



9. FORESTRY

#INVESTINGUATEMALA

Industry in Guatemala

General information of the country

Capital City	Guatemala
Currency	Quetzal
Exchange Rate (2013)	1US\$ = 7.86 quetzales
Official Language	Spanish
Population	15,438,384
Labor Force (2013)	5.9 Million
GDP (2013)	US\$53.8 Billion
FDI inflows (2013)	US\$1.3 Billion
Exports (2013)	US\$10.0 Billion

Source: Bank of Guatemala and National Institute of Statistics

FORESTRY INDUSTRY in Guatemala

A photograph of a wooden suspension bridge crossing a deep, lush green forest. The bridge is made of light-colored wood and has a simple railing. The forest is dense with tall trees and vibrant green foliage. The sky is slightly hazy, suggesting a misty or early morning atmosphere.

The name "Guatemala" comes from the local term "Coactemalan", which can be translated to "land of trees". This term recognizes the country's highly fertile lands and great variety of microclimates that allow the development of a high range of wood species of the best quality, like cedar, mahogany, rosul, palo blanco, and others.

The forestry sector has shown great development possibilities. According to the information presented on the Doing Business Report 2012 study made by KPMG, the country's forestry products and raw materials have important recognitions that allows them to fulfill first-world requirements; for example, a high number of plantations are catalogued as "certified plantations". Also, the fact that exports of furniture and wood articles have a "Custody Chain" certification, which guarantees it originates from certified forests, is important for this industry and its participation in global markets.

There are several institutions that support and facilitate processes to this industry, from plantations to commercialization in international markets, making possible an increase in production (91.6% from 2001-2013, according to information from Guatemala's Central Bank) and exports (US\$80.5 million in 2013, as stated by the Forestry Cluster of Guatemala) to markets like United States, Mexico, Central America and Italy.

FORESTRY SECTOR

at Glance

Total revenue (2012)

US\$816.2 Million

Growth rate (2001-2013)

91.6%

Employment (2013)

101,600 direct jobs

Exports (2013)

US\$100 Million

Main products

Latex, rubber and natural gums, wood and wooden articles, wood paste, pencils and wood boards, doors and floors, plywood, coffins, baskets and fences

Main International Markets

USA, Mexico, El Salvador, Honduras, Costa Rica, Colombia, Peru, Panama, Chile, Nicaragua, Italy, Brazil

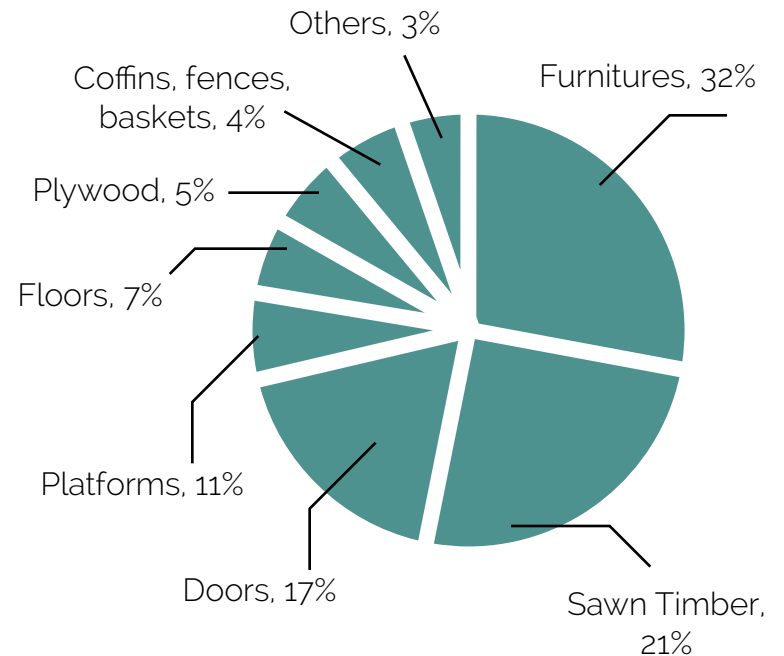
Why invest in this industry?

- Guatemala offers around 360 microclimates that allow the cultivation of endless forestry species.
- The average growth of a tree in the rest of the world is of around 80 years, while in Guatemalan soil the average growth is of around 15 years. This allows companies to have higher revenues from forestry activities.
- Excellent geographical location that allows companies to cover the national market, the Mesoamerican (Southern Mexico and Central America) and other international markets.
- The Guatemala's government offers a subsidy to institutions, companies and/or individuals that establish forestry plantations or manage natural forests, for both protection and production purposes.
- The forestry sector has an important cluster linked to the Ministry of Economy, Ministry of Agriculture and the private sector in Guatemala; which offers several benefits for the investor, the main objective is to raise the competitiveness of the sector and to promote businesses and exports.

Coactemalan, “land of trees”, has a total of 772,078.94 hectares of forest surface that allows the production of wood of the highest quality

Guatemala is a country with a high forestry potential, it has a total of 772,078.9 hectares of forestry surface, divided into Forest Concessions (62.5%), Natural Forests (25.5%) and plantations (12.0%). Of the entire forestry surface, 82% is hardwood forests, 10% coniferous and 8% are mixed forests; these shows the high variety of forestry products that are offered in the country being of attraction to both national and foreign investors.

Forestry Exports (2013)



Source: Forestry Cluster

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According to information provided by the Bank of Guatemala, the production levels of this sector in 2013 were around US\$816.2 million. The sector's growth during the last years demonstrates its dynamism; it produces mainly rubber, latex, wooden articles, furniture, paper, cardboard, pencils, and wooden boards. Also represents an important income of foreign currency for Guatemala, through its exports to the main international markets. In 2013, it registered around US\$100 millions, growing 17% in comparison with 2011. In terms of exports Guatemala's main forestry products are: furniture (32%) and sawn timber (21%). Other important export products are: doors, floors, plywood, scaffold, coffins, baskets and fences, representing 43%.

The most important markets of these exports are: Central America (El Salvador, Honduras and Costa Rica), USA and Mexico (combined receive 79% of the total exports), other important markets are Colombia, Peru, Chile, Italy, Brazil, Venezuela, Dominican Republic, Ecuador, Argentina, Belgium and Spain.

National Forestry Surface



Source: Forestry Cluster

Forestry Species in Guatemala

According to the Forestry Species' Guide published by the National Forestry Institute, a total of 979 different forest species coexist within Guatemala; of which 57 are cataloged as conifers, 64 as non-conifers and 858 as tropical species. The country has 6 different species of Palo Blanco and charcoal wood, 4 walnut species, 3 of almond, laurel, fresno, hemlock and oak; and hundreds of other species that cover the 55,000 km² (21,236 mi²) of forest in Guatemala.

Specie	Extension	Location
Pine Tree	19 thousand hectares	Verapaces, Santa Rosa, Chimaltenango, Sololá, and Quiché
Teak	17 thousand hectares	Petén, Izabal, Southern Coast
Caribbean Pine Tree	9 thousand hectares	Verapaces, Santa Rosa, Chimaltenango, Sololá, and Quiché
Melina	7 thousand hectares	Izabal, Petén, Southern Coast
Palo Blanco	6 thousand hectares	Petén, Northern Alta Verapaz, Southern Coast
Red Pine Tree	6 thousand hectares	Mountainous Regions

Relevant legal framework

The forestry sector in Guatemala is directed by the Guatemalas Forestry Law (Decree 101-96). This Law establishes the large importance of reforestation and conservation of forests, bringing opportunities for the forestry development and sustainable management. In the same way, this law designates the National Institute of Forests as the administrative and regulator entities for the sector.

This law also establishes the guidelines for industrializing the forestry sector in Guatemala.

Incentives for this industry

Guatemalan Government has developed a specific incentive named "Forestry Incentives Program" (best known as PINFOR, for its acronym in Spanish). This program seeks to offer monetary incentives to all land owners who have forestry plantations, in order to encourage reforestation or care of natural forests' projects.

The incentive varies according to the types of projects being developed; the amount for natural forests and for reforestation projects goes from around US\$950 per hectare (Q7,430.00) to US\$1,590 (Q12,400.00), and it is around US\$4,656 per hectare (Q36,456.70) for natural forests of more than 90 hectares.

As stated by the National Forests Institute, this program has been able to achieve a total of 112,341.94 reforested hectares and 216,235.38 hectares of natural forests; generating more than 195,125 jobs and offering a total monetary incentive of approximately US\$184.7 million (1.44 billion quetzals) to all applicable forestry projects.

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Other Institutions that offer support for this sector are:



National Forests Institute
www.inab.gov.gt



National Competitiveness
Program
www.pronacom.org



Guatemalan Chamber of
Industry
www.industriagate.com



Guatemalan Exporters
Association
www.export.com.gt



National Forestry Association
www.gremialforestal.com



Ministry of Energy and Mining
www.mem.gob.gt



National Forestry Statistic
Information of Guatemala
www.sifgua.org.gt

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