



Security Mission for Economic Prosperity in El Salvador, Guatemala, and Honduras

This trade mission to El Salvador, Guatemala, and Honduras will help participating U.S. firms gain market insights, make industry and government contacts, and increase exports by taking advantage of new opportunities in safety & security, cybersecurity/IT, ports, infrastructure, smart cities, and energy.

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Office of Textiles and Apparel

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The United States and Guatemala have long enjoyed a largely positive working relationship, both politically and economically.

Guatemala is the gateway to a large regional market for U.S. goods and services. Guatemalan GDP reached an estimated US\$78.4 billion in 2018, the largest in Central America, with an estimated 3.0% growth rate in 2018.

The United States and Guatemala enjoy a growing trade relationship, which became even stronger after the implementation of the CAFTA-DR free trade agreement.

Guatemalans value conducting business with a partner who stands behind the “Made in the U.S.A” label. As a signatory member of CAFTA-DR, Guatemalan importers and business representatives of U.S. products obtain CAFTA-DR benefits for their products when conducting business with the United States. As of January 1, 2015, 100% of U.S. consumer and industrial goods enter CAFTA-DR countries duty free (for goods that meet the country of origin requirements). The United States is Guatemala’s largest trading partner accounting for nearly 40% of Guatemala’s trade. With a population of around 16 million, it is the most populous country in Central America and accounts for more than one-third of the region’s GDP. The capital, Guatemala City, has a population of approximately 4 million and features first-class hotels and restaurants.

U.S. products and services enjoy strong brand recognition in Guatemala, and U.S. firms have a good reputation in the Guatemalan marketplace. It is estimated that approximately 200 U.S. firms have a presence in the market.

U.S. products have 50% of market share. Most of the well-known brand companies from the U.S. have a distributor or agent locally and offer training, installation, and after-sales service.

CCTV cameras have gained immense popularity across the country with diverse application segments, projecting high growth in the upcoming years. The growing use of CCTV in schools, hospitals, streets, and the retail sector is expected to ensure the development of the market in the country.

Best prospects for products and services in the security and safety sector include:

- Tracking devices
- CCTV
- GPS and RFID technology
- Token
- Metal detectors (manual and arc type)
- Biometrics
- Perimeter security
- Alarms
- Access control equipment
- Armored vehicles
- Drones

Opportunities

Personal security products, protection products, and high-tech solutions and services have the most significant opportunities. All security products are imported since there is no local production. Import taxes for these products range from 0 to 15% (for non-U.S. products) and duty free for U.S. products under CAFTA-DR, plus the VAT of 12%.

On January 14th, newly-elected President Alejandro Giammattei took office and it is expected that he will support new business initiatives and opportunities through the Guatemalan Military and Ministry of Interior (National Police, Penitentiary system) as he was the former Director for the Prison System and knows the challenges and needs. Therefore, it is expected that there will be several tenders to acquire equipment for both security forces in 2021.

Airport

Under a Private Public Partnership (PPP) led by the Guatemalan National Agency of Partnerships for the development of Infrastructure (ANADIE) the Aurora International Airport will get an upgrade and modernization to meet today's international standards offering more efficient and secure services.

The feasibility studies are under way and it is expected that the airport will receive a \$200 million investment for physical plant upgrades and security.

Ports

Also under a PPP arrangement, Guatemala is planning a dry port on the border with Mexico. The project is still in the early stages (feasibility Study), the project consists of the design, construction and operations of a truck and railway port. The objectives of a new dry port is to offer logistical services with a more adequate infrastructure that will reduce the costs, and offer increased security and efficiency. The project budget is approximately \$40 million.

The Port of Quetzal on the Pacific Ocean side of the country, is the only port in Guatemala that does not offer non-intrusive scanning services for all containers leaving and entering the facility. The other three ports in Guatemala successfully conducted procurements for the concession services of 100% inspections at their respective facilities. It is expected that in 2020, Port Quetzal will conduct their government tender project for a 5 year concession service with an estimated value of \$11-\$15 million. Under a new regulation by the Guatemalan customs authority, all border crossings and ports need to have, by mandate, 100% scanning services of all containers.