

Guatemalan Trade Opportunities in Full Bloom

March 27, 2014, Denver, Colorado

German Cerezo was the keynote speaker at last week's Chamber of the Americas (COTA) meeting and verbally painted a glowing image of the progress and opportunity in his native country of Guatemala.

Cerezo is currently the Executive Director of Grupo Entre Rios, a holding company concerned with sustainable woods and elastics in the Natural Rubber industry. He is a consultant with the group and in charge of new business development. This fluently bilingual and personable professional has an extensive background and expertise in international business, export and investment development, project management and international trade logistics.

He was a trade commissioner for Guatemala for 12 years and has been involved with 20 international corporations, plus another 16 years of experience in public relations. Cerezo began his address by laughingly stating, "I don't do this anymore – I now manage rubber companies, but Gil (CEO of COTA) asked me to do this saying, 'You did it for so long,' and actually I am still involved in new business development." Cerezo proceeded to describe the conditions that make trade with Guatemala a great opportunity for American businesses both large, medium and even some smaller enterprises.

Guatemala has had a relatively stable economy for 10 years – one of the most robust in Central America. It is heavily invested in agribusiness, mining and textiles, but other non-traditional industries are developing rapidly. The progressive country is blessed by the presence of ports on both the Atlantic and Pacific oceans and is well served by United Airlines.

Foreign investment in Guatemala has increased dramatically over the last few years to the tune of 375 percent. They produce over 4,755 different products sold in over 150 countries worldwide.

Among those are things you know – like the coffee you buy at Starbucks – most of it comes from Guatemala. The clothes you buy may include names like Old Navy, GAP, Polo, Nike, Adidas, Abercrombie and Fitch, American Eagle Outfitters, Forever 21, Hollister, Donna Karan New York, Guess, Motherhood, Oshkosh B'gosh, Jumping Beans, RBK, Massive, Fox and Tommy Hilfiger. Many of those items are produced there.

Interestingly, there are more phones in Guatemala than cars or people – 1.6 cell phones for every single person. They have become a major telecommunications site, providing call centers for many U.S. and Canadian companies and assuring Guatemalans who learn English a well-paying job.

Over \$1.4 billion in foreign investment was consigned in Guatemala last year. Fitch and Moody's rate the country at BB+ and it has climbed 14 steps in friendly to business rankings with an economy representing 35 percent of regional business. Guatemala belongs to the Central American Free Trade Association (CAFTA), which is comprised of 13 countries along the coasts of South America plus several members of the European Union.

It is the fifth largest exporter of sugar and the most efficient provider of electrical energy in Central America. It is the top exporter of coffee to Japan, the main supplier of poinsettias to the U.S. and produces the wood used for Yamaha piano keys and Gibson guitars. It supplies about one fifth to one fourth of the broccoli and cauliflower consumed in the U.S. It ranks as the eighth largest producer of bananas worldwide.

Roughly the size of Tennessee, Guatemala has 2 international airports and 17 local airstrips. Both public and private ports grace the Atlantic side of the country, while Port Quetzal facilitates Pacific trade. The ports are certified secure by the full force of the Guatemalan government.

The agribusiness sector is empowered by the country's 350 different microclimates that make growing almost anything a cakewalk. They produce confections, juices, snacks, fruits, vegetables and farmed shrimp.

They also produce biofuels from the Jakarta plant and African palms. They are an extensive source of electronics assembly, automotive parts, medical devices, software and plastics.

Guatemala has a growing tourist business and 2 million foreign visitors who spent \$1.5 billion there in 2013. This industry has shown an annual growth rate of 8.8 percent and hotel and guest accommodations have outpaced that growth, meaning deals can be found.

Huge energy reserves exist in the arenas of hydroelectric generation, geothermal resources, as well as wind, solar and biomass energy production. Today a full 90 percent of all new products use renewable resources – an enviable record. Over 540 million barrels of oil reserves are known to be within the country with extensive potential for natural gas production.

There are other natural resources consisting primarily of gold, silver and copper – the latter being a commodity that has risen astronomically in value recently, becoming a favorite target of opportunistic thieves in the U.S.

In conclusion, the country has several international trade shows in the offing including the Apparel Sourcing Show May 20-22, New World Crafts Symposium, July 29 to

August 3; featuring the handiworks of the Maya; World Business Forum September 10 and Agri-Trade Conference, slated for March 12-13, 2015.

For those interested in looking into business opportunities in Guatemala, the following resources were suggested: Invest in Guatemala (IIG), Guatemala Exporters Association (AGEXPORT), American Chamber of Commerce – Guatemala (AMCHAM), Guatemala Chamber of Industry (CGI) and the Guatemala Chamber of Commerce (GCC).

It would seem there are plenty of opportunities for businesses interested in imports, assembly, product manufacturing, garment production, telephone service centers and many other areas of commerce.

Then there's an unexpected bonus – Guatemala is in the same time zone as Colorado so when it's nine to five here, it's the same time in the country just south of Mexico. Best of all, Guatemalans don't speak English with a New Delhi accent and, oh, what a relief that is.