

Guatemala: Enticing investors

More than seven decades of excellent political and trade relations between Guatemala and Japan were further reinforced by the recent visit of Guatemalan President Álvaro Colom to Tokyo. During his successful trip, President Colom met with senior government officials and business leaders and highlighted his country's outstanding investment opportunities.

Exactly 75 years after diplomatic relations were first established between the Republic of Guatemala and Japan, bilateral cooperation stands at a record high and has been further reinforced by President Álvaro Colom's recent visit to Tokyo.

During the successful Oct. 20-23 trip, President Colom visited the famous Imperial Palace and held talks with Japan's head of state Emperor Akihito, as well as Prime Minister Naoto Kan.

The forward-thinking countries pledged to reinforce existing political, trade, economic and social relationships and demonstrated this commitment by signing a deal that will fund 176 km of new roads in the Central American country.

Highlighting his country's deep gratitude to Japan for the aid and assistance it provided for the relief effort in areas affected by deadly landslides earlier this year, President Colom said: "Guatemala is recovering, thanks to the emergency assistance provided by Japan."

"I am very grateful for your country's help—Japan always offers the best level of aid."

President Colom discussed



Álvaro Colom
President of
Guatemala



Gustavo Alejos
Private Secretary to
President Colom

and assistance to the country of 13.5 million people.

In return, President Colom expressed his gratitude for the economic cooperation given by Japan to Guatemala to date and assured Prime Minister Kan that he was committed to developing the positive bilateral relationship between the two countries.

That promise was illustrated perfectly on the last day of President Colom's visit when he witnessed the signing of a loan agreement that will see Guatemala receive \$120 million from Japan to build new roads.

As well as providing citizens with better access to health and education services, the new roads in the San Julián, Alta Verapaz, El Estor, and Izabal regions will improve commercial links and facilitate the movement of trade.

The loan for this important infrastructure project will be paid back over 25 years at an annual interest rate of 1.4

percent, although this includes a seven-year grace period.

2008, invited the Japanese government to invest in renewable energy projects in Guatemala, such as solar and wind power technology, as his country battles climate change.

With more than 350 microclimates and fragile ecosystems that are home to vast tracts of virgin rain forests, freshwater lakes and rare and exotic animals and insects, Guatemala is all too aware of the threat posed by global warming and taking a proactive approach to combat changing weather patterns.

In addition to environmentally friendly power generation projects and other ecofriendly energy activities, President Colom expressed an interest in developing specific types of technology with the help of the Japanese.

He revealed that Guatemala could, at some point in the future, adopt the digital television standards used in Japan in a move that would increase the quality and reliability of broadcasts in his country.

Despite the global economic crisis, Guatemala's economy expanded by 0.6 percent in 2009, while earlier this year, in a further sign of international confidence in the ambitious country, its credit rating was raised to Ba1 from Ba2 by Moody's.

Positive relations
Guatemala and Japan have enjoyed positive bilateral trade relations for several decades. In 2008, exports of Guatemalan coffee, sesame and cardamom to Japan totaled \$183 million.

"I have come to Japan in order to strengthen our strong diplomatic and trade relations and believe Japan can be Guatemala's main gateway to important commercial markets throughout Asia," President Colom told his hosts in the Japanese capital.

He also urged local enterprises to follow the lead of Mexican, Colombian and Brazilian investors who have invested tens of millions of dollars in new business and commercial operations and activities in Guatemala during the past two years.

"Traditionally, Guatemala has always targeted the same markets, such as the U.S., but we are now reaching out to other sides and seeking two-way investment agreements with countries like Japan, Russia and countries in the Middle East," he said.

During his intensive visit to Tokyo, President Colom also met with representatives of Nippon Keidanren, a business organization representing nearly 1,300 companies, around 130 industrial associations and 47 regional economic organizations.

He invited them to explore the wealth of business openings in a diversified economy and highlighted foreign direct investment (FDI) opportunities in the agricultural, renewable energies, tourism, recycling and waste management sectors.

President Colom said he was particularly interested in utilizing Japanese technology that recycles 92 percent of glass, 90 percent of aluminum cans and 60 percent of paper.

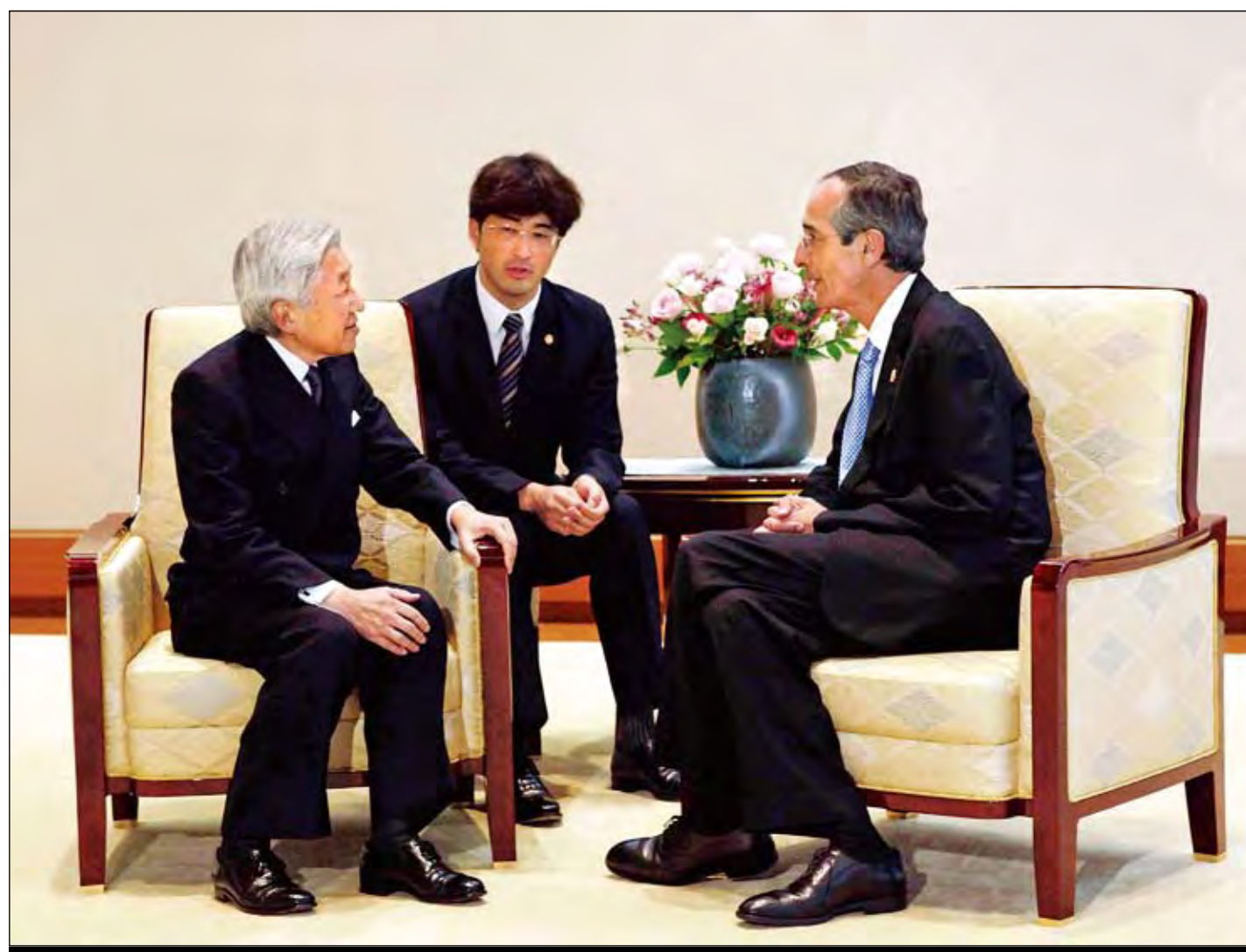
"Guatemala has a very agile investment mechanism that can perfectly handle large investments," President Colom told Nippon Keidanren officials, who included representatives of industrial giants such as Toyota and Mitsui & Co.

In response, Nippon Keidanren representatives said they regard Guatemala as a "very attractive" investment destination, given its free trade agreements with other countries, importance to the region's economy and strategic location at the core of the Americas.

This view was echoed by a senior official of the Japan External Trade Organization (JETRO), a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world.

Importance of trade
During his meeting with President Colom, JETRO President Michitaka Nakatomi discussed the importance of bilateral trade and how the existing commercial foundations can be developed in order to further benefit both nations.

Trade fairs, business seminars and events and activities that will promote Guatemalan products in foreign markets were among



Guatemalan President Álvaro Colom talks with Emperor Akihito during his recent high-profile visit to Tokyo.

the ideas put forward.

Benefits and incentives offered to foreign investors by the government of Guatemala include tax breaks, favorable profit repatriation rules and excellent legal and regulatory frameworks that mean investments are well protected.

In addition, modern legislation aimed at promoting Public-Private Partnerships (PPP) is due to be discussed by Parliament in the coming months and the president is keen for his country to reach out to new markets and sectors to reduce its reliance on trade with the U.S.

Japan is already the country's second most important export market for coffee, and the president is eager for that success to be repeated in other countries and other sectors as Guatemala steps up to the international stage and flexes its economic muscles.

With the largest economy in Central America, Guatemala has attracted record levels of FDI in recent years and forecasts from the central bank expect a further \$1.5 billion of international investment by 2013.

Competitive advantages

The country's key competitive advantages include low labor and utility costs, free trade agreements with global economic powerhouses like the U.S., a favorable location between North and South America and the Pacific and Atlantic Oceans, and modern and efficient transport and telecommunications networks.

With the help of international partners like Japan, Guatemala is investing in new roads as well as health, education and social facilities for the millions of citizens who reside in rural areas.

New transport infrastructure in these non-urban areas also opens the country's regions to tourists who generate valuable foreign exchange through spending on local goods and services and the employment created at hotels, restaurants, airports, ports and firms that organize tourist-related activities.

"We are focused on fiscal reforms and security and we want to develop an economic corridor and achieve rural development," President Colom said.

"Science, technology and innovation play a crucial role in addressing some of the key challenges facing Central America today, such as climate change,

water management and the food crisis."

In the indigenous language of Náhuatl that was used by ancient civilizations, Guatemala was called "Guaugtemalan"—Land of Trees—and that title is just as appropriate today with forests covering 4 million hectares—about 37 percent of the national territory.

Land suitable for forestry activities accounts for a further 14 percent 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.

Guatemala's top agricultural exports are bananas, coffee, sugar, corn and cardamom. The country is the first supplier of coffee beans to U.S. coffee chain Starbucks and is also famous for rum and fruit juices.

Coffee country

With more than 90,000 coffee producers, the coffee industry is such a vital part of the national landscape that only three of the country's 22 departments do not produce the valuable commodity.

Guatemala is expected to produce 4 million 60-kg bags of coffee in 2011, with about a fifth of that total expected to be sold in Japan—the second-largest importer of Guatemalan coffee after the U.S.

Total coffee exports for the 2008-2009 period reached \$561.4 million as the resource-rich republic reinforced its enviable reputation for premium-grade coffee. Guatemala is the world's fifth-largest coffee exporter by value and volume.

Japanese coffee buyers and importers were among the hundreds of powerful industry figures who attended the third meeting of the World Coffee Conference in Guatemala City earlier this year.

The three-day event, inaugurated and chaired by President Colom, took the theme "Coffee for the future: Towards a sustainable coffee sector." International experts gave a series of speeches about economic, environmental and social sustainability that touched upon issues facing the industry, such as climate change, pests and disease, supply chains, changes in consumption habits and new technologies and transport methods.

Delegates were given free tours of coffee farms and

processing facilities as part of the event. Local investment officials said they were delighted at the media coverage the conference generated as it gave Guatemala the opportunity to showcase its natural and human resources to the world and highlight a range of potential business openings.

"Agribusiness offers some of the greatest development and competitive feasibility at a global level, with a range of related industries that contribute to the productivity of different industry branches," said Virgilio Córdón, executive director of the government's official investment agency, Invest in Guatemala.

"Actions taken 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.

"Guatemala's strategic location is the perfect platform to the world's largest markets and our modern ports on both the Atlantic and the Pacific Oceans facilitate direct commerce with Asia, North America and Europe.

"Guatemala also serves as the hinge of Mesoamerica, a region with great potential and more than 50 urban centers, a population of 67.5 million inhabitants and an economy worth \$262 billion a year."

While President Colom has received praise for his work in driving Guatemala's strong socioeconomic development, he acknowledges that this success would not have been possible without the support of his large team of staff.

As President Colom's private secretary, Gustavo Alejos is a highly respected senior civil servant who plays a prominent role in ensuring the President's daily meetings, visits and talks run smoothly.

A successful businessman and entrepreneur, Alejos has been a close, personal friend of President Colom since 2003 and acted as his right-hand man since the presidential elections in late 2007 that saw President Colom take office in January 2008.

In addition to managing President Colom's hectic daily agenda, Alejos is responsible for filtering and prioritizing official invitations, briefing the president about policy matters, parliamentary business, and various other political and legislative issues.

'Guatemala is recovering from storm Agatha, thanks to the emergency assistance provided by Japan. I am grateful for your country's help—Japan always offers Guatemala the best level of aid in such times.'

Álvaro Colom
President of Guatemala

several issues with Emperor Akihito and invited him to visit Guatemala to enjoy the country's wonderful array of natural and cultural treasures such as ancient Mayan temples, tropical rain forests and majestic volcanoes.

"Our meeting today has further strengthened relations between our two countries," Emperor Akihito stated.

Prime Minister Kan praised Guatemala for overcoming a long civil war and the efforts taken to promote democracy and reconciliation. He also expressed sympathy for victims of natural disasters like Tropical Storm Agatha and said Japan would continue to provide aid, relief

Beneficial talks

During talks about regional and international issues facing both countries, Prime Minister Kan expressed his hope that Guatemala would show leadership as the chairing country of the Central American Integration System (SICA) in the first half of 2011.

In return, President Colom reiterated his support for reforms that would give Japan a permanent seat on the United Nations Security Council.

President Colom, a successful businessman who turned to politics and took office in January



President Álvaro Colom and Prime Minister, Naoto Kan, reaffirm their commitment to strong bilateral relations.

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Driving social development

President Álvaro Colom and first lady Sandra Torres de Colom are spearheading their country's social development through a range of health, education and welfare projects.

In addition to political, economic and social stability, Guatemala has made strong progress in the fight against poverty in recent years thanks to the help and financial support of international aid partners such as Japan.

Since the signing of a peace accord in 1996 that marked the end of 36 years of conflict, Guatemala has worked hard to rebuild its infrastructure and economy, improve security, and boost access to health and education services.

Japan has donated hundreds of millions of dollars in aid and equipment to the Central

In addition to the launch of government agencies and organizations to manage projects and programs, both President Colom and the first lady regularly travel to rural areas to see for themselves how their humanitarian efforts are making a difference to people.

Social Cohesion Council

At the forefront of this drive to raise social, health and education standards is the Social Cohesion Council (Consejo de Cohesión Social).

The brainchild of President Colom, the forward-thinking

Council, thousands more children and young people across Guatemala are exercising their rights to education.

Referring specifically to the country's Millennium Development Goals, President Colom told international leaders: "We should congratulate ourselves on the positive progress made in 29 of the 49 indicators while redoubling our efforts on the other 20 in order to achieve similar success."

While President Colom was attending the U.N. summit, the first lady was meeting rural families who receive free food that allows them to spend their precious budget on their children's education and homes in order to improve general living conditions.

"We have a lot of work to do but the changes have started," the first lady said. "Guatemala's many social programs do not have political interests, they only see the people and their needs."

In addition to the provision of free food, President Colom's administration has funded a series of projects that have created more than 20,000 homes, as well as more than 5,000 schools and associated facilities.

Free housing

During an official ceremony on Sept. 18, more than 2,600 grateful families—many of whom were badly affected by tropical storms—were handed the keys and full ownership rights to their new homes.

At the handing-over event, a delighted President Colom commented: "We pledged to give the less fortunate housing as soon as we could. I know some have had

to wait more than 15 years for the legalization of their land but their dream is now reality."

With a 73.2 percent literacy rate, Guatemala has a strong education system—particularly in the main urban areas—that provides older students with a broad range of technical degrees as well as graduate, master and postgraduate degrees.

At the forefront of the government's campaign to boost literacy rates in children, young people and adults is the National Committee for Teaching Literacy (Comité Nacional de Alfabetización).

The committee coordinates reading and writing projects and ensures greater access to educational materials and literature, and is supported by the Ministry of Public Health and Social Assistance, the Ministry of Culture and Sports, and the Ministry of Employment and Social Provision.

"Guatemala's education system is improving and expanding. Our children now receive a better education than ever before," said President Colom during a speech to teachers in September.

"My government has created 5,100 new centers of education for children and young people and I am especially pleased with the fact that we have opened more than 800 new schools that cater for very young children."

Long-term goals

In addition to the immediate benefits, government officials hope that these efforts will, in time, ensure that more teenagers attend university.

Only four out of every 100



First lady Sandra Torres de Colom takes a hands-on approach to social, health and education projects throughout Guatemala.

young people are currently in a position to participate in undergraduate courses but officials are determined to increase that figure in the short, medium and long term.

The measures also send a clear signal to potential investors that Guatemala is investing heavily in its own future as it looks to maximize its vast pool of human capital that is overwhelmingly young.

Up to 70 percent of the country's economically active population is age 30 or under and,

'Guatemala's many social programs do not have political interests, they only see the people and their needs.'

Sandra Torres de Colom
First Lady of Guatemala

according to a recent forecast by the Demographic Center of Latin America and the Caribbean, Guatemala will have the largest number of inhabitants in the productive age range by the year 2020.

When combined with advanced information and communications technologies (ICT) networks, these rich human resources have helped Guatemala build a world-class reputation as a provider of call centers and for business process outsourcing (BPO) services.

Competitive labor costs, high industry standards, hard-working and skilled bilingual staff are all contributing to make Guatemala one of the most popular destinations in Latin America, while also propelling it toward its goal of middle-income country status.

Japanese technology, both hardware and software, is being used by many of the companies that operate in the fast-growing and lucrative sector that employs thousands of Guatemalans and has a bright future.

American country over the past decade through its overseas development agency, as officials from both countries seek to lift living standards.

Since taking office in early 2008, President Colom and his wife, Sandra Torres de Colom, have spearheaded the successful nationwide battle against malnutrition, poverty and illiteracy and improved people's lives and employment prospects.

"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," President Colom said.

organization is highly active throughout the country and runs a series of food, health, education and aid projects and programs.

During his speech to world leaders at the United Nations headquarters in New York on Sept. 20, President Colom highlighted some of the achievements made by the council and its sister agencies, and acknowledged the challenges that lay ahead.

"Our education system has advanced greatly in the past year—a historical achievement that means up to 40 percent more children now receive education," he said.

"Thanks to the projects and programs managed by organizations like the Social Cohesion



Magnificent Mayan temples and pyramids offer visitors to Guatemala a journey back in time.

Outstanding tourist destination

Blending tropical rain forests with rare Mayan ruins, Guatemala boasts one of the fastest-growing tourism markets in the world.

Blessed with a breathtaking topography of majestic volcanoes, golden beaches, crystal lakes, huge mountains and attractive highlands and rivers, Guatemala is recognized as one of the most beautiful and naturally diverse countries in the world.

Rich in culture and history, the country is an increasingly popular tourist destination for international travelers—including visitors from Japan—with the tourism industry a key source of revenue and employment and a magnet for FDI.

Guatemala's tourism industry is vast and varied, ranging from famous archeological sites and wonderfully preserved colonial cities, to extreme sports, game fishing, eco-adventures and conservation projects, as well as health tourism.

Known as the "Heart of the Mayan World" due to the famous Mayan civilization that inhabited its vast rain forests and terrain thousands of years ago, Guatemala attracted nearly 1.8 million foreign tourists in 2009, up 5.1 percent from 2008.

That impressive total is expected to climb to more than 2 million this year as public and private sector investment in high-quality support infrastructure such as roads, airports and hotels boosts the nation's enviable tourism reputation.

According to figures compiled by the Guatemalan Tourism Institute (INGUAT), in the first

half of 2010, 907,000 foreigners arrived in Guatemala, a rise of nearly 13 percent over the same period of the previous year. As a result, tourism revenue generated by nonresidents jumped 14 percent to \$652 million from \$573 million in the same half of 2009. Tourism revenue for the whole of 2009 totaled \$1.3 billion.

Warm welcome

More than 5,100 Japanese tourists visited Guatemala last year, with the lucrative tourism market dominated by the 604,000 arrivals from the U.S., Canada and Mexico, followed by around 175,000 visitors from European countries.

"Guatemala is a beautiful, friendly and welcoming country that offers visitors from Japan and around the world a wealth of natural, historical and cultural attractions all year round," said President Colom.

"Our wonderful territory comprises a diverse range of landscapes, microclimates and ecosystems, and our magnificent tropical rainforests are teeming with wildlife, rare and exotic animals, and an extensive range of flora. These multiple habitats stretch to our lovely coastlines that enable us to offer a splendid selection of water sports such as game fishing and surfing. Guatemala also has numerous lakes and lagoons, many of which are of volcanic origin."

Among the republic's many unique national treasures are the

mysterious stone temples and ancient monuments built by the Mayans and surrounded by rainforests at Tikal National Park in the beautiful Petén region. The largest Mayan city in the world, the well-preserved ruins were awarded World Heritage status by UNESCO in 1979. The eye-catching city comprises towering temples, pyramids and acropolises, and many other archaeological sites of interest.

The area is second in popularity only to the gorgeous historic city of Antigua Guatemala. Founded in 1543 as the third capital of the New World, the colonial city provides visitors

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with a dramatic history of conquest, grandeur, destruction and rebirth.

Against the backdrop of several volcanoes, tourists can stroll along quiet cobblestone streets, relax in spacious plazas and parks, view valuable paintings and antiques in museums and buy traditional artisan crafts made by residents and local villagers.

"The friendly and hospitable nature of our people has helped Guatemala become one of the cultural capitals of the world," said President Colom. "The

country has a strong indigenous presence where ancient customs and traditions are passed from generation to generation. Our colonial past retains an important presence in the 21st century, as illustrated by the attractive and historic city of Antigua Guatemala."

Strategic location

Given its strategic location at the heart of the Americas and between two great oceans, Guatemala is a popular port of call for cruise liners. Each year thousands of passengers experience its many natural, cultural and historical charms.

According to government statistics, cruise-ship arrivals have more than trebled over the past few years as word of

outstripped supply and the government is working hard to attract foreign investors to build and manage hotels, guesthouses and luxury resorts.

Investors are also needed to boost accommodations near the shores of Lake Atitlán. Situated at more than 1,500 meters above sea level, the lake's bowl is formed by the three spectacular volcanoes of Tolimán, Atitlán and San Pedro.

"Lake Atitlán provides excellent opportunities for the development of hotel infrastructure such as exclusive hotel projects, mixed projects and tourist resorts," said President Colom.

"Guatemala enjoys modern transport infrastructure like highways, airports, landing strips and communications."

Guatemala's beauty spreads and port facilities are expanded and improved.

Located on the Caribbean coast, Lake Izabal is a tranquil, tropical paradise and the third-most popular tourist destination in Guatemala. The largest lake in the country, Lake Izabal lies close to the magnificent eighth century ruins of Quirigua.

As in other parts of the republic, soaring demand for tourist accommodations has

The country's cosmopolitan capital, Guatemala City, is served by a growing number of international carriers, and the city itself is the region's leading hub for business conferences and trade shows and conventions.

"Guatemala offers a unique and unforgettable experience," President Colom said. "I invite everyone to come and enjoy our beautiful country at the center of the Americas: Welcome to the Heart of the Mayan World."