

2025 Guatemala Investment Climate Statement

Executive Summary

Guatemala has the largest economy in Central America, with a GDP of \$113.2 billion in 2024. The economy grew by an estimated 3.7 percent in 2024 following a 3.5 percent growth in 2023. The United States is Guatemala's most important economic partner. The Guatemalan government continues to:

- make efforts to enhance competitiveness,
- promote investment opportunities, and
- work on legislative reforms aimed at supporting economic growth.

More than 200 U.S. and other foreign firms have active investments in Guatemala, benefiting from the U.S. Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). FDI flows increased by 5.2 percent in 2024 compared to 2023. Some of the activities that attracted most of the FDI flows in the last three years were:

- financial and insurance activities,
- manufacturing,
- commerce and vehicle repair,
- information and communications, and
- water, electricity, and sanitation services.

An uncertain amount of FDI actually represents domestic investment channeled via Guatemalan-owned companies in Panama. In April 2025, Guatemala's main electric power companies called for bids for the country's fifth Plan for Expansion of Generation (PEG-5) to contract 1,400 megawatts of power.

Despite steps to improve Guatemala's investment climate, international companies choosing to invest in Guatemala face significant challenges. Impediments to investment include:

- complex laws and regulations,
- inconsistent judicial decisions,
- bureaucratic impediments, and
- corruption.

Citing Guatemala's CAFTA-DR obligations, the United States has raised concerns with the Guatemalan government regarding its enforcement of both its labor and environmental laws.

The administration of President Arevalo has prioritized anti-corruption efforts, including:

- promulgation of a code of ethics for government employees,
- establishment of probity units at various ministries, and
- efforts to promote transparency through digitalization.

Transparency International has noted these reforms as a reason Guatemala's place in the Corruption Perceptions Index improved for the first time since 2013. The U.S. Embassy has not received reports of corruption at the highest levels, but these reforms have yet to dramatically change corruption embedded in lower, more local levels of government.

Section 1. Openness to, and Restrictions upon, Foreign Investment

Policies toward Foreign Direct Investment

The Guatemalan government continues to promote investment opportunities and work on reforms to enhance competitiveness and the business environment. In February 2021, Guatemalan government and private sector representatives signed a public-private cooperation agreement to implement the Guatemala Moving Forward Plan, a strategy incorporating various government agencies and focused on attracting investment to enhance economic growth and job creation. In June 2024, the Guatemalan government launched the National Strategy for Attracting Foreign Direct Investment, which proposes to focus the country's short-term efforts

to attract foreign direct investment towards sectors that show the greatest potential. From 2021 to 2024, the Guatemalan Congress approved some key economic legislation to improve the investment climate and foster economic growth, such as:

- a leasing law,
- amendments to the free trade zone law,
- a law to simplify administrative procedures and requirements,
- an insolvency law,
- a competition law,
- a priority road infrastructure law, and
- a port security law.

Guatemala's investment promotion office (ProGuatemala) operates within the Ministry of Economy. ProGuatemala supports potential foreign investors by offering:

- information,
- assessment,
- coordination of country visits,
- contact referrals, and
- support with procedures and permits necessary to operate in the country.

Services are offered to all investors without discrimination.

International investors tend to engage with the Guatemalan government via chambers of commerce and industry associations, and/or directly with specific government ministries. ProGuatemala continued to prioritize investment retention throughout 2024.

Limits on Foreign Control and Right to Private Ownership and Establishment

The Guatemalan Constitution recognizes the right to hold private property and to engage in business activity. Foreign private entities can establish, acquire, and dispose freely of virtually

any type of business interest, with the exception of some professional services as noted below. The Foreign Investment Law specifically notes that foreign investors enjoy the same rights of use, benefits, and ownership of property as Guatemalan citizens. Guatemalan law prohibits foreigners, however, from owning land immediately adjacent to rivers, oceans, and international borders.

Guatemalan law does not prohibit the formation of joint ventures or the purchase of local companies by foreign investors. Most foreign firms operate through locally incorporated subsidiaries.

The law does not restrict foreign investment in the following sectors:

- telecommunications,
- electrical power generation,
- airline, or
- ground-transportation.

The Foreign Investment Law removed limitations to foreign ownership in domestic airlines and ground-transport companies in January 2004. The Guatemalan government does not have a screening mechanism for inbound foreign investment.

Some professional services may only be supplied by professionals with locally recognized academic credentials. Public notaries must be Guatemalan nationals. Foreign enterprises may provide licensed, professional services in Guatemala through a contract or other relationship with a Guatemalan company. As of 2010, Guatemalan law allows foreign insurance companies to open branches in Guatemala, a requirement under CAFTA-DR. This law requires foreign insurance companies to fully capitalize in Guatemala.

Other Investment Policy Reviews

Guatemala has been a World Trade Organization (WTO) member since 1995. The Guatemalan government had its last [WTO Trade Policy Review \(TPR\)](#) in November 2016. In 2011, the United Nations Conference on Trade and Development (UNCTAD) conducted an [Investment Policy](#)

[Review \(IPR\)](#) on Guatemala. The WTO TPR highlighted Guatemala's efforts to increase trade liberalization and economic reform efforts by eliminating export subsidies for free trade zones, export-focused manufacturing, and assembly operations (maquilas) regimes, as well as amendments to the government procurement law to improve transparency and efficiency. Some important recommendations from the UNCTAD IPR were to further explore alternative dispute resolution mechanisms and the establishment of specialized courts for commercial and land disputes, though the government had not made substantive progress on these recommendations as of April 2025.

Business Facilitation

The Guatemalan government has [a business registration website](#), which facilitates online registration procedures for new businesses. Foreign companies that are incorporated locally are able to use the online business registration window, but the system is not yet available to other foreign companies. The commercial code amendments that entered into force in January 2018 reduced the time and costs to register a new business online. As of April 2025, the estimated time to register a new mercantile company online was two working days and the estimated time to register a limited liability company online ranged from four to six working days. The estimated costs to register a new mercantile or limited liability company with authorized capital of up to \$63,857 were \$26 and \$29, respectively, as of April 2025. The procedures allow mercantile companies to receive their business registration certificates online. Every company must register with the:

- business registry,
- tax administration authority,
- social security institute, and
- labor ministry.

Licenses, if required from the Ministry of Environment and Natural Resources, Ministry of Agriculture, Livestock and Food, and/or Ministry of Health and Social Assistance, add considerable additional time.

Outward Investment

Guatemala does not incentivize nor restrict outward investment.

Section 2. Bilateral Investment and Taxation Treaties

The Central America Free Trade Agreement (CAFTA-DR) entered into force in Guatemala on July 1, 2006, expanding trade between:

- the United States,
- the Dominican Republic,
- Guatemala,
- Costa Rica,
- El Salvador,
- Honduras, and
- Nicaragua.

CAFTA-DR contains a chapter on investments. In addition to CAFTA-DR, Guatemala has [18 bilateral or regional free trade agreements in force](#).

The United States and Guatemala do not have a bilateral income taxation agreement.

Section 3. Legal Regime

Transparency of the Regulatory System

Tax, labor, environment, health, and safety laws do not directly impede investment in Guatemala. Bureaucratic hurdles are common for both domestic and foreign companies, including lengthy processes to obtain permits and licenses as well as to clear shipments through Customs. The legal and regulatory systems can be confusing, and administrative decisions are often not transparent. Laws and regulations often contain few explicit criteria for government

administrators, resulting in ambiguous requirements that are applied inconsistently by different government agencies and the courts.

Public participation in the formulation of laws or regulations is rare. In some cases, private sector groups, and to a lesser extent civil society groups are able to submit comments to the issuing government office or to the congressional committee reviewing the bill, but with limited effect. There is no legislative oversight of administrative rule making. The Guatemalan Congress publishes all draft bills on its official website, but it does not make them available for public comment. The Congress often does not disclose last-minute amendments before congressional decisions. Final versions of laws, once signed by the President, must be published in the official gazette before entering into force. Congress publishes scanned versions of all laws that are published in the official gazette. Information on the public budget and debt obligations is publicly available at the Ministry of Finance's website, but information on debt obligations does not include state-owned enterprise debt.

International Regulatory Considerations

Guatemala is a member of the Central American Common Market and has adopted the Central American uniform customs tariff schedule. As a member of the WTO, the Guatemalan government notifies the WTO Committee on Technical Barriers to Trade (TBT) of draft technical regulations.

In 1996, Guatemala ratified Convention 169 of the International Labor Organization (ILO 169), which entered into force in 1997. Article 6 of the Convention requires the government to consult indigenous groups or communities prior to initiating a project that could affect them directly. Potential investors should determine whether their investment will affect indigenous groups and, if so, request that the Guatemalan government lead a consultation process in compliance with ILO 169. The Guatemalan Congress began considering a draft law to create a community consultation mechanism to fulfill its ILO-mandated obligations in March 2018, but the bill was still pending congressional approval as of April 2025. The lack of a clear consultation process significantly impedes investment in large-scale projects.

Legal System and Judicial Independence

Guatemala has a civil law system. The codified judicial branch law stipulates that jurisprudence or case law is also a source of law. Guatemala has a written and consistently applied commercial code. Contracts in Guatemala are legally enforced when the holder of a property right that has been infringed upon files a lawsuit to enforce recognition of the infringed right or to receive compensation for the damage caused. The civil law system allows for civil cases to be brought before, after, or concurrently with criminal claims. Guatemala does not have specialized commercial courts, but it does have civil courts that hear commercial cases and specialized courts that hear labor, contraband, or tax cases.

The judicial system is designed to be independent of the executive branch. There are frequent accusations of corruption within the judicial branch.

Laws and Regulations on Foreign Direct Investment

More than 200 U.S. firms as well as hundreds of foreign firms have active investments in Guatemala. CAFTA-DR established a more secure and predictable legal framework for U.S. investors operating in Guatemala. Under CAFTA-DR, all forms of investment are protected, including:

- enterprises,
- debt,
- concessions,
- contracts, and
- intellectual property.

U.S. investors enjoy the right to establish, acquire, and operate investments in Guatemala on an equal footing with local investors in almost all circumstances. The United States government places a high priority on improving the investment climate for U.S. investors in Guatemala. Guatemala passed a foreign investment law in 1998 to streamline and facilitate processes in foreign direct investment. To ensure compliance with CAFTA-DR, the Guatemalan Congress

approved a law in May 2006 that strengthened existing legislation on intellectual property rights (IPR) protection, government procurement, trade, insurance, arbitration, and telecommunications, as well as the penal code.

Complex and confusing laws and regulations, inconsistent judicial decisions, bureaucratic impediments, and corruption continue to constitute practical barriers to investment. The [Así Se Hace website](#) run by the Ministry of Economy publicizes:

- laws,
- procedures, and
- registration requirements applicable to investors

including:

- fees and documental requirements,
- procedural steps and times, and
- contact details of the entities in charge.

Companies that carry out export activities or sell to exempted entities have the right to claim value added tax (VAT) credit refunds for the VAT paid to suppliers and documented with invoices for purchases of the goods and services used for production as established in the VAT law. A separate 2006 Guatemalan tax law requires that some companies that purchase goods and services from other companies withhold 15 percent of the VAT paid and seek refunds that can only be used for future tax payments for the VAT credit that they cannot offset after two years. While Guatemala's Tax and Customs Authority (SAT) established in December 2019 an electronic tax credit refund regime that expedites VAT credit refunds to exporters, refunds on the withheld VAT that companies are unable to offset after two years continued to be delayed as of April 2025.

Transfer pricing provisions have been part of Guatemala's tax code since 2016. The Guatemalan Congress approved a leasing law in February 2021 to regulate real estate and other types of leasing operations, including lease contracts with purchase options. A Guatemalan law

to simplify, streamline, and digitize requirements and administrative procedures that are carried out with the Executive Branch's offices entered into force in August 2021. In October 2024, the Guatemalan Congress approved a port security law to regulate activities of the designated authority of the national port system and to ensure compliance with international standards.

Competition and Antitrust Laws

After decades of effort, the Guatemalan Congress approved a competition law in November 2024. The new law aims to promote and defend competition to enhance economic efficiency and consumers' welfare. Key provisions include the prohibition of anti-competitive practices and the establishment of an autonomous competition agency to enforce the law and impose sanctions. Some sections of the law, such as the chapter related to the competition agency, took effect in January 2025. The Guatemalan Congress, the Monetary Board, and President Arevalo will appoint the three members of the first competition agency's board in June 2025. The remaining chapters of the law, including the chapters on economic concentrations and provisions related to the defense of free competition, will take effect in December 2025.

Expropriation and Compensation

Guatemala's constitution prohibits expropriation, except in cases of eminent domain, national interest, or social benefit. The Foreign Investment Law requires proper and prior compensation in cases of expropriation. Investor rights are protected under CAFTA-DR by an impartial procedure for dispute settlement that is fully transparent and open to the public. Submissions to dispute panels and dispute panel hearings are open to the public, and interested parties have the opportunity to submit their views.

The Guatemalan government maintains the right to terminate a contract at any time during the life of the contract, if it determines the contract is contrary to the public welfare. It has rarely exercised this right and can only do so after providing the guarantees of due process.

Dispute Settlement

ICSID Convention and New York Convention

Guatemala is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitration Awards (1958 New York Convention), the Inter-American Convention on International Commercial Arbitration (Panama Convention), and it is a member state to the International Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention).

Investor-State Dispute Settlement

CAFTA-DR incorporated dispute resolution mechanisms for investors. Over the past 10 years, two investment disputes filed under the investment chapter of CAFTA-DR against the Guatemalan government with the ICSID have involved U.S. investors.

Over the past 10 years, two other foreign investors have filed investment disputes against the Guatemalan government, with cases related to power transmission and hydroelectric projects.

International Commercial Arbitration and Foreign Courts

Guatemala's Foreign Investment Law allows alternative dispute resolution mechanisms, if agreed to by the parties. Currently, there are two alternative dispute resolution centers in Guatemala to settle disputes between two private parties:

- the Center of Arbitration and Conciliation of the Guatemalan Chamber of Commerce (CENAC), and
- the Conflict Resolution Commission of the Guatemalan Chamber of Industry (CRECIG).

Both dispute resolution centers provide support with arbiters and logistics. Guatemala's Arbitration Law of 1995 uses the UN Commission on International Trade Law (UNCITRAL) Model Law as the basis for its rules on international arbitration. The Convention on the Recognition and Enforcement of Foreign Arbitration Awards (1958 New York Convention), of which Guatemala is a signatory, recognizes the subsequent enforcement of arbitration awards under

these arbitration rules. The Law of the Judiciary recognizes judgments of foreign courts, but judgments must be final and comply with a legalization process to corroborate validity of the judgment.

Bankruptcy/Insolvency Regulations

In February 2022, the Guatemalan Congress passed an insolvency law that applies to individuals and businesses and regulates the renegotiation procedure between debtors and creditors in case of insolvency. The law entered into force in August 2022, but the Guatemalan government was still drafting the implementing regulation as of April 2025. The law requires the judicial branch to create specialized bankruptcy/insolvency courts within five years of the law's enactment. Under the insolvency law, creditors can:

- request to be included in a list of creditors;
- request to start an insolvency proceeding when a debtor has suspended payments of liabilities to creditors for over a period of four months;
- propose reorganization plans that allow the recovery of credits and the continuity of debtors' economic activity; and
- constitute a creditors committee to supervise the work of the bankruptcy administrator and ensure proper management of the bankruptcy estate.

Holders of financial contracts have the same rights of creditors under the law. The Code on Civil and Mercantile Legal Proceedings, which contains a chapter on insolvency proceedings, will continue to apply to insolvency proceedings that began prior to the entry into force of the new insolvency law.

Section 4. Industrial Policies

Investment Incentives

Guatemala's main investment incentive programs are specified in law and are offered nationwide to both foreign and Guatemalan investors without discrimination.

Guatemala's primary incentive program – the Law for the Promotion and Development of Export Activities and Maquilas (factories that import duty-free materials and assemble products for export) – is aimed mainly at the apparel and textile sector and at services exporters such as call centers and business processes outsourcing (BPO) companies. The government grants investors in these two sectors a 10-year income tax exemption. Additional incentives include:

- an exemption from duties and value-added taxes (VAT) on imported machinery and equipment, and
- a one-year suspension of the same duties and taxes on imports of production inputs, samples, and packing material.

The Free Trade Zone Law provides similar incentives to the incentive program described above to a broader list of activities, such as manufacturing of:

- processed food,
- pet food,
- cosmetic products,
- furniture, and
- construction materials.

The Guatemalan Congress approved the Law for Conservation of Employment (Decree 19-2016) in February 2016, amending Guatemala's two major incentive programs to replace tax incentives related to exports that Guatemala dismantled on December 31, 2015, per WTO requirements. Congress approved new amendments to the Free Trade Zones (FTZ) Law in May 2021 to incorporate some previously excluded economic activities, such as manufacturing of plastic products, medications, and electronic devices and household appliances. The 2021 reforms established that local and foreign entities with activities already taxed in the national customs territory may not migrate to FTZ or benefit from the incentives provided by this law. However, companies already operating in country that create new businesses with different activities than those already taxed are exempt from this provision.

The public Free Trade Zone of Industry and Commerce Santo Tomas de Castilla (ZOLIC) that operates contiguous to the state-owned port Santo Tomas de Castilla issued a regulation in January 2019 allowing the establishment of ZOLIC's Special Public Economic Development Zones (ZDEEP) outside of ZOLIC's customs perimeter. The ZOLIC law grants businesses operating within ZDEEPs 10-year income tax exemption. Additional exemptions include an exemption from:

- VAT,
- customs duties,
- other charges on imports of goods entering the area, including:
 - raw materials,
 - supplies,
 - machinery, and
 - equipment

as well as VAT exemption on all taxable transactions carried out within the ZDEEP when goods are exported.

The law states that the incentives are available to local and foreign investors engaged in manufacturing and commercial activities as well as the provision of services. In January 2023, SAT implemented a regulatory change for consolidated warehouse operations in Public Special Economic Development Zones (ZDEEP), in which service users can create a centralized delivery point for Guatemalan suppliers to companies with dispersed business operations.

Foreign Trade Zones/Free Ports/Trade Facilitation

Guatemala's Free Trade Zones Law (Decree 65-89), as amended by the Reforms to Decree Number 65-89, the Free Zone Law (Decree 6-2021) and the Law for Conservation of Employment (Decree 19-2016), permits the establishment of free trade zones (FTZs) in any region of the country. Developers of private FTZs must obtain authorization from MINECO to install and manage a FTZ. Businesses operating within authorized FTZs also require

authorization from MINECO. The law specifies investment incentives, which are available to both foreign and Guatemalan investors without discrimination. There were five authorized FTZs operating in Guatemala as of April 2025. The Guatemalan Congress approved amendments to the Free Trade Zones Law in May 2021 to reinstate tax incentives to some of the activities removed during the previous reform. Decree 22-73, ZOLIC's law and its amendments approved through Decree 30-2018, allow the establishment of ZOLIC's Special Public Economic Development Zones (ZDEEP) outside of ZOLIC's customs perimeter as described under the Investment Incentives subsection above. ZDEEPs can be installed in ZOLIC's facilities or property owned by third parties that is leased or granted in usufruct to ZOLIC. Administrators of ZDEEPs must obtain authorization from ZOLIC's board of directors for a minimum period of 12 years. As of April 2025, ZOLIC's board of directors had approved 17 ZDEEPs, of which five were in operation.

Performance and Data Localization Requirements

Guatemalan law does not impose performance, purchase, or export requirements nor does the government require foreign investors to use domestic content in goods or technology. Companies are not required to include local content in production.

Guatemalan companies do not require foreign IT providers to turn over source code. Some industries, such as the banking and financial sector, can request that their institution or a source code facilities management company receive a copy of the source code in case of potential problems with the IT provider.

Section 5. Protection of Property Rights

Real Property

Guatemala follows the real property registry system. Defects in the titles and ownership gaps in the public record can lead to conflicting claims of land ownership, especially in rural areas. The government stepped up efforts to enforce property rights by helping to provide a clear property title. Nevertheless, when rightful ownership is in dispute, it can be difficult to obtain and subsequently enforce eviction notices. Mortgages are available to finance homes and

businesses. Some banks offer mortgage loans with terms as long as 30 years for residential real estate. Mortgages and liens are recorded at the real estate property registry. Property ownership cannot revert to other owners, such as squatters, if property legally purchased is unoccupied. The legal system is accessible to foreigners who may buy, sell, and file suit under the law. However, the legal system is not easily navigated without competent counsel. Foreign investors are advised to seek reliable local counsel early in the investment process.

Intellectual Property

Guatemala has been a member of the WTO since 1995 and the World Intellectual Property Organization (WIPO) since 1983. It is also a signatory to the Paris Convention, Berne Convention, Rome Convention, Phonograms Convention, and the Nairobi Treaty. Guatemala has ratified the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). In June 2006, as part of CAFTA-DR implementation, Guatemala ratified the Patent Cooperation Treaty and the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. Also in June 2006, the Guatemalan Congress approved the International Convention for the Protection of New Varieties of Plants (UPOV Convention). Implementing legislation that would allow Guatemala to become a party to the convention, however, was pending as of April 2025. The Guatemalan Congress approved the Trademark Law Treaty (TLT) and the Marrakesh Treaty in February 2016. Legislation to incorporate TLT provisions into local law was pending as of April 2025. The Guatemalan Congress passed amendments to the Copyright and Related Rights Law to adapt Marrakesh Treaty provisions into local law in October 2018, and the Guatemalan government issued its implementing regulation in March 2022.

Guatemala has a registry for intellectual property. Trademarks, copyrights, patents rights, industrial designs, and other forms of intellectual property must be registered in Guatemala to obtain protection in the country.

The Guatemalan Congress passed an industrial property law in August 2000, bringing the country's intellectual property rights laws into compliance with the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. Congress modified the legislation in 2003 to provide pharmaceutical test data protection consistent with

international practice and again in 2005 to comply with IPR protection requirements in CAFTA-DR. CAFTA-DR provides for improved standards for the protection and enforcement of a broad range of IPR, which are consistent with U.S. standards of protection and enforcement as well as emerging international standards. Congress approved a law to prohibit the production and sale of counterfeit medicine in November 2011. It approved amendments to the Industrial Property Law in June 2013 to allow the registration of geographical indications (GI), as required under the Association Agreement with the European Union. Guatemalan administrative authorities issued rulings on applications to register GIs that appear sound and well-reasoned for compound GI names, but U.S. exporters are concerned that 2014 rulings on single-name geographical indications will effectively prohibit new U.S. products in the Guatemalan market from using what appear to be generic or common names when identifying their goods locally.

Guatemala remains on USTR's Special 301 Watch List in 2025 and has been on the Watch list for more than 10 years. Guatemala was not listed on the 2024 Notorious Markets List. Despite a generally sound legal framework, IPR enforcement remains limited due to resource constraints, and limited coordination among law enforcement agencies. Significant delays in the patent registration process continued in 2024. Piracy and copyright and trademark infringement, including those of some major U.S. brands, remain problematic in Guatemala.

For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

Section 6. Financial Sector

Capital Markets and Portfolio Investment

Guatemala has a local stock exchange (Bolsa de Valores Nacional) that deals almost exclusively in commercial paper, repurchase agreements (repos), and government bonds. The Ministry of Economy, through the Stock and Merchandise Market Registry, in collaboration with the Bolsa de Valores Nacional and support from the Guatemalan Central Bank (Banguat), the Banking Superintendence (SIB), and the Tax Administration Authority (SAT) was drafting a new capital markets bill as of April 2025. Notwithstanding the lack of a modern capital markets law, the

government debt market continues to develop. Domestic treasury bonds represented 55 percent of total public debt as of February 2025.

As of February 2025, borrowers faced a weighted average annual interest rate of 12.8 percent in local currency and 7.2 percent in foreign currency, with some banks charging over 40 percent on consumer loans. Commercial loans to large businesses offered the lowest rates and were on average 7.7 percent in local currency as of December 2024. Dollar-denominated loans are typically a few percentage points lower than those issued in local currency. Foreigners rarely rely on the local credit market to finance investments.

Money and Banking System

Overall, the Guatemalan banking system remains stable. Non-performing loans represented 2.4 percent of total loans as of February 2025. The Banking Superintendence (SIB) is responsible for regulating the financial services industry. According to information from the SIB, Guatemala's 18 commercial banks had an estimated \$73.7 billion in assets in December 2024. The six largest banks control about 85 percent of total assets. In addition, Guatemala has 11 non-bank financial institutions, which perform primarily investment banking and medium- and long-term lending, and three exchange houses. Access to financial services is high in Guatemala City and other cities. Guatemala had 49.4 access points per 10,000 adults at the national level and 45.6 access points per 10,000 adults in the capital area as of December 2024. There were 15,567 banking accounts per 10,000 adults at the national level and 32,761 banking accounts per 10,000 adults in the capital area as of December 2024. Most banks offer a variety of online banking services.

Foreigners are normally able to open a bank account by presenting their passport and a utility bill or some other proof of residence. However, requirements vary by bank.

Guatemalan banking and supervisory authorities and the Guatemalan Congress actively work on new laws in the business and financial sectors. In August 2012, the Guatemalan Congress approved reforms to the Banking and Financial Groups Law and to the Central Bank Organic Law that strengthened supervision and prudential regulation of the financial sector and resolution mechanisms for failed or failing banks. The Guatemalan government submitted to

Congress proposed amendments to the Banking and Financial Groups Law in November 2016 and an anti-money laundering and counter-terrorism financing draft law in August 2020. Both proposed laws were pending congressional approval as of April 2025.

Foreign banks may open branches or subsidiaries in Guatemala subject to Guatemalan financial controls and regulations. These include a rule requiring local subsidiaries of foreign banks and financial institutions operating in Guatemala to meet Guatemalan capital and lending requirements as if they were stand-alone operations. Groups of affiliated credit card, insurance, financial, commercial banking, leasing, and related companies must issue consolidated financial statements prepared in accordance with uniform, generally accepted accounting practices. The groups are audited and supervised on a consolidated basis.

The number of correspondent banking relationships with Guatemala's financial sector remained stable in 2024. Alternative financial services in Guatemala include credit and savings unions and microfinance institutions.

Foreign Exchange and Remittances

Foreign Exchange

Guatemala's Foreign Investment Law and CAFTA-DR commitments protect investors' rights to remit profits and repatriate capital. There are no restrictions on converting or transferring funds associated with an investment 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. In October 2010, monetary authorities approved a regulation to establish limits for cash transactions of foreign currency to reduce the risks of money laundering and terrorism financing. The regulation establishes that monthly deposits over \$3,000 will be subject to additional requirements, including a sworn statement by the depositor stating that the money comes from legitimate activities. 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 Law of Free Negotiation of Currencies allows Guatemalan banks to offer different types of foreign-currency-denominated accounts. In practice, the majority of such accounts are in U.S. dollars. Capital can be transferred from Guatemala to any other jurisdiction without restriction. The exchange rate moves in response to market conditions. The government sets one exchange rate as reference, which it applies only to its own transactions, and which is based on the commercial rate. The Central Bank intervenes in the foreign exchange market only to prevent rapid and unpredictable movements. The reference exchange rate of quetzals (GTQ) to the U.S. dollar has remained relatively stable since 1999.

Remittance Policies

There are no time limitations on remitting different types of investment returns

Sovereign Wealth Funds

Guatemala does not have a sovereign wealth fund.

Section 7. State-owned Enterprises

Guatemala has three main state-owned enterprises:

- the National Institute for Electrification (INDE), and
- two state-owned ports:
 - Santo Tomas de Castilla on the Caribbean coast, and
 - Port Quetzal on the Pacific coast.

None of the three enterprises have investments in other countries. INDE is a state-owned electricity company responsible for expanding the provision of electricity to rural communities. INDE owns approximately 13.5 percent of the country's installed effective generation capacity, and it participates in the wholesale market under the same rules as its competitors. It also provides a subsidy to consumers of up to 88 kilowatt-hours (kWh) per month. Its board of directors comprises representatives from the government, municipalities, business associations, and labor unions. The two ports handled about 51 percent of Guatemala's total

trade in 2023. The board of directors appoints the general manager. The Guatemalan President appoints Santo Tomas Ports' board of directors, and the board of directors appoints the general manager. The Guatemalan President appoints the president of Port Quetzal's board, and the president of the board appoints the general manager.

The Guatemalan government currently owns 30 percent of the shares of the Rural Development Bank (Banrural), the second largest bank in Guatemala, and holds 3 out of 10 seats on its board of directors. Banrural is a mixed capital company and operates under the same laws and regulations as other commercial banks.

Privatization Program

The Guatemalan government privatized a number of state-owned assets in industries and utilities in the late 1990s, including:

- power distribution,
- telephone services, and
- grain storage.

Guatemala does not currently have a privatization program.

Section 8. Corruption

Bribery is illegal under Guatemala's Penal Code. Guatemala scored 25 out of 100 points on Transparency International's 2024 Corruption Perceptions Index and improved its ranking from 154 to 146 (out of 180 countries), globally, and 27 out of 32 countries in the region. The law provides criminal penalties for official corruption, but the Public Ministry (MP) prosecuted very few government corruption cases.

Investors report pervasive corruption in public procurement, including requests for payment of bribes in exchange for awarding public contracts. Investors and importers are frequently frustrated by opaque customs transactions, particularly at ports and borders. In 2021, Tax and Customs Authority (SAT) implemented additional customs reforms that route flagged

shipments to a dedicated interagency secondary inspection team for resolution, rather than assigning the case to the original inspector. The change eliminates opportunity for an inspector to impose deliberate delays, but allegations persist that shipments are held by secondary inspection teams in order to extract corrupt payments from importers and exporters.

From 2006 to 2019, the UN-sponsored International Commission against Impunity in Guatemala (CICIG) undertook numerous high-profile official corruption investigations, leading to many indictments. For example, CICIG unveiled a customs corruption scheme in 2015 that led to the resignations of the former president and vice president. In 2019, then-President Morales terminated CICIG. Subsequent actions taken by Attorney General Consuelo Porras have impeded and undone the work of anti-corruption investigations including the infamous Odebrecht bribery scandal, increased and posed additional risks for potential new investors. In 2024, the Guatemalan tax authority (SAT) revealed it had uncovered a tax fraud scheme (“B410”) in which a network of 410 companies with government contracts sought to evade 800 million quetzales (approximately \$105 million) in taxes between 2021 and 2023. To date, the Public Ministry has made no arrests. The administration of President Arevalo has prioritized anti-corruption efforts, including promulgation of a code of ethics for government employees, establishment of probity units at various ministries, and efforts to promote transparency through digitalization, but these have produced limited results.

Guatemala’s Government Procurement Law requires most government purchases over \$116,000 to be submitted for public competitive bidding. Guatemalan government entities are required to use [Guatecompras](#), which tracks government procurement processes. Guatemalan government entities must also comply with government procurement commitments under CAFTA-DR. In August 2009, the Guatemalan Congress approved reforms to the Government Procurement Law, which simplified bidding procedures; eliminated the fee previously charged to receive bidding documents; and provided an additional opportunity for suppliers to raise objections over the bidding process. Despite these reforms, large government procurements are often subject to appeals and injunctions based on claims of irregularities in the bidding process (e.g., documentation issues and lack of transparency). In November 2015, the Guatemalan Congress approved additional amendments to the Government Procurement Law

that aimed to improve the transparency of the procurement processes by barring government contracts for:

- some financiers of political campaigns and parties,
- members of Congress,
- other elected officials,
- government workers, and
- their immediate family members.

However, there continue to be multiple allegations of corruption and nepotism in the procurement process. The 2015 reforms expanded the scope of procurement oversight to include public trust funds and all institutions (including NGOs) executing public funds. The U.S. government continues to advocate for the use of open, fair, and transparent tenders in government procurement as well as procedures that comply with CAFTA-DR obligations, which would allow open participation by U.S. companies.

Guatemala ratified the United Nations Convention Against Corruption (UNCAC) in November 2006 and the Inter-American Convention against Corruption in 2001. In 2012, the Guatemalan Congress approved an anti-corruption law that increased penalties for existing crimes and added new crimes, such as:

- illicit enrichment,
- trafficking in influence, and
- illegal charging of commissions.

Resources to Report Corruption

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Section 9. Political and Security Environment

Guatemala National Civil Police (PNC) data indicates homicides declined in 2024 to 16.1 per 100,000 inhabitants, a 3.6 percent decline compared to 2023. This decrease for a second consecutive year followed a slight uptick in 2021 and 2022 after the Guatemalan government lifted the pandemic restrictions in 2021, but numbers are still below pre-pandemic levels and follow over a decade of declining rates. The judicial system faces significant delays in case processing and investigation, including lack of transparency and systemic bureaucratic inefficiency in the Public Ministry. Police often lack the resources to respond effectively to serious criminal incidents. Criminal groups operating in Guatemala are involved in a number of illicit activities, including:

- armed robbery,
- carjacking,
- extortions,
- violent street crime,
- drug trafficking,
- kidnapping, and
- arms trafficking.

Crimes of opportunity, including theft, are frequent.

The political climate in Guatemala is generally stable but characterized by periodic civil disturbances. In November 2020, civil unrest sparked by congressional approval of the 2021

budget proposal, which added to long-standing grievances. Initially peaceful protests were marred by isolated acts of vandalism and violence, including setting fire to the national congress building, as well as acts of violence by both security forces against some protestors and by some protestors against security forces. The main source of tension among indigenous communities, Guatemalan authorities, and private companies is the lack of prior consultation and alleged environmental damage from major investment projects, including mining.

In October 2021, former President Giammattei declared a State of Siege in El Estor as dozens of protestors – including environmental defenders, indigenous activists, and outside agitators – blocked coal trucks from accessing a nickel mine and allegedly clashed with National Police (PNC) forces who attempted to clear the road for mining traffic. Protests and highway roadblocks organized by transportation workers, public health and education workers, and military veterans have caused disruption and heightened security, impacting general mobility and traffic on a recurring basis in recent years.

Despite this history of unrest, general elections in 2023 were largely peaceful and there were no major incidents of reported violence. Attempts to undermine the results of the election by antidemocratic forces, however, led in October 2023 to widespread road blockages and protests for several weeks that largely stopped economic activity across the country. These protests were led principally by indigenous communities and widely supported by urban residents upset with the antidemocratic actions. Although nationwide in scope, these protests and roadblocks were uniformly peaceful and there was a noticeable lack of conflict between protest groups and government security forces. A negotiated solution allowed economic activity to resume after several weeks and involved:

- indigenous leaders,
- civil society,
- the incoming government, and
- private sector groups.

Since the inauguration of President Arevalo in January 2024, there have been occasional incidents of large demonstrations or roadblocks to protest specific government policies,

particularly in Guatemala City, but these have been resolved peacefully and have generally only lasted a few days. Damage to projects or installations is rare. However, there were instances in August 2017 and October 2018 in which unidentified arsonists burned machinery and other equipment at the site of a hydroelectric construction project near the northern border with Mexico. Additionally, activist groups at times have engaged in blockades to prevent personnel, materials, and equipment from entering or leaving disputed installations.

Section 10. Labor Policies and Practices

According to the 2021 national survey of employment and income, the Guatemalan workforce consists of an estimated 2.1 million individuals employed in the formal sector. Additionally, roughly 5.1 million individuals, or 70.8 percent of the total workforce, work in the informal sector, including some who are too young for formal sector employment. According to the 2022-2023 National Survey on Household Income and Expenditures, 17.8 percent of children ages 10 to 14 are engaged in child labor, particularly in rural areas. The informal economy represented 22 percent of GDP in 2019 according to official data. About 75.7 percent of female workers and 84.9 percent of indigenous workers were employed in the informal sector. Approximately 30 percent of the total labor force is engaged in agricultural work. The availability of a large, unskilled, and inexpensive labor force led many employers, such as construction and agricultural firms, to use labor-intensive production methods. Roughly 14 percent of the employed workforce is illiterate. However, in developed urban areas education levels are much higher and there is a growing service sector that requires workers with higher levels of skills. Highly capable technical and managerial workers remain in short supply.

Export-processing zones are subject to regular labor laws and do not receive any special labor exemptions. The minimum wage varies according to the employer's geographic location and economic sector. The economic sector with the lowest minimum wage is manufacturing, followed by the agricultural sector. All other sectors are subject to the highest minimum wage. The labor code and a Ministry of Labor agreement, based on ILO Convention 175, allow part time work. Employers can hire workers for six hours or fewer per workday for wages and benefits equivalent to the fraction of full time work they complete.

The Labor Code requires that at least 90 percent of employees be Guatemalan, but the requirement does not apply to high-level positions, such as managers and directors. The Labor Code sets out:

- employer responsibilities regarding working conditions, especially health and safety standards;
- benefits;
- severance pay;
- premium pay for overtime work;
- minimum wages; and
- bonuses.

Mandatory benefits, bonuses, and employer contributions to the social security system can add up to about 55 percent of an employee's base pay. However, many workers, especially in the agricultural sector, do not receive the full compensation package mandated in the labor law. All employees are subject to a two-month trial period during which time they may resign or be discharged without any obligation on the part of the employer or employee. For any dismissal after the two-month trial period, the employer must pay unpaid wages for work already performed, proportional bonuses, and proportional vacation time. If an employer dismisses an employee without just cause, the employer must also pay severance equal to one month's regular pay for each full year of employment. Guatemala does not have unemployment insurance or other social safety net programs for workers laid off for economic reasons.

Guatemala's Constitution guarantees the right of workers to unionize and to strike, with an exception to the right to strike for security force members and workers employed in hospitals, telecommunications, and other public services considered essential to public safety. Before a strike can be declared, workers and employers must engage in mandatory conciliation and then approve a strike vote by 50 percent plus one worker in the enterprise. If conciliation fails, either party may ask the judge for a ruling on the legality of conducting a strike or lockout. Legal strikes in Guatemala are extremely rare. The Constitution also commits the state to support and protect collective bargaining and holds that international labor conventions ratified

by Guatemala establish the minimum labor rights of workers if they offer greater protections than national law. In most cases, labor unions operate independently of the government and employers both by law and in practice. The law requires unions to register with the Ministry of Labor and their leadership must obtain credentials to carry out their functions. Delays in such proceedings are common. The law prohibits anti-union discrimination and employer interference in union activities and requires employers to reinstate workers dismissed for organizing union activities. A combination of inadequate allocation of budget resources for labor rights enforcement to the Ministry of Labor and other relevant state institutions, and inefficient administrative and justice sector processes, act as significant impediments for more effective enforcement of labor laws to protect these workers' rights. As a result, investigating, prosecuting, and punishing employers who violate these guarantees remain a challenge, particularly the enforcement of labor court orders requiring reinstatement and payment of back wages resulting from dismissal. The rate of unionization in Guatemala is very low.

Both the U.S. government and Guatemalan workers have filed complaints against the Guatemalan government for allegedly failing to adequately enforce its labor laws and protect the rights of workers. In 2014, the U.S. government convened an arbitration panel alleging that Guatemala had failed to meet its obligations under CAFTA-DR to enforce effectively its labor laws related to freedom of association and collective bargaining and acceptable conditions of work. In 2017, the panel issued a decision recognizing that Guatemala had failed to adequately enforce its labor laws but that the United States did not prove this failure impacted trade between the two countries. Separately, the Guatemalan government is facing an International Labor Organization (ILO) complaint filed by workers in 2023 alleging that the government has failed to comply with ILO Conventions 87 and 98 on freedom of association and collective bargaining and calling for the establishment of an ILO Commission of Inquiry, which is the ILO's highest level of scrutiny when all other means failed to address issues of concern. The Guatemalan government continues to provide the ILO with quarterly updates on its efforts to improve its compliance with these conventions. This complaint follows a similar complaint filed by worker organizations in 2012 alleging non-compliance with ILO Convention 87. That complaint was closed in 2018 after the Guatemalan government agreed to implement a

roadmap with social partners to address shortcomings in labor law enforcement and workers' rights protections. The government continues to implement this roadmap.

Section 11. U.S. International Development Finance Corporation (DFC) and Other Investment Insurance or Development Finance Programs

Guatemala signed an investment guaranty agreement with the United States in 1962 and ratified the Multilateral Investment Guarantee Agency (MIGA) Convention in 1996. The Overseas Private Investment Corporation (OPIC) was active in Guatemala and provided both insurance and investment financing. In 2019, OPIC was merged into DFC. Per the 1962 agreement, the Guatemalan government must approve any U.S. government investment guarantee in Guatemala. As of April 2025, DFC had 12 active investment projects in Guatemala, with most of these projects focused on the finance and insurance sector.

Section 12. Contact for More Information

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