

GUATEMALA

1. Recent trends

Regarding investment and production transformation indicators, total investment in Guatemala increased from 13.9% of GDP in 2016 to 16.8% in 2022, following the average trend for the Latin American and Caribbean (LAC) region, which increased from 20.8% to 21.3% over the same period. Private investment rose slightly in Guatemala, from 12.6% of GDP to 12.8%, but remains below the LAC average (15.8% in 2019). Guatemala's labour productivity, measured against output per employed person in the United States, remained largely unchanged at 15.7% in 2016 and 15.8% in 2023, below the LAC average of 27.1% in 2023. The share of exports of high-tech products in total exported manufactured goods declined from 5.8% in 2016 to 5.2% in 2021, below the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the LAC region, fell in Guatemala from 55.1% in 2016 to 45.5% in 2020. The country's tax revenue increased from 13.2% of GDP in 2016 to 14.2% in 2021, remaining below the regional average of 21.5%. Environment-related tax revenues remained almost unchanged, declining from 0.9% of GDP in 2016 to 0.8% in 2021.

2. Long-term policies to promote investment and production transformation

Guatemala has made significant efforts to attract and mobilise high-quality investment, focusing mainly on creating new and good-quality jobs. It established the *Guatemala No se detiene* plan, which aims to strengthen sectors in which Guatemala already performs efficiently to increase exports by USD 5 billion by 2030 and attract new investments by leveraging the competitive advantages of its proximity to important markets worldwide. The main sectors identified were pharmaceuticals, medical devices, electronic devices, and the provision of outsourcing services for business process and information technology (IT). This plan supports the attraction of more FDI to the country by addressing five main axes: prioritisation of sectors, human capital, infrastructure, legal certainty and tourism.

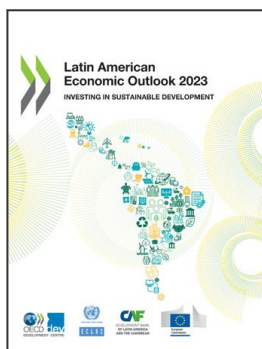
To advance an inclusive and sustainable production model, Guatemala has focused its National Competitiveness Policy for 2018-32 on three strategic guidelines, called 11-11-9: 11 clusters with the greatest potential for employment generation; 11 priorities that Guatemala must address in terms of competitiveness; and 9 territories suitable for consolidation as intermediate cities. In 2015, the National Entrepreneurship Policy *Guatemala Emprende* was formulated, which influences most of the country's economic sectors. The policy's main objective is to foster an entrepreneurial culture that promotes new ways of thinking and acting, which contribute to the human, economic, social and environmental development of the country. This can be achieved by facilitating the creation, establishment and strengthening of sustainable enterprises, generating wealth, establishing a good business climate for attracting investment, and creating quality jobs for Guatemalans.

In terms of regional and international partnerships to support the attraction of quality investments, Guatemala has established collaborative initiatives with partners both within and beyond LAC. Guatemala has formalised frameworks of co-operation with the United Nations system, the European Union (EU), and the Governments of Spain, Colombia, the United States, and Chile to promote sustainable development. Initiatives of South-South co-operation have focused on employment and investment, priorities of the country's National Development Plan. National institutions involved in these initiatives were (among others) the Ministry of Labour and Social Welfare (MINTRAB), the Ministry of Agriculture, Livestock, and Food (MAGA), and the Superintendency of Tax Administration (SAT). Key projects in this context included Labor Inclusion and Youth Entrepreneurship Networks for Job Generation. Guatemala is also a member of Euroclima, the EU's flagship programme to promote green action in LAC countries. Euroclima's Multi-Year Indicative Programme 2021-24 for Guatemala focuses on three priority areas: i) a Green Deal supports the development of inclusive, sustainable and resilient small-scale agriculture; ii) sustainable and inclusive growth promotes an open, inclusive and competitive economic structure and fosters a sound investment climate; and iii) good governance and human development promotes strong, accountable and transparent national, regional and local administrations.

	Key indicators – Guatemala					
	Guatemala		LAC		OECD	
	2016	2022	2016	2022	2016	2022
Social						
Extreme poverty	N/A	N/A	8.1	8.3	N/A	N/A
Poverty	N/A	N/A	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	34.5	50.8	54.5	74.2	81.8	89.6
	2016	2021	2016	2021	2016	2020
Gini index	N/A	N/A	46.3	44.8	34.1	33.6
	2009	2021	2009	2021	2009	2021
Share of total population in informal households (%)	N/A	N/A	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	N/A	N/A	23.9	21.3	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	N/A	N/A	77.6	78.2	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	28.6	25.7	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	N/A	N/A	411	407	489	487
Productivity and innovation						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	15.7	15.8	29.3	27.1	70.0	68.5
	2016	2021	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	5.8	5.2	8.4	7.2	16.5	16.0
	2016	2019	2016	2019	2016	2019
R&D expenditures (% of GDP)	0.0	0.0	0.3	0.4	1.8	2.0
Investment and production transformation						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	13.9	16.8	20.8	21.3	21.9	22.8
	2016	2022	2016	2022	2016	2022
Foreign direct investment (FDI), net capital inflow (% of GDP)	1.3	1.4	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	12.6	12.8	16.1	15.8	18.2	18.8
	2016	2021	2016	2021	2016	2021
Public investment in economic infrastructure (% of GDP)	0.5	0.8	2.3	1.6	N/A	N/A
Citizens' perceptions and institutions						
	2016	2020	2016	2020	2016	2020
Share of population who perceives FDI as beneficial (%)	55.1	45.5	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	46.6	41.4	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	28.0	24.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	7.3	6.5	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	N/A	7.1	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	N/A	76.0	75.4	74.0	49.8	41.4
Fiscal position						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	13.2	14.2	22.0	21.5	33.6	34.1
Environmentally related tax revenue (% of GDP)	0.9	0.8	1.1	0.9	2.4	2.0
Share of VAT (% GDP)	4.8	5.6	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	0.4	0.7	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	2.9	2.8	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	11.6	12.1	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	7.2	7.6	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2019
Perception of tax evasion (%)	N/A	22.3	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/Od3p2v>



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