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Industrial Policy in Guatemala: A Case of Policy Inertia under Changing Paradigms

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Industrial Policy in Guatemala:

A Case of Policy Inertia under Changing Paradigms

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Abstract*

This paper reviews productive development policies (PDPs) in Guatemala, focusing on the alleged justification of existing programs in terms of the market or government failures they are meant to address. An effort is made to identify how the different instruments complement or contradict each other and how these situations came to be. The main hypothesis throughout the paper is that there are non-trivial contradictions within the set of PDPs and its implementation framework that render policy instruments ineffective or inefficient, with evidence from several case studies. On this basis and in light of international practices, the study develops a broad set of recommendations for improving the design and implementation of Guatemala's PDPs.

JEL Classifications: O25, O43

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Acronyms and Abbreviations

| | |
|----------|---|
| AGEXPORT | Guatemalan Exporters Association |
| CACM | Central American Common Market |
| CBI | Caribbean Basin Initiative |
| CIEN | National Center for Economic Research |
| CONCYT | National Council for Science and Technology |
| DR-CAFTA | Dominican Republic and Central America Free Trade Agreement |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Agreement |
| FTZ | Free-Trade Zone |
| GDP | Gross Domestic Product |
| GSP | Generalized System of Preferences |
| ICA | Investment Climate Assessment |
| IDB | Inter-American Development Bank |
| IGSS | Guatemalan Social Security Institute |
| IMF | International Monetary Fund |
| INCAE | Central American Institute of Business Administration |
| INTECAP | Technical Institute for Training and Productivity |
| IPR | Intellectual Property Rights |
| MAGA | Ministry of Agriculture, Livestock, and Food |
| MFA | Multi-Fibre Agreement |
| MSME | Micro, Small and Medium Enterprises |
| NTB | Non-Tariff Barriers |
| PDP | Productive Development Policy |
| PRONACOM | National Programme for Competitiveness |
| R&D | Research and Development |
| RER | Real Exchange Rate |
| SAT | Superintendence of Tax Administration |
| SEGEPLAN | General Planning Secretariat |
| SIECA | Secretariat for the Economic Integration of Central America |
| SME | Small and Medium Enterprise |
| TFP | Total Factor Productivity |
| VAT | Value-Added Tax |
| WEF | World Economic Forum |
| WTO | World Trade Organization |

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Executive Summary

Evolution of the Ideas Underlying the PDP Framework in Guatemala

Since the 1960s, international trade has been at the center of the country's development strategy, but its role has evolved significantly. An important reorientation took place in the mid-1980s. Until then, the country had followed an import-substitution model, which was relatively successful in the 1950s and 1960s but collapsed by the early 1970s. The severity of the economic and political crises in Central America in the 1980s was the impetus behind the Accords of Esquipulas I and II, in 1986 and 1987, respectively. Notably, Esquipulas II included economic and trade issues as part of its core agenda in recognition of the fact that as long as poverty existed there could be no genuine peace. The broad thrust of the Esquipulas agenda was to provide the missing public inputs, such as regional security. Additionally, the agenda attempted to deal with coordination failure at the regional level, as countries found it hard to coordinate common foreign policies.

The Esquipulas Accords ushered in a new phase in the context of the Central American Integration System, known by its Spanish acronym SICA. Under SICA, the idea was no longer to promote industrialization through trade protection but instead to promote economic openness vis-à-vis the rest of the world. The peace process in Central America had the support of the United States and Europe, which provided preferential access to their markets through the Caribbean Basin Initiative (CBI) and the Generalized System of Preferences (GSP).

The broad thrust of the Washington Consensus was adopted in Central America. In Guatemala, in particular, structural adjustment programs in support of broad-based reforms were expected to have long-term development impact. In addition to trade liberalization, important reforms were introduced, including financial sector liberalization and increased private sector participation in infrastructure development.

Aside from the Esquipulas and Washington Consensus agendas, by the late 1990s, new ideas began influencing PDPs in Central America. Cluster development, popularized by Professor Michael Porter, was adopted around the world. Many developing countries, including Guatemala, started to follow the approach promoted by Porter. Unfortunately, the outcome of the cluster approach was insufficient to trigger broad-based economic growth on a sustained basis. New proposals for enhancing competitiveness emerged in Guatemala.

An alternative approach, heavily influenced by the European experience, called systemic competitiveness, received the support of the private sector. In addition to resolving coordination failures within the private sector and between the public and private sectors, the systemic competitiveness approach seeks to resolve bottlenecks in the supply of public goods and eliminate barriers to growth.

Main Policies, Sectors, and Activities

Unfortunately, PDPs and the corresponding institutional framework failed to evolve coherently in Guatemala, so that the existing framework does not necessarily respond to current developmental priorities. The most important PDPs currently in place in Guatemala are shown in Table ES1. Each PDP has been classified in a 2x2 matrix that combines the Horizontal/Vertical dimension with the Public/Market channel of intervention. Interventions on the left are general (horizontal) while those on the right generate benefits mainly for specific sectors (vertical). PDP interventions at the top of the matrix represent direct provision by the state (public channel) while PDPs based on market intervention are placed at the bottom (market channel).

Table ES1. Matrix of PDPs (2000-2007)

| | Transversality | | | |
|---------------------|---|---|--|---|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Market Failure | Sector/Activity | Market Failure |
| Public Input | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation | Tourism: INGUAT | Public input: promote sector specific country advantages |
| | Investment and Competition | Public input: Improving Market Efficiency | Cluster Policy (PRONACOM) | Coordination failures |
| | Regional Integration (SICA and SIECA) and Plan Puebla – Panamá | Public input: Coordination Failure | Invest in Guatemala(focus in priority sectors) | Positive externalities associated with FDI |
| Market Intervention | Export Promotion | Promote investment and exports, positive externalities. | Sector: Agriculture | |
| | SMES Policy (MINECO): | Promote credit access and improve coordination | <i>Science and Technology</i> | Increase sector specific R&D, positive externalities |
| | Science and Technology (CONCYT) | Public input: Increase R&D, positive externalities | <i>SMES Policy (MAGA):</i> | Promote credit access and improve coordination in agriculture |
| | | | <i>Other Agricultural Policies: PARPA and Others</i> | Sector support |
| | | Other Sector incentives | | Promote specific investment |

Source: Authors' compilation.

Export promotion received the most resources in 2002-07. Next in importance by resource allocation is labor training through INTECAP. PDPs in support of MSMEs run by

both MAGA and the Ministry of Economy come third in terms of dedicated resources, although there is a significant bias in favor of MSMEs in the agriculture and livestock sector. The horizontal/market intervention quadrant concentrates most resources used in the implementation of PDPs, as a result of export promotion policies based on tax exemptions and the impact of free trade agreements on government revenues. See Table ES2.

Table ES2. Allocation of Public Resources Allocated by Quadrant (2000-2007), Including Tax exemptions and foregone tariff revenues

| | Transversality | |
|---------------------|----------------|--------------|
| | Horizontal –H- | Vertical –V- |
| Public Input | 3.6% | 1.1% |
| Market Intervention | 87.9% | 7.4% |

Source: Authors' calculations.

However, if only direct government expenditures are taken into consideration, it turns out that the most expensive is the vertical/market intervention PDP quadrant. This should not come as a surprise to the extent that this quadrant is also the most densely populated one. See Table ES3.

Table ES3. Proportion of Public Resources Allocated by Quadrant (2000-2007), Excluding Tax Exemptions and Foregone Tariff Revenues

| | Transversality | |
|---------------------|----------------|--------------|
| | Horizontal –H- | Vertical –V- |
| Public Input | 28% | 8% |
| Market Intervention | 7% | 57% |

Source: Authors' calculations.

The evaluation of the outputs and results of individual PDPs is complicated by the fact that few of them have explicitly defined objectives that can be measured and against which their effectiveness and efficiency can be compared. An attempt is made to use objective measures of policy outputs and results through indicators taken from the Integrated System of State Accounts (SICOIN). See Table ES4.

Table ES4. PDP Outputs per SICOIN Indicators (2000-2007)

| | Transversality | | | | |
|---------------------|---|----------------|------------------------------------|----------------|-----|
| | Horizontal –H- | | Vertical –V- | | |
| | Activity | Execution Rate | Sector/Activity | Execution Rate | |
| Public Input | Human Resource Training Policy (INTECAP) | NA | Tourism: INGUAT | NA | |
| | Investment and Competition | 45% | | | |
| | Regional Integration (SICA and SIECA) | NA | | | |
| Market Intervention | Export Promotion | 75% | Sector: Agriculture | NA | |
| | SMES Policy (MINECO) | 90% | <i>Science and Technology</i> | | |
| | Science and Technology | 32% | <i>SMES Policy (MAGA):</i> | | 19% |
| | | | <i>Other Agricultural Policies</i> | | 59% |

Source: Authors' calculations using SICOIN data. NA: Not available.

Removal of Barriers to Economic Growth

In the context of the Growth Diagnostics Methodology (GDM), Guatemala can be characterized as a case of slow economic growth associated with low productivity growth and factor accumulation (see Artana, Auguste and Cuevas, 2007). Instead of seeking to remove binding constraints in the long run, existing PDPs are short-run measures meant to compensate for existing distortions and constraints. A clear example of this is the set of tax incentives that seek to promote investment in export-related activities, to the extent that such incentives would be unnecessary if a better investment climate existed in the country today. Note that the most significant PDP today in terms of cost and policy priority is export promotion, yet this has proven insufficient to boost economic growth substantially and on a sustained basis.

To take full advantage of export-promotion policies, the country would need to address the following issues:

- *Human Capital Accumulation:* Among the PDPs that have been identified INTECAP, ICTA and ENCA are addressing the human capital

constraint. However, in this context the most important actor remains by far the Education Ministry, which could in principle include technical and labor training in its policy agenda.

- *Infrastructure*: Low quality and restricted access to infrastructure have been identified as binding constraints on economic growth. Deficient infrastructure raises costs across the whole economy and, in many cases, forestalls the emergence of new economic sectors.
- *Access to credit*: Policies in support of MSMEs would appear to be designed to address the issue of access to credit at the micro level identified as a binding constraint using the GDM. Unfortunately, credit programs targeting specific sectors may fail to resolve issues of access to credit in other sectors that may themselves be highly profitable.

In general, it can be argued that the existing set of PDPs does not directly address the most binding constraints to economic growth in Guatemala. At best, some PDPs help reduce the impact of a binding constraint in the short run and only partially.

Institutional Framework for Trade Policy

Traditionally, only the public sector was represented in agencies dealing with international trade policy. Participation by the private started in the mid 1980s, when responsibilities began to be shared between the public and the private sectors. Today, there is the National Council for Export Promotion—CONAPEX—which can be deemed to be the highest body for deliberation on trade policy. Several well-known agencies come under the CONAPEX umbrella, such as the National Program for Competitiveness (PRONACOM), the export promotion agency “Invest in Guatemala,” and the Program of Commercial, Investment, and Tourism Attachés (PACIT).

In Guatemala at the end of the 1990s, there was a desire to begin addressing the challenge of competitiveness beyond simply offering tax incentives. This led to the creation of PRONACOM. The Commission was actually born within the framework of the Regional Competitiveness Project created by the Latin American Center for Competitiveness and Sustainable Development at the Central American Institute for Business Administration (INCAE). The objective of the regional initiative was to

transform Central America into a platform where investment and trade would develop under internationally competitive conditions. Subsequently, PRONACOM became a national agency.

In the beginning the program included the following components: investment climate, enterprise support, and clusters. From the initial agenda supported by the program, the component that received the highest priority and which yielded some results was cluster development. The Global Competitiveness Report, in its “cluster development” section, placed Guatemala in position 81 in 2003-2004, while the country’s position improved to 61 by 2008-2009. Nevertheless, much of the success of the cluster development strategy was due to the coordination undertaken by the private sector rather than government action.

In 2002, a new Comprehensive Trade Strategy (CTS) placed competitiveness at the center of international trade policy. Following a systemic approach to competitiveness, the CTS sought to correct the misperception that export promotion exhausted the content of international trade policy, proposing instead a much more comprehensive approach. The CTS was disavowed by a new government administration in 2004, but PRONACOM became operational, enjoying a new charter. According to Executive Decree 306-2004, PRONACOM would be responsible for: (a) actions and policies that improve the conditions for productive investment; (b) supporting the creation and strengthening of industrial and service clusters identified as being potentially competitive; and (c) fostering the emergence of Local Development Agendas.

The strategy more recently proposed by PRONACOM was the National Agenda for Competitiveness 2005-2015, which combined a Porter-type approach with the systemic competitiveness approach followed by the 2002 CTS. Although the Agenda recognizes the systemic nature of competitiveness, its final version focuses on addressing specific market failures and supporting strategic “positions” that seem to be a combination of existing and emerging clusters.

In practice, PROANCOM has continued to prioritize actions in support of “positions.” As a result of this, the actual impact on market failures has been small. Given the actual implementation of the competitiveness agenda, there has been little progress in addressing the underlying constraints on economic growth. In fact, cluster policy in Guatemala is not always recognized as successful, as several clusters in Guatemala are

either the consequence of traditional vertical policies or succeeded simply because they were able to take advantage of existing horizontal policies.

Nevertheless, there are two positive outcomes from the operations of PRONACOM between 2004 and 2007 that deserve to be highlighted. First, competitiveness was given high priority in the national development agenda, with both public and private actors explicitly committing to it. Second, there was great improvement in the coordination between the public and private sectors toward the common goal of promoting national competitiveness.

The agency responsible for export promotion is Invest in Guatemala. The agency answers to PRONACOM and is supported by the Ministry of the Economy, the PACIT, and diplomatic missions abroad. The institutional structure is weak, as there is no legal charter behind Invest in Guatemala. The objectives and means available to the agency are not described anywhere, and there are no explicit mechanisms for coordination, monitoring or evaluation. Invest in Guatemala is seeking to improve coordination with the PACIT, but the latter program is itself operating on a weak institutional basis.

Policy Recommendations

The policy recommendations listed below seek to address the lack of self-discovery, coordination, and public goods in light of the binding constraints on the Guatemalan economy identified by Artana, Auguste and Cuevas (2007). These constraints include a poor investment climate, restricted access to credit by MSMEs, the lack of human capital, and deficient infrastructure. This set of policy recommendations takes into consideration both horizontal and vertical actions as well as market interventions and the provision of public inputs. Based on country circumstances today, it appears that the broad thrust of reforms should rely on horizontal PDPs, with vertical policies used only on an exceptional basis.

Horizontal policies remain appropriate to the extent that the most binding restrictions on growth and competitiveness cut across the economy and because in a weak institutional setting they are not as vulnerable to capture by interest groups as vertical policies would be. However, since vertical policies may sometimes be appropriate, it may still be necessary for an adequate institutional framework to be put in place in Guatemala so

that appropriate channels are available for vertical policy identification as well as subsequent implementation, monitoring and evaluation. In this context, the experience of Colombia with a high-level National Competitiveness Council and active public-private participation could provide a model for the design of an appropriate framework.

Horizontal Policies

a) Self-Discovery externalities

Market Research: The effectiveness of institutions responsible for export and investment promotion is reduced to the extent that data required for decision-making is often not available from either public or private sources. This suggests that market research could be organized jointly by both the public and private sectors, focussing on discovering opportunities in international markets.

Promotion of Quality Standards and Certifications: An important weakness of the Guatemalan export apparatus, particularly affecting MSMEs, is the lack of standards and quality certification. In some cases, there are pending legal reforms, while in other cases there are gaps in human resources or infrastructure. In terms of human resources, the efforts carried out by INTECAP are insufficient to satisfy existing needs. Also, the private sector should become more involved and work with academic institutions to address specific needs. In terms of infrastructure, further investment is required to facilitate access and upgrade metrology laboratories.

Science and Technology Policy: Progress has been made in recent years in that academia, the private sector and the government all actively participate in the national system of science and technology. Nevertheless, this policy should receive greater priority in the strategic agenda of both the public and the private sectors. Firms should be encouraged to invest in science and technology development, and gaps in information and communications infrastructure should be closed.

b) Coordination externalities:

National Committee on PDPs. One of the most obvious weaknesses in the implementation of a national agenda for competitiveness is the fragility of institutional arrangements for investment and export promotion. Individually, each agency is responsible for resolving

coordination problems within their (informal) mandate, but there is no coordination forum that enables the participation of all concerned bodies. Although a proposal for a Comprehensive Trade Strategy was developed, it was never implemented. CONAPEX attempted to partially fill the coordination gap, but this task is formally beyond the scope of its mandate.

PRONACOM. PRONACOM has successfully facilitated coordination between the public and private sectors, and these efforts should be continued and strengthened. However, PRONACOM has often prioritized ineffective vertical policies, while underestimating the value of higher impact horizontal policies. Therefore, PRONACOM should rebalance its focus and prioritize horizontal issues. The entity need not be an executing body, but it can leverage its credibility within and outside the private sector to promote wide-ranging pro-competitive reforms, helping to promote a broad national vision on competitiveness. Also, PRONACOM should play a larger role in monitoring and following up on the implementation of an overhauled agenda for competitiveness.

Training and Skills Upgrading. The inadequacy of basic education has been highlighted as one of the most significant binding constraints on long-run competitiveness and growth. The supply of labor training and skills upgrading opportunities should be increased and the quality of existing supply improved. Although there have been some improvements in the last few years, the process for selecting sector-specific programs is still weak. Stronger links with technical and academic institutions still need to be developed at the national and international levels.

c) Absent public goods:

Infrastructure. There are two important restrictions in Guatemala: fiscal constraints and underdeveloped financial markets. The experience with privatization and deregulation in the 1990s showed that private sector participation, both in investment and management, strengthens the supply of infrastructure. Guatemala is still lacking a scheme for public-private participation that would pave the way to increased private investment in roads, airports, and seaports. First, a legal framework is needed to provide comfort to investors and protect the competitive character of private participation. Second, financing schemes are needed to mobilize enough funds to successfully complete large infrastructure projects,

by tapping local investors and banks as well as international financial institutions and investment banks.

Public Safety and Justice. One significant binding restriction on competitiveness is the lack of public safety and access to legal services. Providing specific details on how to address this restriction is beyond the scope of this paper, but given its importance, it is still deemed necessary to highlight the relevance and priority of the issue.

Labor Markets. This is one of the most costly restrictions on growth and competitiveness, originating in obsolete and misguided public policy. An overly restrictive framework for the operation of the labor market has led to the growth of the informal sector. Two aspects of the framework need to be revised: cost and flexibility. The tax on labor should be reduced and the procedures for setting minimum wages should be reviewed. Clearly, existing legislation and procedures do not satisfy the needs of a modern and competitive economy.

Social Security and Pensions. A comprehensive overhaul of the public pension system has been proposed that satisfies at least the principles of private participation, competition among suppliers, and individual capitalization. A system of this nature would have the added benefit of developing financial markets, boosting domestic savings, and providing a source of stable long-term financing.

Export Competitiveness and Customs. Most efforts have exclusively focussed on export facilitation, following the narrow view that exporting is the final stage of production. Export competitiveness in fact depends on conditions at all stages of production, not only at the narrowly understood “export stage.” Also, customs agencies still operate as tax collectors rather than trade facilitators. Therefore, a general overhaul of policies and provisions is required.

Free Trade Agreements. Substantial progress has been made concerning the formal framework for international trade but, unfortunately, the opportunities afforded by FTAs are not yet fully exploited. One possibility is to introduce differentiated mechanisms to take advantage specifically of FTAs, a suggestion that goes hand in hand with proposals to further strengthen cooperation between the public and private sectors and to introduce adequate mechanisms for conducting market research.

Vertical Policies

a) Self-discovery externalities:

Textiles and Apparel: Support the sector so that it can successfully adapt to the challenges posed by Asian competitors. In particular, labor and skills upgrading policies should prioritize the supply of specific study programs (e.g., on industrial design).

b) Coordination externalities:

Contact centers and BPO services: Promote productive associations along the value chain through partnerships with training centers and associations between local producers and exporters, specifically in activities relating to business process outsourcing (BPO) and contact centers.

c) Absent public goods:

Special Compensatory Measures: These measures, including Decree 29-89 and Decree 65-89, are primarily meant to compensate for the lack of public goods. Nevertheless, they have come to fulfil other purposes too, including export and investment promotion. In their current form they are obsolete, do not cater to the needs of the services sector and, in any case, will be phased out by 2015. There are already reform proposals on the table, but it is important to ensure that compensatory measures are more than simple tax exemptions and include third-generation policy instruments, to be complemented by a comprehensive overhaul of taxation and customs.

Energy Sector: This sector has broadly horizontal effects, but it is necessary to introduce vertical policies to promote its development and promote efficiency. Generation capacity should be increased to satisfy projected demand growth on a sustainable basis. It is also necessary to invest in cost-effective sources, particularly renewable sources. Unfortunately, investment in this sector is restricted due to gaps in horizontal policies vis-à-vis most types of infrastructure, private investment, and financing. Finally, the regulatory framework should be improved to ensure that markets remain sufficiently competitive at all stages.

Financial Sector. Instead of having government departments run multiple credit or financing programs in support of MSMEs, as is done currently, financing should be increased and channelled through established banking and microfinance institutions, benefitting sectors that display demonstrated competitiveness and profitability. Competitive mechanisms should be used in the allocation of funds in support of MSMEs.

1. Introduction

This study presents a critical review of productive development policies (PDPs) in Guatemala. We focus on the alleged justification of existing programs in terms of the market or government failures they are meant to address, including a discussion on the adequacy of the institutional setting and agencies in charge of implementing PDPs in Guatemala today. An effort is made to identify how the different instruments complement or contradict each other and how these situations came to be. The main hypothesis throughout the paper is that there are non-trivial contradictions within the set of PDPs and its implementation framework that render policy instruments ineffective or inefficient. On this basis and in light of international practices, the study develops a broad set of recommendations for improving the design and implementation of PDPs.

The broad, stylized facts of economic growth in Guatemala are introduced first in the study. The section on stylized facts identifies the main reasons why growth has not been as rapid as it could have been in the last two decades and analyzes in broad terms the evolution of international trade policy over several decades. In the second part, the study describes in some detail the current system of PDPs and its evolution. In particular, there is a description of the evolution of policies and policy-making bodies since the late 1980s. Most relevant policies and institutions in place between 2000 and 2007 have been classified, and their costs are estimated. The apparent linkages to growth constraints and the results and accomplishments from policy implementation are discussed. The second part also includes three case studies: exporting conceived of as an activity, the textile industry, and the call centers and BPO service industry. The third part of the study describes and evaluates the institutional framework for the implementation of PDPs in Guatemala.

2 Stylized Facts

2.1 *Growth and Public Policy in Latin America*

Since the end of World War II, a sustained acceleration in average economic growth has taken place worldwide and, in general terms, faster economic growth has been associated with improved standards of living in many countries around the world. The Human Development Index (UNDP, 2009) shows that unprecedented improvements in the quality of life have taken place in the last 25 years.

Latin America and the Caribbean have registered important gains in economic growth over the last few decades. Nevertheless, considering the conditions that existed in the first half of the last century, the region's performance has been rather disappointing. In fact, the region has been characterized by episodes of crises, political instability, external shocks, and social unrest, coupled with a barrage of economic stabilization programs, political reorganization, and structural reforms (Blyde and Fernández-Arias, 2004).

Growth in Latin America and the Caribbean has been driven primarily by growth in factor productivity rather than accumulation.¹ Furthermore, capital accumulation does not necessarily lead to economic growth. In fact, according to Loayza et al. (2004), the recovery in output growth experienced across the region during the 1990s was largely driven by policy reforms that led to overall improvements in productivity. The recovery at the end of the century was not as strong as many had expected in light of the breadth of structural reforms implemented throughout the region, largely as a result of external shocks and cyclical downturns. It is argued that the wave of policy reforms inspired by the Washington Consensus was necessary but, unfortunately, insufficient to trigger a sustained improvement in economic performance and to foster large-scale poverty reduction across the region.

Increasingly, academics and policy-makers are arguing that further reforms are needed to enhance the impact of the Washington Consensus. For example, Rodríguez-Clare (2005) sees the need for three different types of policies to complement the Washington Consensus: (a) macroeconomic policies to reduce vulnerability to external shocks; (b) institutional reforms to strengthen the foundations for a market economy and

¹ Loayza et. al. (2004), Blyde and Fernández-Arias (2004) and Astorga et. al. (2003) reach conclusions along these lines on the nature of the growth process in the region.

promote economic growth; and (c) “competitiveness” policies meant to help markets, sectors, and businesses effectively take advantage of emerging opportunities. More specifically, Rodríguez-Clare (2005) argues that the region should embrace a set of selective interventions aimed at discovering new profitable activities (horizontal policies) and at creating innovation clusters (vertical policies).

Many are skeptical that traditional industrial policy could effectively speed up structural change. Rodrik, Hausmann, and Sabel (2008) argue that traditional industrial policy tried, first, to identify distortions which prevent market prices from signalling marginal social costs and, second, to design taxes or subsidies that reduce the identified gaps. They conclude that this is insufficient to address the type of market failures commonly encountered in developing economies, which they classify in three broad categories: self-discovery externalities, coordination externalities, and missing public inputs. Some of the most commonly adopted policies beyond traditional industrial policy to address market failures include the attraction of foreign direct investment (FDI), export promotion, support for small and medium-sized enterprises (SMEs), and encouragement of innovation.

Nonetheless, the proposed set of complementary policies may be insufficient to reduce externalities in the entrepreneurial process and coordination failures to increase sector-wide productivity. Rodríguez-Clare (2005) argues that in some stages of development, growth is related to the realization of economies of agglomeration that lead to rising productivity in a few clusters. In view of this, an effective set of microeconomic interventions should strive to foster the creation of such clusters.

Unfortunately, implementation of complementary policies, particularly of the vertical type, may prove to be a sterile exercise unless other elements are also accounted for. Even Rodríguez-Clare (2005) recognizes that corruption and capture of institutions remain major obstacles in developing economies. Moreover, there is also a school of thought that follows Hayek’s idea that markets should be left to work and the government should limit itself to “levelling the playing field.” In this view, developing countries should mainly focus on horizontal policies and let entrepreneurs find the most profitable opportunities instead of having governments pick winners.

What emerges from the previous discussion is that no single policy recipe is likely to work in all countries, or even in the same country at all times. Finding the right policy balance requires careful analysis of a country's specific set of conditions, and maintenance of a proper policy mix requires continuous monitoring of the country's circumstances to prevent an ageing set of PDPs from changing from a valuable asset to an expensive liability.

2.2 *Growth and Economic Policy in Guatemala*

Guatemala's economic performance, like that of the rest of Latin America and the Caribbean, has fallen behind that of most of the developing world, especially the emerging economies of Asia and Eastern Europe. Inflation has been relatively low by Latin American standards and, unlike most other countries in the region, Guatemala has not endured many macroeconomic crises. Despite a relatively stable macroeconomic environment, real income per capita has grown at a rate of only 1.3 percent annually since 1950.

In the context of the Growth Diagnostics Methodology (GDM) proposed by Hausmann, Rodrik, and Velasco (2005), Guatemala can be characterized as a case of slow growth, with a mix of low productivity growth and slow physical and human capital accumulation. A GDM approach suggests that there are important shortcomings preventing Guatemala from taking full advantage of previous reform efforts, as discussed in Artana, Auguste and Cuevas (2007). For example, there are weaknesses in factors complementing private capital investment, including the poor quality of institutions and the investment climate, the scarcity of human capital, and the underdevelopment of infrastructure.

Applying the GDM approach, Artana, Auguste, and Cuevas (2007) find that Guatemala is a case of "lack of investment opportunities," since returns on private investment are depressed by several factors. Although there may be financing problems, it can be shown that these are not among the most binding on investment and, therefore, on growth. Instead, it can be argued that private investors simply are not seeing in Guatemala sufficiently profitable opportunities for investment, so they either look for investment opportunities elsewhere or choose to consume resources immediately. Furthermore, a striking characteristic of Guatemala is the very large share of the informal sector in the

economy and, particularly, the labor force. The informal sector is less capital intensive, less innovative, and might be biased against certain types of human capital accumulation. Consequently, the informal sector is associated with low levels of productivity growth.

In the context of Guatemala, Stein (2008) summarizes the findings of the GDM approach as follows: (a) at a macroeconomic level, financing does not seem to be the most important binding constraint; (b) poor coverage and quality of education is an important binding constraint on growth; (c) a substantial expansion of investment and economic activity would require increased access to infrastructure; and (d) a mixed bag of adverse elements hinders the private appropriation of investment returns, including corruption, institutional weakness, inability to sustain long-term public policies, the widespread presence of organized crime, and violence. To address these issues and boost economic growth, Stein (2008) argues that further provision of public goods such as education and infrastructure is needed in Guatemala.

Note, however, that Guatemala fares relatively well regarding what Hausmann and Rodrik (2003) called the “problem of self-discovery,” which refers to the externalities associated with being the first to initiate a new line of business and discovering its potential, while followers receive information at no cost about the economic potential of the new market. Klinger and Lederman (2005) show that Guatemala is one of the more active countries regarding the emergence of new export sectors. This situation was already evident at the end of the 1990s (WTO, 2001). More recently, the global competitiveness report ranked Guatemala relatively well, relative to the region, in terms of innovation capacity. The question is why this capacity to innovate at the level of individual businesses and markets does not translate into economy-wide advantages.

**Table 1. Innovation and Sophistication Sub-Index²
Global Competitiveness Report**

| Country | Index |
|------------------------|-------|
| Costa Rica | 4.07 |
| Brazil | 4.04 |
| Guatemala | 3.69 |
| Mexico | 3.60 |
| Argentina | 3.43 |
| The Dominican Republic | 3.38 |
| Honduras | 3.32 |
| El Salvador | 3.24 |
| Nicaragua | 2.86 |
| LAC | 3.40 |

Source: WEF (2008).

2.3 Evolution of the Ideas Underlying the PDP Framework in Guatemala

Since the 1960s international trade has been at the center of the country’s development strategy, but the interpretation of the role of international trade has evolved significantly, helping to inspire a wide variety of PDPs over time. A particularly significant reorientation took place beginning in the mid 1980s. Until then, the country had followed an import-substitution model of the type then promoted by the United Nations Economic Commission for Latin America and the Caribbean–ECLAC, although an interesting twist to the run-of-the-mill ECLAC-inspired policy was the creation of the Central American Common Market (MERCOSUR).

Although the import-substitution model was relatively successful at an early stage (1950s and 1960s) the model had all but collapsed by the early 1970s.³ As a consequence, the Central American countries suffered important declines in economic growth, intra-

² This sub-index includes two sections: Business Sophistication and Innovation. The first, Business Sophistication, is measured by variables such as local supplier quantity and quality, production process sophistication, extent of marketing, control of international distribution, willingness to delegate authority, nature of competitive advantage, value chain presence, degree of customer orientation, local availability of process machinery, extent of incentive compensation, reliance on professional management, and government prioritization of ICT. The second, Innovation, is measured by the quality of scientific research institutions, corporate spending on research and development, university/industry research collaboration, intellectual property protection, and capacity for innovation. This Sub-Index ranges between 1 and 7, with 7 being the best and 1 the worst possible.

³ For a more detailed description of the reasons why MERCOSUR failed see CIEN (2000).

regional trade decreased, and protectionism rose. Although there was no explicit policy statement to that effect, the trade regime was characterized by a complex system of high import tariffs. Conditions continued to worsen in the region, and by the early 1980s, most countries in Central America were in the midst of deep political and economic crises.

The severity of the economic and political crises across the region gave rise to the Accords of Esquipulas I and II in 1986 and 1987. These instruments, signed by the presidents of all of the Central American countries, had as their main purpose the promotion of peace and democracy in the region. Notably, Esquipulas II included economic and trade issues as part of its core agenda in recognition that as long as there was poverty there could be no genuine peace in the region. The agenda sought to overcome economic stagnation (increase economic growth), proposed a direct attack on poverty (social development), and underscored the need to protect the environment.

The broad thrust of the Esquipulas agenda was to overcome the issue of missing public inputs such as regional security. It also attempted to deal with coordination failure at the regional level: whereas extra-regional trading partners generally viewed Central America as a region, countries found it hard to coordinate common policies.⁴ From then onward, the countries of Central America defined a new export-oriented trade policy to promote economic growth, as stated in the Esquipulas II Accord. The Esquipulas agenda inspired a significant reformulation and re-orientation of Guatemala's development strategy in the direction of increased trade openness and export promotion.

The depth of the changes in policy orientation in Central America is reflected in the tariff levels reported using the Central American Single Tariff Code (CAUCA).⁵ As Table 2 shows, the trade regime was very protectionist in the beginning, but substantial liberalization began right after the implementation of the Esquipulas agenda in the mid-1980s.

⁴ Esquipulas also included priority measures to achieve its goals: (a) achieve macroeconomic stability to set the stage for economic growth; (b) implement structural adjustment programs to increase economic efficiency; (c) modernize the public sector; (d) promote trade openness and regional economic integration; (e) increase domestic savings to finance investment demand; and (f) attack extreme poverty.

⁵ The CAUCA was included in the Central American Integration Treaty of 1960 and established a single tariff code for trade among the region and between the region and the rest of the world. There were very few exceptions, like sugar, coffee, meat, wheat and alcohol, which were considered "strategic."

Table 2. Average Import Tariffs in Central America

| | Average national tariff (1959) | Single external tariff (1967) | Tariff liberalization programme (1986-1992) | Tariff liberalization programme (1993-1996) | Tariff liberalization programme (1997) | Customs Union (2008) |
|-------------------------------|--------------------------------|-------------------------------|---|---|--|----------------------|
| Non-durable consumption goods | 66.8 | 105.7 | 65.0 | 20.0 | 15.0 | 15.0 |
| Durable consumption goods | 27.2 | 40.1 | 45.0 | 20.0 | 15.0 | 15.0 |
| Intermediate goods | 31.0 | 38.3 | 20.0 | 10.0 | 10.0 | 10.0 |
| Capital goods | 8.5 | 11.0 | 30.0 | 10.0 | 10.0 | 0.0-5.0* |

*0% applies to capital goods and 5% to input products.

Source: Lizano (1975), CIEN (2001) and SIECA (2008).

2.3.1 From the Central American Common Market to the Customs Union

The possibility of creating a common market in Central America has been a common thread from the import substitution model in the 1960s to the modern export-oriented approach. In fact, this idea dates back to the colonial era. However, it was not until the 1950s that formal attempts to create a common market began, as a complement to ECLAC's import substitution promotion program, since Central America presented a particular problem to the standard import substitution policy: each country individually was too small to develop a strong domestic market. The Central American Common Market (MERCOSUR) came into being after the Central American Integration Treaty took effect in 1963 following its ratification by all countries.

By the early 1970s, as a consequence of deep economic and political crises, the Common Market was in disarray. However, it cannot be claimed that MERCOSUR was a total failure. Firstly, while the Common Market operated, economic growth accelerated, intra-regional trade increased, capital-intensive industrialization advanced, and the economies of Central America became more diversified. Also, important advances took place in the creation of regional policies and institutions, many of which still survive.

Following the Esquipulas agenda, a new stage began in the context of the Central American Integration System—SICA. Probably, the main substantive difference between SICA and earlier MERCOSUR is the spirit behind the integration process. Under SICA, the idea is no longer to promote industrialization through trade protection but instead to

promote economic openness vis-à-vis the rest of the world. The perceived advantage of economic integration is no longer the promotion of a strong domestic market but the possibility of negotiating as a trading block with extra-regional partners. Unfortunately, the weakness of the integration process has meant that the regional coordination problem remains largely unresolved, as countries have often negotiated trade agreements with major trading partners on their own. Much remains to be done to significantly strengthen the role of regional institutions.

The Central American peace process received the support of the United States and Europe, which provided preferential access to their markets through the Caribbean Basin Initiative (CBI) and the Generalized System of Preferences (GSP) respectively. Unlike trade agreements, the CBI and GSP were unilateral concessions offered to beneficiary countries and, as such, no dispute resolution mechanisms were envisaged, and special privileges could be withdrawn unilaterally and without recourse. At the time, the CBI and GSP provided strong motivation for Central American countries—including Guatemala—to take advantage of the benefits on offer and led throughout the region to the introduction of export-promoting PDPs especially suited to the circumstances.

2.3.2 Ideas behind the Evolution of PDPs in Guatemala

It can be argued that a substantial portion of the policy agenda inspired by the Washington Consensus was in fact implemented in Central America following the reorientation of the development strategy crystallized in the Esquipulas agenda. In Guatemala in particular, there were two structural adjustment programs in 1988 and 1991 in support of these types of reforms. These policy reforms were broad-based and their impact was expected to be felt mainly in the long run. In addition to trade liberalization, important policy reforms were introduced, such as financial sector liberalization and increased participation of the private sector in infrastructure, which were horizontal in nature and expected to have economy-wide impacts.

Emergence of the Cluster Approach

Aside from the Washington Consensus and the Esquipulas agenda, new ideas began influencing PDPs in Central America in the late 1990s. The notion of cluster development popularized by Michael Porter became a fashion worldwide. Clusters were understood as

geographic concentrations of related businesses, including specialized suppliers of goods and services, as well as supporting industries and institutions. Businesses operate in specialized areas where they compete, but at the same time they cooperate to enhance national and industry-wide competitiveness. The idea behind a cluster is that individual enterprise productivity can be increased through a suitable network of upstream and downstream business relationships to take advantage of positive externalities and improved coordination (Rodríguez-Clare, 2005). The existence of externalities and coordination failures could justify government action in support of specific sectors (e.g., organization of coordination fora, provision of specific infrastructure, technology research and development, or fiscal incentives).

Many developing countries, including Guatemala, started to follow the industrial cluster approach promoted by Porter. The outcome of implementing the cluster approach in the country was deemed to be largely unclear and insufficient to trigger economic growth on a sustained basis. Therefore, less than a decade after the first experiments with the Porter-inspired cluster approach, it was deemed necessary to explore alternative approaches to enhancing competitiveness. Further details of how the cluster approach was implemented in Guatemala can be found in subsequent sections of this study.

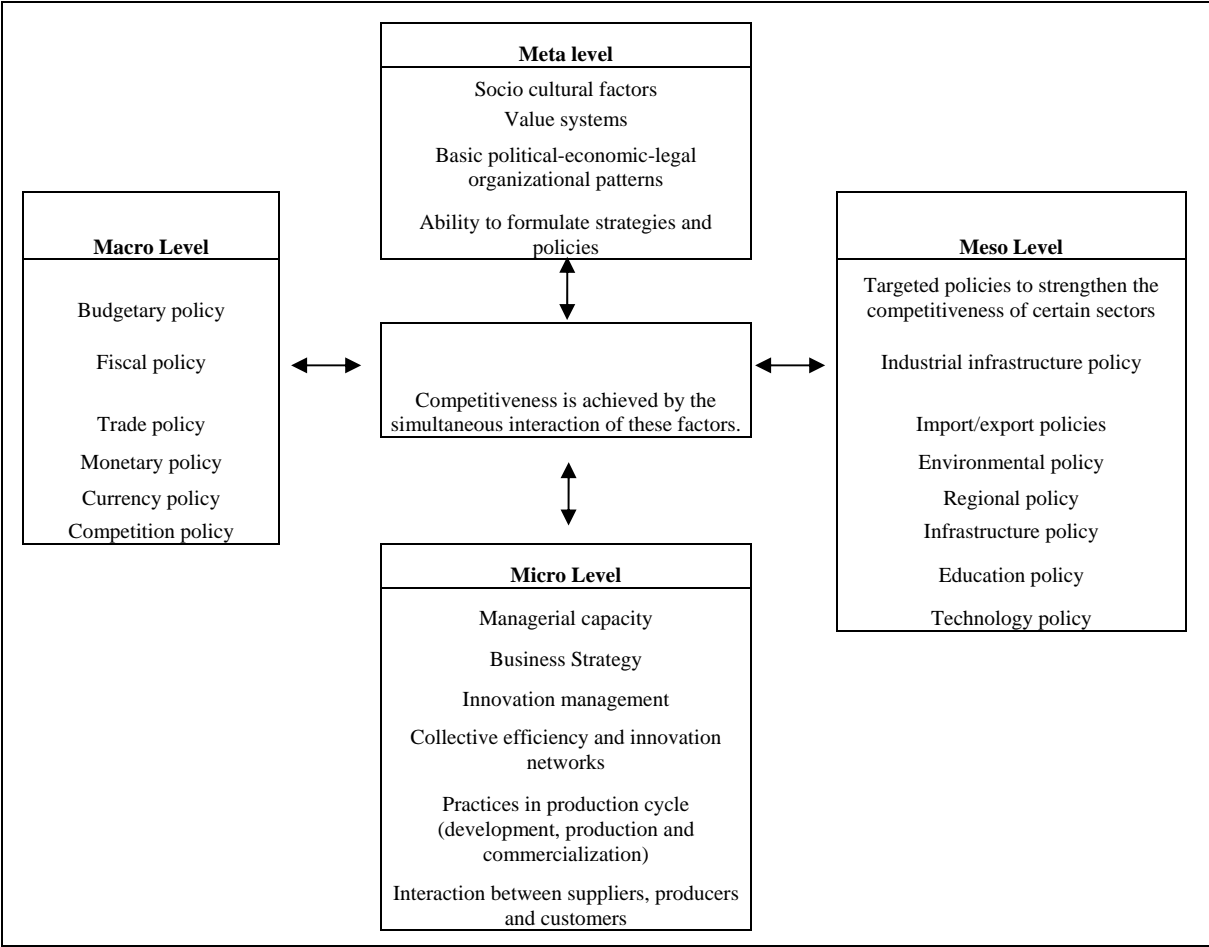
Systemic Competitiveness

New proposals for enhancing competitiveness emerged early in the new century. The proposed approach, called systemic competitiveness, had the support of the private sector and was heavily influenced by the European experience (Esser et al., 1994). In this approach, competitiveness depends on interactions at different levels: (a) the meta level, which refers to the value that society as a whole places on competitiveness; (b) the macro level, which refers to the policies that set the general economic environment, such as macroeconomic variables and the legal system; (c) the meso level, which consists of public and private institutions and the relationships among them; and (d) the micro level, where businesses compete and cooperate with each other in search of efficiency.

Aside from seeking to resolve coordination failures within the private sector and between the public and private sectors—as emphasized by the Porter-style cluster approach—the systemic competitiveness approach also seeks to identify and resolve

bottlenecks in the supply of public goods and eliminate barriers to growth. In general, the systemic competitiveness approach asks the question what kind of organizational structure, body of social norms, forms of market operation, relationships between the State and society, and general conditions for generating productive efficiency are needed to strengthen enterprise competitiveness (CIEN, 2002).

Figure 1. Factors Influencing Systemic Competitiveness



Source: Esser et al. (1994).

The systemic competitiveness approach is recent and has not been coherently implemented in Guatemala, so it has not yet influenced the set of PDPs that are actually in place, although it already had some impact on the activities of the National Programme for Competitiveness—PRONACOM. Further details are provided later in this study on the evolution of PRONACOM.

3 Main Policies, Sectors and Activities

3.1 Current Productive Development Policies in Guatemala

Guatemala has introduced a wide variety of growth-promoting policies, but they have failed to trigger a sustained acceleration in economic growth. The diversity of PDPs seen in Guatemala today is a result of successive paradigm changes that have taken place over several decades. In many cases PDPs and the corresponding institutional framework failed to evolve, so that the set of PDPs in place does not necessarily respond to common objectives and, in general, does not address the types of barriers to growth discussed in the earlier sections of this study. The set of PDPs in place in Guatemala shares many common characteristics with those developed in other countries in the region and seeks to resolve traditional market failures relying on fiscal incentives, targeted support for micro, small and medium enterprises, cluster promotion, and export and investment promotion.

Historically, economic policy has been divorced from social policy in Guatemala.⁶ Perhaps the most significant attempt until now to link explicitly social and economic policy is the National Agenda for Competitiveness of 2005. The Agenda proposes a country-wide strategic plan that would bring together the public and private sectors to operate jointly to enhance country competitiveness. PRONACOM plays a facilitating and monitoring role vis-à-vis implementation of the Agenda.⁷

A comprehensive list of the most important PDPs that are currently in place in Guatemala is shown in Table 3 (See Table A.I in Annex I for more details.). Each PDP has been classified in a 2x2 matrix that combines the Horizontal/Vertical dimension of PDPs

⁶ For example, education policy tends to ignore the needs of the productive sector, particularly the type of skills and values that workers are expected to possess.

⁷ The National Competitiveness Agenda 2005-2015 had six strategic axes in areas such as nutrition, education, health and training, simplification of procedures and modernization of the State, environmental sustainability, decentralization and local empowerment, development of infrastructure, and support for productive sectors with high competitive potential. Further details on the Agenda are provided in Part III of this study.

with the Public/Market channel of intervention. Interventions on the left are general (horizontal) while those on the right generate benefits mainly for specific sectors (vertical). PDP interventions at the top of the matrix represent direct provision by the government (public channel) while PDPs based on market intervention are placed at the bottom (market channel).⁸

Table 3. Matrix of PDPs (2000-2007)

| | Transversality | | | |
|---------------------|---|---|--|---|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Market Failure | Sector/Activity | Market Failure |
| Public Input | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation | Tourism sector: INGUAT | Public input: promote sector specific country advantages |
| | Investment and Competition | Public input: Improving Market Efficiency | Cluster Policy (PRONACOM) | Coordination Failure, |
| | Regional Integration (SICA and SIECA) and Plan Puebla – Panamá | Public input: Coordination Failure | Invest in Guatemala (focus in priority sectors) | Positive externalities associated with FDI |
| Market Intervention | Export Promotion | Promote investment and export positive externalities. | Sector: Agriculture | |
| | SMES Policy (MINECO): | Promote credit access and improve coordination | <i>Science and Technology</i> | Increase sector specific R& D positive externalities |
| | Science and Technology (CONCYT) | Public input: Increase R& D positive externalities | <i>SMES Policy (MAGA):</i> | Promote credit access and improve coordination in agriculture |
| | | | <i>Other Agricultural Policies: PARPA and Others</i> | Sector support |
| | | | Other Sector incentives | Promote specific investment |

Source: Authors' compilation.

3.1.1 Productive Development Policies under Implementation

3.1.1.1 Productive Development Policies for Activities (Horizontal)

3.1.1.1.1 Public Input

This section describes the PDPs situated on the horizontal/public input quadrant. This is not the most common type of policy implemented by the government, but it has gained

⁸ Annex 3 contains a detailed description of every PDP show in Table 3.

some importance in the last decade. There are three major components: (a) investment and competition promotion, (b) human resource training policy, and (c) regional integration.

Between 1990-1999 and 2000-2007, the investment and competition promotion component was strengthened through the creation of institutions charged with promoting competitiveness and attracting foreign investment.⁹ More specifically, the National Program for Competitiveness—PRONACOM—was created in 1998 and was mainly responsible for the implementation of vertical policies inspired by the cluster approach; in fact, not until 2004 did PRONACOM start implementing horizontal measures in addition to the legacy of cluster policies. Invest in Guatemala is the agency responsible for promoting foreign investment,¹⁰ although the Program of Commerce, Investment and Tourism Attachés (*Programa de Agregados Comerciales, Inversión y Turismo*—PACIT) also plays a role in this area. The Ministry of Economy—MINECO established the Investment and Competition Program, which addresses issues such as certifications, metrology, export incentives, consumer assistance, and investment promotion. Further details of these institutional arrangements are provided in Section 4..

The Technical Institute for Training and Productivity—INTECAP—is responsible for implementing the national policy for technical and labor training. The Institute has activities serving agriculture, industry, commerce and services at all occupational levels. The Board of INTECAP is composed of members of both public and private sectors, as well as representatives of labor.¹¹

Finally, the process of Central American economic integration is supported by a complex institutional and policy framework that does not depend entirely on a single country's policy decisions and, therefore, is not discussed further in this study.

3.1.1.1.2 Market Intervention

This section describes the PDPs that fall on the horizontal/market intervention quadrant and summarizes some of the most important industrial policies being implemented in

⁹ The horizontal/public input quadrant for periods 1990-1999 and 2000-2007 is shown in Table A.2, Annex I.

¹⁰ These efforts seek to take advantage of the country's foreign investment law which in general terms provides foreign and national investors with essentially the same rights.

¹¹ Note that INTECAP is not the only body responsible for technical training. The Guatemalan Social Security Institute (IGSS), University of San Carlos (USAC), National Planning Secretariat (SEGEPLAN), the Labor Ministry, Municipalities, and many other entities also supply labor training opportunities, but their role is substantially less important in terms of labor training than INTECAP's.

Guatemala both in terms of dedicated resources as well as presence in the public's mind, such as export promotion. The usual instrument used to promote exports is fiscal incentives and the creation of special economic zones. Between the late 1990s and the post-2000 period, the most significant change is the growing body of free trade agreements that have been signed. The evolution of policies in this quadrant can be seen in Table A.3 of Annex I.

Another PDP in this quadrant is science and technology policy, which falls under the responsibility of the National Council for Science & Technology—CONCYT. The Council provides financing to activities related to scientific and technological development, human resources, technology transfer, agricultural and food research, public health, and technical innovation.

Policy in support of micro, small and medium enterprises falls under the responsibility of the Ministry of Economy¹² and provides access to credit, guarantees, and technical assistance. In addition, it carries out activities designed to foster coordination and integration of local markets.

3.1.1.2 Productive Development Policies for Sectors (Vertical)

3.1.1.2.1 Public Input

The vertical/public input quadrant appears to be the least populated of the four quadrants in the 2x2 matrix. Nevertheless, some PDPs have been identified that specifically support tourism and coffee. Some of PRONACOM's activities can be classified in the vertical/public input quadrant, specifically cluster policies in support of textiles and apparel, manufacturing, tourism (including health tourism, agro-tourism, and conventions), forestry, agro-industry (such as ornamental plants, avocado, and cacao), contact centers, and software development. Table A.4 in Annex I shows the changes that have taken place in this quadrant between the 1990s and the post-2000 period.¹³

¹² This type of policy aims at supporting a specific economic group (micro, small, and medium-sized businesses) but is not dedicated exclusively to any one economic sector. This is in contrast to the policies implemented by the Agriculture Ministry in support of micro, small and medium enterprises which aim exclusively at businesses operating in that sector of the economy.

¹³ Perhaps the most significant change seen over time is the addition of new clusters. In 1998 the only clusters were tourism, agro-industry, forestry, and textiles and apparel.

Tourism is one of the most important sectors from the standpoint of the PDP framework in Guatemala and is considered to be a priority in the National Agenda for Competitiveness. Tourism policy falls under the responsibility of the Guatemalan Tourism Institute—INGUAT—which was created in 1967.¹⁴ INGUAT undertakes activities aimed at developing different types of tourism, including ecological, recreational, sports, business, and cultural.

The only new actor that emerged in the post-2000 period is the agency responsible for investment promotion—Invest in Guatemala. In principle, this agency is of a horizontal character but in practice, activities focus on sectors deemed to be priorities for development and which receive specific resource transfers (e.g., agro-industry, manufacturing, tourism, call centers and business process outsourcing, transport and logistics, and textiles and apparel).¹⁵

3.1.1.2.2 Market Intervention

The vertical/market intervention quadrant is the most populated one in the 2x2 matrix and very few changes have been identified between the 1990s and the post-2000 period.¹⁶ Most PDPs in this quadrant target the agriculture and livestock sector, though it is otherwise difficult to see a common ground among them (see Table A.5, Annex I). The sheer number of targeted PDPs shows the government's interest in the agriculture and livestock sector.

The Ministry of Agriculture, Livestock and Food—MAGA—implements policies targeting micro, small, and medium enterprises—MSMEs.¹⁷ Coordination between MAGA and the Ministry of Economy is basically non-existent, so that there are in essence

¹⁴ Note that a specific law for the promotion of tourism was passed in 1974 and eliminated in 1997.

¹⁵ This can be seen in terms of the size of the staff responsible for promoting investment in each sector.

¹⁶ Perhaps the most significant development was the elimination in 1990 of the Banana Development Law (Decree 31-81) whereby banana producers that signed a voluntary agreement with the Ministry of Agriculture, Livestock and Food—MAGA—received special tariff benefits in exchange for which they would pay Q.0.02 to municipalities and Q.0.01 to the MAGA for each 20kg box exported (OMC, 2001). Another reform was the elimination of the Tourism Incentives Law, which provided special fiscal incentives to businesses in the tourism sector.

¹⁷ The best-known instrument in support of MSMEs in the sector is “Dacrédito” which seeks to promote Access to credit in rural areas through a guarantee fund that covers up to 80 percent of a credit operation, finances up to 90 percent of technical assistance required for pre-investment studies, and covers up to 70 percent of insurance costs. In addition, through the National Fund for the Recovery and Modernization of Agrarian Activity—FONAGRO—the MAGA provides credit to MSMEs. Other types of existing programs are exemplified by the Program in Support of Productive Transformation—PARPA—which aims at promoting the development of forestry as well as fertilizer programs. These programs seek to support poor peasants by distributing fertilizer at below-market prices.

two government policies in support of this group of businesses, though formally the Ministry of Economy is still responsible for setting national policy in this area.

Other public entities also target support to this sector. The Institute for Agricultural Science and Technology (ICTA) is responsible for carrying out research that benefits this sector exclusively. The government provides specialized technical training at the secondary school level through the National School for Agriculture (ENCA).

In addition, certain agricultural products have historically enjoyed special benefits, including tariff and non-tariff protection. For example, both coffee and sugar have a long history of protection and government support in Guatemala and still represent a substantial portion of the country's total exports.¹⁸ Some PDPs in support of the coffee sector date back to 1928, while the National Coffee Association—ANACAFE—was established in 1960.¹⁹ Sugar also enjoys high tariff and non-tariff protection.²⁰ The forestry sector enjoys fiscal incentives through the Forestry Incentives Program, which provides payments to landowners executing reforestation projects.

Aside from PDPs targeting agriculture, forestry and livestock, there are PDPs focussed on other sectors, particularly energy and mining. The Carbon-Based Fuel Law (Decree 109-83),²¹ the Law on Incentives for Renewable Energy (Decree No. 52-03)²² and the Mining Law (Decree 49-97)²³ seek to promote investment in sectors which by nature are associated with long investment recovery periods.

Important policy reforms, including deregulation and privatization, took place in the late 1990s. State monopolies were eliminated in air transport (AVIATECA),

¹⁸ The Guatemalan export basket has become more diverse over time, but coffee and sugar exports are still equivalent to 10 percent and 5 percent of total exports, respectively.

¹⁹ Decree 111-85 established that coffee growers pay 1 percent of the FOB value of exports: total revenue is distributed among municipalities but the lion's share goes to ANACAFE (OMC, 2001). The average import tariff applying to this sector is 15 percent.

²⁰ The average import tariff applying to this sector is 20 percent but, in addition, there are important non-tariff barriers protecting the sector. The Law on Food Enrichment (Decree 44-92) requires sugar to have added Vitamin A, including imported sugar. The Vitamin A requirement may have some nutritional basis but, in reality, it acts as an import barrier.

²¹ This Law provides tariff and VAT exemptions on the purchase of capital goods, spare parts and accessories that stay in Guatemala at least five years. The main beneficiaries of this Law are contractors servicing the oil industry.

²² This Law provides 10-year exemptions on income tax, tariffs, value-added and other taxes and duties.

²³ This Law provides exemptions on the payment of tariffs and other duties on equipment, spare parts, accessories, explosives, and other materials used in mining.

telecommunications and energy, thus facilitating the entry of new competitors and improvements in service coverage and quality.

3.1.2 Analysis of Priority PDPs by Inputs

Export promotion is the activity that received the most resources in the 2002-2007 period.²⁴ Next in importance, as measured by resource allocation, is labor training through INTECAP.²⁵ PDPs in support of MSMEs run by both MAGA and the Ministry of Economy come third in terms of dedicated resources, although there is a significant bias in favor of MSMEs in the agriculture and livestock sector.²⁶

PDPs to promote competitiveness and investment get relatively few resources. For example, PRONACOM is not executing directly high-profile programs or projects; instead, its activities are limited to commissioning studies in the context of the National Agenda for Competitiveness (see Table 4 or Table A.6, Annex I). It should be highlighted that PDPs to promote science and technology came last in terms of budget allocation in the 2000-2007 period, although the amount of resources devoted to this activity increased substantially starting in 2005.

²⁴ Export promotion is a horizontal/market intervention type of PDP. Note that most resources dedicated to export promotion do not accrue as direct disbursements of public resources but, instead, as foregone income by the government due to tax exemptions. In principle, tariff receipts foregone as a result of trade agreements should also be included in this calculation.

²⁵ The combined budget allocated to INTECAP over 2000-2007 is still less than a quarter of the amount allocated to the Ministry of Education in a single year.

²⁶ Over the period analyzed, over Q.500 million was destined to support MSMEs in the agricultural sector, while MSMEs in the rest of the economy were allocated only Q.199 million.

Table 4. Resources Spent on the Main PDPs (2000-2007)²⁷

| | Transversality | | | |
|---------------------|--|-------------------------------|-------------------------------|-----------------|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Millions of Q ²⁸ | Sector/Activity | Millions of Q |
| Public Input. | Human Resource Training Policy (INTECAP) | Q. 1,406 | TOURISM: INGUAT | Q. 511 |
| | Investment and Competition: Regional Integration (SICA and SIECA) | Q. 243 | | |
| | | Q. 32 | | |
| Market Intervention | Export Promotion: | Q. 40,852²⁹ | Sector: Agriculture | Q. 3,482 |
| | SMES Policy (MINECO): | Q. 199 | <i>Science and Technology</i> | Q. 199 |
| | Science and Technology | Q. 201 | <i>SMES Policy (MAGA):</i> | Q. 500 |

Source: Authors' calculations.

It is clear that the agricultural sector is the economic sector that benefits most from PDP expenditures, even though this is the third most important sector in the economy in terms of value-added, behind manufacturing industry and services.³⁰ It should not come as a surprise that the second sector in importance by resource allocation is tourism, since this sector has been recognized as having strategic value in the development of PDPs at least since the creation of the INGUAT in 1973.

It can be seen in Table 5 that the horizontal/market intervention quadrant concentrates most resources used in the implementation of PDPs. This is mostly the result of the cost of an export promotion policy based on tax exemptions and the impact of free trade agreements on government revenues.

²⁷ No estimates of the value of incentives for renewable energy, carbon-based fuels and mining are provided, since there are no data on tax expenditures on these policies.

²⁸ The exchange rate has fluctuated between Q7.60 and Q7.80 vis-à-vis the US\$.

²⁹ Data is available for years 2005 and 2006 only.

³⁰ It has been mentioned above that the MAGA controls a wide variety of instruments and has one of the most substantial budgets within the public sector. The component called Productive and Commercial Development is allocated about 20 percent of MAGA resources and, within this item, distribution of fertilizers is the most important (29 percent of budget allocation).

Table 5. Proportion of Resources Allocated by Quadrant (2000-2007), Including Tax Exemptions and Foregone Tariff Revenues

| | Transversality | |
|---------------------|----------------|--------------|
| | Horizontal –H- | Vertical –V- |
| Public Input | 3.6% | 1.1% |
| Market Intervention | 87.9% | 7.4% |

Source: Authors' calculations.

However, if only direct government expenditures are taken into consideration, it turns out that the most expensive is the vertical/market intervention PDP quadrant (see Table 6). This should not come as a surprise to the extent that this quadrant is also the most densely populated one.

Table 6. Proportion of Resources Allocated by Quadrant (2000-2007), Excluding tax exemptions and foregone tariff revenues

| | Transversality | |
|---------------------|----------------|--------------|
| | Horizontal –H- | Vertical –V- |
| Public Input | 28% | 8% |
| Market Intervention | 7% | 57% |

Source: Authors' calculations.

3.1.3 Outputs and Results

The evaluation of the outputs and results of individual PDPs is complicated by the fact that few of them have any explicitly defined objectives that can be measured and against which their effectiveness and efficiency can be compared. It can be expected that in the absence of coordination of public policy, impact on economic growth would be limited at best if not outright counterproductive. This section makes an attempt to use objective measures of policy outputs and results, showing at the end a 2x2 matrix consolidating the a progress indicator taken from the Integrated System of State Accounts (SICOIN).³¹

³¹ The progress indicator is obtained from management reports submitted by each Ministry to the Finance Ministry on the extent to which physical targets set by the Budget are being accomplished. Unfortunately, the system only has information on targets set in 2006 and 2007. Note that no judgment is made on the “quality” of targets set by the Budget; comparisons are made relative to planned targets only. To some extent, this measure is subjective since the government is evaluating itself, but in any case these measures flag PDPs that are being executed at a slow rate.

3.1.3.1 PDPs in Support of Activities (Horizontal)

3.1.3.1.1 Public Input

a) Labor Training

The approved budget for INTECAP is one of the most significant ones among the identified PDPs, but not all resources are executed: in the 2000-2007 period the average rate of budget execution was around 90 percent. This is a fairly high rate of execution, and INTECAP has managed to increase the number of workers trained and expanded its geographic reach. Although INTECAP has to some extent adapted to the needs of the productive sector, there is still a need to get closer to the markets and increase geographic coverage. In addition, a national policy on labor training is still lacking, and greater coordination of actors in this field of activities is desirable.

3.1.3.1.2 Market Intervention

b) Export Promotion

Export promotion activities have yielded results in terms of quantity and diversity of exported products. Table 7 and Table A.7 in Annex I show that policy implementation has accomplished its objectives, at least according to the evaluation provided by government staff. Further discussion of export promoting activities is provided later in this document.

c) Policy in Support of MSMEs

According to SEGEPLAN (2007), between 2004 and 2007, 32,755 businesses had received credit, exceeding the established target of 21,149. Nevertheless, reports prepared by the Ministry of Economy and the MAGA indicate that there have been problems with the quality of the loan portfolio and that loan recovery may be a problem.

d) Investment and Competition

The most significant accomplishment by PRONACOM is the launch of the National Agenda for Competitiveness. In this context, there is a need for greater coordination between the agencies responsible for competitiveness and investment promotion. The agency Invest in Guatemala is charged with investment promotion and providing services

to foreign investors, but coordination with PACIT has been relatively weak. There is also a need to set specific, measurable objectives. According to SICOIN indicators, these programmes have not reached their official targets (see Table 7).

Table 7. PDP Outputs per SICOIN indicators (2000-2007)³²

| | Transversality | | | |
|---------------------|--|----------------|---|----------------|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Execution Rate | Sector/Activity | Execution Rate |
| Public Input. | Human Resource Training Policy (INTECAP) | NA | Tourism: INGUAT | NA |
| | Investment and Competition: Regional Integration (SICA and SIECA) | 45% | | |
| | | NA | | |
| Market Intervention | Export Promotion: | 75% | Sector: Agriculture <i>Science and Technology</i> <i>SMES Policy (MAGA):</i> <i>Other Agricultural Policies</i> | NA |
| | SMES Policy (MINECO): | 90% | | |
| | Science and Technology | 32% | | |
| | | | | |
| | | | | 19% |
| | | | | 59% |

Source: Authors' calculations using SICOIN data. NA: Not available.

e) Science and Technology

Resources allocated to these types of activities are limited, and it would appear that additional resources are required to obtain satisfactory results. However, even the execution of the limited resources currently available remains below official targets.³³

³²The PDPs that are not listed do not report their progress on goals to SICOIN.

³³ People interviewed as part of the preparation of this study have suggested that the role of CONCYT has been broadly positive, but greater coordination among the public and private sectors, as well as academia, is required to boost policy impact on the economy.

3.1.3.2 PDPs in Support of Sectors (vertical)

3.1.3.2.1 Public Input

a) Tourism

Tourism is among the most important sectors from the perspective of national PDPs. The National Agenda for Competitiveness considers it a priority sector, and there is a general consensus around this sector's great potential. Important amount of resources are already allocated toward supporting this sector, but ultimate success not only depends on sector-specific policies but also relies heavily on horizontal issues such as security and general infrastructure.

Table 8. Tourists and Foreign Exchange Earnings (2004-2007)

| Year | Number of Tourists | Foreign Exchange in Millions of US\$ |
|------|--------------------|---|
| 2004 | 1,181,526 | 770 |
| 2005 | 1,315,646 | 869 |
| 2006 | 1,502,069 | 1,012 |
| 2007 | 1,629,798 | 1,177 |

Source: SEGEPLAN, 2007.

3.1.3.2.2 Market Intervention

b) Agriculture and Livestock

The impact of sector-specific PDPs is not self-evident. Even though the sector has been expanding at a positive rate, the average rate of growth of this sector has been consistently below the national average. In addition, the MAGA has not been particularly effective in terms of the execution of programs that rely on financial assistance, although relatively greater efficiency is reported with regard to programs in support of forestry or fruit production.

3.2 Removal of Barriers to Economic Growth

In the context of the GDM, Guatemala can be characterized as a case of slow economic growth associated with low productivity growth and factor accumulation (see Artana, Auguste, and Cuevas, 2007). This section assesses the extent to which PDPs under implementation today are addressing the types of barriers to growth identified through the

GDM. In most cases, it is not obvious how existing PDPs help remove the most binding constraints to growth (see Table A.8, Annex I). Instead of seeking to remove the binding constraints in the long run, existing PDPs appear to be short-run measures to compensate for existing distortions and constraints. A clear example of this is the set of tax incentives that seek to promote investment in export-related activities. Such incentives would be unnecessary if a better investment climate existed in the country today. The most significant PDP today in terms of cost and policy priority is export promotion, yet this has proven insufficient to boost economic growth substantially and sustainably. To take full advantage of export-promoting policies, the country would need to invest further in human capital and infrastructure.

Human Capital Accumulation. Among the PDPs that have been identified, INTECAP, ICTA and ENCA are addressing the human capital constraint faced by Guatemala. However, in this context, the most important actor by far remains the Education Ministry, which could, in principle, include technical and labor training in its policy agenda. Education is the sector that today has the largest allocation in the national budget, but education indicators remain disappointing. To increase the stock of human capital on a sustained basis, social policies need to be more closely coordinated with productive development policies to ensure that the country's education system is geared toward enhancing competitiveness in the long run. In addition, an overhaul of the health system is required to ensure that the health of the population is conducive to the sustained accumulation and maintenance of a greater stock of human capital.

Infrastructure. Low quality and restricted access to infrastructure have been identified as binding constraints on economic growth. Deficient infrastructure raises costs across the whole economy and, in many cases, forestalls the emergence of new economic sectors. The National Agenda for Competitiveness has identified infrastructure as one of the strategic axes to be prioritized, since greater investment in infrastructure is required for the country to benefit fully from its comparative and competitive advantages.

Access to credit. Among the PDPs identified, policies in support of MSMEs would appear to be designed to address the issue of access to credit identified as a binding constraint applying the GDM. However, a restriction of access to credit means that projects that are otherwise profitable do not get needed resources and therefore, fail to be developed.

Unfortunately, credit programs targeting specific sectors may fail to resolve issues of access to credit in other sectors that may themselves be highly profitable. In view of this, it is doubtful that sector-specific credit programs are the most effective way to remove a cross-sector constraint.

In general, it can be argued that the set of existing PDPs does not directly address the most binding constraints to economic growth in Guatemala. At best, some PDPs help in reducing the negative impact of a binding constraint in the short run and in a partial manner. To better understand the impact of PDPs in Guatemala, three cases have been selected for further study. First, this study looks more deeply at the case of export activities, which receive support mainly through PDPs on the horizontal/market intervention quadrant. Next, a section is developed on the textiles and apparel sector which is being supported through horizontal policies (since it is an export sector) as well as vertical policies (since there is a formal cluster). Finally, the contact center and business process outsourcing (BPO) sector will be analyzed, since it is a relatively new sector that is growing rapidly and has been identified as a priority by Invest in Guatemala and PRONACOM.

3.3 Export Activities

This section discusses how a policy framework in support of the export sector has been created. A variety of policies proposed over successive periods of time focussed on different aspects of international markets. In the 1980s for example, the main focus was to promote industrial and manufacturing exports. More recently, the scope of policy has broadened to include services development, such as contact centers and BPO. The problem is that the instruments created earlier are still being applied today and are not necessarily consistent with more recent policy objectives. Worse still, the original PDPs have become inadequate or insufficient to continue meeting their initial objectives.

The first part of this study highlights the implementation of the Esquipulas agenda as a landmark in the shift in development strategies followed by all countries in Central America. Starting in 1986, Guatemala adopted an outward-oriented development strategy, and trade openness was introduced through a process of unilateral tariff reductions. The adoption of an outward-oriented trade regime was consistent with the Washington

Consensus and was accompanied by successive structural reforms that dramatically changed the economic landscape. These reforms generated opportunities for self-discovery that a protectionist policy environment had impeded decades earlier. Implementation of the Esquipulas agenda received the support of the United States through the CBI and Europe through the GSP and, at a regional level, and also through the creation of the Central American Integration System—SICA.

From an early stage it was recognized that a strategy of unilateral tariff reductions and structural reforms would be insufficient to take full advantage of the perceived opportunities offered by rapid globalization. Complementary PDP instruments were introduced that sought to increase exports, diversify the country's export basket, and widen the geographic reach of exports. These policies sought to take advantage of the opportunities offered by the CBI and GSP, as these benefited non-traditional products. They also attempted to reduce the country's vulnerability to external shocks and economic cycles, particularly those associated with the prices of the country's traditional exports.

Owing to both CBI benefits and timely national policies, exports became more diversified and the weight of non-traditional industries increased. In Central America, for example, the textile industry boomed in the early 1990s as a result of Asian investment—mainly of Korean origin.³⁴ In general, the textiles and apparel sector developed rapidly as a result of policy incentives that attracted foreign capital seeking to take advantage of the opportunities offered by the CBI.³⁵

3.3.1 PDPs in Support of Export Activities

3.3.1.1 Promotion and Development of Export and Maquila Activities

The Law for the Promotion and Development of Export and *Maquila* Activities (Decree 29-89) was introduced to take advantage of the benefits of market access, particularly of CBI

³⁴ Aside from textiles and apparel, sectors that benefitted from the CBI include electronics, handicrafts, ornaments, wood products including furniture and construction materials, recreational products including toys and sports gear, fresh and frozen seafood, tropical fruits and vegetables, food products and others (Montenegro, 2005).

³⁵ Note, however, that Guatemala's share in maquila imports by the United States changed slowly: from 2.1 percent in 1993 to 2.16 percent in 1999. This is in contrast with El Salvador and Honduras which, during the same period, increased their market shares from 1.3 percent to 4.3 percent and 2.0 percent to 6.7 percent, respectively. See www.apparel.com.gt (2000).

benefits,³⁶ although in reality it also attempted to correct a number of distortions and weaknesses in the country's investment climate. Decree 29-89 created four alternative regimes with specific qualifying criteria and distinct benefits (Article 5):

- a) **Temporary Admission:** Businesses that import merchandise meant for export or merchandise to be re-exported within a year following assembly or modification qualify for tax exemptions, including from import tariffs and VAT.
- b) **Tax Reimbursement:** Businesses that export or re-export merchandise qualify for reimbursement of tariff and customs duties as well as VAT paid on imports contained in the exported merchandise or used during its production.
- c) **Tax Credit Transfer:** A business gets credit on import tax and duties in an amount equivalent to the value of the import taxes and duties paid by an indirect exporter. Tax and duty credits can be used to import materials, semi-manufactured and intermediate products, and other products related to a production process.
- d) **National Value Added:** This provides benefits to businesses which mainly use national inputs for manufacturing or assembling export products.

Businesses qualifying for any one of these regimes get benefits such as a temporary suspension of payment of customs duties and VAT on primary and intermediate goods that would be re-exported within a year, exemption from customs duties and VAT on imported machinery and equipment, and income tax exemption on export profits over 10 years. The income tax exemption on profits arising from export activities is inconsistent with WTO agreements on subsidies and compensatory measures,³⁷ which poses a challenge given the weight that foreign investors place on this type of incentive.³⁸

³⁶ Article 1 of Decree 29-89 states that the Law "...seeks to provide incentives, promote and develop within the national territory, the production of merchandise to be exported outside Central America, as well as to regulate the operations of exporting activities as well as *maquila* enterprises..."

³⁷ Non-compliance arises because the benefit is based on export outcomes, as only the share of production that is exported is tax exempt. Guatemala has twice before requested an extension of the deadline for eliminating this benefit, which was due to be phased out first in 2003, then in 2008 and, currently, by 2015.

By mid-2007, over 1,500 enterprises had taken advantage of the benefits offered by Decree 29-89, but just over 600 remained active (Table A.9, Annex I). Most enterprises that have benefitted from this have industrial operations, mainly in textiles and apparel, although some operate in the agricultural and food sector as well (see Graph A.1, Annex I). This instrument was designed with merchandise exports in mind, but service enterprises have also benefitted from Decree 29-89 to the extent that they have been able to demonstrate that they are indeed exporting.³⁹ Also, service exports under Decree 29-89 are not subject to the WTO rules on subsidies and compensatory measures.

In general, the export promotion regime has been relatively successful: between 2002 and 2007 approximately 35 to 40 percent of total exports benefitted from Decree 29-89. Even though this has meant that the government has foregone a considerable amount of tax revenues, the Ministry of Economy estimates that in 2007 only, businesses that took advantage of Decree 29-89 invested over US\$150 million and created 15,000 jobs.

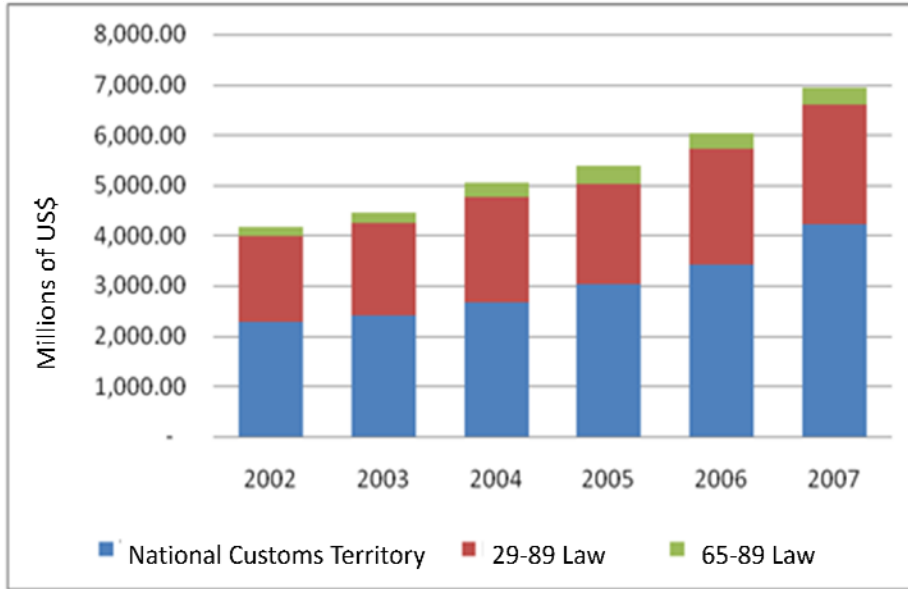
Nevertheless, changing circumstances are posing new challenges to the existing export promotion instruments. As Figure 2 shows, the value of Guatemalan exports has been increasing at an average annual rate of 11 percent over the last five years. In contrast, exports that come under Decree 29-89 increased by an average rate of only 7 percent and, in fact, have recently decreased. Pressure on exports, particularly textiles and apparel, is due to a migration of production to China and other Asian countries.

Nevertheless, the General Council of the WTO decided in 2007 that there could be no more deadline extensions. See WTO(WT/L/691) of 27 July 2007

³⁸ In any case, indefinite maintenance of these benefits is not fully credible so that temporary incentives tend to attract investments that are expected to be recovered within the expected life of the benefit. Reforms have been proposed in recognition of the distortions caused by the current incentive structure and it is hoped that third generation incentives would be introduced to promote exports.

³⁹ Today there is growing interest in developing services and sectors intensive in the use of communication technologies that could not otherwise take advantage of the existing incentive framework.

Figure 2. Value of Exports by Export Regime in Millions of US\$



Source: Bank of Guatemala.

3.3.1.2 *Special Export Zones*

The Law on Export Zones (*Zonas Francas*), Decree 65-89 of 14 November 1989, states in Article 1 that its purpose is “...to promote and regulate the creation of Export Zones that contribute to national development through activities that strengthen external trade, create employment, and permit the transfer of technology.” The Law recognizes three types of beneficiaries:

- a) **Industrial:** Enterprises that manufacture or assemble export goods, engage in re-export activities, or carry out technological development and research.
- b) **Services:** Enterprises providing services in support of international trade.
- c) **Commerce:** Enterprises that trade goods meant for export or re-export without altering the nature or the origin of the product.

The benefits enjoyed by businesses taking advantage of Decree 65-89 include the following:

1) Enterprises managing an export zone:

- a) Exemption from taxes, tariffs, duties and other charges applicable to the importation of machinery, equipment, tools, and materials meant exclusively for the construction of infrastructure and buildings in the export zone.
- b) Income tax exemption for ten years on rents accruing exclusively as a result of managing the export zone.
- c) Exemption from the Single Tax on Real Estate.
- d) Exemption from all taxes, duties and other charges applied to the importation and consumption of fuel oil, butane and propane gas, and other fuels meant for generating electricity used within the export zone.

2) Enterprises with industrial and service operations:

- a) Exemption from payment of taxes, duties and other charges on the importation of machinery, equipment, tools, primary and intermediate products, semi-manufactured products, components, packaging, and in general, merchandise used in the production of goods meant for export.
- b) Income tax exemption for ten years on income accruing exclusively as a result of operations within the export zone.
- c) VAT exemption on merchandise transactions within and between export zones.

3) Enterprises with commercial operations:

- a) Exemption from payment of taxes, duties and other charges on the importation of merchandise or components to be stored within the export zone awaiting commercialization.
- b) Income tax exemption for 25 years on income accruing exclusively as a result of operations within the export zone.
- c) VAT exemption on transfer of merchandise within and between export zones.

In 2007 there were 13 export zones in Guatemala, with 185 registered enterprises⁴⁰ (see Graph A.2, Annex I). In recent years, there was a substantial increase in the number of registered enterprises as a result of a favorable economic cycle and because of the mistaken belief that enterprises registering before 2008 would retain their special benefits even if the export zone were subsequently phased out as a result of WTO rules. Beneficiaries of export zones are subject to WTO rules on subsidies and compensatory measures in the same fashion as beneficiaries of Decree 29-89, so special benefits would have to be phased out by 2015. As explained earlier, benefits cannot be linked to merchandise export activity per se.

About 5 percent of Guatemalan exports take place under the special regimes associated with export zones (see Graph 2). Nevertheless, this does not mean that export zones have failed as instruments for export promotion. For example, the value of investment by business located in export zones was around US\$600 million between 2004 and 2007, generating over 1,400 jobs. More important perhaps is the fact that managers of export zones have learned and discovered their capacity to foster export activities (Paniagua, 2008). Also, unlike Decree 29-89, export zones have greater flexibility in the promotion of activities other than the export of merchandise, attracting enterprises engaged in services and commerce too (see Table A.10, Annex I). Still, it must be recognized that the bulk of investment in export zones is still associated with merchandise trade, as the value of investment by service enterprises is relatively low.

3.3.1.3 Simplification of Export Procedures

The Single Window for Export Promotion—VUPE—was created in 1986 through Executive Decree 790-86 in response to complaints about the excessive bureaucracy that prevailed at the time. The VUPE was originally created within the Ministry of Economy in an attempt to physically bring together all public and private entities that participated in export activity. To further facilitate export procedures, in 1998 the Ministry of Economy

⁴⁰ In 2007 there were in Central America 84 zones that resemble Guatemalan export zones (*zonas francas*), with 1,021 registered enterprises exporting an estimated US\$8 billion. There is no guidance on the most appropriate “number” of export zones in a country; for example, in the Dominican Republic there are 54 export zones housing 531 enterprises while in Panama there are only 8 zones with about 2,500 registered enterprises (MINECO, 2007). What really matters is the actual contribution of export zones in terms of the value of exports, as well as their contribution to economic growth and employment generation.

issued Decree 575-98 delegating to the Guatemalan export association—AGEXPRONT—the responsibilities of the VUPE.

The export association was committed to the introduction of the Electronic System for Export Approvals—SEADDEX. The creation and subsequent devolution of VUPE has reduced the cost of export procedures both in terms of time and money. Further simplification of export procedures took place once Decree 94-2000 further liberalized the foreign exchange regime and eliminated export licenses, while Decree 142-2001 introduced a Document for the Registry and Control of Exports—DEPREX. Note, however, that VUPE mostly facilitates the export of finished goods and is therefore less effective in facilitating the development of services exports. Before VUPE was implemented, it took up to six days to obtain an export license. In contrast, since the introduction of the VUPE, it only takes up to two days (see CEPAL, 2005).

3.3.1.4 Participation in Free Trade Agreements

Following a strategy of trade openness, Guatemala continues to promote its participation in free trade agreements (FTAs) with a view to increasing access to foreign markets. The country has negotiated the following FTAs:

- El Salvador, Guatemala and Honduras, with Mexico
- Dominican Republic, Central America and the United States, DR-CAFTA.
- Guatemala and the Republic of Taiwan
- El Salvador, Guatemala and Honduras with Colombia (pending ratification by Congress).
- Guatemala and Chile (pending ratification by Congress).

Currently, Guatemala is negotiating FTAs with Panama, Canada and CARICOM and is participating in the negotiation between Central America and the European Union on an Association Agreement. In addition, Guatemala has signed Partial Agreements with Belize (pending ratification by Congress), Venezuela, and Cuba. It has also signed Agreements for the Promotion and Reciprocal Protection of Investment with Switzerland, Sweden, the Czech Republic, Ecuador, Germany, Italy, Belgium, Luxembourg, Finland, and Israel.

The FTA that has generated the most attention is CAFTA due to the significance of the United States as an export market (in 2006, about 46 percent of total exports went to the United States). Some FTAs seem to have had positive effects on export dynamics: exports to the Republic of Taiwan and Mexico have expanded at an above average rate (see Table 9). Unfortunately, exports to the Republic of Taiwan and Mexico are equivalent to only 0.2 percent and 6 percent of total exports, respectively.⁴¹

The positive effects of FTAs are not limited to increases in trade flows. They also include investment, harmonization, and cooperation in many fields (Medvedev, 2006). It follows that policies in support of FTAs have to go beyond simply negotiating and signing a treaty. In the case of the DR-CAFTA, two complementary forces need to be highlighted: promotion of investment flows and innovation. The first force owes its strength to access to the world's most important consumer market under clear and stable rules, while the second force depends on the incentives for policy reform that naturally emerge under the DR-CAFTA.

The Superintendence for Tax Administration—SAT—estimates that in 2005 and 2006, foregone government revenues amounted to approximately US\$200 million as a result of FTAs. Nevertheless, these calculations do not take into consideration that trade flows are in part made possible by trade agreements, so their “cost” is likely over-estimated in the figure provided by the SAT. In any case, it is still too soon to fully assess the net benefits of existing FTAs, particularly with regard to the DR-CAFTA, until its benefits, beyond simply stimulating trade flows, can be properly calculated.

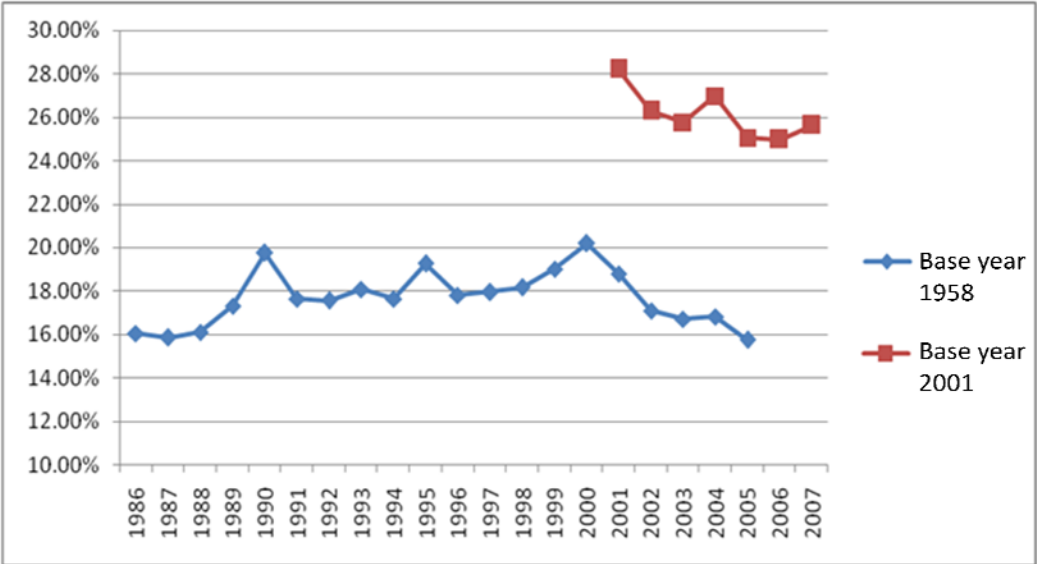
3.3.2 PDPs and Performance of Export Activities

With regard to the objective of increasing exports, performance can be said to be mixed at best. Total exports have continued to grow in nominal terms, often at double-digit rates for several years. However, note that using the National Accounts with base year 1958 the share of exports in real GDP has remained in a range between 16 and 20 percent since the mid-1980s, registering a trend toward the bottom of the range since 2000. Using the new National Accounts with base year 2001, the share of exports in GDP rises to a range between 25 and 28 percent, registering a diminishing trend since 2001. Although it is clear

⁴¹ With respect to imports, 34 percent come from the United States, 8 percent from Mexico and 1 percent from Taiwan.

that export performance depends on many factors other than PDPs in support of export activity, it can be argued that the impact of PDPs has been insufficient to compensate for the adverse factors that keep exports under pressure. The share of exports in GDP remains relatively small when compared to other countries in Latin America and certainly when set against the export performance of some Asian countries. For example, the share of exports in total GDP is 48.5 percent in Costa Rica and in Chile 47.1% percent while in Asian countries like Taiwan and Thailand the share of exports in total GDP is 73.8 percent and 73.3 percent, respectively.⁴²

Figure 3. Share of Exports in GDP
Percentage



Source: Bank of Guatemala.

Greater success has been registered with regard to the objective of diversifying the export basket. In 1986, traditional products such as coffee, banana, sugar, and other primary products had a share of about 70 percent in total exports. This share had fallen to 40 percent by 2006 (Graph A.3, Annex I). The restructuring of the export basket by products has favored sectors with higher domestic value-added and greater capital intensity.

Finally, with regard to the objective of diversifying the geographic reach of exports, it can be argued that results are broadly disappointing (see Table 9). The United States continues to be the dominant export market, and its share in total exports actually increased in the decade to 2006. Central America and other export destinations have maintained their

⁴² Source: www.stat.gouv.qc.ca. All data are from 2007.

shares in total exports, while Mexico and Taiwan registered some improvements. In contrast, Europe as an export market actually lost ground, registering a significant decline from 13 percent to only 6 percent of total exports in the last decade. A simple concentration analysis using the Herfindahl index would suggest that geographic concentration actually increased in the decade to 2006, despite the implementation of policies meant to foster the diversification of export markets.

Table 9. Export Structure by Geographic Destination
Value in US\$ and Share in Total Exports

| Country / Region | 1996 | | 2000 | | 2006 | |
|--|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Central America | 577,981.38 | 28% | 815,347.99 | 30% | 1,644,227.50 | 27% |
| Republic of Taiwan | 1,326.98 | 0% | 5,604.41 | 0% | 13,610.60 | 0% |
| Canada | 37,741.20 | 2% | 63,067.07 | 2% | 99,855.10 | 2% |
| United States | 743,926.74 | 37% | 971,224.16 | 36% | 2,781,851.20 | 46% |
| Mexico | 79,983.77 | 4% | 120,182.60 | 4% | 354,778.10 | 6% |
| Europe | 267,711.26 | 13% | 288,342.84 | 11% | 379,133.90 | 6% |
| Asia | 75,979.62 | 4% | 157,585.35 | 6% | 226,444.40 | 4% |
| Others | 100,805.52 | 5% | 134,223.03 | 5% | 183,144.20 | 3% |
| Latin America and the Caribbean | 131,126.42 | 6% | 143,456.51 | 5% | 342,117.80 | 6% |
| Total | 2,030,733.80 | 100% | 2,699,033.96 | 100% | 6,025,162.80 | 100% |
| Herfindahl Index | 0.24 | | 0.24 | | 0.3 | |

Source: Bank of Guatemala.

Some economic sectors benefitted more than others from the country's commitment to an outward-oriented development strategy. The textiles and apparel and food and agro-industrial clusters took advantage of conditions and expanded rapidly. Both sectors are labor-intensive and are therefore considered to be competitive according to the 2003 Industrial Agenda (CIEN, 2003). The existing set of PDPs has been less successful in fostering the development of other sectors such as services, but this has not prevented the emergence of some dynamic service activities.

3.4 Textiles and Apparel

3.4.1 Brief Description of the Sector

The textiles and apparel sector is usually deemed to be of great importance at the national level. The sector is highly organized and is responsible for 30 percent of non-traditional exports, with the United States being the main external market (see Table A.11, Annex I). It is broadly composed of three types of industries: clothing, textiles, and accessories and supporting services. In Guatemala, the industry is organized through the VESTEX Commission in the exporters' association—AGEXPORT, which provides businesses with technical assistance, training, information and export promotion services.

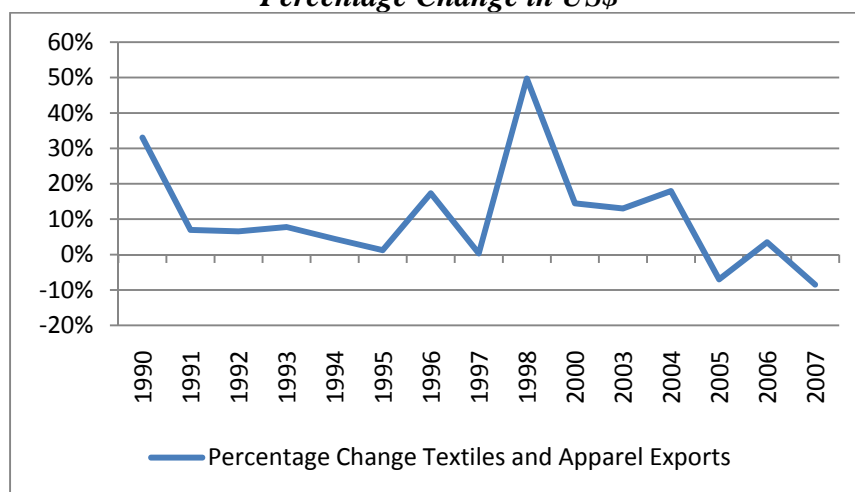
Much of the current structure of the sector still responds to the CBI benefits offered by the United States since 1984 which were, in essence, extended following the approval of DR-CAFTA. During the 1980s the sector was benefitting from the system of quotas in place in the United States that limited imports from Asian countries.⁴³ The domestic policy reforms carried out at the time facilitated exploitation of the opportunities being offered, including the Maquila Law (Decree 29-89) and the Law on Export Zones (Decree 65-89).

The sector has been an important engine for employment generation, essentially doubling the number of employees per operating enterprise between 1996 and 2005. Also, for many years the value of exports had increased at above-average rates, although 2005 turned out to be an adverse turning point as variation rates turned negative (see Graph 4, as well as Graphs A.4 and A.5 in Annex I).

In 1986, textile products from Central America received quota-free access to the United States market under programmes 807 and 807A. Preferential treatment was granted only if products used textiles made in the United States, and tariffs were paid on the basis of value-added in Central America. This incentive structure led firms to specialize in relatively low value-added processes. In 1995, new rules on clothing and textiles came into effect at the WTO under which, over a period of ten years, the quota system established through the Multi-Fibre Agreement (MFA) would be phased out. Phasing out of the legacy quota system meant that new competitors entered the international market, with China deemed to be the strongest new competitor.

⁴³ A quota system was negotiated by Canada, the United States and Europe under the umbrella of the MFA.

Graph 4. Total Value of Textiles and Apparel Exports (1990-2007)⁴⁴
Percentage Change in US\$



Source: <http://stat.wto.org>

In light of a rapidly changing external environment, the textiles and apparel industry adapted its competitive strategy along the following lines:

- Offering comprehensive packages⁴⁵ that include product design and development.
 - Striving to be the best alternative to finish high quality products with differentiated and unique designs.
 - Focussing on higher value-added products.
 - Focussing on products meant for intermediate and high-income segments that demand higher quality and on specialized market niches.

Cohesion around a common strategy has strengthened the textiles and apparel cluster in Guatemala, with firms operating at different stages of the production chain successfully improving their productive efficiency.⁴⁶ Also, note that the industry has restructured its production chain: it used to specialize in fabrics that needed to be made, cut, and then sewn to produce garments, while now the trend is to make garments such that fabric and clothing are produced simultaneously.

⁴⁴ Data on years 2001 and 2002 have been excluded. WTO data show a rate of variation that is not otherwise justified and which, if taken into consideration, could bias analysis of the sector.

⁴⁵ This is a worldwide trend described as a set of relationships where the manufacturer receives detailed instructions on clothing on demand and is fully responsible for its processing and distribution, from design and sourcing of textiles, to packaging and transportation of a finished product (INCAE, 2005).

⁴⁶ The cluster addresses issues relating to education and labor training, strengthening export policies and environment (e.g., export zones), marketing, information, labor and government relations, access to financing, services, and international negotiations.

3.4.2 Main PDPs in Support of the Textiles and Apparel sector

The PDPs that had the greatest influence in the development of the sector were likely to be broadly horizontal ones, such as the Maquila Law (Decree 29-89), and to a lesser extent the Law on Export Zones (Decree 65-89), followed more recently by participation in the DR-CAFTA. Note that most investment in the sector was undertaken by foreign companies seeking to take advantage of access to the U. S. market under clear and stable rules.⁴⁷

The Maquila Law, Decree 29-89, is the most obvious policy instrument benefitting the sector. Another important policy instrument is investment promotion, implemented through Invest in Guatemala.⁴⁸ Other actors that may be mentioned include the PACIT, which has successfully collaborated in the organization of commercial fairs and has established links between the sector and international markets.⁴⁹

The facilitating role of the institutions mentioned in the previous section (e.g., VESTEX) should not be underestimated. The textiles and apparel cluster was the first to emerge in the country and that it came together at the initiative of businesses themselves. As a result of this level of cohesion, the textiles and apparel cluster is one of the strongest ones included in the cluster agenda promoted by PRONACOM. Table A.12 in Annex I provides further details of the PDPs that benefit the textiles and apparel sector using the 2x2 classification matrix used earlier in this study.

3.4.3 Constraints on the Textiles and Apparel Sector

As mentioned above, scarce human capital, poor infrastructure, and limited access to credit are the most binding long-run restrictions constraints on economy-wide growth. In broad terms, horizontal issues identified using the GDM approach are binding on the textiles and apparel sector. There are nevertheless specific obstacles faced by business operating in the textiles and apparel sector. Table 10 shows the specific restrictions identified by businesses against the backdrop of the economy-wide constraints identified using the GDM

⁴⁷ There are currently 172 registered enterprises in the sector, 66 percent of which are owned by foreign (mainly Korean) investors.

⁴⁸ Invest in Guatemala considers textiles and apparel a priority sector and has dedicated staff catering exclusively to the needs of investors in this particular sector.

⁴⁹ For example, PACIT offices abroad distribute “The Apparel Sourcing Show,” a publication produced by VESTEX.

approach.⁵⁰ Note that financing is not identified as one of the most binding restrictions by businesses. This may be the case because this sector is highly organized and mostly geared to export markets, with important participation by foreign capital in the ownership of firms. Human capital is not identified as a binding restriction either, except that there is a shortage of specialized designers.⁵¹

A particularly strong restriction mentioned by business but not explicitly identified using the GDM approach is labor market rigidity. Labor regulations, including the minimum wage set by the government, are perceived to be significant constraints by businesses in the textiles and apparel sector. This perception matches a recent study (CIEN, 2007) reporting estimates that the minimum wage paid in export-oriented firms in the textiles and apparel sector is more than twice that paid by producers in the domestic sector. Although the GDM study effectively refers to labor market rigidity, it turns out that this restriction is caused by public policy directly and, as such, it did not qualify as one of the fundamental constraints on economic growth in Guatemala. Nevertheless, this is a clear example of an inconsistency in the policy framework, as on the one hand the government provides fiscal incentives to promote exports, on the other hand overly restrictive labor regulations reduce the competitiveness of firms operating in the formal sector.

⁵⁰ The sources of identification of industry-specific constraints are: (a) interviews with business leaders and (b) surveys carried out by the Asociación de Investigación y Estudios Sociales—ASIES.

⁵¹ The sector is investing in resolving the issue of specialized labor training, as it currently supports a technology workshop / school (the KOIKA-VESTEX Technology Workshop) offering technical specialties such as the industrial design of apparel.

Table 10. Constraints on Economy-Wide and Sector Growth
Textiles and Apparel

| Economy-Wide Constraints | Constraints on the Textile Sector |
|--|---|
| Financial constraints (especially at the microeconomic level). | Not mentioned. |
| Human capital constraint: poorly developed human capital (low coverage and low quality). | Not mentioned. |
| Poor infrastructure. | Lack of infrastructure. |
| | High transport costs. |
| | High energy costs. |
| Other elements hindering appropriation of investment returns: widespread corruption; institutional weakness, especially the inability to sustain long-term public policies; the presence of organized crime, high violence, constant fiscal reforms. | High cost from contracting private security. |
| | Losses derived from theft. |
| | Bureaucracy and still-excessive export procedures in customs. |
| Overly restrictive labor regulations as a policy constraint. | Minimum wage. |

Source: Authors' compilation.

Other constraints identified by sector leaders approximately coincide with the set of economy-wide constraints identified through the GDM approach, particularly regarding infrastructure. In the case of the textile and apparel sector, the relatively high cost of maritime transport seems to be an issue directly hurting the competitiveness of the industry. Another economy-wide constraint on the sector is lack of security, which raises private costs as firms have to invest in private security to overcome serious deficiencies in the supply of public security.

Business and sector leader have made recommendations for improving the PDP framework. Recommendations for improving horizontal PDPs include the following:

- Eliminating unnecessary obstacle to trade and continuing to promote competitiveness. PRONACOM could play an important role in addressing these issues.
- Facilitating consensus-generating processes, especially around issues which divide the private sector (e.g., taxation).
- Developing infrastructure (e.g., through public-private associations).
- Improving security and access to the legal system.

Recommendations for improving vertical PDPs in support of the textiles and apparel sector include:

- Strengthening participation in international trade fairs and missions. The role of the PACIT could be strengthened in this regard.
- Reviewing labor regulations, particularly with regard to the basis on which the minimum wage is calculated. In its current form, this policy appears to especially hurt the textiles and apparel sector by raising costs.
- Supporting the creation of a center for industrial design that would work closely with businesses in the textiles and apparel sector.

3.5 Contact Centers and Business Process Outsourcing⁵²

The increased focus on services amounts to a significant paradigm shift in thinking about international trade in Guatemala. First, international trade was customarily thought of in terms of trade in goods, as it had been assumed for a long time that services are generally not tradable. Second, significant liberalization of trade in goods can take place through tariff reductions and the removal of a variety of explicit barriers to trade; by contrast, the barriers obstructing trade in services are of the non-tariff type and sometimes are not even conceived of as barriers to international trade. The shift in thinking has advanced slowly and, for this reason, trade liberalization in the services sector has not received the attention it fully deserves.

The importance of the paradigm shift is now being emphasized, as there are opportunities that can be exploited by liberalizing trade in services. The risks and benefits of trade in services in terms of the sustainability of Guatemala's development process have been discussed in the past.⁵³ Highlights of the linkage between trade in services and the sustainability of development include:

⁵² This section is based upon Cuevas and Bolaños (2007). The authors engaged in an extensive set of interviews with business management and sector leaders, whose contents were summarized in a document "Voices of Business" meant to support Cuevas and Bolaños (2007).

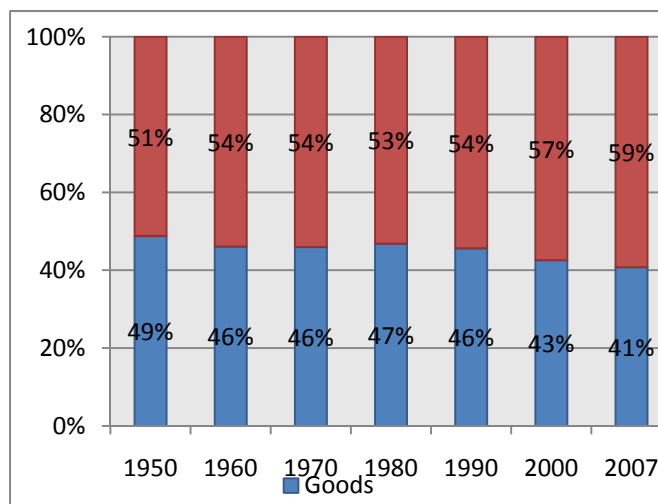
⁵³ See Cuevas and Bolaños (2007). Discussion took place at the National Meeting on the Risks and Opportunities in the Liberalization of Trade in Services in Guatemala City in 2007, sponsored by the Swiss-based International Center for Trade and Sustainable Development (ICTSD).

- Economic: Trade in services requires and promotes the accumulation of human capital and, therefore, it complements the country’s poverty reduction strategy.
- Social: It facilitates the decentralization of socio-economic activities and helps in rebuilding the country’s social capital.
- Environmental: The production of services is generally clean and does not lead to significant environmental degradation.

3.5.1 Brief Description of the Services Sector

Historically, the framework of PDPs and supporting institutional arrangements have aimed at promoting agriculture and industry rather than services—with tourism being the most notable exception. This has begun to change, and recently, the National Agenda for Competitiveness established two clusters of strategic importance: tourism, and call centers and business process outsourcing (BPO). Given the importance of the services sector in the economy, it is a bit surprising that public policy long ignored the sector’s export potential. In fact, the share of services in GDP increased from 51 percent in 1950 to 59 percent in 2007.

Figure 5. Composition of GDP (1950-2007)



Source: Authors’ calculations using information supplied by the Bank of Guatemala. Data on 2007 uses the National Accounts with base year 2001 whereas data on previous years relies on National Accounts with base year 1958.

The Law on the Promotion and Development of Export Activities and Maquila, known often as the Maquila Law, or Decree 29-89, as well as the Law on Export Zones, Decree 65-89, do not explicitly deal with trade in services. Nevertheless, some service enterprises have already benefitted from Decree 29-89 and 65-89, although there is consensus that, to the extent that services exports are taken increasingly seriously by the authorities, the legal framework would need to be reformed to better accommodate specific sector needs. Cuevas and Bolaños (2007) identified the following barriers to the development of the services sector:

- Labor regulations require that at least 90 percent of personnel must be Guatemalan and that at least 85 percent of wages should be paid to national workers.
- There are still many restrictions on hiring foreign personnel, except in the case of highly specialized and highly qualified personnel.
- Guatemala has made no commitments under the General Agreement on Trade in Service—GATS⁵⁴ with respect to business visitors (e.g., those negotiating the sale of services, closing a service contract, or establishing a commercial presence).
- Guatemala has not agreed to increased openness regarding the provision of contract services under the GATS (e.g., when contractors enter Guatemala to provide specific services on a temporary basis).
- Guatemala has made no commitments concerning the liberalization of professional services under the GATS.

In many cases, import barriers indirectly turn into export barriers as well. This is because the competitiveness of exporters is reduced due to constraints in the supply of certain services and because reciprocal treatment means that other countries are also restricting access to their service markets. In some cases, Guatemala has offered greater

⁵⁴ The GATS is the outcome of the Uruguay Round and has been part of the country's normative framework since January 1995. It is a framework agreement establishing rules and timetables for compliance with a general liberalization of trade in services, with the exception of government services and air transport.

access to domestic service markets under some FTAs, but there is no homogeneity in the specific commitments agreed to in each.⁵⁵

3.5.2 Contact Centers and BPO⁵⁶

The industry of contact centers and BPO has been growing rapidly worldwide. Sources quoted in Cuevas and Bolaños (2007) estimate that in 2006 there were between 5 and 7 million jobs in this sector around the world, of which about 7 percent were created in Latin America. Those sources also estimate the annual growth of the industry at around 10 percent. Until recently, this industry was almost unheard of in Guatemala, but it quickly became well regarded by public opinion and is now high on the government's agenda. In fact, Invest in Guatemala selected it as one of the pillars of its strategy to attract foreign investment, on the basis of advances in the telecommunications sector in Guatemala, geographic proximity to the United States, and the availability of a pool of labor. PRONACOM has also selected this sector as part of its cluster development strategy.⁵⁷

3.5.3 Internal Barriers and Gaps in the PDP Framework

There are internal barriers and gaps in the PDP framework that reduce export competitiveness. Some internal constraints cut across many economic sectors, although a few relate specifically to the competitiveness of call centers and BPO services. The general recommendations mentioned by businesses include both horizontal and vertical policy measures.

⁵⁵ For further details see Cuevas and Bolaños (2007).

⁵⁶ A call centre is a telephone-based human service operation bringing together customers and service agents. The difference between call centres and contact centres is that the latter, in addition to phone-based services, customers are reached via internet, email, chat and fax (Mandelbaum, 2004). No particular distinction is made in this study between call centers and contact centers. Business Process Outsourcing is "the delegation of an IT-intensive business process to an external provider, who owns, administers and manages it, according to a defined set of metrics" (Gartner, 2004).

⁵⁷ Guatemala is not the only country in Central America investing in call centers and BPO development. According to Zagada (2007), in 2006 there were 21,000 workers employed in this field, with Panama leading the region, followed by Costa Rica, El Salvador, and Guatemala. Zagada argues that Central America has great potential as a result of geographic proximity to the United States, a situation that reduces the costs of monitoring operations by enterprises based in the United States. Zagada considers Panama and Costa Rica to be "mature" markets, El Salvador, and Guatemala to be "contenders" in the development of the sector, and Nicaragua, Honduras, and Belize as "emerging" markets.

Recommendations for improving horizontal PDPs include:

- Increasing labor market flexibility, particularly hiring and firing provisions.
- Improving education outcomes, especially at the secondary and technical levels.
- Strengthening the rule of law and improving public safety.
- Promoting a new image of the country both at home and abroad.
- Improving the supply of basic infrastructure, including transportation and electricity, outside the metropolitan area.

Recommendations for improving vertical PDPs include:

- Increasing the supply of workers with English language skills.
- Providing incentives to trade and investment in contact centers and BPO services.
- Modernizing tax administration to better serve the needs of the services sector.
- Assisting in the introduction of specific quality standards.
- Enhancing the mobility of tourists, investors, and business persons.
- Improving statistical data on the services sector.

There are other barriers that arise as a result of policies, laws, norms, standards and practices in partner countries that restrict access to Guatemalan services exports. It has been suggested that Guatemala should continue participating actively in international trade negotiations, with a view to improving market access for its products and services. To strengthen the country's capacity to negotiate in international fora, an effort should be made to gain deeper knowledge of current and prospective trade activities in the services sector, so that specific negotiation strategies can be designed. The importance of strengthening the institutions and organizations behind services exports has also been highlighted, with continued direct participation by private sector organizations.

Table 11. Constraints on Economy-Wide and Sector Growth
Contact Centers and BPO Services

| Economy-Wide Constraints | Constraints on the Textile Sector |
|--|---|
| Financial constraints (especially at the microeconomic level). | Not mentioned as a constraint. |
| Human capital constraint: poorly developed human capital (low coverage and low quality). | A restriction in the long-run, although not an issue in the short run as there is a pool of labor that can be tapped in the next few years. |
| Poor infrastructure. | Unreliable electricity supply outside the Metropolitan area. |
| | High transport cost of mobilizing personnel from residential areas to the workplace (this services is provided by private firms, especially to assist employees working the night shift). |
| | Excessive concentration of infrastructure in major urban centers, particularly the metropolitan area. |
| Other elements hindering appropriation of investment returns: widespread corruption; institutional weakness, especially the inability to sustain long-term public policies; the presence of organized crime, high violence, constant fiscal reforms. | High cost from contracting private security. |
| | Poor image of country abroad. |
| | Tax administration still focussed on merchandise trade. |
| Overly restrictive labor regulations as a policy constraint. | Lack of flexibility in hiring (e.g., restrictive provisions on part-time employment). Note that many firms in this sector already pay above minimum wage. |

Source: Authors' compilation.

4 Institutional Framework for Trade Policy

Traditionally, only the public sector was represented in agencies dealing with international trade policy. This was the case at the time of the Central American Common Market. Participation by the private sector began in the mid 1980s when responsibilities began to be shared between the public and the private sectors, first informally and over time on an increasingly formal basis. Today, the National Council for Export Promotion—CONAPEX—can be deemed to be the highest body for deliberation on trade policy. Several well-known agencies come under the CONAPEX umbrella, such as the National Program for Competitiveness—PRONACOM, the export promotion agency Invest in Guatemala, and the Program of Commercial, Investment and Tourism Attachés—PACIT.

Each of these agencies is analyzed below, in terms of their objectives and results, as well as the level of inter-agency coordination.

4.1 National Council for Export Promotion (CONAPEX)

The national Council of Ministers has established that the Ministry of Economy is the main entity responsible for the design and implementation of trade policy in coordination with other government institutions. The Ministry deals with international trade issues such as negotiation and implementation of trade agreements and regional integration, participation at the WTO, and related activities.

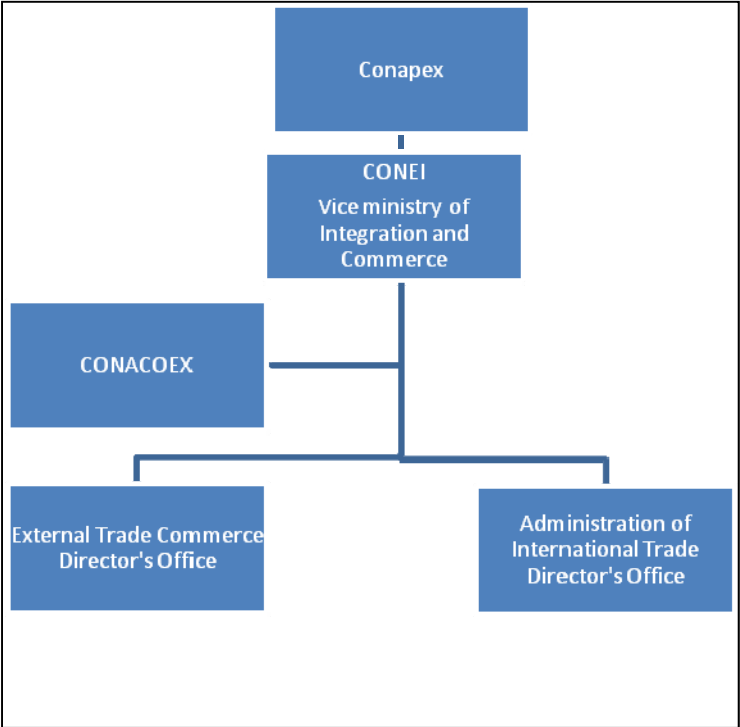
CONAPEX is responsible for coordination between the public and private sectors and advising the government on the design of export-related policies. CONAPEX was created through Executive Decree 367-86, and its charter was modified by Executive Decree 399-90. This is the most important national forum on international trade issues in Guatemala, as it is responsible for proposing before the Executive the national policy on promotion and diversification of exports, investment and tourism, and for monitoring its subsequent execution. CONAPEX has been responsible for significant policy developments, such as the Maquila Law, the Law on Export Zones, the Single Window for Export Promotion—VUPE, and the Program of Commercial, Investment and Tourism Attachés—PACIT. The Council is chaired by the Minister of Economy, and its members include the Ministers of Finance; Agriculture, Livestock and Food; Foreign Relations; and Communications, Transport and Public Works. The president of the Bank of Guatemala as well as representatives of business chambers also sit on the Council. CONAPEX has successfully weathered several political crises, including situations when the relationship between government and the private sector has been under severe strain.⁵⁸

The National Commission for International Trade Negotiations—CONEI—was created as an advisory body to the CONAPEX and the Ministry of the Economy. CONEI is composed of representatives of the public sector through the Ministry of the Economy and the private sector through the Business Commission for International Commercial Negotiations—CENCIT. In practice, CONEI is chaired by the Vice-Minister for Integration and International Trade. Another body that has been created under the

⁵⁸ CONAPEX has sometimes provided a forum for dialogue between the public and the private sector that has facilitated subsequent improvement of the political environment.

CONAPEX umbrella is the National Export Coordination Commission—CONACOEX—which is responsible for executing the policies and decisions taken by CONAPEX. In practice, CONACOEX focuses on investment and export promotion and is composed of high-level executives and technical staff associated with the entities that participate in CONAPEX.

Figure 6. National Organization for International Trade Negotiations



Source: CONAPEX.

The private sector has created the Business Commission for International Commercial Negotiations—CENCIT. Through this Commission, the private sector coordinates and harmonizes its policies and provides support to international trade negotiations (e.g., technical staff). It should be noted, however, that the charter that creates this Commission does not set clear objectives nor does it state how its performance should be monitored and evaluated.

Formally, the responsibilities of CONAPEX are divided into two executive areas: export promotion and trade liberalization. Two additional areas have emerged on an informal basis: competitiveness and foreign investment promotion.

4.1.1 Export Promotion

CONACOEX has the same problem as CONAPEX in that its responsibilities are defined too broadly. Still, it is clear that CONACOEX is an executive body responsible for implementing the decisions taken by CONAPEX and for promoting exports by providing technical and logistical assistance. In terms of logistics, for example, it has been providing market intelligence. Some activities are carried out through PACIT, which supports exporters from a main office in Guatemala in coordination with the country's diplomatic missions located abroad. In practice, the program faces limitations due to lack of resources, both financial and human.

PACIT is financed by public resources, but it does not have a legal charter. PACIT was created by a memorandum exchanged between the Ministry of the Economy and the Ministry of Foreign Relations, although other entities also participated in its design and implementation, including the Bank of Guatemala and private sector organizations. Another problem with PACIT is that there is no clear internal hierarchy, and the duties and responsibilities of each participating entity are not clearly established. As a result of the legal vacuum, actual participation in deliberations by high-level officials is rare and decisions are often delayed.

4.1.2 Trade Liberalization

The two main activities on this front are international trade negotiation and implementation of trade agreements. The entity responsible from the public sector is the Ministry of the Economy through the Directorate for International Trade Policy and the Directorate for International Trade Administration. The private sector coordinates its participation through the CENCIT. According to public and private sources, coordination has been quite successful to date. However, CONEI does not have a legal charter and has been operating *de facto* for a long time.

4.2 Promotion of Competitiveness

At the end of the 1990s, there was in Guatemala a desire to address the challenge of competitiveness more comprehensively, beyond simply offering tax incentives. The National Commission for Competitiveness—PRONACOM—was created for the purpose

of fostering export competitiveness, through the provision of incentives or the elimination of barriers to exports. The Commission was actually born within the framework of the Regional Competitiveness Project created by the Latin American Center for Competitiveness and Sustainable Development at the Central American Institute for Business Administration—INCAE. The objective of the regional initiative was to transform Central America into a platform where investment and trade would be feasible under internationally competitive conditions. Subsequently, the Commission became a national body that received an allocation in the national budget, contributions from the private sector, and a Japanese grant administered by the World Bank. In late 2001, Congress approved a World Bank loan in the amount of US\$20.3 million meant to finance the operation of PRONACOM for four years.

In the beginning, the program included the following components: investment climate, enterprise support, and clusters.⁵⁹ For political reasons, PRONACOM halted operations in 2000. Around that time, the World Bank approved a US\$20 million loan to support the competitiveness efforts of PRONACOM. But, a difference in priorities between the vice-president in charge of the program at the time and the private sector made it impossible to agree on how to invest the loan. After several months of confrontation, the private sector desisted in participating in the program and the loan was suspended until 2004, with a new administration at office.

From the first agenda supported by the Program, the component that received the highest priority and which yielded some results was cluster development. The Global Competitiveness Report, in its “cluster development” section, placed Guatemala in position 81 in 2003-2004, while the country’s position improved to 61 by 2008-2009. Nevertheless, much of the success of the cluster development strategy was due to coordination by the private sector rather than government action (Estrada, 2008).

⁵⁹ The investment climate component included activities such as investment promotion, development of the national statistical system, development of the national quality system, support for transport, technical training and competition law. Two programs in support of enterprises were introduced: Program for Financing Business Investment, a co-financing scheme meant to promote innovation and learning by SMEs, and Micronet, which would provide ten network computers to be available to SMEs. Four clusters were identified at this early stage: tourism, food and agro-industry, forestry, and textiles and apparel. Other clusters were added later, including ornamental plants, agro-industry, manufactures, energy, health tourism, call centers and BPO, and technology.

In 2002 the government drafted a new Comprehensive Trade Strategy (CTS), placing competitiveness at the center of international trade policy, in recognition that globalization is demanding from national enterprises the same level of competitiveness in international markets as from producers based in foreign countries. Following a systemic approach to competitiveness, the CTS sought to correct the earlier misperception that export promotion exhausted the content of international trade policy, proposing instead a much more comprehensive approach to enhance the competitiveness of every aspect of the economy (see Box 1).

The CTS was disavowed by the new government administration in 2004, but PRONACOM became operational again, enjoying a new legal charter. According to Executive Decree 306-2004, PRONACOM would be responsible for: (a) actions and policies that improve the conditions for productive investment; (b) supporting the creation and strengthening of industrial and service clusters identified as being potentially competitive; and (c) fostering the emergence of Local Development Agendas at the municipal or regional level, aiming at promoting human and productive development on a sustainable basis.

Box 1. Objectives of the 2002 Comprehensive Trade Strategy

General Objective

To maintain and increase the participation of national products in international markets and, at the same time, to ensure that national products participate on a competitive basis in domestic markets, with the ultimate goal of increasing employment, incomes and the general welfare of the population.

Specific Objectives

1. Develop the economic environment, infrastructure, and services to foster competitiveness, investment and productive development.
2. Promote the modernization of production on the basis of broad economic openness and transparency, creating dynamic competitive advantages, improving the stock of human capital, and fostering technology transfer.
3. Support a marketing and promotion program that would efficiently contribute to open new markets, diversify the export basket, and increase export sales.
4. Accelerate the development of productive capacity through new, stable, and long-run investment that helps generate higher domestic value-added using local inputs.
5. Facilitate open access to international markets on a permanent basis using international trade policy instruments.
6. Promote and protect competition between foreign and national products through the application of national and international norms.
7. Increase consumer options that improve the value of consumer resources.
8. Establish conditions of international trade that are consistent with environmental sustainability.

Source: CIEN (2002).

The strategy more recently proposed by PRONACOM is known as the “National Agenda for Competitiveness 2005-2015,” which combines the earlier Porter-type approach and the systemic competitiveness approach followed by the 2002 CTS. The Agenda recognizes the systemic nature of competitiveness based on meta, macro, meso and micro layers, but it simplifies the scheme by merging macro and meta levels, and merging the meso and micro levels. Despite the systemic underpinning of the Agenda, its final version focuses on addressing specific market failures and supporting strategic “positions” that seem to be a combination of existing and emerging clusters (see Figure A.1., Annex I). In addition to resolving coordination problems, the Agenda aims to improve the quality of human resources, strengthening government institutions, supporting citizen security and judicial development, promoting decentralization of the State, protecting the environment, strengthening R&D, improving infrastructure, and supporting cluster development and other activities of association that promote productive efficiency.

Even though the systemic competitiveness approach includes as a component a strategy for cluster development, in practice PROANCOM has continued to prioritize actions in support of “positions.” As a result of this, the actual impact on market failures has been small, with the bulk of effort shouldered by the institutions responsible for each specific issue. Given the nature of the implementation of the competitiveness agenda, there has been little progress in addressing the underlying constraints on economic growth.

There are two positive outcomes that deserve to be highlighted from the operations of PRONACOM between 2004 and 2007. First, competitiveness was made a high priority on the national development agenda, with both public and private actors committing to it. Second, there was great improvement in the coordination between the public and private sectors and within the public sector toward the common goal of promoting national competitiveness.

4.2.1 Assessment of the Performance of Cluster Development Policy

In cluster development there are basically three types of clusters: (a) those subject to traditional PDPs; (b) those fostered by the cluster development policy of PRONACOM; and (c) those that have not been subject to any specific vertical policy. About the first type, some of the most notable productive sectors that have been subject to traditional PDPs are sugar, bananas, and coffee. For several decades they were supported by high import tariffs and other measures that protected them from foreign competition. In 2007, they represented 18 percent of total exports. In recent years their importance has decreased, which is mostly explained by the increase in non-traditional sectors and not necessarily because they have decreased in volume.⁶⁰

The second category of clusters, those identified for policy support following Porter’s methodology and promoted by PRONACOM, can also be separated into those favored by vertical policies and those that have not received such support. For example, tourism and forestry products could be included in the first of these subcategories. These

⁶⁰ This document does not include a thorough examination of the impact of the traditional PDPs that supported agricultural activities like sugar, bananas, and coffee. Yet, a general perception is that, although they had good years that supported economic growth during good part of the 20th century, having a great concentration of productive resources in a few sectors, mostly commodities, caused high volatility in the economic growth rate. Also, since they depended mostly on unskilled labor, they never fostered more sustainable development of human capital nor did they have enough spillovers to other sectors to promote growth in other economic sectors.

sectors were also supported by traditional PDPs for several years before being identified as sectors with the potential to boost economic growth. Due to the suspension of PRONACOM's activities in 2000, they never received any government support over and above what they had already received in previous years. Probably the only benefits were more public awareness of their importance and some coordination assistance within the sectors.

The second subcategory of PRONACOM-supported clusters includes Vestex and call centers and BPOs. These clusters took advantage of horizontal policies and continued to develop. In the case of Vestex, they were particularly supported by the CBI and the Maquila Law (Decree 29-89) and the Law on Export Zones (Decree 65-89). Call centers took advantage of the telecommunications privatization in the late 1990s, which significantly reduced telecommunication prices. As for cluster policy, as with the previous subcategory, they probably benefited from some coordination assistance between public and private actors.

There is a third category of clusters, those that have not been precisely identified by public policy as such but are generally recognized as successful. An example of this type is the shrimp export sector. Although it is still in its early stages, it is recognized as having some formal coordination within the sector through its own guild and to have accessed a rather successful international sector. Very much like the second category of clusters supported by PRONACOM, this sector's success could be attributed to taking advantage of general horizontal policies rather than being subject to successful vertical policies.

In general, cluster policy in Guatemala is not recognized as successful. Any successful cluster is either the consequence of traditional vertical policies or of having been able to take advantage of horizontal policies, which could be called a "verticalization" of good horizontal policies. Finally, as mentioned previously, it was able to call attention on new economic sectors and their needs and provide some assistance for coordination between actors in these sectors and public officials.

4.3 Investment Promotion

The agency responsible for export promotion is Invest in Guatemala. The agency answers to PRONACOM and is supported by the Ministry of the Economy, PACIT, and diplomatic

missions abroad. This agency replaced PROGUAT, which had had investment promotion as one of its responsibilities. The institutional structure is very weak, as there is no legal charter behind Invest in Guatemala, aside from a World Bank loan. In practice, Invest in Guatemala has had the following responsibilities:

- Coordination of the activities of senior officials related to the promotion of foreign investment in Guatemala.
- Assisting international businesses and reducing the costs of setting up an office in the country (e.g., contracting local services, assistance with visa procedures, and assistance in the resolution of specific problems).
- Providing information on Guatemala, ranging from macroeconomic indicators to specific sector studies.

The actual objectives and means available to the export promotion agency are not formally described anywhere, and there are no specific mechanisms for coordination, monitoring or evaluation. Invest in Guatemala is seeking to improve coordination with PACIT, but the latter program is itself operating on a very weak institutional basis.⁶¹

5 Policy Recommendations

This section includes broad recommendations for public policy reform based on the findings of this study. On the one hand, these recommendations seek to address the type of issues that concern Hausmann, Rodrik, and Sabel (2008): lack of self-discovery, coordination and public goods. On the other hand, this set of proposals addresses the type of binding constraints on the Guatemala economy identified by Artana, Auguste, and Cuevas (2007): poor investment climate, lack of human capital, and deficient infrastructure. This set of policy recommendations is framed in the context of the 2x2 classification matrix used in the study, taking into consideration the possibility of both horizontal and vertical actions as well as market interventions and the provision of public inputs.

Based on country circumstances today, it appears that the broad thrust of reforms should mainly rely on horizontal PDPs, with vertical policies used on an exceptional basis and only when clearly justified. Horizontal policies remain appropriate to the extent that

⁶¹ The information provided in this section is based on interviews. Summaries of interviews are included in Annex II.

the most binding restrictions on growth and competitiveness cut across the economy, and because in a weak institutional setting horizontal policies are not as vulnerable to capture by interest groups as vertical policies. Since vertical policies may sometimes be appropriate, it may still be necessary for an institutional framework to be in place in Guatemala so that appropriate channels are available for policy identification as well as subsequent implementation, monitoring and evaluation. In this context, the experience of Colombia with a high-level National Competitiveness Council, with active public-private participation, could serve as a model for the design of an appropriate framework to be introduced in Guatemala (see Box 2. “The Competitiveness Strategy and Institutional Framework in Colombia”).

5.1 Recommendations on Horizontal Policies

d) Self-discovery externalities

Market Research: The effectiveness of institutions responsible for export and investment promotion is reduced to the extent that data required for decision-making are often not available from either public or private sources. This suggests that a market research organization is required with collaboration from both the public and private sector, focussing on discovering opportunities in international markets.

Promotion of Quality Standards and Certifications: An important weakness of the Guatemalan export apparatus, particularly concerning small and medium enterprises, is the lack of standards and quality certification recognized worldwide. In 2005, the government carried out an overhaul of the legislation underpinning the National Quality System, but a lot of effort is still required for implementation. In some cases, there are pending legal reforms, while in other cases there are gaps in human resources or infrastructure. In terms of human resources, the efforts carried out by INTECAP are insufficient to satisfy existing needs. Also, the private sector should work closely with academic institutions to better explain its needs. In terms of infrastructure, further investment is required to facilitate access and upgrade metrology laboratories.

Science and Technology Policy: Progress has been made in that academia, the private sector and the government, actively participate in the national system of science and technology through the CONCYT. Nevertheless, this policy should receive greater priority

in the strategic agenda of both the public and private sectors, so that it has a greater probability of success. Firms should be encouraged to invest in the development of science and technology, and gaps in information and communications infrastructure should be closed to boost mechanisms for technology and knowledge transfer.

e) Coordination externalities

National Committee on Productive Development Policies. One of the most obvious weaknesses in the implementation of a national agenda for competitiveness is the weakness of institutional arrangements for investment and export promotion, not only between the public and private sectors, but within each sector. Individually, each agency is responsible for resolving coordination problems within their informal mandate, but there is no forum coordinating the participation of all concerned bodies. Even though a proposal for a Comprehensive Trade Strategy was developed, it was never implemented. CONAPEX has attempted to partially fill the coordination gap, but this task is formally beyond the scope of its mandate.

PRONACOM. PRONACOM has successfully facilitated coordination between the public and private sectors, and these efforts should be continued and strengthened. However, PRONACOM has often prioritized vertical policies that have had little effect, underestimating the value of horizontal policies that directly resolve cross-cutting constraints. Therefore, PRONACOM should rebalance its focus and prioritize horizontal issues such as human resources, infrastructure, and access to financing. The entity need not be an executing body, but it can leverage its credibility within and outside the private sector to promote wide-ranging pro-competitive reforms, helping to promote a broad national vision on competitiveness. Also, PRONACOM should play a stronger role monitoring and following up on the implementation of an overhauled national agenda for competitiveness.

Training and Skills Upgrading. The issue of basic education has been highlighted as one of the most significant binding constraints on competitiveness and growth. However, the supply of labour training and skills upgrading opportunities should be increased and the quality of existing supply improved. Although there have been some improvements in the last few years, the process for selecting sector-specific programs is still weak. Recently, PRONACOM and Invest in Guatemala supported specific investments, but these are small

and have marginal impacts. Links with technical and academic institutions both national and foreign still need to be developed.

Absent public goods:

Infrastructure. There are two important restrictions in Guatemala: fiscal constraints and underdeveloped financial markets. The experience with privatization and deregulation in the 1990s showed that private sector participation, both in investment and management, greatly facilitates the supply of infrastructure. Guatemala still lacks a mechanism for public-private participation that would pave the way to increased private investment in roads, airports, and seaport. First, a legal framework is needed to would provide comfort to investors and protect the competitive character of private participation. Second, financing schemes are needed to mobilize enough funds to successfully complete large infrastructure projects, by tapping local investors and banks, as well as international financial institutions and investment banks.

Public Safety and Justice. One significant binding restriction on competitiveness is the lack of public safety, and justice and access to legal services. Providing specific details on how to address this restriction is beyond the scope of this paper, but given its importance, it is still deemed necessary to highlight the issue.

Labor Markets. This is one of the most costly restrictions on growth and competitiveness emerging from outdated and misguided public policies. An overly restrictive framework for the operation of the labor market has led to growth of the informal sector. Two aspects of the framework need to be revised: costs and flexibility. The tax on labor should be reduced and the procedures for setting minimum wages should be reviewed. In terms of increasing labor market flexibility, Maul et al (2006) highlight the importance of modernizing labor legislation that dates back to the 1950s and understood production as a Fordian process. Clearly, such legislation does not satisfy the needs of a modern and competitive economy.

Social Security and Pensions. This is the source of one of the most important taxes on labor. It is referred to as a “tax” not because of its compulsory character but because of its lack of effectiveness to the extent that even workers often perceive the system as a cost: many workers avoid these public services and seek private suppliers instead. The “*clases*

pasivas” scheme covers most government employees, and the Guatemalan Social Security Institute has wider coverage in the private sector. Both schemes operate as “pay as you go” systems. The one covering state employees is already in deficit and requires a budget subsidy. A comprehensive overhaul of the pension system has been proposed that satisfies at least the principles of private participation, competition among suppliers, and individual capitalization. A system of this nature would have the additional benefit of helping develop financial markets by boosting domestic savings and providing a sizable source of stable long-term financing.

Export Competitiveness and Customs. A great deal of resources has been invested in recent years to reduce bureaucracy in export procedures and much has been accomplished through the operation of the VUPE. However, most efforts have exclusively focussed on export facilitation, following the narrow view that exporting is the final stage of production. Export competitiveness in fact depends on competitiveness conditions at all stages of production, not only the narrowly understood export stage. Customs still operate as strictly as tax collectors rather than trade facilitators, so a general overhaul of policies and provisions is required. An important issue concerns the whole tax system and not only customs, as current legislation already creates a current account but it has not been implemented by the authorities.

Free Trade Agreements. Guatemala has signed FTAs with most major trade partners, although a few are still pending ratification by Congress. Negotiations with the European Union are currently under way. It follows that substantial progress has been made concerning the formal framework for international trade but, unfortunately, the opportunities afforded by FTAs are not yet fully exploited. For example, the FTA with Mexico has been in place for several years but its benefits are still hard to perceive. One possibility is to introduce differentiated mechanisms to take advantage specifically of the FTAs, a suggestion that goes hand in hand with proposals to further strengthen cooperation between the public and private sectors and to introduce mechanisms for conducting market research. Additionally, the country should invest in analyzing the reasons behind the apparent lack of advantages arising from existing FTAs, to identify barriers to trade that were not removed previously.

5.2 Recommendations on Vertical Policies

d) Self-discovery externalities:

Textiles and Apparel: Support the sector so that it can successfully adapt to the challenges posed by Asian competitors. In particular, labour and skills upgrading policies should prioritize the supply of study programmes on industrial design, a requirement that has been identified by private sector actors.

e) Coordination externalities:

Contact centers and BPO services: Promote productive associations along the value chain through partnerships with training centers, associations between local producers and exporters, specifically in activities relating to business process outsourcing (BPO) and contact centers.

f) Absent public goods:

Special Compensating Measures: These measures, including Decree 29-89 and Decree 65-89, are primarily meant to compensate for the lack of public goods that promote competitiveness. Nevertheless, they have come to fulfil other purposes too, including export and investment promotion. In their current form, they are obsolete, do not cater to the needs of the services sector and, in any case, will be phased out by 2015 under a decision by the WTO. There are already reform proposals on the table, but it is important to ensure that compensatory measures are more than simple tax exemptions and include third-generation policy instruments,⁶² to be complemented by a comprehensive overhaul of taxes and customs.

Energy Sector: This sector has horizontal effects, but it is deemed necessary to introduce vertical policies to promote its development and promote efficiency. Generation capacity should be increased to satisfy projected demand growth on a sustainable basis. It is also necessary to invest in cost-effective sources of energy, particularly renewable sources. Unfortunately, investment in this sector is restricted due to gaps in horizontal policies that

⁶² There is no general consensus of what “third-generation policy instruments” mean. Mostly, it refers to policy instruments that support specific economic activities and comply with all current and foreseeable WTO agreements.

cut across all types of infrastructure, hindering private investment and financing. Finally, the regulatory framework should be strengthened and improved to ensure that markets remain sufficiently competitive at all stages.

Financial Sector. Instead of having government departments running multiple credit or financing programs in support of MSMEs, as is done currently, financing should be increased and channelled through established banking and microfinance institutions, benefitting sectors that have demonstrated that they are competitive and profitable. Competitive mechanisms should in turn be used in the allocation of funds in support of MSMEs.

Box 2. The Competitiveness Strategy and Institutional Framework in Colombia

Colombia, much as the rest of Latin America, implemented an import-substitution industrialization policy in the 1950s, which lasted until 1991. The instruments implemented included high tariff protection, direct subsidies and tax exemptions for selected industries. In 1991, the Gaviria administration made important changes toward a more open and competitive economic model. Several new instruments were implemented, following a concept of competitiveness based on “productive chains” and a consultation process with broad social participation.

In the initial stages, the new model had limited effect on government policies due mostly to the lack of coordination between ministries. In 2006, the government reorganized the institutional setup and redefined the strategy, based on the following principles: targeting priorities; support for SMEs; clear goals, evaluation, and accountability mechanisms; strong participation of the private sector and co-responsibility with government agencies; promotion of corporate social responsibility; and regionalization and development of regional institutions and capabilities in less developed areas.

A basic principle of the new Competitiveness Strategy was that the agenda would be based on productivity increases and not on reduction of labor costs or rent-seeking activities. It envisaged a role for the government based on the provision of public goods as key inputs to increase the competitiveness and productivity of the private sector and the promotion of public/private alliances and regional competitiveness. It was expected that productivity increases would come mostly through the development of new products and exports.

The creation of a Private Council for Competitiveness in January 2007 signalled an increased commitment by the private sector to the Competitiveness Agenda. The Council is directed by successful entrepreneurs committed to the concept that firm productivity is the key to competitiveness and growth, that the government has a purely facilitating role, providing both general and sector-specific public goods, and that public/private alliances are needed to identify and support successful “bets” and emerging clusters, solve coordination problems, and overcome bottlenecks. It has close ties to all business associations and to the U.S. Competitiveness Council.

The Council publishes an Annual Report on Competitiveness, which gives an updated assessment of national, sector-level, and regional competitiveness issues and highlights advances and problems in the implementation of the Agenda. The Council’s priority initiatives are currently logistics, informality, the tax structure, and intellectual property, and it is also supporting important initiatives such as the establishment of a Labor Observatory with the Ministry of Education as well as an ambitious ITC plan under implementation by the Ministry of Communications. The Council has given public prominence and support to a modern Competitiveness Agenda, provides a non-official monitoring and evaluating channel, and can potentially help maintain continuity during political transitions.

A selected set of potential world-class sectors for Colombia were identified by the Ministry of Trade, with the advice of international consultants. They applied a methodology that contrasted global opportunities with Colombian relative strengths and weaknesses. From this analysis a preliminary group of emerging sub-sectors with strong export growth potential was identified for which a more detailed analysis of potential markets and barriers to entry was undertaken. After an open call to these sectors for “sector-level value proposals,” to which six responded, the best two were selected: Service Outsourcing and Software and IT Services. Detailed Business Plans were elaborated for these two sectors with the support of international consultants and high industry participation.

Source: Based on Melendez and Perry (2008).

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Annex I. Tables and Graphs

Table A 1 Current PDP Matrix 2000-2007

| | Transversality | | | |
|---------------------|---|---|--|--|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Market Failure | Sector/Activity | Market Failure |
| Public Input | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation | Tourism: INGUAT | Public input: promote sector specific country advantages |
| | Investment and Competition: | | | |
| | Programa de Inversión y Competencia MINECO | Public input: Improving Market Efficiency | Cluster Policy (PRONACOM) | Coordination Failure, |
| | PRONACOM | Public input: Improving Market Efficiency and promote local development | Invest in Guatemala(focus on priority sectors) | Positive externalities associated with FDI |
| | Invest in Guatemala | Public input: positive externalities associated with FDI | | |
| | PACIT | Public input: positive externalities associated with FDI | | |
| | Regional Integration (SICA and SIECA) and Plan Puebla Panamá | Public input: Coordination Failure | | |
| Market Intervention | Export Promotion: | | Sector: Agriculture | |
| | Decree 29-89, and EPZ | Promote investment and export positive externalities. | <i>Science and Technology</i> | |
| | Programa de Integración y Comercio Exterior | Promote investment and export positive externalities. | ICTA | Increase sector specific R& D positive externalities |
| | Free Trade: FTAs | Promote investment and export positive externalities. | ENCA | Increase sector specific human capital accumulation |

| | | | | |
|--|--|---|---|---|
| | SMES Policy (MINECO): | Promote credit access and improve coordination | <i>SMES Policy (MAGA):</i> | Promote credit access and improve coordination in agriculture |
| | Science and Technology (CONCYT) | Public input: Increase R& D positive externalities | <i>Other Agricultural Policies: PARPA and Others</i> | Sector support |
| | | | <i>Import customs duty:</i> | |
| | | | Coffee (15%) | Not a market failure. Industry Protectionism |
| | | | Sugar (20%) | Not a market failure. Industry Protectionism |
| | | | Other non-tariff barriers | |
| | | | La Ley de Enriquecimiento de los Alimentos (Decreto 44-92) and Reglamento para fortificación del azúcar con vitamina A (sugar must have Vitamin A, even imported sugar) | Not a market failure. Industry Protectionism |
| | | | ANACAFE and Coffee export tax: (coffee exporters are obligated to pay 1% of FOB value of the exported coffee) | |
| | | | <i>Fiscal Incentives</i> | |
| | | | Pinfor | Sector support |
| | | | Ley de Desarrollo Bananero, promulgated in 1981 and rescinded in 1990 | Sector support |
| | | | Other Sector Incentives | |
| | | | Mines, hydrocarbon | Promote specific investment |
| | | | Renewable energy | Promote specific investment |
| | | Privatization: Air Transport, Telecommunications, Electricity | Promote specific investment | |
| | | Privatization: Air Transport, Telecommunications, Electricity | Promote specific investment | |

Source: Authors' compilation.

Table A2. Horizontal/Public Input Quadrant 1990-1999 and 2000-2007

| Horizontal Activity | | | | |
|---------------------|---|--|---|---|
| | 1990-1999 | | 2000-2007 | |
| | Activity | Market Failure | Activity | Market Failure |
| Public Input | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation |
| | Investment and Competition: | | Investment and Competition | |
| | PACIT | Public input: positive externalities associated with FDI | Programa de Inversión y Competencia MINECO | Public input: Improving Market Efficiency |
| | Ley de Inversión Extranjera Decreto 9-98 | Public input: positive externalities associated with FDI | PRONACOM | Public input: Improving Market Efficiency and promote local development |
| | Regional Integration (SICA and SIECA) | Public input: Coordination Failure | Invest in Guatemala (General) | Public input: positive externalities associated with FDI |
| | | | PACIT | Public input: positive externalities associated with FDI |
| | | | Ley de Inversión Extranjera Decreto 9-98 | Public input: positive externalities associated with FDI |
| | | | Regional Integration (SICA and SIECA) and Plan Puebla Panamá | Public input: Coordination Failure |

Source: Authors' compilation.

Table A.3. Horizontal/Market Intervention Quadrant 1990-1999 and 2000-2007

| | | Horizontal -H- | | | |
|------------------------|--|---|---|---|--|
| | | 1990-1999 | | 2000-2007 | |
| Market Intervention | Export Promotion: | | Export Promotion: | | |
| | Decreto 29-89, and EPZ | Promote investment and export positive externalities. | Decreto 29-89, and EPZ | Promote investment and export positive externalities. | |
| | SMES Policy (MINECO): | Promote credit access and improve coordination | Programa de Integración y Comercio Exterior | Promote investment and export positive externalities. | |
| | Science and Technology (CONCYT) | Public input: Increase R&D positive externalities | Free Trade: FTAs | Promote investment and export positive externalities. | |
| | | | SMES Policy (MINECO): | Promote credit access and improve coordination | |
| | | | Science and Technology (CONCYT) | Public input: Increase R&D positive externalities | |

Source: Authors' compilation.

Table A.4 Vertical/Public Input Quadrant 1990-1999 and 2000-2007

| | | Vertical –V- | | | |
|-----------------|-----------------|-----------------------|---|---|---|
| | | 1990-1999 | | 2000-2007 | |
| Public Input | Sector/Activity | Market Failure | Sector/Activity | Market Failure | |
| | | TOURISM: | | TOURISM | |
| | | INGUAT | Public input: promote sector specific country advantages | INGUAT | Public input: promote sector specific country advantages |
| | | PRONACOM (Cluster) | Coordination Failure. | PRONACOM (Cluster) | Coordination Failure, |
| | | | | Invest in Guatemala(focus in priority sectors) | Positive externalities associated with FDI |

Source: Authors' compilation.

Table A.5. Vertical/Market Intervention Quadrant 1990-1999 and 2000-2007

| | Vertical –V- | | | |
|---------------------|--|---|--|---|
| | 1990-1999 | | 2000-2007 | |
| | Sector/Activity | Market Failure | Sector/Activity | Market Failure |
| Market Intervention | AGRICULTURE | | Sector: Agriculture | |
| | <i>Science and Technology</i> | | <i>Science and Technology</i> | |
| | ICTA | Increase sector-specific R&D positive externalities | ICTA | Increase sector-specific R&D positive externalities |
| | ENCA | Increase sector-specific human capital accumulation | ENCA | Increase sector-specific human capital accumulation |
| | <i>SME Policy (MAGA): FONAGRO, DACRÉDITO</i> | Promote financial and technical support | <i>SME Policy (MAGA): FONAGR, DACRÉDITO</i> | Promote credit access and improve coordination in agriculture |
| | <i>Other Agricultural Policies: PARPA and Others</i> | Sector support | <i>Other Agricultural Policies: Fertilizantes and Others</i> | Sector support |
| | <i>Import customs duty:</i> | | <i>Import customs duty:</i> | |
| | Coffee (15%) | Not a market failure. Industry Protectionism | Coffee (15%) | Not a market failure. Industry Protectionism |
| | Sugar (20%) | Not a market failure. Industry Protectionism | Sugar (20%) | Not a market failure. Industry Protectionism |
| | Other non-tariff barriers | | Other non-tariff barriers | |

| | | | |
|---|---|---|---|
| La Ley de Enriquecimiento de los Alimentos (Decreto 44-92) and Reglamento para fortificación del azúcar con vitamina A (sugar must have Vitamin A, even imported sugar) | Not a market failure. Industry Protectionism | La Ley de Enriquecimiento de los Alimentos (Decreto 44-92) and Reglamento para fortificación del azúcar con vitamina A (sugar must have Vitamin A, even imported sugar) | Not a market failure. Industry Protectionism |
| ANACAFE and Coffee export tax: (coffee exporters are obligated to pay 1% of FOB value of the exported coffee) | | ANACAFE and Coffee export tax: (coffee exporters are obligated to pay 1% of FOB value of the exported coffee) | |
| <i>Fiscal Incentives</i> | | <i>Fiscal Incentives</i> | |
| Pinfor | Sector support | Pinfor | Sector support |
| Ley de Desarrollo Bananero, promulgated in 1981 and rescinded in 1990 | Sector support | | |
| Other Sector incentives | | Other Sector incentives | |
| Mines, hydrocarbon | Promote specific investment | Mines, hydrocarbon | Promote specific investment |
| Tourism Fiscal Incentives: Ley de Fomento Turístico Nacional promulgated in 1972 and eliminated on 1997 | Promote specific investment | Renewable energy | Promote specific investment |
| Privatization: Air Transport, Telecommunications, Electricity | Promote specific investment | Privatization: Air Transport, Telecommunications, Electricity | Promote specific investment |

Source: Authors' compilation.

Tabla A.6. Resources Allocated to some of the Most Important PDP (2000-2007)⁶³

| | Transversality | | | |
|---------------------|---|-----------------------------|---|-----------------|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Millions of Q ⁶⁴ | Sector/Activity | Millions of Q |
| Public Input. | Human Resource Training Policy (INTECAP) | Q. 1,406 | Tourism: INGUAT | Q. 511 |
| | Investment and Competition: | Q. 243 | | |
| | Programa de Inversión y Competencia MINECO (Sin PRONACOM) | Q. 118 | | |
| | PRONACOM e Invest in Guatemala ⁶⁵ | Q. 118 | | |
| | PACIT | Q. 7 | | |
| | Regional Integration (SICA and SIECA) | Q. 32 | | |
| Market Intervention | Export Promotion: | Q. 40,852 | Sector: Agriculture | Q. 3,482 |
| | Decreto 29-89 | Q. 30,500 | <i>Science and Technology</i> | Q. 199 |
| | Zonas Francas | Q. 8,300 | Agricultural Science and Technology: ICTA | Q. 107 |
| | Programa de Integración y Comercio Exterior | Q. 240 | ENCA | Q. 92 |
| | Free Trade: FTAs | Q. 1,484 ⁶⁶ | <i>SMES Policy (MAGA):</i> | Q. 500 |
| | SME Policy (MINECO): | Q. 199 | Fideicomiso Fondo de Inversión Social Guateinvierte/Dacrédito | Q. 150 |
| | Fondo de Desarrollo de la Microempresa y Pequeña Empresa | Q. 46 | FONAGRO | Q. 152 |

⁶³ Incentives for the generation of renewable energy, hydrocarbons and the mining sector were not included since there is no detailed information available on the tax expenditure that these policies represent..

⁶⁴ The Exchange rate in this period fluctuated between Q7.60 and Q7.80 per US\$.

⁶⁵ Cluster policy was not separated out because the budget data did not enable this level of disaggregation.

⁶⁶ Data are available only for 2005 and 2006.

| | | | | |
|--|--|---------------|---|----------|
| | Programa Global de Crédito Microempresa y Pequeña Empresa | Q. 39 | Apoyo Financiero para Micro y Pequeños Productores de Café | Q. 198 |
| | Programa de Promoción de Inversiones e Intercambios Comerciales en apoyo a MIPYME | Q. 59 | <i>Other Agricultural Policies</i> | Q. 2,783 |
| | Programa de Desarrollo Institucional y de Políticas en Apoyo de la Micro, Pequeña y Mediana Empresa | Q. 15 | Apoyo Financiero para Medianos y Grandes Productores de Café | Q. 298 |
| | Otros | Q. 40 | PINFOR | Q. 781 |
| | Science and Technology | Q. 201 | PARPA | Q. 200 |
| | | | PROFRUTA | Q. 71 |
| | | | Programa Desarrollo Integral con Potencial de Riego y Drenaje | Q. 410 |
| | | | Entrega de Fertilizantes | Q. 1,023 |

Source: Authors' calculations.

Table A7. Principal Results from Implemented PDPs (2000-2007)⁶⁷

| | Transversality | | | |
|-------------------------------|---|---|--|---------|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Results | Sector/Activity | Results |
| Public Input. | Human Resource Training Policy (INTECAP) | NA | TURISMO: INGUAT | NA |
| | Investment and Competition: | 45% | | |
| | Regional Integration (SICA and SIECA) | NA | | |
| Market Intervention | Export Promotion: | | Sector: Agriculture | |
| | Decreto 29-89 | 94% | <i>Science and Technology</i> | NA |
| | Zonas Francas | 70% | | |
| | Programa de Integración y Comercio Exterior | 61% | | |
| | Free Trade: FTAs | NA | <i>SMES Policy (MAGA):</i> | |
| | SMES Policy (MINECO): | 90% | Asistencia Crediticia | 34% |
| | Fondo de Desarrollo de la Microempresa y Pequeña Empresa | 100% | Apoyo Financiero para Micro y Pequeños Productores de Café | 4% |
| | Programa Global de Crédito Microempresa y Pequeña Empresa | 100% | | |
| | Programa de Promoción de Inversiones e Intercambios Comerciales en apoyo a MIPYME | | <i>Other Agricultural Policies</i> | |
| | Programa de Desarrollo Institucional y de Políticas en Apoyo de la Micro, Pequeña y Mediana Empresa | | Apoyo Financiero para Medianos y Grandes Productores de Café | 8% |
| Otros | 70% | Protección de Bosques | 89% | |
| Science and Technology | 32% | PARPA | ND | |
| | | Producción de Plantas Frutales | 68% | |
| | | Programa Desarrollo Integral con Potencial de Riego y Drenaje | 70% | |

Source: Authors' calculations. NA: Not available.

⁶⁷ There are PDPs that do not appear in this table because they are not included in the SICOIN system.

Table A.8 Growth Restrictions and PDP

| Binding Constraint | PDP | Institutions |
|--|---|---------------------------------------|
| Financial Constraints (specially at microeconomic level) | SMES Policy | MINECO and MAGA |
| Human capital constraint: poorly developed human capital (low coverage and low quality) | Labor Training Programs | INTECAP |
| | Agriculture Education | ENCA |
| Poor Infrastructure | Airport System | Aeronáutica Civil |
| | Market Liberalization | Congress, regulators, private sector. |
| Other elements hindering appropriation of investment returns: widespread corruption; institutional weakness, especially in its inability to sustain long term public policies; the presence of organized crime and high violence incidence. Constant fiscal reforms | Tax incentives: Decreto 29-89 and 65-89 | MINECO |
| | Free Trade Agreements | MINECO |
| | National Competitiveness Agenda | PRONACOM |
| | Promote FDI and commerce | Invest in Guatemala and PACIT |
| | Reducción Riesgo País | Mesa Riesgo País |
| | Regional Integration | SICA, SIECA, Plan Puebla Panamá |
| | Science and Technology | CONCYT, ICTA |
| Not directly addressing a Binding Constraint | Productive conversion programs (Pinfruta, Pinfor, Plamar, Coffee development programs, fertilizers) | MAGA and INAB |
| | Sector Incentives: Renewable Energy, Mines and hydrocarbon | MEM |
| | Tourism | INGUAT |

Source: Authors' compilation.

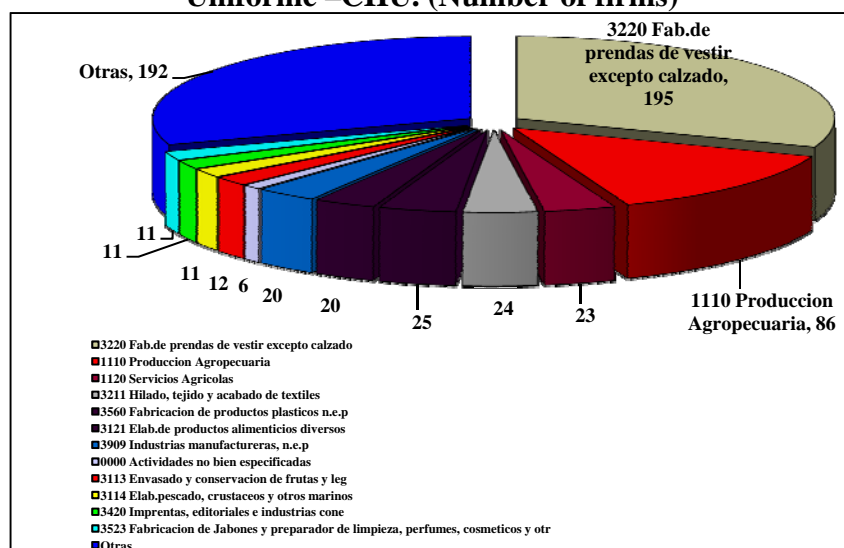
Table A.9. Firms under Decree 29-89. (Number of firms)

| | Firms |
|--------------|--------------|
| Current | 636 |
| Revoked | 766 |
| Inactive | 142 |
| TOTAL | 1,544 |

*Through August 31, 2007.

Source: MINECO

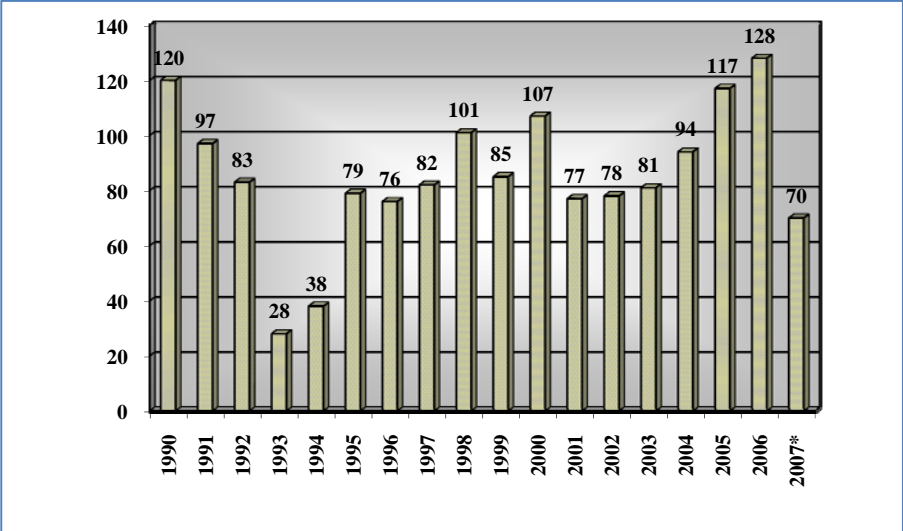
Graph A.1. Firms under Decree 29-89, by Clasificación Industrial Internacional Uniforme –CIIU. (Number of firms)



*by 31 of August, 2007.

Source: MINECO.

Graph A.2. Firms under Decree 29-89, by year. (number of firms)



*by 31 of August, 2007.

Source: MINECO.

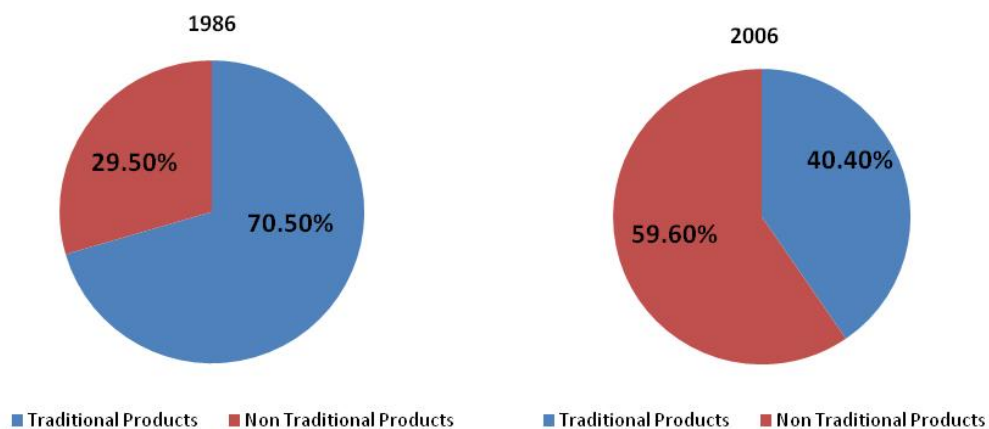
Table A.10. Firms, Investment and Job Creation by Firms in Export Processing Zones

| | Type of user | Commercial | Industrial | Services | TOTAL |
|-------|------------------------|-------------|---------------|-----------|---------------|
| 2004 | Firms | 42 | 11 | 7 | 60 |
| | Investment (Quetzales) | 134,029,504 | 50,914,787 | 1,225,000 | 186,169,291 |
| | New jobs | 262 | 372 | 35 | 669 |
| 2005 | Firms | 30 | 6 | 3 | 39 |
| | Investment (Quetzales) | 27,398,000 | 3,854,907,500 | 70,000 | 3,882,375,500 |
| | New jobs | 121 | 145 | 17 | 283 |
| 2006 | Firms | 37 | 5 | 2 | 44 |
| | Investment (Quetzales) | 63,672,305 | 8,262,000 | 1,535,000 | 73,469,305 |
| | New jobs | 193 | 89 | 47 | 329 |
| 2007* | Firms | 16 | 2 | 2 | 20 |
| | Investment (Quetzales) | 23,394,668 | 349,558,938 | 1,679 | 374,632,606 |
| | New jobs | 112 | 12 | 14 | 138 |

*by 31 of August, 2007.

Source: MINECO.

Graph A.3. Export Structure by Type of Product. Guatemala. (Percentages).



Source: Banguat.

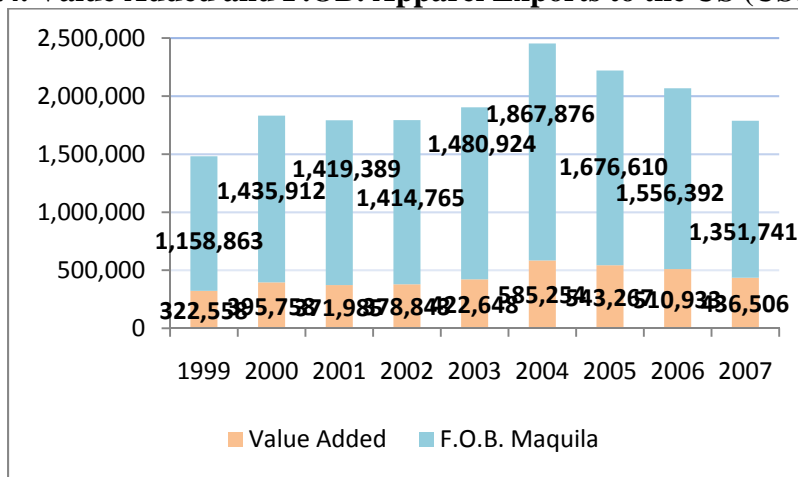
Traditional products: Coffee, Bananas, Sugar, Cotton, Meat and Cardamom.

Table A.11. Main Export Markets (2008)

| Country | Percentage |
|-----------------|------------|
| United States | 81.68% |
| Mexico | 2.54% |
| Central America | 10.67% |
| Canada | 0.28% |
| Other | 4.82% |

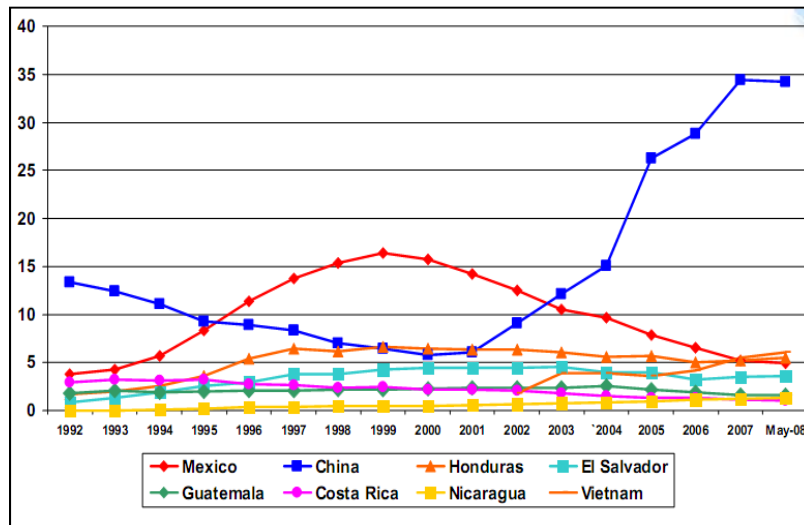
Source: VESTEX

Graph A.4. Value Added and F.O.B. Apparel Exports to the US (US\$ Millions)



Source: Vestex.

Graph A.5. Market Share in the US Apparel Market SME (Square Meter Equivalent)



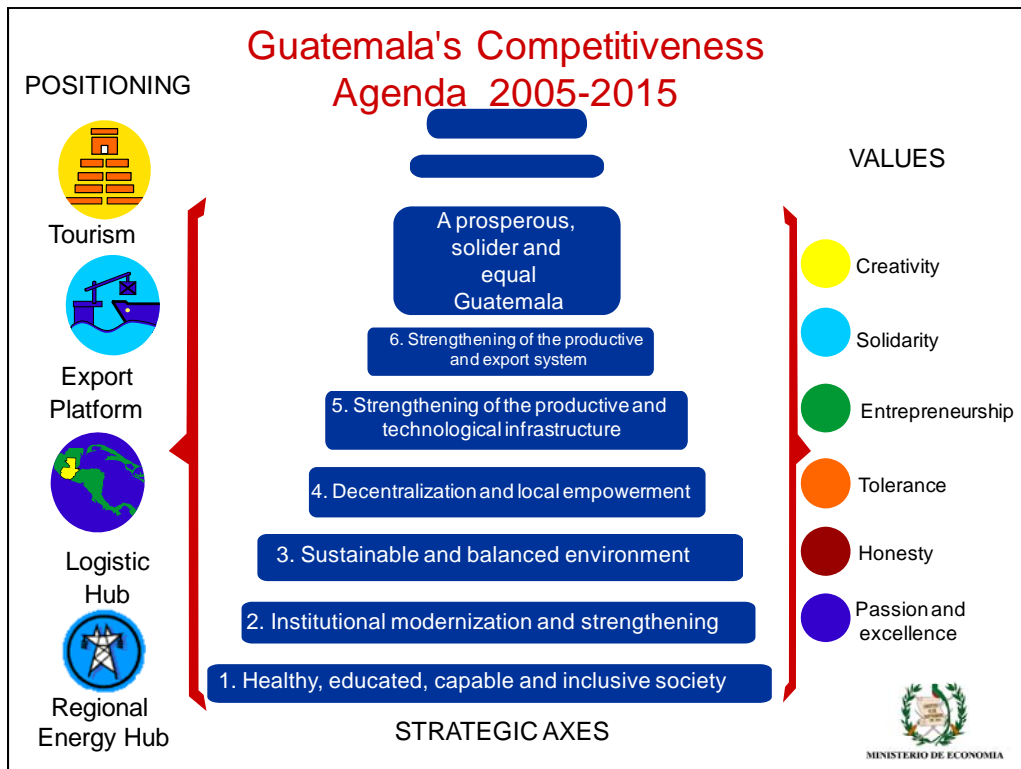
Source: VESTEX

Table A.12. PDPs Implemented in Support of the Textiles and Apparel Sector

| | Transversality | | | |
|---------------------|---|---|---------------------------|----------------------|
| | Horizontal –H- | | Vertical –V- | |
| | Activity | Market Failure | Sector/Activity | Market Failure |
| Public Input | Human Resource Training Policy (INTECAP) | Missing public input: Low human capital accumulation | Cluster Policy (PRONACOM) | Coordination Failure |
| | Investment and Competition: | | | |
| | PRONACOM | Public input: Improving Market Efficiency and promote local development | | |
| | Invest in Guatemala | Public input: positive externalities associated with FDI | | |
| | PACIT | Public input: positive externalities from FDI | | |
| | Regional Integration (SICA and SIECA) | Public input: Coordination Failure | | |
| Market Intervention | Export Promotion: | | | |
| | Decreto 29-89, and EPZ | Promote investment and export positive externalities. | | |
| | Programa de Integración y Comercio Exterior | Promote investment and export positive externalities. | | |
| | Free Trade: FTAs | Promote investment and export positive externalities. | | |

Source: Authors' compilation.

Figure A.1.National Competitiveness Agenda Diagram



Source: MINECO

Annex II. Interviews

1. Entrevista realizada a Directores de la Fundación para el Desarrollo de Guatemala – FUNDESA-

Fecha: 25 de septiembre de 2008

Participantes por FUNDESA: Danilo Siekavizza, (Director); Humberto Olavarria (Director) y Emmanuel Seidner (Director).

Participantes por CIEN: Mario Cuevas (Director) y Bismarck Pineda (Consultor).

Visión de los entrevistados de los diferentes PDP implementados en Guatemala

La sustitución de importaciones generó una concentración artificial de riqueza en grupos protegidos, por lo cual el modelo fracasó. A diferencia de Latinoamérica, este proceso tuvo éxito en Asia debido a que contaban con:

- Marcos legales y regulatorios sofisticados
- Infraestructura adecuada
- Diseño de una agenda de desarrollo
- Mercado doméstico fuerte
- Mayor nivel educacional

En la década de los 80 se crearon instrumentos como el 29-89 además de una institucionalidad para la promoción de exportaciones. En 1995-1996 la Dirección de Política Industrial del MINECO no tenía ningún rol, y fue hasta 1996 se inició el proceso de fortalecimiento.

Entre 1996 y 2000, en el gobierno del presidente Arzú, se reunió por primera vez el sector productivo y el gobierno con la finalidad de lograr facilitar los procesos y se creó el Programa Nacional para la Competitividad –PRONACOM- siendo el único país de la región centroamericana que lo hizo. El proyecto nació como un proyecto regional por iniciativa de INCAE, pero luego tal idea no prosperó. En el 2000-2004 este programa se le cerró la puerta.

Con el gobierno del presidente Berger (2004-2008) existió el relanzamiento del PRONACOM. Se integró una gran cantidad de actores lo que dio paso a la elaboración de la Agenda Nacional de Competitividad, entendida como los ejes necesarios que deben alcanzarse para lograr alcanzar la competitividad. PRONACOM es la institución que vela por el cumplimiento de la Agenda. Sin embargo, la administración actual maneja la política social (por medio del Consejo de Cohesión Social y sus Ministerios) sin que PRONACOM tenga injerencia. PRONACOM marcó un cambio de paradigma ya que el sector privado no pidió proteccionismos sino el fortalecimiento institucional.

Visión de los entrevistados sobre lo que debiese incluir una política industrial efectiva

En cuanto a la Política Industrial, no hay un modelo económico exitoso sin participación social. Su fortaleza se encuentra en la participación del sector privado. Debe existir coordinación entre las políticas horizontales y las verticales, ya que debido a la falta de políticas horizontales efectivas, el sector privado tiene que realizar gastos en servicios públicos como electricidad, seguridad y educación, entre otros), lo que aumenta los costos de hacer negocios y disminuye la competitividad.

- Institucionalidad:

A nivel regional, la instancia de competitividad no debiera ser el Plan Puebla Panamá. La institución encargada debe contar con la participación del sector privado (liderazgo empresarial) y sector público (liderazgo de los presidentes de Centroamérica). La búsqueda de la competitividad debe ser un esfuerzo regional.

En cuanto a la innovación, ésta es casi inexistente, por lo que debe existir una política nacional y sectorial. El PACIT debe especializarse en temas puntuales y específicos.

- Políticas puntuales:

Debe cumplirse con lo existente en la Agenda Nacional de Competitividad (temas logísticos, el sistema nacional de calidad, la política transversal de capacitación, etc.).

No se deben desarrollar nuevos instrumentos que otorguen ventajas fiscales para fomentar sectores en específico, como en el caso de turismo, sino debe analizarse el otorgar subvenciones o efectuar inversiones sociales que beneficien al sector, como la construcción de infraestructura.

2. Entrevista a Director de la Comisión Vestuario y Textiles –Vestex-

Fecha: 25 de septiembre de 2008

Participantes por Vestex: Luis Oscar Estrada, (Director).

Participantes CIEN: Mario Cuevas, (Director); Sigfrido Lee (Consultor) y Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para el sector de Vestuario y Textiles en Guatemala

- Breve Historia

Hace más de dos décadas, México era el único protagonista del sector de vestuario y textiles en esta región. Ahora bien, la industria centroamericana se benefició de la ampliación de los beneficios de la Cuenca del Caribe. La industria se ha caracterizado por ser un mercado donde se es un tomador de precios por lo cual se debe luchar por ser más eficiente.

Recientemente se ha sufrido un proceso de reacomodamiento, donde antes el modelo se basaba especialmente en la utilización de mano de obra barata y ahora es un modelo que requiere de personal más especializado. Las fábricas de vestuario y textiles se fueron a otros países donde la mano de obra es más barata. Ello llevó a la necesidad de reestructurar las operaciones. Por ejemplo, antes la mayor parte de la producción se hacía en base a tejido plano (se usa para hacer sacos, pantalones) y ahora se especializa en tejido punto (utilizado para hacer ropa interior y blusas). Actualmente Guatemala es el tercer exportador de blusas del mundo.

Actualmente la industria textil guatemalteca es la más fuerte de la región. Puede abastecer pedidos en tiempos cortos. Su ventaja contra Asia es el tiempo de respuesta. Puede satisfacer órdenes más pequeñas en tiempos cortos.

- Clúster de Vestuario y Textiles

El clúster de vestuario se compone de integrantes de toda la cadena de producción: desde los insumos (la fibra y el hilo), la manufactura de la tela, los accesorios (ejemplo zíperes) y los servicios conexos como la serigrafía y la lavandería industrial. En VESTEX se dio la integración vertical. El clúster no se formó por política pública y ha prosperado por esfuerzos propios. El clúster además, trabaja en temas de mercadeo, políticas laborales privadas (elaboración de un código de conducta y respeto a los derechos laborales y el establecimiento del centro alterno de conflictos laborales) y en temas de capacitación. A su vez, en Vestex se está iniciando a trabajar con la parte de servicios financieros. La ley de garantías mobiliarias ayudará a las PYMES.

- Evaluación de las PDP

Por lo general no existen políticas públicas que apoyen al sector. Ahora bien varias han sido las políticas que se han implementado (o no se han implementado políticas que resuelvan problemas existentes) y han resultado ser dañinas, tales como:

- i. Aumento anual del salario mínimo por decreto
- ii. Alto costo de la energía eléctrica
- iii. Interpretación ambigua de las leyes fiscales, por ejemplo el alto costo de la energía eléctrica no es reconocido como crédito fiscal.
- iv. Inseguridad
- v. Falta agilizar aún más las aduanas
- vi. Trámites innecesarios para la exportación (CAUCA pago de US\$ 100 para la reexportación y los agentes de aduana no generan valor).
- vii. Alto costo de transporte (marítimo especialmente)
- viii. Falta de infraestructura

El Decreto 29-89 ha sido un instrumento efectivo para impulsar la inversión en el sector, pero existen contradicciones de política como por ejemplo impuestos como el IEMA, el cual resta competitividad. No existen políticas públicas de largo plazo. No existe conciencia en el sector público sobre la productividad. Tampoco existen manuales operativos en el gobierno.

Políticas específicas que debiesen implementarse para apoyar al sector

El Gobierno conjuntamente con el sector privado debiese trabajar para que se pueda contar con:

- a) Centro de diseño industrial (que beneficie a todos los sectores).
- b) El gobierno debe participar en:
 - i. Misiones Comerciales
 - ii. Promoción comercial
 - iii. Investigación de mercados.
 - iv. El tipo de cambio a pesar que afecta no es un factor de competitividad. Se ha abogado por la existencia de un tipo de cambio neutro.
- c) El Estado debe ser facilitador, especialmente en aquellos casos donde el sector privado no se pone de acuerdo.
- d) La institución encargada de la competitividad debe ser un ente público-privado de alto nivel como CONAPEX, y que tiene la función de liberar obstáculos para todos los sectores.

3. Entrevista a Directora de la Asociación Guatemalteca de Exportadores -AGEXPORT-

Fecha: 29 de septiembre de 2008

Participantes por AGEXPORT: Fanny de Estrada, (Directora).

Participantes por CIEN: Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para impulsar la actividad exportadora en Guatemala

Los Decretos 29-89 y 65-89 han sido sumamente útiles como instrumentos de atracción de inversiones y para la atracción de *know how* internacional. El mejor ejemplo de eso es el de las maquilas. Este tipo de instrumentos debe de continuar implementándose.

Por otro lado, han existido otras políticas que más que ser para el desarrollo productivo son de asistencialismo (ejemplo la entrega de fertilizantes). La política social se ha basado en medidas puntuales aisladas, y no existe coordinación con una política de competitividad.

- Evaluación de CONAPEX

CONAPEX es la mejor institución que tiene el país para coordinar el tema de la competitividad y el acceso a mercados. Ha sido un foro positivo y ha tenido la ventaja que ha logrado poderse mantener apolítico. Existe respeto entre sus integrantes. Sin embargo, CONAPEX tiene mayores potencialidades. Debe de dársele mayor seguimiento a las políticas que nacen de su seno y tratar una agenda más completa, sobre todo en el tema de competitividad.

- PRONACOM, Invest in Guatemala y otras instituciones:

Estas instituciones debieran estar bajo la sombrilla de CONAPEX. Carecen de institucionalidad, lo cual puede ser perjudicial para su continuidad.

- PACIT: Ha sido un instrumento muy valioso, aunque pequeño, con pocos recursos y que ha tenido crisis financiera). Debería de estar bajo CONAPEX.
- CONCYT: Debiese también estar bajo CONAPEX, con participación de las universidades en busca de un objetivo común: la competitividad.
- INTECAP: Ha hecho esfuerzos por acercarse al sector, debiese estar en coordinación permanente con las instituciones que velan por la competitividad.

Políticas específicas que debiesen implementarse

Existen tres políticas que deben ser implementadas de forma urgente:

- Elaborar una política nacional de productividad
- Elaborar una política nacional de innovación
- Crear el Instituto Nacional de la Inocuidad y Fitosanidad que sea de carácter mixto y autónomo y meramente técnico.

A su vez, las políticas sociales de los gobiernos deben estar enfocadas en la generación de empleo y en las oportunidades que el país tiene. Debe existir una campaña de divulgación de las oportunidades (que dé a conocer las oportunidades que se encuentren disponibles para hacer negocios o empleos) y debe existir una política pública destinada a levantar la autoestima.

Se necesita trabajar el nivel meta de la competitividad. En la actualidad existe mucho desconocimiento de este tema. En cuanto al nivel meso, existe poca coordinación en la consecución de un objetivo común. Por ejemplo en CONAPEX se encuentran reunidos el sector público y el privado. Sin embargo, el sector académico no participa. La Agenda Nacional de Competitividad debiese ser ese objetivo común, tiene que ser de todos, iniciando por la agenda del presidente y de los políticos.

Acciones que implementa AGEXPORT

La AGEXPORT realiza programas para apoyar a la internacionalización de las empresas. Se brinda formación gerencial enfocada en la globalización y en la transformación del proceso productivo. Se participa en la difusión del *know how*. Además, se trae a expertos internacionales para apoyar a las empresas y su proceso de reconversión. El financiamiento se obtiene de aportes del empresario y de cooperación internacional.

La AGEXPORT también lleva a cabo un programa de productividad, abarca a 30 empresas a fin de lograr fomentar su competitividad. En la parte agrícola se ha trabajado los encadenamientos empresariales, logrando crear lazos entre productores y compradores.

4. Entrevista a Director Ejecutivo del Programa Nacional para la Competitividad – PRONACOM-

Fecha: 30 de septiembre de 2008

Participantes por PRONACOM: Julio Héctor Estrada, (Director Ejecutivo).

Participantes por CIEN: Mario Cuevas (Director) y Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para impulsar la competitividad

En la década de 1970 en Guatemala existió mucha planificación pública de largo plazo especialmente en el caso de infraestructura, pero la ejecución fue pobre y mala. En 1996 se hicieron estudios en Centroamérica a partir de la metodología de Porter. Se involucró al sector privado y se identificaron sectores estratégicos, aunque sus resultados no se incluyeron en los planes de largo plazo. Tradicionalmente se ha operado bajo el paradigma que la parte económica no necesita planificación. Con el gobierno del presidente Portillo PRONACOM básicamente se quedó dormido, y fue con el gobierno de Berger cuando renació, aunque faltó llegar a un mayor nivel de detalle. Faltó asignar roles y funciones en su estructura y por lo tanto se convirtió en un gobierno paralelo. En la actualidad se tiene un enfoque hacia el proceso, emanado de un ejercicio de visión económica de largo plazo.

Visión sobre PDP destinados a impulsar la competitividad

En Guatemala se han realizado varios esfuerzos para planificar estrategias de largo plazo en el área social, pero no en competitividad. La meta debiera ser fomentar el incremento del capital físico para poder generar crecimiento económico sostenido. Ahora bien, debe mencionarse que en la actualidad no existe una sistematización que integre los instrumentos desarrollados para el impulso de la competitividad en las políticas de gobierno. Por ello es necesario que PRONACOM se convierta en un sistema nacional de competitividad. A futuro la política industrial debe ser más específica ya que no se puede ser efectivo desarrollado PDP para todos los sectores, por lo que debe arrancarse con aquellos que tienen potencial de aumentar la productividad. Deben existir políticas transversales relacionadas con objetivos estratégicos orientadas a sectores a los que se le apuesten. Para determinar cuáles son los sectores con mayor potencial se debe realizar un análisis con datos históricos y se debe medir su productividad. Las apuestas de los sectores deben basarse en la rigurosidad empresarial (empresas súper productivas).

Los PDP desarrollados en apoyo a los sectores no deben ser del tipo de ventajas fiscales sino instrumentos como el desarrollo de investigación específica o promover el acceso a crédito. Existen sectores que actualmente no están conformados y que tienen potencial. La estrategia sector por sector debe recaer en el sector privado, el cual deberá identificar sus necesidades. Esta estrategia no necesariamente es del tipo clúster. El error es pensar que la creación de clúster es un fin por sí mismo. El objetivo debe ser incrementar la productividad.

5. Entrevista a Director Ejecutivo de Invest in Guatemala

Fecha: 1 de octubre de 2008

Participantes por Invest in Guatemala: Mario Marroquín, (Director Ejecutivo).

Participantes por CIEN: Mario Cuevas (Director) y Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para impulsar el crecimiento

En la década de 1980 dejó de existir una política industrial en Guatemala, las PDP se basaban en la defensa de los intereses particulares. A partir de 1990 existieron políticas más generales como la apertura comercial y la eliminación de distorsiones al comercio, lo cual ha sido positivo para fomentar el crecimiento. A su vez, se llevaron a cabo reformas sectoriales como en las telecomunicaciones y el sector energético y posteriormente se implementaron las reformas financieras.

Aspectos que debiesen ser mejorados para impulsar el crecimiento económico

Contar con infraestructura de clase mundial es un tema fundamental. Para ello se necesita contar con una ley específica y que impulse la participación público-privada. Si Guatemala tuviese buena infraestructura, una mayor cantidad de inversores vendrían al país.

Además, existen dos acciones adicionales y de suma importancia a las cuales se deben enfocar los esfuerzos: explorando mercados y promoviendo la sofisticación de los productos financieros. A su vez, deben de buscarse mecanismos para lograr posicionarnos mejor en el tema de la manufactura. Se debe ser más agresivo en cuanto a ello.

- Mejora en el diseño e implementación de PDP

No existe convergencia entre políticas productivas y políticas sociales. Un ejemplo claro de ello es en educación, dónde ésta debiese estar orientada a las necesidades del mercado laboral, pero en la actualidad eso no pasa. El tema educativo es crucial que no se ajusta a las necesidades del sistema productivo pero en la actualidad los debates sobre la educación siguen siendo dominados por la ideología.

Es importante priorizar las PDP a implementar para no diluir esfuerzos. Sin embargo, en la actualidad no existen estudios sectoriales que especifiquen cuales son las ventajas del país. La negociación comercial se ha realizado al margen de los sectores o actividades con mayores posibilidades y desarrollo. A su vez, si se quiere que las PDP tengan un impacto positivo se necesita de un servicio civil profesional, es decir funcionarios públicos que conformen una tecnocracia competente.

En el tema de integración centroamericana, todos los mercados ya se están regionalizando (el financiero, cerveza, etc.). Por ello las políticas debiesen ser convergentes con la integración regional y así generar economías a escala. En un principio por lo tanto se debe buscar que las políticas de cada país al menos no sean mutuamente depredadoras.

- Sectores con mayor potencial

Es muy poco probable que una estrategia de “escoger ganadores” resulte exitosa. Es mejor continuar desarrollando las reformas que en la actualidad se han implementado ya que no se tiene la capacidad para eliminar el *rent seeking* y no existe la institucionalidad que evite que el proceso de desarrollo e implementación de las PDP sea capturado por intereses individuales.

- Coordinación interinstitucional para la atracción de inversiones

Actualmente se están haciendo esfuerzos para lograr coordinación entre el PACIT e Invest in Guatemala. Sin embargo, deben realizarse esfuerzos a fin de reordenar las ubicaciones de cada representación del PACIT en el extranjero. Invest debe determinar las líneas de política en cuanto a este tema. PACIT es un trabajo en progreso al cual se debe fortalecer y reordenar. Debe institucionalizarse también el tema del riesgo país, ya que es de beneficio de todos.

6. Entrevista a Presidente del Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras –CACIF-

Fecha: 7 de octubre de 2008

Participantes por CACIF: Roberto Ardón, (Presidente).

Participantes por CIEN: Mario Cuevas (Director) y Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para impulsar el crecimiento

La firma de la paz en 1996 marcó el punto de partida para las políticas sociales. Tuvo un impacto en las prioridades en el sector productivo y contribuyó a mejorar el clima de inversión, reestructurando las prioridades del país y se generó oportunidad para desarrollar nuevas capacidades. En ese período se inició con la modernización del Estado (cambio de la negatividad), la apertura de mercados y la desregularización (telecomunicaciones y energía). Guatemala ha sido exitoso ante la apertura de mercado (el sector privado no fue reactivo a la apertura).

Posteriormente se ha adoptado la estrategia de negociar en forma conjunta Tratados de Libre Comercio enfocados en la competencia global. Se han explorado nuevos mercados lo cual ha beneficiado a la diversificación y los productos no tradicionales se han beneficiado del TLC. En el 2005 se desarrolló la Agenda de Competitividad, que sitúa al país en relación a los sectores que son potencialmente ganadores y ha reabierto el debate sobre la necesidad de crear la competitividad sistémica.

Aspectos que debiesen ser mejorados para impulsar el crecimiento económico

En la actualidad existen una serie de factores que frenan el crecimiento, entre los que se encuentran:

- i. La falta de diálogo entre la agenda política y la agenda económica. No hay planes de largo plazo ni se miden los impactos de las políticas implementadas.
- ii. Falta de educación: estamos muy lejos de tener mano de obra calificada.
- iii. Falta de infraestructura: existen diferencias abismales respecto de países como México y Colombia en términos de carreteras, puertos y aeropuertos.
- iv. Inseguridad: afecta el clima de negocios, existe una alta inversión privada en seguridad.

A su vez, existen otros factores negativos de menor orden, entre los que se encuentran:

- i. Poca investigación y desarrollo: prácticamente no existe entendimiento entre el sector académico y el sector productivo.
- ii. Poca flexibilidad laboral: nuestra legislación responde a un modelo Fordista del año 40. La rigidez laboral fomenta el crecimiento de la economía informal.
- iii. Institucionalidad pública: existen bajas cualidades en el servicio público, en su gerenciamiento y cuentadancia. La administración pública no responde a los desafíos económicos del país. Es necesario reformar el servicio civil.

Debe existir mayor diálogo para empalmar la política económica y social del gobierno. Ambas deben complementarse, ya que el crecimiento económico, el desarrollo social, la democracia y el sistema político se interrelacionan para generar crecimiento sostenido. Por lo tanto la Agenda

Nacional de Competitividad debe ser el camino. No se debe perderla de vista ni buscar soluciones en otros lados. Las políticas horizontales deben ser priorizadas.

El rol de los organismos internacionales debe ser mantener un buen mecanismo de comunicación y participación conjunta con las asociaciones empresariales para implementar programas de desarrollo.

Evaluación institucional

- i. CONAPEX: Es un ejercicio interesante y positivo.
- ii. PRONACOM: Es un puente de entendimiento importante.
- iii. CONCYT: Interlocución entre la academia, el gobierno y el sector empresarial (se encuentra menos desarrollado que los dos anteriores).
- iv. Comisión portuaria nacional
- v. Junta monetaria

Es importante fortalecerles y construir a partir de ellas. La estructura está sujeta a tensiones especialmente cuando no se tiene un plan nacional de país.

7. Entrevista a Ministro de Economía

Fecha: 23 de octubre de 2008

Participantes por MINECO: Rómulo Caballeros, (Ministro).

Participantes por CIEN: Bismarck Pineda (Consultor).

Visión del entrevistado sobre los diferentes PDP implementados para impulsar el crecimiento

La política económica de los últimos 10 años se ha caracterizado por ser errática y con poca continuidad. Se dio prioridad a cumplir con el Consenso de Washington privilegiando las señales de mercado y reduciendo el tamaño del Estado. No se ha logrado incorporar reformas de segunda generación. La reducción del tamaño del Estado se realizó de forma desordenada, el Estado se debilitó, desmantelando su capacidad de intervención y ese desmantelamiento no se sustituyó por marcos regulatorios modernos. En la actualidad existe falta de certeza debido a la falta de regulación. A pesar de que han existido algunos intentos, en la actualidad no existe una política de competencia. Se destina una mayor cantidad de esfuerzos al tema de la competitividad pero no se han podido generar los ingredientes necesarios para que en realidad exista competitividad. El pasado se ha caracterizado por falta de políticas de infraestructura, inseguridad, poca carga tributaria para realizar políticas sociales que sean capaces de crear competitividad. Sin embargo si han existido cierto PDP que han sido relativamente exitosos como el caso de la Ley de Maquila y CONAPEX. AGEXPORT ha sido un actor clave. Por su parte la Política a MIPYMES no ha sido exitosa, los fideicomisos establecidos para promoverla no han sido ejecutados.

Aspectos que debiesen ser mejorados para impulsar el crecimiento económico

Las medidas que deben de tomarse a futuro son:

- i. Crear una ley de competencia
- ii. Crear una ley de Asociación Público-Privada
- iii. Crear la Procuraduría del Consumidor
- iv. Fomentar la energía renovable
- v. Realizar proyectos de infraestructura (tramo carretero Transversal del Norte, ampliación de los puertos, conclusión de la autopista a Puerto Barrios)
- vi. Involucrar al sector privado en el Sistema Nacional de Calidad
- vii. Fortalecer las Políticas MIPYMES
- viii. Fortalecer la capacidad de negociación de tratados comerciales
- ix. Reducir la tramitología y aumentar la certeza jurídica
- x. Potenciar el CONCYT

Para el Sector Agrícola debiesen destinarse políticas específicas como:

- i. Retomar una política agraria
- ii. Reactivar la figura del cooperativismo, mediante la dotación de semillas mejoradas, facilitación de renta de tierras y alquiler de equipo agrícola.

8. Entrevista Comisión Presidencial para la Competitividad

Fecha: 2 de febrero de 2009

Participantes: Carlos Enrique Mata (Comisionado), Mario Cuevas y Bismarck Pineda.

Rol y principales logros de PRONACOM

El rol de PRONACOM horizontal, y entre las acciones que debe realizar se encuentra la facilitación de trámites, el fomento al estado de Derecho y sobre todo, la coordinación y seguimiento para evaluar si los componentes de la estrategia de competitividad han caminado. Invest in Guatemala juega un papel más vertical que PRONACOM.

Es necesario promulgar políticas horizontales. Debe contarse con una agenda única de país y se debe trabajar para tener una visión común. Uno de los logros principales de Pronacom e Invest in Guatemala es que han servido como un canal de interlocución entre el sector público y el sector privado. En ambas instituciones el sector privado tiene la puerta abierta para trabajar junto con el sector público en la búsqueda de objetivos. Adicionalmente, se hace necesario realizar alianzas público privadas para realizar proyectos en conjunto, especialmente proyectos relacionados con la política económica. Debe tomarse como ejemplo la visión colombiana sobre las relaciones público privadas y el establecimiento de un sistema que busque la competitividad. Colombia en ese sentido es uno de los mejores ejemplos. A su vez debe procurarse contar con información cuantitativa que nos permita medir la competitividad del país.

Pasos que deben realizarse para mejorar la competitividad

- a) Construir una visión común entre todos los empresarios. La Agenda Nacional de Competitividad debe ser el marco. Sin embargo PRONACOM no debe orientar esfuerzos que no le corresponden realizar. Más que un organismo ejecutor, es uno coordinador, tanto del sector público como del privado, y por lo tanto debe lograr coordinar que los esfuerzos se vayan orientando al logro de los objetivos de la Agenda.
- b) Hace falta realizar políticas horizontales. Debe tomarse en cuenta que estamos den un mundo de procesos, y los procesos son horizontales. Por ello es necesario invertir en infraestructura básica, reducir los costos del comercio (como por ejemplo los fletes portuarios), seguridad y justicia, entre otras.
- c) En cuanto a ciencia y tecnología, no debe continuar el divorcio que actualmente existe entre las empresas y las universidades y debe existir políticas que incentiven la realización de investigación y desarrollo en las empresas. Asimismo, debe de incluirse alianzas con universidades internacionales
- d) Orientar el modelo de competitividad a otros modelos que han resultado ser exitosos, como el caso de Colombia.

Annex III. Voices of Business in the Services Sector⁶⁸

Oferta exportable guatemalteca

Los encuestados identificaron los siguientes servicios de exportación en Guatemala:

- Data-entry
- Contact-Os o Call Ocs
- Software
- Animación gráfica
- Elaboración de *webpages*.
- Administración de servidores
- Telecomunicaciones.
- Ingeniería
- Arquitectura
- Asesoría legales
- Servicios financieros.
- Turismo
- Turismo
- Consultoría
- Servicios médicos
- Diseño de campañas publicitarias
- Escuelas de idiomas.
- Maquila (textil).

En cuanto al potencial futuro de Guatemala, los entrevistados, incluso aquellos en el negocio, reconocieron que el mismo no será en los negocios tipo data-entry. Argumentaron que en materia de costo, existen otros países, en la región y Asia, que tendrán mayor capacidad para competir. Además, consideran que, de mantenerse la política de salarios mínimos de los últimos diez años, desaparecerá dicho negocio.

Se considera que los Call centers y los BPO son “maquiladoras de servicios” y que las mismas no pueden servir como el fundamento sobre el cual se gestará el desarrollo socioeconómico de Guatemala. Se percibe a los Call centers y a los Contact centers como negocios de primera generación los cuales, en pocos años, podrán servir de base en términos de infraestructura tecnológica y generación de capital humano, para una mayor especialización y la generación de mayor valor agregado en el sector de exportación de servicios. Tomando en cuenta lo anterior, se mencionaron los siguientes servicios como aquellos con el mayor potencial para desarrollar en Guatemala:

- Servicios profesionales (ingeniería, arquitectura, medicina).

⁶⁸ This section relies on “Voices of Business in the Services Sector” which summarizes the interviews conducted in early 2007 in the preparation of Cuevas and Bolaños (2007).

- Contact centers
- Diseño de programas para películas animadas.

En términos generales, se considera que son todos aquellos servicios que requieran conocimientos adquiribles a corto plazo de los mercados a donde se aplican, ej.: Diseño (Arquitectura, Publicidad, entretenimiento), Logística y Análisis de datos. Otros, como los médicos, pueden desarrollarse a partir del diferencial de precios, buena calidad del servicio y servicios complementarios, como el turismo cultural o comunitario.

Ventajas para exportar servicios

En cuanto a las ventajas adicionales que tiene Guatemala, respecto a otros lugares del mundo, y que pueden ser aprovechadas, se mencionaron:

- Se maneja el mismo horario norteamericano (centro o montaña), lo cual permite que los supervisores puedan hablar con los encargados de la operación durante sus horas de trabajo y no durante la madrugada.
- Se encuentra en la región near-shore, lo cual le permite al cliente viajar rápidamente. Además, existe más confianza, por el sentido de poder uno regresar rápidamente a Estados Unidos. Se mencionó que algunos norteamericanos tienen “miedo” de viajar a lugares muy lejanos.
- Se considera que Guatemala tiene la mejor infraestructura de telecomunicaciones, oficinas y servicios de apoyo (recursos humanos, contabilidad y auditoría) del área “near-shore”, la cual abarca Centroamérica y el Caribe. Esto hace creíble la posibilidad que un Contact-centers tenga la capacidad para generar 5 mil empleos en un solo año.
- El turismo, especialmente el turismo cultural, puede ser un excelente gancho para poder promover otro tipo de turismo: el comunitario; y el de jubilados. Todo este tipo de turismo puede articularse alrededor de servicios de alto valor agregado, como los servicios médicos. Actualmente, se ha logrado vincular servicios de prevención médica con turismo a Antigua Guatemala y Sololá.
- El acento guatemalteco es más neutral que el acento que manejan, por ejemplo en la India, el cual además tiene pronunciación británica. Esto no resulta tan importante para la relación con el cliente, como para los supervisores.
- El menor costo de la mano de obra y la posibilidad de conseguir una calidad similar a la que se demanda en Estados Unidos. Por ejemplo, en servicios médicos, se comentó que en Estados Unidos un paquete parecido al ofrecido en Guatemala puede llegar a ascender a por lo menos US\$5,000, en comparación con US\$2,000 en Guatemala. Aunque esto es relativo, ya que en servicios tecnológicos muy especializado, los costos laborales totales no tienden a ser tan competitivos, porque se requiere de varias personas para igualar la productividad de un especialista en los países desarrollados.
- Una cultura más parecida a la norteamericana, lo cual es importante para lidiar con los clientes y atender las llamadas telefónicas.
- La imagen de confianza que produce en algunos clientes corporativos la firma del DR-CAFTA. Aunque esto es relativo, porque varias empresas no conocían de potenciales beneficios del mismo, y tampoco sus clientes.
- Aunque otros países nos llevan años de ventaja, por lo menos, ya inició un proceso de concienciación de la importancia de este sector, liderado por AGEXPORT e Invest in Guatemala.

Se señaló constantemente que la capacidad del país de competir industrialmente con los costos de la China e India es escasa. Es necesario enfocarse en otras ventajas, como la cercanía, lo cual ha permitido al sector vestuario empezarse a enfocar en el mercado de la moda.

Caminos de Exportación

Los caminos de exportación que fueron identificados inician de la siguiente manera:

- Salir a vender al exterior. Una de las empresas fue directamente a El Salvador a contactar empresas para iniciar la prestación de servicios tecnológicos. Para expansiones posteriores ha realizado alianzas estratégicas con otras empresas con productos complementarios. Otra empresa comentó que se han ayudado de contratar vendedores en otros países o de tener presencia en ferias y congresos internacionales.
- Exportación mediante recomendación de amigos. Algunos amigos que viven en el extranjero se han contactado con los empresarios guatemaltecos y han acordado comprarle sus servicios. Tras contar con una experiencia exitosa de este tipo, los mismos amigos
- Exportación mediante empresas filiales. Algunas empresas han iniciado la exportación de servicios, al contactarse con empresas guatemaltecas que tienen operaciones en otros países centroamericanos.
- Exportación “de boca en boca”. En los servicios médicos es muy importante la referencia de familiares o amigos que han tenido una experiencia positiva con anterioridad. Esto ha significado que la exportación inició mediante la atención a empleados de multinacionales y embajadas, para luego atender a sus familiares y amigos extranjeros dentro de Guatemala y fuera de Guatemala. Adicionalmente, cuentan con dos mecanismos:
 - La página de Internet: <http://www.centrodental.com.gt/> . Esta sirve para obtener información adicional, a la obtenida “de boca en boca”.
 - Tienen publicidad en canales norteamericanos, Multimédica TV, donde se anuncian los servicios de del edificio de Multimédica.
- Iniciar desde Estados Unidos. Esta fue la situación de Carlos Argüello de Studio C. Él se fue a estudiar al exterior, dado que la oferta de estudios en el país no eran de su agrado. Estando en Estados Unidos, se involucró con los estudios de película, trabajando con ellos durante casi veinte años. Esto le permitió generarse un nombre dentro de la industria (confianza), necesario para poder ofrecer el servicio de animación desde Guatemala.

Algunas empresas generaron la oportunidad de exportación a partir de elementos no centrales a su giro de negocio, pero han aprovechado las oportunidades de manera inteligente. Un ejemplo de ello es Asistencia Global. La empresa inicia enfocada a brindar servicios de asistencia en caso de accidentes. Posteriormente, ciertos clientes vieron que tenían la capacidad instalada y la experiencia para poder prestarles ciertos servicios del tipo Call center. Con el tiempo, la empresa reconoció que debía generar un área de negocios enfocada en el Call center. En este caso, el truco fue pensar en oportunidades de negocios más allá del concepto administrativo usual de “core business”.

Actualmente, la importancia de las exportaciones para las compañías guatemaltecas entrevistadas varía de 2 a un 98% de los ingresos totales. Algunas de las empresas entrevistadas provenían de trabajar en el sector tecnológico o de salud desde finales de la década de 1980.

Atractivo de los mercados extranjeros

¿Qué lleva a las empresas guatemaltecas a exportar? Los empresarios guatemaltecos encuestados reconocieron las siguientes ventajas de los mercados externos:

- Mercados más grandes, mayor número potencial de clientes.
- Capacidad de crecimiento muy limitada dentro de Guatemala.
- Clientes con un mayor poder adquisitivo.
- Servicios son mejor remunerados en el extranjero.
- Valoran más la alta calidad que un precio bajo.

Los principales mercados de exportación, varían según la empresa y el servicio. En general, se mencionaron los siguientes mercados:

- La región centroamericana, mercado donde iniciaron muchas empresas. Se señaló el mercado salvadoreño como el más amigable y Costa Rica, como el menos amigable.
- América Latina, con quienes se comparte el español y cierta manera de hacer los negocios.
- Estados Unidos, en el cual algunas empresas ya han incursionado y es el mercado objetivo futuro de otras empresas entrevistadas.
- Europa, en la cual ya tienen experiencia positiva una de las empresas filiales de Transactel.
- Otros mercados potenciales son:
 - La población latinoamericana en Estados Unidos.
 - Las empresas norteamericanas interesadas en atender a los latinoamericanos en EEUU.
 - El sur de México.

El mercado de clientes potenciales en Estados Unidos se puede dividir de la siguiente manera:

- Grandes empresas, que se interesan en invertir en Guatemala para sus servicios de Contact center o Call center. La razón para que una gran empresa se enfoque en Guatemala sería diversificar el riesgo de problemas políticos, de desperfectos en el funcionamiento de la energía eléctrica o las telecomunicaciones, desastres naturales y otros.
- PyMES, que obtienen una reducción importante de costos al depender de una compañía guatemalteca. Dicho potencial se traduce en atender al “mid-market”, PyMEs norteamericanas, de US\$5 a US\$50 millones de ventas al año. Se considera que existen al menos 500 mil empresas de este tipo, las cuales son atendidas por empresas de outsourcing dentro de las ciudades norteamericanas. Por eso Guatemala podría tener allí un nicho de mercado, estando en el área “near-shore” a menos de 5 horas de vuelo.
- Empresas de todo tamaño, interesadas en atender el mercado de latinoamericanos en Estados Unidos.

Acceso a los mercados extranjeros

Dos elementos fueron comentados por los entrevistados al momento de abordar los temas vinculados con acceso a los mercados: las certificaciones y el Internet.

- Una de las empresas comentó que no han tenido problema alguno para vender sus productos, en cuanto a solicitud de certificados de calidad o de otro tipo. Aunque han

evaluado someterse a ISO 9001-2000, no han tomado la decisión, ni está claro el impacto diferencial que ello podría tener en la concepción de sus clientes. Este es un producto de elevado valor agregado y que debe ser sensible a la legislación de cada país. Por lo mismo, desarrolla software que es parametrizado porque puede adaptarse los parámetros en base a las características regulatorias del país donde se ubica el banco.

- Otra de las empresas, explicó que para poder entrar al mercado de Estados Unidos se requiere cumplir con ciertas certificaciones, necesarias para poder competir en dicho país. Actualmente, el problema es el costo elevado de las mismas, por lo cual, la estrategia de la empresa, ha sido enfocarse en el mercado latinoamericano donde puede mostrarse la calidad del servicio, sin incurrir en la adquisición de dichas certificaciones.
- El Cluster TIC tiene identificado como uno de sus objetivos promover la cultura de la excelencia. Al ahondar sobre el significado de dicho objetivo, mencionaron la necesidad de conseguir el apoyo del Gobierno para lograr la certificación de las empresas guatemaltecas de cumplir con estándares de calidad mundial. Ver el ejemplo de Costa Rica que, mediante la Ministra de Tecnología, ha apoyado en el costoso proceso de certificación.

Internet resulta ser una herramienta esencial para poder desarrollar la exportación de servicios, especialmente para los siguientes procesos:

- Comunicación con clientes y su propio personal.
- Coordinación de equipos en lugares geográficamente distintos, al momento de instalar programas a los clientes en el extranjero.
- Realización directa de los servicios, como es la administración de servidores o la resolución de conflictos del software.
- Mercadeo de empresas a nivel mundial.
- Venta de servicios a clientes extranjeros
- Entrega de servicios a sus clientes

Apoyo gubernamental para la exportación de servicios

A partir de las entrevistas, se determinaron dos agencias vinculadas con el esfuerzo de exportación de servicios: *Invest in Guatemala* e INGUAT. La primera, porque ha mostrado interés y ha organizado reuniones para los empresarios, para oportunidades de negocios. Se mencionó que su principal debilidad radica en que no cuenta con una estructura y una posición relevante dentro del Poder Ejecutivo, como para poder contar con mayor capacidad ejecutiva. Sobre INGUAT se recibieron comentarios contradictorios. Por un lado, se mencionó su falta de interés en proyectos de turismo, por otro, se mencionó la experiencia positiva con AGEXPORT.

Obstáculo interno: inseguridad

No existen grandes complicaciones para realizar negocios con Estados Unidos, en cuanto a procesos burocráticos. “Es tan fácil como llenar un commercial-invoice”, y contar con el soporte para realizar la transferencia monetaria. En todo caso, resulta costosa la inscripción de la empresa y los trámites correspondientes (tomando en cuenta que abrir una empresa en Estados Unidos requiere aproximadamente 2 días). Con la Superintendencia de Administración Tributaria, se declara como un servicio no prestado en Guatemala.

Gente vinculada con la exportación de servicios de salud lo problemático que resulta la inestabilidad política y de seguridad. Lo cual resulta trascendental cuando el mecanismo de publicidad depende mayoritariamente del “boca en boca”:

- Actualmente los ingresos por extranjeros representan un 3% del total ingresos. Sin embargo, a finales de la década de 1980 y a principios de la década de 1990, los extranjeros llegaron a representar un 20%. Esta reducción inicia con el autogolpe de Estado del gobierno de Serrano Elías y luego, con la violencia en el país. Hubo cierta mejora durante el Gobierno de Alvaro Arzú.
- Hace 2 o 3 meses, una pareja de esposos españoles vino al país para un tratamiento. Sin embargo, fueron asaltados dentro del aeropuerto de Guatemala. Por ello, aunque el servicio dental fue satisfactorio, los españoles no van a dar referencias positivas sobre Guatemala.
- El alcalde de Tapachula, México venía junto con su familia a hacerse tratamiento en Guatemala. Sin embargo, en la última ocasión el camino se encontraba bloqueado, por una manifestación. La molestia que ocasionó al Alcalde genera la expectativa que no vuelva a venir ni él, ni su familia, ni el círculo de influencia alrededor de él.
- Recientemente atendieron a un paciente salvadoreño el cual fue asaltado en la frontera de Don Pedro de Alvarado. Fue baleado y, por lo mismo, ya no volvió a regresar ni él ni sus parientes.

Obstáculo interno: política laboral

Dadas las condiciones actuales, el crecimiento máximo que el sector de Call centers podría soportar, sería de 4 mil empleos adicionales. Se considera que este nivel puede alcanzarse en 3 años, por lo cual se requiere de coordinar políticas públicas para evitar el estancamiento del sector, como sucedió en El Salvador. Esto implica impulsar el inglés y la computación en últimos años de la educación secundaria.

Al problema de cantidad de recursos humanos, se agrega la disposición del mismo. Existe una percepción negativa sobre el negocio de Call centers, el cual se visualiza como si existieran capataces y maltrato constante. Sin embargo, no se conoce las distintas ventajas que tiene trabajar en este negocio:

- Salario competitivo, por encima del salario mínimo.
- Mucho aprendizaje en temas de productividad y calidad.
- Mayores posibilidades de ascenso dentro de la organización, frente otras industrias.

Existe preocupación en el sector de que, de no realizarse políticas inmediatas en el tema de fortalecimiento del inglés y de superar el prejuicio de los jóvenes a los Call centers pueda entrar un competidor internacional muy grande que absorba la mano de obra y no permita la generación adicional de plazas que podría provenir de los empresarios locales. Esta preocupación proviene de la experiencia salvadoreña, el cual además tenía la ventaja de prebendas otorgadas por el Gobierno que no eran parejas al resto de inversionistas nacionales.

Otro tema que resulta importante señalar es la rigidez de la legislación laboral guatemalteca, la cual no sólo debe considerarse en términos abstractos, sino también cuando se compara con otros países a nivel mundial.

Otros obstáculos internos

En términos burocráticos, la mayor debilidad de Guatemala, no están en los trámites para iniciar una empresa, sino en cerrar la empresa. En cuanto a los plazos de los trámites en las instituciones públicas, los mismos no suelen cumplirse, pero no se suele interponer recursos, porque se tiene la percepción que esto retrasaría aun más los procesos.

Guatemala es un país con un sistema jurídico demasiado formalista, donde existen demasiadas “formas” que deben cumplirse. Además, las figuras comerciales que otorga, no resultan tan atractivas para los inversionistas extranjeros. Por ejemplo, aunque es relativamente sencillo adquirir la figura de “comerciante individual”, la misma no es tan atractiva, porque posee responsabilidad ilimitada.

Se consideraron otros problemas vinculados con la excesiva burocracia: la mala atención que se realiza a los ciudadanos y la poca claridad de los procesos que deben seguirse. Esto se complica aun más cuando se toma en cuenta la realidad multilingüe de Guatemala.

A la situación anterior, hay que agregar que la exportación puede verse dificultada por elementos burocráticos. Dichos procedimientos burocráticos, son en términos generales, mucho más fáciles de lidiar y relativamente menos costosos para empresas grandes que por empresas MIPYMES. Dado que muchas de las empresas de exportación de servicios son actualmente MIPYMES, uno podría detectar un sesgo que dificulta sus actividades.

Los obstáculos principales para la exportación se encuentran en lo elevado de los costos de transporte y los costos de los trámites. Respecto a esto último, ocurre que se requieren muchos procedimientos en los cuales se necesita la participación de notarios, lo cual incrementa los costos y dilata el proceso. En los costos de transporte, se menciona el aéreo (en exportación de bienes, también se menciona el marítimo). Por ejemplo, en el aéreo, un empresario comentó que el boleto puede llegar a costar US\$750-US\$800 de Guatemala hacia Estados Unidos; mientras que el costo del boleto de Miami a Europa asciende a US\$150.

Existen otras desventajas, como lo es el tamaño reducido de la industria en Guatemala, como lo mencionó Studio C. Esto ocasiona que sea difícil superar la actual producción de “3 o 4 escenas por película”. Incluso si la empresa pasara de 30 trabajadores a 100 trabajadores, sería insuficiente. Se requiere de una industria, numerosas empresas vinculadas al sector.

Se mencionó que la legislación puede convertirse en un problema para nuevos productos. Como ejemplo, mencionaron la introducción del arrendamiento financiero, el cual fue un servicio que no siguió prosperando en Guatemala, por la aplicación de la legislación tributaria.

Obstáculos políticos ante distintas visiones del mundo

Los empresarios hablaron de una metáfora que ilustra los obstáculos políticos ante distintas visiones del mundo. Era la metáfora del teléfono celular. La economía industrial es como la batería del celular; mientras que la economía de la información es como el software del teléfono celular. Aunque la batería ha logrado avances extraordinarios en los últimos 50 años (“se duplicó”), uno no

puede más que sorprenderse por los avances que multiplican muchísimas veces más lo que ha ocurrido con las TIC (“por ocho mil”).

Lo que sucede en Guatemala es que tenemos ambos mercados: la *batería* y el *software*. Sin embargo, el problema es que el Estado de Guatemala ha sido establecido para apoyar sólo al sector vinculado con la *batería*. Y el problema es que el mercado del *software* no logrará un despegue importante en Guatemala si debe de adecuarse a una serie de mentalidades y procedimientos de los políticos y los funcionarios públicos que piensan que el mundo económico se reduce a la *batería*.

El principal problema es que ni el sistema, ni los funcionarios piensan en términos de la exportación de servicios. Al día de hoy, las estructuras políticas siguen funcionando bajo el ideal de la industrialización y no reconocen la realidad de los servicios, tanto para el mercado interno, como para la exportación.

Al mismo tiempo, los empresarios mencionaron otro tema importante. Hay una realidad que los exportadores de servicios conocen muy bien: las empresas guatemaltecas compiten con miles de empresas en otros países del mundo. Un ejemplo de ello fue lo que experimentó una de las sucursales guatemaltecas de una empresa multinacional enfocada en exportación de servicios. La empresa ha sufrido desde el 2004 una reducción importante de su planilla. De los 1,400 empleados que llegó a contar en el período 2003-2004, actualmente cuenta con poco menos de 700 empleados. La razón de dicho cambio, es la decisión de la casa matriz de incrementar su operación en Bangalore, India. La razón se explica de la siguiente forma: India presenta costos laborales 60% menores. Ahora, la sucursal guatemalteca está apostando a ofrecer servicios de mayor valor agregado, como es el análisis de información contable.

Esta visión competitiva internacional no es compartida en Guatemala, por lo cual, se piensa que estas empresas guatemaltecas siguen funcionando bajo el paradigma de la protección de exportaciones, con mercados protegidos. Esta diferencia es importante, porque las consecuencias de las políticas públicas pueden ser decisivas.

Obstáculos externos para la exportación

Guatemala mantiene una mala imagen (marca-país), percibiéndose un nivel de inseguridad de alto nivel y constante. Los inversionistas tienen miedo. Miedo a una dictadura. Miedo a que la empresa la expropian. Miedo que al visitar al proveedor lo maten al entrar al aeropuerto. La imagen que perciben es: Tikal, jungla y muertes. Sin embargo, también contaban que tienen la experiencia de inversionistas que una vez en Guatemala, se dan cuenta que el prejuicio que tenían era altamente infundado.

La marca país no sólo está vinculada con problemas de seguridad. Uno de los entrevistados comentó que no exporta los productos desde Guatemala, porque internacionalmente se tiene la percepción de que es un país subdesarrollado y por lo tanto, incapaz de producir software de alta calidad y confiabilidad. Esto afecta la posibilidad de vender productos desde Guatemala que son de alta seguridad y sofisticación técnica. Por lo mismo, decidieron tener la Presidencia y el departamento de mercadeo en Estados Unidos. Así que, aunque el producto es diseñado en Guatemala, el proceso de venta y mercadeo se da fuera de Guatemala.

Ese fenómeno no sólo se da en Estados Unidos, sino también en Costa Rica. Una de las empresas de software comentó que durante un tiempo contaron con una oficina en Costa Rica, pero las oportunidades de un mayor número de negocios se terminaron en el momento que comunicaron que su producto era guatemalteco. Debido a que algunas empresas costarricenses tienen una opinión negativa de la capacidad productiva guatemalteca, frente a su propia capacidad, se les cerraron nuevas oportunidades en dicho país.

En términos de acceso al mercado, el problema con México es que no existe el silencio administrativo en sentido positivo, pues ellos no aceptan, pero tampoco rechazan. Otro mercado que resulta complicado para el acceso es El Salvador. Para ingresar al mercado de seguros, el trámite tardó 1.5 años. Para poder entrar al mercado de Estados Unidos, algunas empresas de software requieren cumplir con ciertas certificaciones, necesarias para poder competir en dicho país. Actualmente, el problema es el costo elevado de las mismas.

Las principales dificultades para realizar el proceso de exportación de servicios financieros hacia Estados Unidos es la independencia que existe entre los distintos estados de la Unión Americana. A esto se une que los Estados Unidos, desde la época de la Gran Depresión, han buscado mantener una fuerte regulación financiera para evitar nuevos descalabros y, en específico, evitar lo más posible que quiebren instituciones financieras. Esto lleva a que cada Estado cuente con elevadas dificultades para iniciar operaciones en cada uno de los Estados.

Tratamiento nacional

La principal diferencia entre los exportadores de servicios y otros empresarios guatemaltecos, es la diferencia que existe con los exportadores de bienes tangibles. Existe una mayor claridad de que pueden aprovecharse de la Ley de la Actividad Exportadora y Maquila y de la Ley de Zonas Francas. Dicha normativa implica el poder aprovecharse de incentivos fiscales relacionados con el Impuesto Sobre la Renta, el Impuesto al Valor Agregado y aranceles.

Actualmente se ha realizado una interpretación amplia de la norma, los mismos exportadores han reconocido la necesidad de que no sea un criterio de gobierno, sino una política de Estado el apoyo a la exportación de servicios. Por lo mismo, ha existido un acompañamiento constante con la Comisión de Economía y Comercio Exterior del Congreso de la República, para abordar el tema.

Aunque los servicios son intangibles y pueden afrontar problemas reales para aplicar la Ley de Zonas Francas, han considerado que las mismas pueden aprovecharse para generar áreas de turismo de salud, entre otras actividades en las cuales han vislumbrado que Guatemala tiene un gran potencial. En cuanto a la Ley de la Actividad Exportadora y Maquila, la misma se requiere porque existen servicios cuya escala y lo descentralizado del mismo, imposibilitarían aplicar la Ley de Zonas Francas. Cabe señalar que algunas empresas entrevistadas no conocían nada sobre ambas leyes, existiendo por lo mismo, exportadores de servicios que sí recibían estos beneficios y otros que no.

Políticas públicas

Estas fueron las políticas que se mencionaron como prioritarias para el desarrollo de la exportación de servicios:

1. Fortalecer la seguridad ciudadana.

Este es un requisito esencial para todas las actividades vinculadas con la venida de extranjeros a Guatemala, como lo es el turismo.

2. Repensar la normativa laboral

Actualmente existe una contradicción dentro de la legislación laboral, ya que la misma permite el trabajo por tiempo parcial, pero al mismo tiempo obliga a pagarle al trabajador como si hubiera trabajado tiempo completo. Dicha flexibilidad, el tiempo parcial, resulta esencial para este tipo de sectores, y para los empleados mismos, que ven en esta flexibilidad una ventaja importante. Un problema vinculado es el salario mínimo. Existe una rigidez práctica que obliga a que sea un salario mínimo semanal y no por hora. Esto limita la capacidad de ajuste productivo. Asimismo, el nivel actual y los constantes incrementos del salario mínimo afectan la capacidad productiva de las empresas.

Por lo tanto, se requiere establecer un salario mínimo por hora, pudiéndose contratar por tiempo parcial. El beneficio que tendría para la empresa es que a) podrían atender picos de demanda de unas pocas horas al día; y, b) podrían ajustar la unidad de medida en los cálculos de costos y poder realizar mejor los presupuestos, ya que el pago que reciben de los clientes se da por hora/hombre. En cuanto a los trabajadores, podrían beneficiarse aquellos guatemaltecos interesados en trabajar tiempo parcial, debido a que tienen otras responsabilidades (madres: cuidar a sus hijos; jóvenes: los estudios, por ejemplo). Esto les permitiría hacerse de ingresos en el tiempo que puedan disponer para trabajar.

Para que la reforma tenga alcance, también se debe facilitar la contratación por períodos cortos de tiempo, menores a un año, enfocados a atender picos de demanda o períodos productivos específicos. Esto implicaría, no complicar el proceso de despido, en términos de costos y procesos.

También se discutió la necesidad de eliminar la restricción de la jornada nocturna. Actualmente la Ley establece que si se laboran más de 4 horas en jornada nocturna, se considera que se está trabajando todo el tiempo en jornada nocturna. Eso lleva a incrementar el costo, debido a que la jornada nocturna se paga como hora extra (1.5 veces el salario normal). Debido a que este impacto el costo de la empresa, la misma se ve en la necesidad de limitar las horas de trabajo. Esta restricción puede ser un obstáculo real para incursionar en el mercado europeo, con una zona horaria distinta.

Debe revisarse el funcionamiento de las prestaciones laborales, pues tienen dos problemas. El primero, es que se pagan y con excepción del IRTRA, los trabajadores no perciben beneficios. El segundo, es que se debe de incurrir en prestaciones adicionales, como un seguro médico y de vida privado, para subsanar las fallas de las instituciones públicas (IGSS, Ministerio de Salud, INTECAP). A eso, debe agregarse que la contribución “voluntaria” para el adulto mayor, ocasionó mucho malestar entre los trabajadores.

Por otro lado, se ha querido promover un cambio en la percepción que los guatemaltecos tienen sobre los Call centres, los cuales consideran que son lugares que replican los métodos de trabajo de

los latifundios. Por lo mismo, se ha intentado generar una campaña de concientización junto con Invest in Guatemala, desde hace un año, para mostrar que es un ambiente laboral distinto al estereotipo.

Otra recomendación fue el establecer una ventanilla única en el Ministerio de Trabajo para empresas que tienen un elevado número de trabajadores. Ello agilizaría la resolución de conflictos.

3. Reformar la Ley de la Actividad Exportadora y Maquila y la ley de Zonas Francas. Cuando dichas leyes fueron realizadas, los servicios no aparecían en Guatemala como una gran oportunidad de desarrollo. Incluso en el año 2004, cuando se intentó por primera vez incluir las reformas para la exportación de servicio, se encontró con cierto rechazo del Poder Ejecutivo y AGEXPORT no contaba con la evidencia suficiente, la claridad, para mostrar las oportunidades que el sector podía significar para los guatemaltecos.

Hoy, se considera que dichas reformas podrían considerarse el instrumento más versátil para la promoción de exportación de servicios. Se mencionó que el transporte transfronterizo es la actividad que no quisieran se aprovechara de dicha legislación.

4. Promover el idioma inglés y la computación, a nivel secundaria, de forma inmediata. AGEXPORT realizó una encuesta en 23 centros de educación inglés del país y se encontraron con los siguientes problemas: escasos profesores con buen nivel del idioma inglés; existe escaso esfuerzo por enseñar el inglés con orientación al trabajo; y, se están obteniendo resultados educativos en inglés de baja calidad.

Hacia donde se debieran enfocar los principales esfuerzos en el corto plazo es hacia la educación secundaria, ya que permitiría una rápida inserción de los estudiantes, pudiendo posteriormente optar a trabajos relacionados con el sector de exportación de servicios. Esta modalidad incluso les abriría la posibilidad de obtener ingresos mediante estudiar, al optar a trabajos de tiempo parcial.

Otras políticas mencionadas:

- Promover una cultura de excelencia mundial, a partir de varias acciones.
 - a. Contar con profesores de calidad mundial. Buscar la generación de convenios para mandar profesores al exterior para capacitarlos en materia sustantiva y en métodos pedagógicos. Asimismo, certificarlos.
 - b. Apoyar la certificación de las empresas guatemaltecas de cumplir con estándares de calidad mundial.
 - c. Tener una política migratoria que favorezca atraer y mantener talento de nivel mundial en Guatemala. Se mencionó explícitamente de Carlos Argüello, nominado a los Oscar por su trabajo. Varios mencionaron que esto podría implicar el competir con el Gobierno de Colombia, que dicen le ofreció US\$10 millones para una escuela de arte digital. Además, ven necesario el atraer a ejecutivos de industrias tecnológicas o profesores de Universidades prestigiosas para que vivan o pasen sus vacaciones en Guatemala, en lugares como Antigua Guatemala. De esta manera se pueden establecer seminarios para que ellos sean el punto de contacto con nuevas tecnologías y empresas.
- Promover en beneficio de las TIC's GT una Red de contactos que permita concretizar oportunidades de negocios. Esto implica lograr que los cónsules y guatemaltecos

emigrantes tengan un mecanismo de información que permita contactar empresas en Guatemala con oportunidades en el exterior.

- Se requiere una mayor coordinación interinstitucional dentro del Estado para reducir los procesos burocráticos, además de evaluar su funcionalidad.
- Realizar una campaña a nivel internacional que promueva una “marca-país” que resulta atractiva para los inversionistas extranjeros. La imagen de Guatemala no ha tenido avances importantes, a pesar de lo mucho que ha cambiado el país desde la nueva Constitución y los Acuerdos de paz.
- Aunque ninguno de los empresarios lo mencionó uno de los abogados mencionó que el Gobierno debiera promover la divulgación de leyes o iniciativas como las propuestas por UNCITRAL para la regulación del comercio electrónico. Específicamente señaló: comercio electrónico; compraventa internacional de mercancías; y, la ley modelo de conciliación.

Para lograr todo lo anterior, se requiere de guatemaltecos que las impulsen, por ello, se comentó la necesidad de contar con funcionarios públicos que entendieran sobre el funcionamiento del sector de servicios, específicamente:

- Un -Ministro en el tema tecnológico.
- Una -Comisión de Tecnología en el Congreso de la República
- Un Juzgado con conocimiento sobre la legislación nueva y los avances tecnológicos que puedan dar resolución rápida a los conflictos que puedan surgir en este sector.

Esto implica iniciar a realizar Políticas de Estado, superar la actitud de éxito cortoplacista. Esperamos resultados como los de Corea del Sur, Costa Rica y Uruguay, pero no reconocemos que dichos resultados fueron el fruto de un proceso largo de consolidación de políticas y de imagen internacional. Por ello, es importante la continuidad de políticas dentro de este sector.

Apoyo privado para la exportación de servicios

La Junta Directiva de AGEXPORT decidió que el año 2007 impulsaría la exportación de servicios. Según Fanny de Estrada, Directora Ejecutiva, los exportadores guatemaltecos les ha interesado a agremiarse a AGEXPORT, por su experiencia y capacidad de guiar en temas como: promoción; inteligencia de mercado; y, mercadeo del producto. Además, la metodología que desarrolla les permite trabajar juntos a empresas que suelen ser competidoras en el mercado nacional.

AGEXPORT también tiene experiencia en la generación de alianzas como lo son las alianzas que tiene con la Universidad San Carlos de Guatemala, la Universidad Rafael Landívar y el INTECAP. Esto le permite realizar procesos de coordinación, que no podrían lograrse tan fácilmente bajo otras condiciones.

De las gremiales de servicios vinculados con AGEXPORT es la de software (SOFEX) la más avanzada y estructurada. Su formación se orientó a:

- Minimizar, entre todos, el costo de realizar la inteligencia de mercados, pudiendo así generar sinergias y comunicación de la información, especialmente en empresas donde exista complementariedad de los servicios.

- Cambiar la agenda política actual, posicionando al sector de tecnología e impulsando medidas necesarias para desarrollar este sector.

Podemos mencionar los siguientes logros alcanzados por SOFEX:

- ❖ Se generó una alianza con la Universidad San Carlos de Guatemala para colaborar con la carrera de Ingeniería en Sistemas:
 - Apoyo en la modificación del programa de estudios de la carrera, para centrarlo en las necesidades reales que actualmente tiene el sector.
 - Generar una bolsa de trabajo para los graduandos. Ya existió una primera actividad, el año pasado y se consideró que el resultado fue positivo.
 - Planes de establecer un curso de actualización de los trabajadores del sector.
- ❖ Se reformuló el programa de Diseño Web de la Universidad Galileo. Esto llevó a que se repensara incluso el concepto y se mezclara el diseño y la programación.
- ❖ Se está desarrollando un Centro de Testeo, cuya finalidad es evaluar la calidad de las aplicaciones.
- ❖ Cuentan con un programa de capacitación de programadores, con el apoyo de AGEXPORT. Se enfocarán en ambiente java y .net. INTECAP no tuvo interés en apoyar esta iniciativa, aunque actualmente están desarrollan su propio proyecto.

En términos de cooperación, se mencionó el apoyo de CALUSAC, con quien eventualmente podría llegarse a un acuerdo, junto con Invest in Guatemala, para lograr una fuente de recurso humano con elevado nivel de inglés.

Promoción de exportaciones

Aunque la inteligencia de mercados no salió mencionada por los empresarios como una política que se espera del Gobierno, se obtuvo información de cómo funciona el Forum Commercial Service, que forma parte de la Embajada de Estados Unidos. Su objetivo es ayudar a las compañías norteamericanas a exportar servicios. Aunque debe señalarse que tras el DR-CAFTA, se ha incluido también cierta promoción de las exportaciones de la región Centroamérica y República Dominicana hacia Estados Unidos.

Algunas de las características mencionadas son:

- Tienen oficinas en todos los Estados norteamericanos.
- En dichas oficinas se habla con el empresario norteamericano. Se analiza su producto y se aconseja sobre potenciales mercados para realizar la exportación.
- Las oficinas dentro de Estados Unidos se ponen en contacto con las oficinas fuera de Estados Unidos para realizar las gestiones subsiguientes.
- Las empresas fuera de Estados Unidos realizan una serie de servicios:
 - Contactar a empresas con potencial interés en el producto norteamericano.
 - Organizar misiones comerciales.
 - Organizar la atracción de empresas extranjeras hacia ferias que se realizan en Estados Unidos.
 - Informes constantes sobre la situación del mercado local, como investigación de mercados y una guía comercial del país. Ver: <http://www.buyusa.gov/guatemala/en/21.html>
 - Establecer agenda de negocios para los empresarios

Cabe señalar que los incentivos han sido diseñados de tal forma que, además de la evaluación de estas labores, el puesto de trabajo se evalúa en base a haber logrado que empresas norteamericanas hayan podido efectivamente exportar. Por otro lado, estos servicios se dan al empresario a cambio de una cuota que permita recuperar el costo. En el caso de Guatemala, queda como recomendación el evaluar la situación actual del Programa de Agregados Comerciales alrededor de las siguientes características:

- Adecuado establecimiento de objetivos.
- Recursos para cumplimiento de objetivos.
- Mantener un plan de carrera e incentivos adecuados para el personal de la oficina.
- Contar con buenos mecanismos para la administración de la información, para que exista memoria institucional y retroalimentación con las empresas norteamericanas.

Además, debe evaluarse cómo lograr la mejor promoción de los servicios, dada la infraestructura institucional existente: Invest in Guatemala, PRONACOM, el Ministerio de Economía e INGUAT.

Ambiente laboral

Una de las preocupaciones del ambiente político guatemalteco es el ambiente laboral en muchas de las nuevas industrias. Por lo mismo, se ahondó en las características e una de las empresas del sector, para describir su situación:

- La edad promedio del personal operativo está entre 20 y 25 años, aunque sí hay personas mayores. No se contratan menores de edad porque carecen de la madurez para tratar bien a los clientes.
- Aunque no contaban con las cifras exactas, consideran que la diferencia no es significativa entre ambos géneros.
- Se exige como mínimo el bachillerato, aunque la mayoría estudian en la universidad, gracias a la flexibilidad de los horarios del negocio.
- No se lleva una estadística de contratación de indígenas. Pero, si se tomara como identificador étnico-cultural el apellido, el número era reducido. Se consideró que esto era producto de la situación educativa de Guatemala, ya que los indígenas del área rural tenían menos oportunidades de entrar en contacto con el inglés y la computación, requisitos básicos para ser trabajadores del Call center.
- Cuentan con algunas instalaciones diseñadas para personal discapacitado, ya que efectivamente tienen contratados a personas discapacitadas. Debido a que la productividad depende de su capacidad lingüística, servicio al cliente y manejo de la computadora, no se requieren otras habilidades psicomotrices que sí se requieren en otros empleos.
- En cuanto a los inmigrantes, la desventaja que existe es que, a pesar de tener buen nivel de inglés, no cuentan con experiencia en computación.

Para motivar a sus trabajadores, se emplean (entre otros mecanismos no revelados por ser parte de su éxito, según la misma empresa):

- Prestaciones de ley.

- Se promueve un ambiente de cooperación y no de competencia dentro de los trabajadores. Se busca que los trabajadores compartan el éxito, porque de esa manera incrementan la productividad general de la empresa y, así también, incrementan sus propios ingresos.
- Plan de carrera agresivo, lo cual permite que la gente vaya ascendiendo desde adentro de la compañía.
- Hay conciencia y acciones enfocadas a demostrarle a los trabajadores que están interesados en ellos como personas; “we care”.
- El cambio en el salario no está dado por el tiempo dentro de la empresa, sino por la adquisición de mayores responsabilidades.
- Transporte para los trabajadores que se quedan a turnos nocturnos.
- Capacitación constante, adicional al pago de INTECAP, el cual no usan.
- Un médico en cada edificio, como respuesta a la lentitud de respuesta del IGSS.

Otra empresa, involucrada en el sector tecnológico de alto nivel comentó que no cuentan con historial de conflictividad laboral en la empresa. Esto se debe al perfil de los trabajadores (bachilleres para arriba) y al trato que se le da al trabajador. Adicionalmente, cuenta con un sistema de “becas”:

- Se otorga una bolsa de estudio para los próximos 6 meses, tras terminar sus estudios de bachillerato. Esto permite evaluar el desempeño de la persona y conocer su capacidad y si conviene mantenerlo dentro de la empresa. Además, se ofrece pagar el 50% de los estudios universitarios de la persona (en temas informáticos), si ha aprobado los cursos del semestre. Esto se ha propuesto, ante la necesidad de contar con personal a nivel de desarrollo de calidad y fiel.

Desarrollo rural

Actualmente, la gente del interior del país no tiene la capacidad de poder vivir de ofrecer servicios tecnológicos, porque no existe un mercado fuerte en su localidad. Sin embargo, la posibilidad de exportar servicios les puede generar un mercado importante, pudiendo vivir de la prestación de dichos servicios, sin tener que salir de su Departamento para buscar empleo en la Ciudad Capital.

Varios de los entrevistados ven el desarrollo del interior del país ayudado mediante la implementación de Centros de Desarrollo Virtual. Se puede lograr capacitar gente en el interior del país y dotarlos de dichos lugares, desde donde pueden realizar actividades de trabajo que son exportados posteriormente. Si se pudieran generar estos Centros de Desarrollo Virtual, podría lograrse la articulación de las empresas que actualmente exportan servicios, con ingenieros en el interior del país.

Por otro lado, la exportación de servicios de mayor valor agregado puede ir unida al turismo cultural y al turismo comunitario. Esto permite generar oportunidad para profesionales y para comunidades del interior del país, desarrollándose alrededor de tres ejes: las áreas rurales, poblaciones pobres y poblaciones indígenas. Esto podría incluir la generación de paquetes, donde no sólo se visita los monumentos históricos guatemaltecos, sino también se puede convivir con la cultura viva indígena en sus propias comunidades y, al mismo tiempo, someterse a tratamientos médicos. En este sentido, AGEXPORT que tuvieron una experiencia exitosa con el Instituto

Guatemalteco de Turismo, INGUAT, para promover el turismo comunitario en 11 comunidades del interior del país.

Actualmente se considera que la ciudad de Quetzaltenango es el único otro lugar que resulta atractivo para llevar un Call center, debido a la potencial abundancia de trabajadores con un nivel aceptable de inglés. Sin embargo, en la medida que avancen otros sectores, como podría ser el turismo, uno podría vislumbrar la posibilidad de establecer Call centers en localidades cercanas a Antigua Guatemala, Panajachel, etc. Ahora bien, ello no implica que no pueda darse negocios vinculados con las Tecnologías de la Información en el área rural. Por lo mismo, se considera importante el que el gobierno introduzca cables de banda ancha en las áreas rurales, ya que esa sería una labor que los actores privados, por la poca densidad de uso, no obtendrían ganancias.

Además, podría darse una mayor descentralización del negocio en áreas periféricas urbanas pero ello dependería de que exista la infraestructura suficiente.