

# GUATEMALA ECONOMIC AND POLITICAL OVERVIEW

## Economic Outlook

The Bank of Guatemala expects for 2019 an increase in GDP between 3% and 3.8%, higher than 3% in 2018.

The private consumption (main component of the Gross Domestic Product) will increase around 3.6%, according to BANGUAT (Banco de Guatemala).

The United States is the main trading partner of Guatemala and the countries of the Northern Triangle, representing approximately 40% of total trade.

The international reserves keep a solid external position in the country, covering around 8 months of imports. US exports to DR-CAFTA countries have a surplus of US\$ 5 billion regarding the balance trade of the region.

## Migration

According to the Guatemalan Migration Institute (IGM), between January and December of this year, 91,090 Guatemalans were deported, an increase in 2018 of 27% compared to 2017. The main reason why this Guatemalan people are migrating to United States is because of lack of economic opportunities, actions from the Guatemalan government that impact in a negative way to the rule of law and competitiveness are the main barrier to mitigate the illegal migration, for example, by suspending operations of Minera San Rafael – Tahoe, more than 17,000 direct jobs have been put at risk, which are the livelihood of more than 85,000 Guatemalans.

As a result, family Remittances are equivalent to 11% of the GDP (by 2018, US\$ 7.911 billion) and most of it is destined for household consumption, according to a survey elaborated by the International Organization for Migration (IOM).

During 2015, the Congress of Guatemala approved the amendments made to the “State Procurement Law” in an attempt to ensure greater transparency. Unfortunately, it resulted in additional steps that ended up harming government purchases, creating a gap between budget and spending. The result has been road systems in precarious state due to the lack of ability of the government to execute the budget for the construction new roads and/or to repair them. The lack of infrastructure and a clear path to solve the legal framework of the purchases is affecting Guatemala’s economy directly.

As a response to this phenomenon, the Comprehensive Development Plan was signed on December 1, 2018 and it seeks to restrain irregular migration with initiatives that will improve employment and infrastructure conditions, which leads greater foreign investment. Mexico is already struggling to cope with a 1,000 percent increase in the number of Central Americans who have sought asylum in

this country in the past four years.

This moment also calls for a renewed focus on the Northern Triangle of Central America; the countries of El Salvador, Guatemala and Honduras, together represent the overwhelming source of migrants crossing the southern border. The authorities must keep pressure and support to make the Northern Triangle of Central America a prosperous and secure place.

## Political Overview

### Election year

The general elections of Guatemala in 2019 will be held on June 16, 2019, if needed, a second round will be held on August 4, 2019 and in those the officeholders of the popular election of the Republic of Guatemala will be renewed.

The elective offices for the electoral process of 2019 in Guatemala will be: The Constitutional President of the Republic of Guatemala (approximately 27 candidates), the Constitutional Vice President of the Republic of Guatemala, 160 deputies to the Congress of the Republic, 20 deputies to the Central American Parliament, Mayors and municipal corporations of all the municipalities of the country.

The reforms to the Electoral Law and Political Parties (Decree 1-2019), establishes the modifications summoning not only the citizens of the electoral districts of the Republic of Guatemala, but also the Guatemalan citizens residing abroad for the election of the president and vice president. Also, every political party that wants to participate in the general elections 2019 can register in the Supreme Electoral Court (TSE) from January 19 to March 17.

### CICIG

The International Commission against Impunity in Guatemala (CICIG) has operated under a bilateral agreement in Guatemala, where it has presented charges of corruption in cases of more than 600 people.

On January 7, the Government of Guatemala unilaterally terminated the agreement with the CICIG, a decision rejected by the United Nations Organization. The Chancellor Sandra Jovel stated that there is selective justice and passivity from the United Nations. Days later the Constitutional Court determined that the commission's mandate will end until September 3 of 2019.

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