



# Guatemala P3 Market Snapshot

## The Business Case for Guatemala

With an estimated GDP of \$94.1 billion, Guatemala has the largest economy and population in Central America (population of over 17 million). In 2017, two-way trade decreased 10.2% to \$832.3 million. Canada's exports were valued at \$114.7 and imported \$717.6 million. According to the EIU September 2018 country report, the GDP growth for Guatemala will average 2.9% in 2018-19. It is Canada's largest bilateral trade partner in Central America. The Guatemalan economy is relatively stable and largely independent from the state, the macroeconomic soundness is widely acknowledged, and it has one of the lowest inflation and growth volatility rates in Latin America.

Its geographic location is strategic, in the center of the American continent, Guatemala borders with the largest market in the world, NAFTA and also has coasts on the Pacific Ocean and the Caribbean Sea.

## Infrastructure Sector Highlights

In 2013, the government established the National Agency for the Development of Partnerships in Infrastructure (ANADIE) to boost investment levels through public-private partnerships. ANADIE is the country's specialized entity for structuring and procuring P3 projects for infrastructure and transport. Health, Education and Water are excluded from their mandate.

The quality of infrastructure in Guatemala has deteriorated in recent years, especially in roads, ports, and airports. In terms of transport and logistics, Guatemala faces high costs that negatively affect its competitiveness and reduce gains from trade. Frequent and recent natural disasters have inflicted additional damage to the country's infrastructure. The private sector is promoting a General Infrastructure Law (VALO Initiative #5431) to establish a proper mechanism for procuring infrastructure projects, currently under discussion at Congress.

ANADIE has identified and prioritized six projects costing more than US\$1.5 billion, including a government center (US\$240 million), the Tecun Uman Port (US\$40 million), a north-west road (US\$180 million), International Airport modernization (US\$200 million), an urban train (US\$770 million), and a north-south road (US\$80 million). The latter, is the first project that ANADIE has launched and recently been awarded (under final Congress approval).

These projects are structured under a DBOT (Design, Building, Operation and Transfer) modality long term contracting with the state.

The model will award the contract to the private entity showing financial capacity, international experience in P3s, meeting national and international standards, as well as providing the highest return to the state.



## Main Challenges

Guatemala represents a challenging market for Canadian firms; however, Canada's successful experience in P3s is an asset that can generate business opportunities with Guatemala, mainly Canada's expertise in intelligent transportation systems; building, restructuring and management of ports and airports.

Overall, investing in Guatemala requires patience, due diligence and careful guidance. Long-term commitment to the market will allow for a more in depth knowledge of certain insights of the country. Business is based on relationships, thus building strong connections with potential clients and partners are fundamental. Frequent presence in the market and strategic networking, with the support of local staff or a local representative will facilitate success.

*Guatemala is committed to improve its infrastructure in various areas and is willing to see more Canadian companies developing those projects. The decision is yours!*

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