



**Introduction by
The Rt Hon Lord Hurd
of Westwell CH CBE PC
Chairman of the FIRST
Advisory Council**

I have great pleasure in introducing this official FIRST report on Guatemala to mark the visit of HE Otto Fernando Pérez Molina, President of the Republic of Guatemala. We are particularly grateful to HE Acisclo Valladares Molina, Guatemala's Ambassador in London, for all his assistance as well as the support of the Guatemalan and United Kingdom authorities.

The President's visit is especially timely and will help focus the attention of international business leaders and policy makers on the many trade and investment opportunities in Guatemala. The President's visit will also coincide with the Latin American Investment Forum to be held in London.

Guatemala is Central America's most populous country and its largest economy. The agricultural sector accounts for over 13 per cent of GDP and 38 per cent of the labour force. The 1996 Peace Accords, ending thirty six years of civil war removed an important obstacle to foreign direct investment. Since that milestone was achieved, the government of Guatemala has implemented important reforms and pursued macroeconomic stabilisation measures to enhance further the investment climate.

In addition, the Dominican Republic-Central American Free Trade Agreement (CAFTA-DR) of July 2006 has encouraged increasing inward investment. There remain challenges, however, particularly in the lack of skilled workers, security concerns and an underdeveloped infrastructure.

Given Guatemala's economic stability, steady growth and the objective promoting foreign investment, there are significant opportunities for UK and international businesses, including sectors such as clean energy, security, infrastructure and construction, education and the retail market. Guatemala also offers a strategic geographical location from which to access Meso-America – a market including over fifty urban centres, a population of 68 million and a regional economy worth some US\$319 billion. Guatemala has trade agreements with

neighbours including Mexico, Panama, the US, the Dominican Republic, Colombia and Chile.

Guatemala's important industries include sugar, textiles and clothing, furniture, chemicals, petroleum, metal, rubber and tourism. The energy sector presents important opportunities and attracts around 32 per cent of the total investment in the country. Oil production amounts to some 14,000 barrels per day and Guatemala has 27 hydroelectric plants, 27 thermoelectric plants and two geothermal plants. Given the country's participation in SIEPAC (Central American Electrical Interconnection System) Guatemala has now become an important energy exporter to the region.

President Otto Fernando Pérez Molina came into office on January 14th 2012 and committed to continue existing government programmes to promote foreign investment, enhance competitiveness and increase investment in the export and tourist sectors. These objectives are supported by Guatemala's major diplomatic interests including regional security, regional development and economic integration.

The United Kingdom and Guatemala enjoy an important investment and trade relationship and regular dialogue is conducted between the two countries. Earlier this year the British Embassy, led with distinction by HE Sarah Dickson, HM Ambassador to Guatemala and Honduras, held a series of events to mark the annual 'British Week'.

President Pérez Molina's visit to the United Kingdom, while providing an opportunity for private discussions, will give us all the opportunity to study the significant developments in Guatemala and to weigh carefully the many opportunities to work together even more closely.

We at FIRST are delighted to have been asked to produce this official publication to mark the President's visit and hope that it contributes, in a small way, to its success and the further development of the bilateral relationship.