugely important accord generated an extra 22% of U.S. investment in the three year period to 2009. Under CAFTA-DR, the country enjoys duty-free access to countries including Mexico, Colombia, Chile and Taiwan.

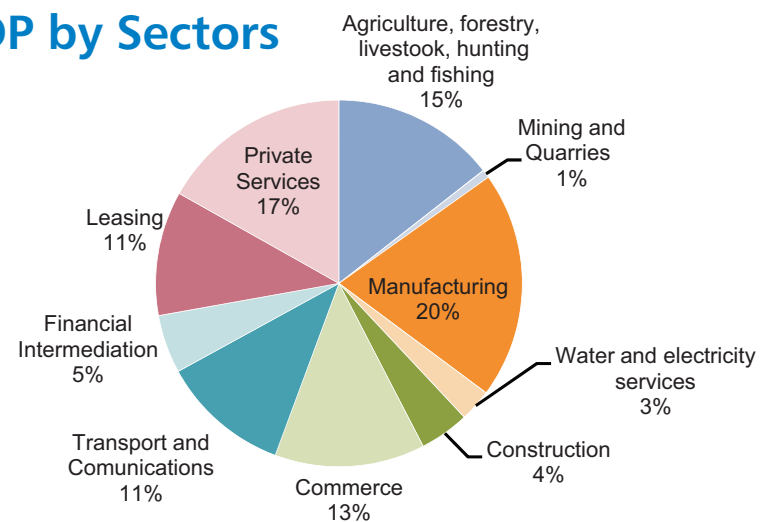
Following successful talks with senior European Union (E.U.) trade officials, Guatemala is awaiting final approval for free trade access to E.U. member states. Similar negotiations are also underway with the Canadian government. Together with lower tariffs, CAFTA-DR provides greater market access for traditional export products such as industrial goods and fresh produce that thrive in a temperate climate and fertile soil.

Guatemala's key cash crops are coffee, bananas and sugar, while its rum is recognized as one of the finest in the world. Textiles, apparel and exotic cut flowers comprise the bulk of non-traditional exports. Forecasts from Banco de Guatemala (the Central Bank of Guatemala) predict FDI from the U.S., and other countries, of U.S.\$1.5 billion by 2013, of which U.S.\$609 million will be generated this year.

Guatemala also has free trade agreements with other Latin American countries like Colombia and Panama. However, as the largest trade partner and most significant source of investment, the U.S. is playing a key role in Guatemala's current—and future—economic direction and development.

This is underlined by figures from the U.S. Census Bureau's Foreign Trade Division that show in the first six months of 2010, America imported Guatemalan

## GDP by Sectors



Source: Banco de Guatemala January 2009 Web Page: [www.banguat.gob.gt](http://www.banguat.gob.gt)

goods valued at U.S.\$1.7 billion and exported items worth U.S.\$2.2 billion.

Should this level of imports and exports continue at a similar rate for the second half of the year, total exports would rise by 10% compared to 2009 when total exports reached U.S.\$3.9 billion.

As a signatory of CAFTA-DR, Guatemala adheres to a strict set of regulations that aim to protect tangible investments and valuable intellectual property rights such as trademarks, patents and trade secrets.

These positive moves have not gone unnoticed. "Guatemala has continued to place trade liberalization at the core of its development strategy," stated World Trade Organization (WTO) Secretariat Trade Policy Review (TPR) released in February 2009. "[It] has significantly improved governance since the last TPR in 2002. The peace accords have

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

While recognizing the challenges Guatemala faces in achieving sustainable growth in income and poverty reduction, the report was positive. "Economic expansion needs to be sustained and increased to achieve the improvements in living standards Guatemala seeks.

"This means keeping up the ongoing efforts designed to achieve greater efficiency in the domestic market, including stronger competition policies, as well as the regulatory framework, in sectors such as telecommunications, financial services and maritime transport."

# Open, competitive and resource-rich

No wonder investors are flocking to this high-potential Central American country

**P**romising foreign direct investment (FDI) opportunities exist throughout Guatemala's diverse economy, especially in the key agribusiness, manufacturing, tourism, oil and gas, mining and business process outsourcing (BPO) sectors.

A significant number of U.S. companies have established operations there in recent years, including Citigroup, GE Finance and Wal-Mart, while many American enterprises utilize its fast-growing BPO and call center industry.

With the government of President Álvaro Colom committed to ensuring a secure, transparent and innovative business climate, international investor confidence is building momentum as the republic shrugs off the chill of the global economic crisis.

New infrastructure development projects and major modernization programs focused on upgrading transport and information and communications technologies (ICT) networks are taking place across Guatemala's 22 departments.

Supported by a robust financial system, modern legal and regulatory frameworks and free trade access to hundreds of millions of consumers, Guatemala is an increasingly competitive and ideally-positioned platform for global business markets and value-added industries.

Exports have almost tripled in the past nine years and the country now produces more than 4,000 types of goods that are sold in more than 130 markets around the world. Guatemala is the premier exporter of Chinese green beans to the U.S., as well as the leading supplier of wood to guitar makers Gibson, and Yamaha.

Invest in Guatemala is spearheading the hunt for additional new investment from the U.S. and other countries around the world. Staffed by a team of professional advisors and industry experts, the agency's mandate is the supervision of a welcoming business climate and coordination of the public and private sectors to implement actions



President Álvaro Colom and President of the Congress, José Roberto Alejos, are driving Guatemala forward through a series of political and socioeconomic reforms.

critical to the republic's economic development.

Among the many free services provided by the one-stop shop are up-to-date accurate news about the economy and legislation and detailed information about investment incentives and related issues.

By facilitating contacts with service entities and suppliers of raw materials, and offering support to investors before, during and after the launch of operations, the agency is driving investment in trade and the industrial and service sectors.

An integral component of Guatemala's strategic and sustainable development, Invest in Guatemala has made outstanding progress towards the achievement of goals and targets demanded by PRONACOM.

"Our mission is to foster economic development by facilitating all initiatives that promote trade and investments into and from Guatemala, while also coordinating the efforts of both public and private actors," says Invest in Guatemala's executive director, Virgilio Córdón.

In recent years, Guatemala has enacted a series of laws through Congress that simplify the business and operational processes for foreign investors. New

investor-friendly legislation includes regulations covering the free negotiation of foreign exchange, the construction and operation of free trade zones and the development and promotion of export-related activities.

"Our legal framework does not discriminate between foreign and local investment with freedom to move the capital and to repatriate dividends," Córdón adds.

## Competitive advantages

Free trade zones and industrial parks offering international investors a broad range of financial benefits and competitive advantages have been established in nearly two dozen locations across the country.

The modern facilities provide small, medium and large sized investors with a prime foothold in the country, together with low-cost access to local utility services and transport networks. In addition to low-cost leases, users also benefit from a range of generous fiscal incentives including tax breaks on trade-related goods and services and exemptions from customs duties.

"One company can be incorporated in any part of the country under a special exporter system that allows operations as a free trade zone within



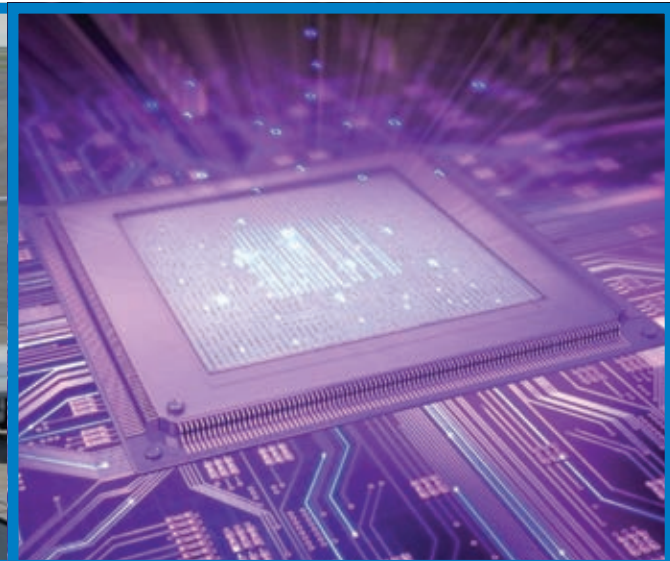
**"In the last 20 years, Guatemalan society has made a great effort to develop a true democracy based on the rule of law."**

José Roberto Alejos  
President of the Congress

its facilities. This model has attracted substantial investment during the last decade," Córdón explains. "Guatemala's strategic location is the perfect platform to the world's largest markets. We have privileged access to both the Atlantic and the Pacific Oceans, facilitating direct commerce with Asia, North America and Europe, through modern ports."

Guatemala also serves as the hinge of Meso-America, a region with great potential and more than 50 urban centers - half of which are located in Central America - a population of 67.5 million inhabitants and an economy worth U.S.\$262 billion.

Given its excellent geographical position at the heart of Latin America and between two great oceans, Guatemala is investing significantly in the development



Guatemala's transport infrastructure is the best in the region with airports, ports and roads offering quick and direct access to foreign markets. This excellent connectivity extends to reliable state-of-the-art ICT networks.

of vital logistics infrastructure in order to raise global connectivity levels.

Foreign trade channels utilize highways, ports and two modern international airports—La Aurora International Airport near Guatemala City and Mundo Maya International Airport in the main tourist region—that are complemented by six regional airports.

Following a massive modernization program, the upgraded La Aurora

thirds of all foreign goods use five ports located on the Pacific and Atlantic.

Atlantic ports Santo Tomás de Castilla and Puerto Barrios sit around 100 kilometers from Guatemala City, while San José, Champerico and Quetzal ports lie on the Pacific, with the latter 100 kilometers from the capital. More than 30 companies, such as Maersk Line, Nedlloyd and Cropa Panalpina, provide a wide range of shipping transportation

The five large ports are connected by land through a modern and well-maintained highways network that stretches from Mexico to the borders of its Central American neighbors.

Comprising more than 15,000 kilometers of paved primary highways, the network handles thousands of passenger and freight vehicles a day and has grown at an annual rate of 4% since 1995. Recent infrastructure improvements include the construction of new roads and widening of two-way highways near the borders into four-lane roads. The main transport arteries of the Pacific Highway and Pan-American Highway have also been repaved in recent years.

Providers (ISPs) and the country is connected to international networks via independent submarine cables and overland cables. The largest fiber-optic project in Latin America, Emergia, completes a system that traverses the entire country and travels through the center of Guatemala City. Leading foreign telecommunications firms with operations include Telefónica/Bell South and Millicom/Comcel.

In a country of 13.5 million people, there are more than 18 million fixed and mobile phones. Tariffs for cellular phone services are the lowest in the Western hemisphere. This first-class regional and international connectivity, combined with a young and bilingual workforce, is a key reason for the nation's emergence in the BPO and call center sector.

Serving markets in the U.S., Mexico and Latin America, the huge industry employs more than 15,000 people at 50 large call centers that utilize the latest satellite and fiber-optic telecommunications technology. Half of the call centers provide services to local customers and the rest foreign markets.

Services include: inbound, outbound, cross-selling, cold-calling, upselling/upgrading, customer service and support, loans and payments, market research, tech support and ticket handling. Global companies present operating in the sector extends include Capgemini, ExxonMobil, Digitex and Grupo ACS. As a result, Guatemala possesses valuable experience of vertical industries like banks, credit assessment, logistics, e-mail and mass communication delivery, plus data entry services.

## La Aurora Airport handles more than 160 flights a week to cities around the world.

International Airport was awarded category one status by the U.S. Federal Aviation Administration (FAA). The works mean the airport, which handles more than 160 flights a week and offers direct connections to cities across the U.S., as well as Mexico, Peru and Spain, has an annual capacity of four million passengers. La Aurora and Mundo Maya are both served by leading international carriers such as Continental Airlines, American Airlines, Delta Airlines, Iberia and Taca.

Smaller operators use Guatemala's regional airports sited at Puerto Barrios and Izabal in the northeast, Cobá and Alta Verapaz in the central north, Puerto de San José and Escuintla in the south, Retalhuleu at Quetzaltenango, and Poptún at Petén in the north.

Only a small fraction (about 9%) of annual foreign trade passes through the two main international airports, as two

services to major ports in Latin America, Asia and Europe. Shipping time to Miami from Santo Tomás de Castilla is just three days, with the port also serving sea freight destinations like New Orleans and the Dutch city of Rotterdam. Leading shipping destinations served by cargo ships traveling from Quetzal port include Los Angeles, Japan, and Taiwan.

### State-of-the-art transit system

Funding from the United States Trade and Development Agency has allowed Guatemala's Superintendent of Tax Administration (SAT) to invest in a state-of-the-art customs transit control system at ports and airports.

The U.S.\$387,500 technical assistance grant enables SAT to closely monitor customs activities such as warehouse transfers and cargo inspections in line with World Customs Organization standards.

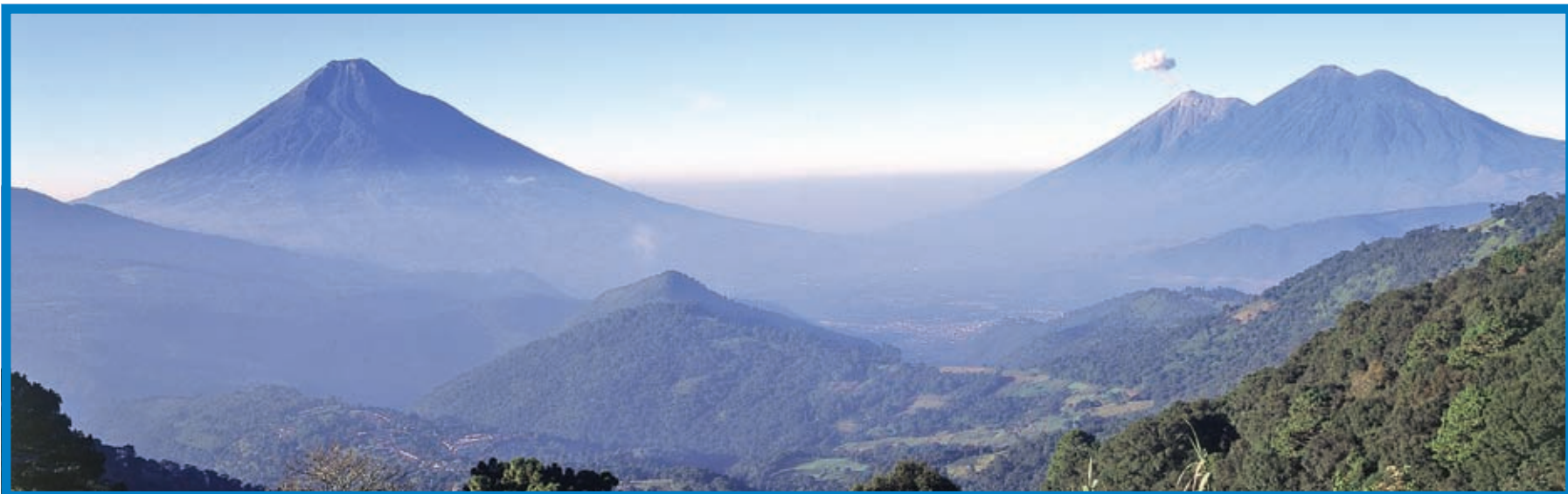
### Excellent ICT connectivity

This excellent connectivity extends to Guatemala's dynamic and modern Information and Communication Technologies (ICT) networks that have enabled the service and tourism sector to grow so that it generates 17% of the country's total GDP.

Regarded as the best in the region, the state-of-the-art fiber-optic systems ensure investors and consumers enjoy low-cost access to the latest mobile, fixed-line and Internet services and technology.

Supported by the 1996 Law of Telecommunications, Guatemala's ICT industry has come on in leaps and bounds following the successful privatization of state-owned operations. The market now has 20 local network operators and 17 operators of international networks that provide extremely low call costs.

There are around 30 Internet Service



Called the “Land of Trees” by ancient civilizations, Guatemala’s magnificent rainforest cover more than a third of the country’s territory, while its spectacular volcanoes are popular with international visitors.

Of the 11 productive sectors that generate Guatemala’s GDP, the manufacturing and assembly industry is the largest at 20% with operations that include electronics, auto parts, plastics, medical devices, rubber materials, chemical, iron and steel products.

While it used to be integrated by clothing and textile producers, the sector is now an attractive FDI destination for businesses in strategic sub-sectors like those mentioned above.

Local and foreign enterprises active in Guatemala’s manufacturing sector benefit from punctual delivery due to the republic’s proximity to large global markets and its rich abundance of efficient human capital.

Up to 50% of Guatemala’s skilled workers are employed by the sector to perform tasks such as assembly, packaging, and manual activities of an automatic and semi-automatic nature. Leading markets for these manufactured goods and value-added products are countries covered by free trade agreements - the U.S., E.U., and countries in Central and South America.

### Agribusiness full of possibilities

Guatemala’s temperate climate and fertile soil mean the agricultural sector represents the essence of opportunity for foreign investors seeking rich returns in a unique environment.

With more than 360 microclimates, some of the world’s best tropical fruit, vegetables and flowers are cultivated on vast farms and plantations before being transported to local and foreign destinations.

Bananas are one of Guatemala’s top agricultural exports, along with sugar, corn and cardamom. The country is the first supplier of coffee beans to U.S. coffee chain Starbucks and the republic is also famous for its rum and fruit juices.

Almost all coffee farms in Guatemala have their own wet processing mill that means the coffee is handled from harvest to bag on a single farm. The coffee industry is such a vital part of the national landscape, that only three of its 22 departments do not produce the valuable commodity.

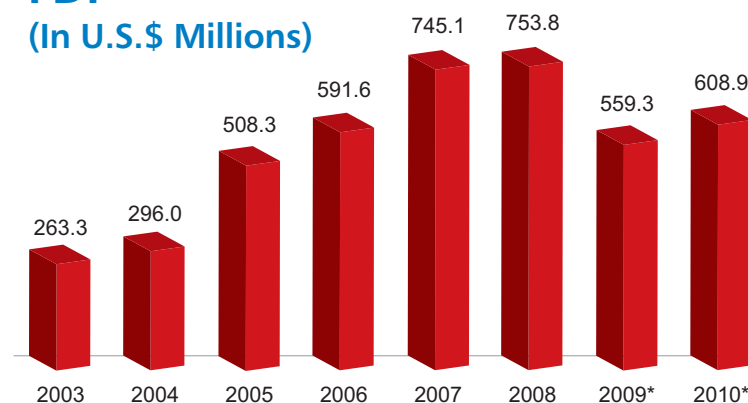
“Agribusiness offers some of the greatest development and competitive feasibility at a global level,” says Invest in Guatemala’s Virgilio Córdón. “Actions by the government and private sector have resulted in the development and execution of long-term strategies that have strengthened the sector and provided stability to agribusiness investments.”

Due to its unique climate, favorable location with speed and easy market access, huge supply of labor and substantial investment in the latest agribusiness technology, Guatemala is now the world’s fourth largest sugar exporter.

The government is seeking foreign companies to establish joint ventures and strategic alliances in a fast-moving and important added value sector full of untapped potential. It is particularly eager to attract investment in the candy, beverages and canned food sub-sectors.

However, business openings are not just limited to the perishable goods arm of the agribusiness industry, with a wide

### FDI (In U.S.\$ Millions)



\*Preliminary  
Source: BANGUAT

range of natural resources available in the forests and jungles from which the nation takes its name.

In the indigenous language of Nahuatl, Guatemala was referred to as “Guaugtemallan” - Land of Trees - and that title is just as appropriate today with forests covering four million hectares— 37% of the national territory.

Land suitable for forestry activities accounts for a further 14% of the total terrain and the sector offers investors many competitive advantages that facilitate the industrial production of precious woods such as cedar, mahogany and rosewood.

Statistics compiled by the Forest Guild of Guatemala show there are about two dozen wood mills and several hundred companies that use locally-sourced wood to produce raw materials for construction, furniture and carpentry materials.

A key reason for the sector’s solid success is the National Forest Institute (INAB) that was established by the government 13 years ago. The INAB is responsible for forestry management and policies and provides fiscal

incentives to owners of vast areas of land to grow forests for production and conservation. These innovative and effective policies have resulted in large reforestation projects and sustainable forest management.

The U.S. accounts for around a third of total wood exports, followed by El Salvador, Honduras, Mexico and Italy, while several other countries around the world also use Guatemalan-sourced wood.

### Energy sector opens up

Meanwhile, Guatemala’s other natural resources such as minerals and oil and gas continue to entice foreign investors,



**Tourism is one of the Guatemalan economy's most important sectors with visitors from around the world arriving in record numbers to enjoy its unique heritage, colorful culture and wonderful architecture and scenery.**

although the sectors represent only a relatively small slice of national economic activity.

According to Invest in Guatemala, the country boasts “enormous potential in gold, nickel, tin and other valuable minerals” in all four corners of the territory. In the west, important deposits of lead and zinc plus tungsten and ilmenite are mined, while in the east, gold, silver and copper are extracted, together with antimony and zinc.

On the Pacific Coast, mineralization comes from volumes of sands rich in magnetite and titanium, while in the northern region, large deposits of lead, zinc and silver are mined. The government is the only authority that issues licenses for mineral exploitation, exploration and reconnaissance.

Mining operators must adhere to strict rules and regulations in order to protecting the surrounding environment and local population.

Guatemala's oil and gas sector is very small having peaked seven years ago with a production level of just 25,000 barrels a day. The country has 153 drilled wells, of which only a third produce oil. The vast majority of this black gold is “heavy” oil.

Guatemala's energy generation industry is competitive, liberalized and comprises a range of hydroelectric power stations, steam turbines, gas turbines, geothermal power stations and solar parks.

Plenty of potential investment opportunities for foreign companies are present in the sector as analysts forecast that the country needs additional capacity of at least 1000MW

by the end of next year in order to meet growth in demand. According to Invest in Guatemala, the energy sector has potential investment capacity of U.S.\$2.5 billion, a figure sure to catch the eye of foreign companies seeking opportunities.

#### **Tourism takes off**

In addition to a thriving industrial and commercial environment, Guatemala is a natural tropical paradise brimming with colorful cultures and boasting a unique history stretching back to the Mayan

year and well in line with forecasts that predict the two million visitor target will be achieved this year or next.

The industry is being developed in line with the National Policy for the Development of Sustainable Tourism that gives priority to tourism projects and initiatives focused on its golden portfolio of national treasures.

These programs and activities are coordinated by the Guatemalan Tourism Institute (INGUAT), a government agency responsible for the effective investigation,

characterized by small boutique hotels, the magnificent city features cobble streets and plazas, lush parks, old churches and museums.

Guatemala's second most popular tourist destination is the stunning Mayan city of Tikal Petén which means “Place of Voices”. Offering a rare insight into Mayan life, mysterious temples and buildings cover nearly 600 square kilometers. The Petén rainforest's Mirador Basin is the last tract of virgin rainforest remaining in Central America.

Often called the “Green Caribbean”, the coastal region of Izabal has recently grown in popularity with cruise ship operators. Three times the number of cruise liners stop at this part of Guatemala than in 2004 and the area has huge potential for hotel and resort development.

On the opposite side of the country, cruise ship arrivals doubled in the four year period to 2008 as international visitors flocked to explore its beautiful shores and villages. Rich in marine life, the area has staged several high-profile international fishing tournaments in recent years and is a popular vacation destination for Guatemalans.

Meanwhile, as the gateway to Guatemala, the country's cosmopolitan capital receives around 1.6 million tourists a year and is a regional leader in the fast-growing business travel market.

The city is a popular venue for major business conventions and conferences and the welcoming metropolis has hosted several prestigious events including the 2007 session of the International Olympic Committee. **P**

**More than two million foreign visitors are forecast to visit Guatemala this year.**

civilization of the 10th Century.

Rightly considered one of the world's most beautiful countries and boasting a year-round temperate climate, Guatemala is famously known as “The Land of Eternal Spring.”

Through its unique combination of majestic mountains, impressive volcanoes, golden beaches, lush jungles and stunning colonial and Mayan ruins, Guatemala offers visitors an unforgettable vacation.

From the mysterious Mayan temples at Petén hidden deep in tropical rainforests full of exotic animals, to the beauty and tranquility of Lake Atitlán—the deepest lake in Central America—Guatemala has something for everyone.

According to official figures, up to 1.8 million tourists visited Guatemala last year, a rise of 5% on the previous

planning, promotion, protection and coordination of tourism issues.

With demand for luxury hotel accommodation far outstripping supply, a key agency goal is greater room provision through the construction of new three, four and five star hotels in the main tourist regions and Guatemala City.

The capital is already home to international hotel chains such as Marriot, Westin Camino Real, Intercontinental, Clarion Suites, Radisson, Holiday Inn and Quinta Real.

According to INGUAT, the country's most popular tourist destination is Antigua Guatemala. Awarded “World Heritage” status by UNESCO in 1979, the area is considered the best preserved colonial city in the Spanish-speaking Americas.

With tourism accommodations