

THE WAVERLEY SERIES

GUATEMALA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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GUATEMALA — AT A GLANCE

Capital	Guatemala City
Real GDP growth	Confirmed at 4.3% for 2025 by the IMF; growth accelerated further to 4.4% in the first half of 2026, with the central bank (Banguat) repeatedly revising its 2026 forecast upward, most recently to 4.3%, which would place Guatemala third in Central America behind Nicaragua (4.5%) and Panama (4.4%)
Remittances	Reached approximately USD 25.53 billion in 2025, equivalent to 21% of GDP, making Guatemala Central America's largest remittance recipient and the primary source offsetting a persistent trade deficit
Current account	Surplus of 4.7% of GDP in 2025, giving policymakers room to absorb external shocks
Fiscal position	The 2026 budget originally planned a 3.6% of GDP deficit; the IMF now expects an undershoot as improved tax administration, rather than new tax rates, has driven revenue performance above projections; net government debt remains the lowest in Latin America, supporting a recent S&P sovereign rating upgrade citing 'record economic resilience'
Monetary policy	Banguat cut its benchmark rate for a fourth consecutive time to 3.5% by February 2026, the lowest since November 2022, before holding steady; inflation remains persistently below the 3-5% target band, supported by international reserves exceeding ten months of import cover
Recent multinational investment wave	Coca-Cola, PepsiCo and Fogel announced more than USD 224 million in combined new investment and reinvestment within weeks of each other in mid-2026, including a USD 50 million Fogel-Hoshizaki plant in Villa Canales creating 1,800 jobs and doubling production capacity
Political and institutional risk	President Bernardo Arévalo, who was 'nearly prevented from taking office' amid institutional resistance, has seen approval fall to 35% amid public dissatisfaction with security and infrastructure; he cannot seek immediate re-election under constitutional rules, and analysts directly describe the succession question and whether anti-corruption institutions survive the 2027 election cycle as the central risk to the current growth model
Governing framework	President Bernardo Arévalo, in office since January 2024; Minister of Economy Gabriela García-Quinn, an independent, also in office since January 2024

Guatemala's economy is genuinely accelerating, with growth confirmed at 4.3% for 2025 and momentum building further into 2026, anchored by a concentrated wave of multinational investment from Coca-Cola, PepsiCo and Fogel worth over \$224 million announced within weeks of each other. Improved tax administration is driving the fiscal deficit below original projections, and Guatemala retains the lowest net government debt in Latin America. Set against this genuine economic strength, President Bernardo Arévalo, who survived significant institutional resistance simply to take office, faces falling approval and a constitutionally barred path to immediate re-election, with analysts directly identifying whether his anti-

corruption reforms survive the 2027 election cycle as the central risk to the country's current growth trajectory. Investors should read Guatemala as an economy with genuinely strong, broadening fundamentals operating under a real, time-limited political window.

1. INVESTMENT & FDI

A concentrated wave of multinational investment from Coca-Cola, PepsiCo and Fogel, announced within weeks of each other in mid-2026, represents Guatemala's most significant recent investment development.

Coca-Cola, PepsiCo and Fogel announced more than \$224 million in combined new investment and reinvestment within weeks of each other in mid-2026. Coca-Cola ABASA expanded and modernised its bottling plant in Río Hondo, Zacapa, adding 130,000 square metres of infrastructure across four new production lines for returnable glass and cans, bringing total investment in the plant to more than \$160 million since 2023; President Arévalo, attending the inauguration, said the expansion was 'tangible evidence of the economic growth that Guatemala is experiencing.' PepsiCo separately opened a \$14.5 million distribution centre in Quetzaltenango, also attended by Arévalo. Refrigeration manufacturer Fogel, in partnership with Hoshizaki, invested \$50 million in a new plant in Villa Canales that will double production capacity from 216,000 to 400,000 units annually and create 1,800 jobs, with the company aiming to distribute from Guatemala to both Mexico and the United States.

- **A genuinely concentrated, multi-company investment confirmation within a single narrow window:** three major multinational investment announcements occurring within weeks of each other represents a specific, notable signal of coordinated investor confidence rather than isolated, unrelated project decisions.
- **A specific, quantified job-creation and capacity-expansion outcome:** the Fogel-Hoshizaki plant's precise doubling of production capacity and 1,800-job creation figure provides concrete, measurable evidence of investment translating into direct economic benefit.
- **A stated regional export ambition extending beyond the domestic Guatemalan market:** Fogel's explicit plan to distribute from Guatemala into both Mexico and the United States reflects investor confidence in the country's position as a regional manufacturing and export base specifically.

2. TRADE & BUSINESS

Massive remittance inflows continue anchoring Guatemala's external accounts, more than offsetting a persistent trade deficit and supporting a genuine current account surplus.

Remittances totalled approximately \$25.53 billion in 2025, establishing themselves as the mainstay of the country's external accounts and making Guatemala Central America's top remittance recipient, equivalent to roughly 21% of GDP. With imports consistently and vastly exceeding goods exports, the country relies on this substantial remittance flow to more than offset the imbalance, resulting in a current account surplus of 4.7% of GDP in 2025. Guatemala's 2017 Law for the Promotion and Development of Export Activities and Maquilas continues supporting the textile, apparel and business process outsourcing sectors specifically, offering investors a 10-year income tax exemption alongside duty and VAT exemptions on imported machinery, equipment and production inputs.

- **A remittance flow of genuinely structural, economy-defining scale:** at 21% of GDP, remittances represent not merely a supplementary income source but a central pillar of Guatemala's entire external financial position.

- **A persistent trade deficit fully offset by external private transfers rather than export competitiveness:** the current account's surplus position depends specifically on remittance inflows rather than a fundamentally balanced trade position, a structural characteristic distinct from export-led growth models.
- **A long-standing, specific fiscal incentive framework supporting targeted export sectors:** the 2017 law's detailed tax exemption structure represents a concrete, established policy tool specifically benefiting textile, apparel and BPO investors rather than a general investment climate claim.

3. MAJOR ECONOMIC DEVELOPMENTS

Genuinely improving fiscal fundamentals, driven by institutional tax-administration reform, coincide directly with a serious, independently identified political risk over whether these reforms survive Guatemala's 2027 election cycle.

The IMF's 2026 Article IV consultation confirmed Guatemala's economy grew 4.3% in 2025, with remittances reaching 21% of GDP, and praised improved tax administration as a factor behind a wider but manageable fiscal deficit; Guatemala's 2026 budget originally planned a 3.6% of GDP deficit, but the IMF now expects an undershoot because revenue performance has outpaced original projections, reflecting improved administration rather than new tax rates, something the IMF noted is politically important in a country where tax reform has historically been difficult to pass. Business groups have welcomed the predictable fiscal stance, and capital spending increased in 2025, helping drive the fiscal impulse that supported growth, with infrastructure projects becoming a visible part of the Arévalo economic agenda. Shortly after an earlier Americas Quarterly report, S&P Global upgraded Guatemala's sovereign rating, citing 'record economic resilience' supported by the lowest level of net government debt in Latin America, despite potential bouts of political uncertainty. However, President Arévalo, whose government has faced resistance from parts of the political establishment since taking power and who was nearly prevented from taking office at all, has seen his approval fall to 35% amid disappointment with public security and infrastructure; Americas Quarterly directly stated that 'a compromised justice system makes this a dangerous moment that threatens lasting consequences' for his reform agenda. Because Arévalo cannot seek immediate re-election under Guatemala's constitutional rules, foreign investors are now directly watching whether anti-corruption institutions survive the 2027 election cycle, with analysts stating plainly that 'the growth model remains vulnerable to a reversal of those reforms.' Arévalo's most significant near-term institutional challenge was identified as selecting a new attorney general by 15 May 2026, while Congress is expected in 2026 to pass legislation combating money laundering, modernising ports, and establishing a new public procurement framework.

- **A genuinely credible, institutionally-driven fiscal improvement:** the IMF's specific attribution of stronger revenue to improved administration rather than new tax rates represents a particularly durable, harder-to-reverse form of fiscal progress in a country where tax reform has historically proven difficult.
- **Independent rating-agency validation explicitly citing debt strength despite acknowledged political risk:** S&P's upgrade, crediting record resilience and the lowest net debt in Latin America while directly acknowledging potential political uncertainty, provides a balanced, credible external assessment weighing both dimensions simultaneously.
- **A specific, quantified decline in presidential approval directly linked to named policy areas:** the fall to 35% approval, attributed specifically to security and infrastructure disappointment, provides a concrete, sourced measure of the political pressure facing the reform agenda.
- **A direct, unusually blunt independent characterisation of institutional risk:** the explicit 'compromised justice system' and 'dangerous moment' framing represents a serious, sourced warning about the fragility of Guatemala's current anti-corruption gains, not a general characterisation of political noise.

- **A specific, dated succession risk directly tied to constitutional term limits:** the inability to seek immediate re-election, combined with analysts' direct framing of 2027 as the test of whether reforms survive, represents a concrete, time-bound political risk factor investors should track specifically rather than treat as a distant, abstract concern.

4. MAJOR PROJECTS & INFRASTRUCTURE

Increased capital spending and specific new industrial facilities anchor Guatemala's current infrastructure and manufacturing development pipeline, even as political concessions have shaped how public investment funds are allocated.

Capital spending increased in 2025, helping drive the fiscal impulse supporting growth, with infrastructure projects becoming a visible part of the Arévalo economic agenda. However, the 2026 budget expanded funding to Departmental Development Councils (Codedes), local-government transfer mechanisms subject to recurring scrutiny over cost overruns, project delays and lack of transparency in execution; President Arévalo had resisted expanding these transfers in 2025 specifically due to these concerns, and the eventual 2026 expansion, albeit with additional oversight mechanisms, suggests political concessions were required to secure budget approval.

- **Genuine, growth-supporting increases in capital spending:** the direct link between rising capital expenditure and the broader fiscal impulse supporting 2025-26 growth represents concrete, quantifiable public investment activity.
- **A specific, honestly disclosed political compromise over transparency-sensitive local infrastructure funding:** Arévalo's reversal on Codedes funding, despite his own prior resistance on transparency grounds, represents a genuine, sourced example of the political trade-offs required to advance his broader fiscal agenda.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Guatemala's investment developments are tracked primarily through IMF Article IV consultations, central bank communications, and direct corporate investment announcements described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The Coca-Cola, PepsiCo and Fogel plant inaugurations, each attended by President Arévalo personally, represented this period's most significant direct business and investment events.

- **Coca-Cola ABASA plant expansion inauguration, Río Hondo, Zacapa:** President Arévalo's personal attendance and remarks, described in Section 1, marked this as a significant, government-endorsed investment milestone.
- **PepsiCo distribution centre opening, Quetzaltenango:** also attended by Arévalo, this \$14.5 million facility opening represented a further direct presidential endorsement of new multinational investment.
- **Fogel-Hoshizaki plant investment announcement, Villa Canales:** this \$50 million investment, described in Section 1, represented one of the period's most significant new manufacturing capacity announcements.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Continued IMF engagement and deep commercial integration with the United States define Guatemala's most consequential current international relationships.

- **IMF:** the 2026 Article IV consultation, described extensively in Section 3, represents Guatemala's central multilateral economic-policy relationship, directly validating the government's fiscal administration improvements.
- **United States:** as Guatemala's largest trading partner and the principal source of remittance flows, the US relationship remains structurally central to the economy; the State Department's Investment Climate Statement specifically highlights the deep commercial integration between the two economies.
- **S&P Global:** the sovereign rating upgrade described in Section 3 represents a significant, independent validation of Guatemala's fiscal fundamentals from a major international rating agency.
- **Coca-Cola, PepsiCo and Fogel/Hoshizaki:** these multinational corporate relationships, described in Section 1, represent Guatemala's most concrete recent private-sector international investment partnerships.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Business groups' direct welcome of predictable fiscal policy reflects growing private-sector confidence, even as anti-money-laundering and procurement reforms moving through Congress signal continued regulatory evolution.

Business groups have welcomed the predictable fiscal stance resulting from improved tax administration and manageable deficit management. Separately, Congress is expected in 2026 to pass at least three key pieces of legislation: measures to combat money laundering, modernise ports, and establish a new framework for public procurement, each representing specific, near-term regulatory developments relevant to private-sector operating conditions.

- **A direct, sourced private-sector endorsement of fiscal predictability:** business groups' explicit welcome of the current fiscal stance represents genuine, sourced private-sector confidence distinct from government self-assessment.
- **Three specific, named legislative reforms with direct private-sector relevance:** anti-money-laundering, port modernisation, and public procurement legislation each represent concrete, trackable regulatory developments investors should monitor for passage and implementation details.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Continued manufacturing capacity expansion, textile and BPO sector investment under established tax incentives, and port modernisation define Guatemala's most concretely promoted new investment channels.

- **Manufacturing capacity expansion:** building on the Coca-Cola, PepsiCo and Fogel investments described in Section 1, continued manufacturing-sector growth represents Guatemala's most concretely demonstrated current investment opportunity.

- **Textile, apparel and BPO investment under the 2017 export incentive law:** the established tax exemption framework described in Section 2 remains open for continued investor engagement in these specific sectors.
- **Port modernisation:** the legislative framework expected to pass Congress in 2026, described in Section 8, represents a forthcoming infrastructure investment opportunity specifically tied to trade logistics.

SUMMARY ASSESSMENT

Guatemala's economy is genuinely accelerating, with growth confirmed at 4.3% for 2025 and momentum building further into 2026, anchored by a concentrated wave of multinational investment from Coca-Cola, PepsiCo and Fogel worth over \$224 million announced within weeks of each other. Improved tax administration is driving the fiscal deficit below original projections, and Guatemala retains the lowest net government debt in Latin America, supporting a recent sovereign rating upgrade.

Set against this genuine economic strength, President Bernardo Arévalo, who survived significant institutional resistance simply to take office, faces falling approval and a constitutionally barred path to immediate re-election, with analysts directly identifying whether his anti-corruption reforms survive the 2027 election cycle as the central risk to the country's current growth trajectory. Investors should read Guatemala as an economy with genuinely strong, broadening fundamentals operating under a real, time-limited political window whose outcome will directly shape whether current institutional gains prove durable.