

## COUNTRY PROFILE



## Guatemala

GLOBAL RANK: 82nd of 104



Guatemala ranks 85th and 71st in Economic Competitiveness and Comparative Liveability respectively, with its lower Economic Competitiveness rank explained by poor mass education and correspondingly low levels of commercialisation of innovation. An overall rank of 82nd places Guatemala low in the table.

## ● BACKGROUND

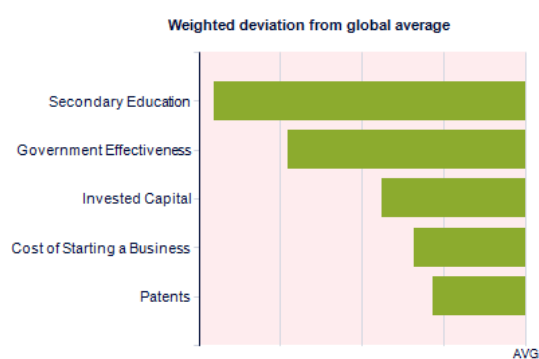
Although Guatemala's 36-year civil war ended in 1996, this Central American country is still destabilised by high levels of crime and political violence. Drug gangs wield increasing power, and there is pervasive corruption in the judiciary and security services. The agricultural sector, which employs a majority of the population, has few labour rights protections. Over 1.6 million Guatemalans have migrated to the US, and the \$4 billion they provide in annual remittances is the main source of financial support for many families.

## FAST FACTS

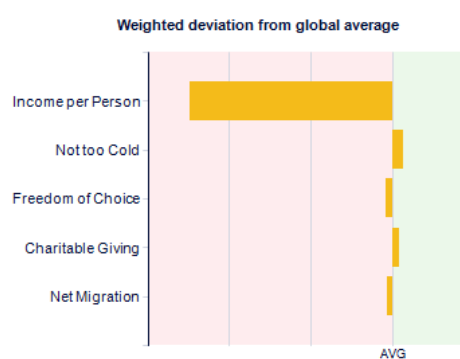
<b>Population:</b>	13 million (2008 est.)	<b>FDI (net inflow):</b>	0.66% (2005 est.)
<b>Life Today</b>	5.9 (2007 est.)	<b>Exports</b>	12.10% (2006 est.)
<b>GDP (PPP)</b>	\$62.53 billion (2007 est.)	<b>Imports</b>	33.52% (2006 est.)
<b>GDP (Growth)</b>	5.7% (2007 est.)	<b>Unemployment:</b>	3.2% (2005 est.)
<b>GDP (per Capita)</b>	\$4,700 (2007 est.)	<b>Life Expectancy</b>	69.99 years (2008 est.)
<b>Political System:</b>	Constitutional Democratic Republic		
<b>Foreign Aid:</b>	0.97% (2006 est.)		

## ● KEY SCORE DRIVERS

## ECONOMIC COMPETITIVENESS



## COMPARATIVE LIVEABILITY



Guatemala is one of the poorest and most populous countries in Central America. The economy is comparatively liberalised, and the private sector generates more than 80% of GDP. The Central American Free-Trade Agreement, which came into force for Guatemala in 2006, has contributed to increased investment in the export sector and promoted openness through freedom to trade.

Guatemala's poor government effectiveness restricts the amount of capital investment that the country is able to attract. Consequently, remittances now constitute the largest single source of Guatemalan foreign income, and total remittances are larger than the combined value of exports and tourism.

As in many Central American countries, poverty is the major challenge. The only mitigating factors for Comparative Liveability are the warm climate and the relatively low unemployment rate of 3.1%. Income per capita is half of the Latin American average, and GDP per capita is roughly half that of Argentina, Brazil, and Chile. Almost two thirds of the population live in poverty, and half in extreme poverty.

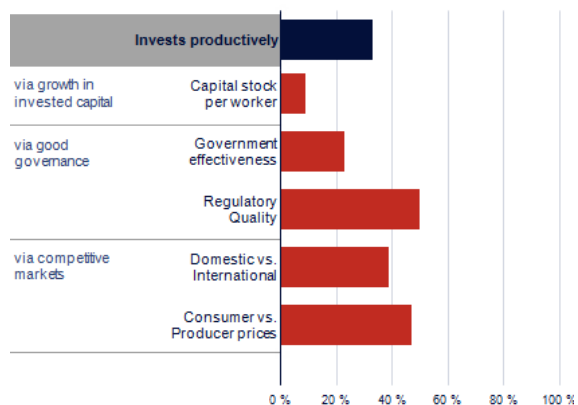
The civil war, which ended in 1996, forced many Guatemalans to leave the country. The Guatemalan diaspora, which is located mainly in the United States, is estimated to be between half a million and one million. This net migration is likely caused in part by a dissatisfaction with life in Guatemala and a search for opportunity elsewhere. The

Entrepreneurship is also seriously constrained by Guatemala's poorly-functioning government apparatus. Mass education levels are the worst in the Latin American region, with the average Guatemalan worker possessing less than one year of secondary education. Poor elite education levels also affect the level of commercialisation of innovation in Guatemala.

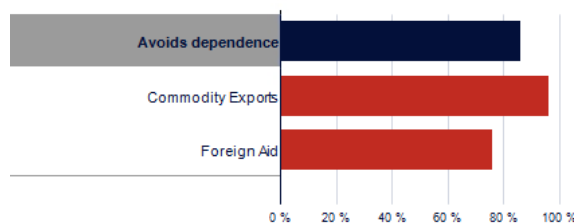
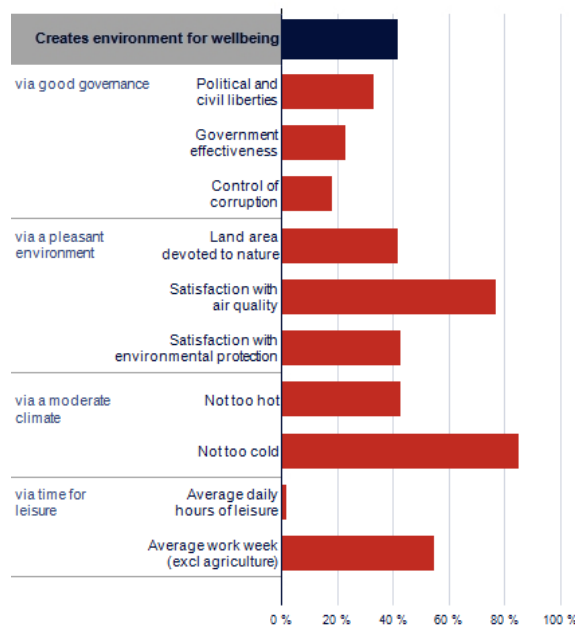
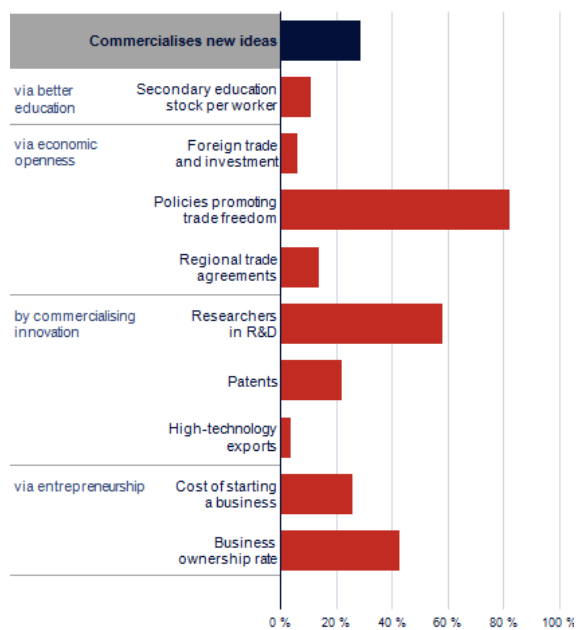
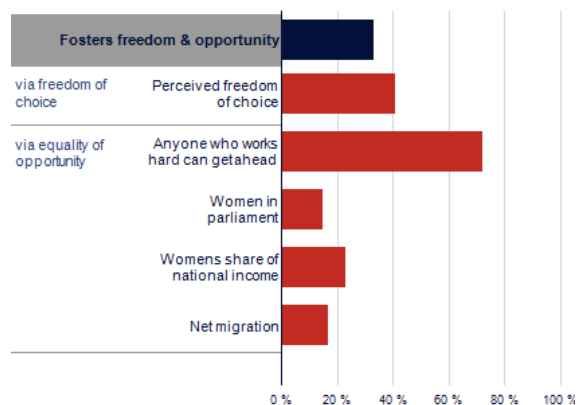
freedom of choice indicator shows that only 66%<sup>9</sup> of Guatemalans report themselves happy with their freedom to choose the course of their lives, according to the Gallup World Poll.

Two ameliorating factors do have a strong effect upon the life satisfaction score. The warm climate significantly increases life satisfaction for those at low income levels. Also, Guatemalans' substantial charitable giving, despite low income levels and migration levels, points to a high level of community involvement.

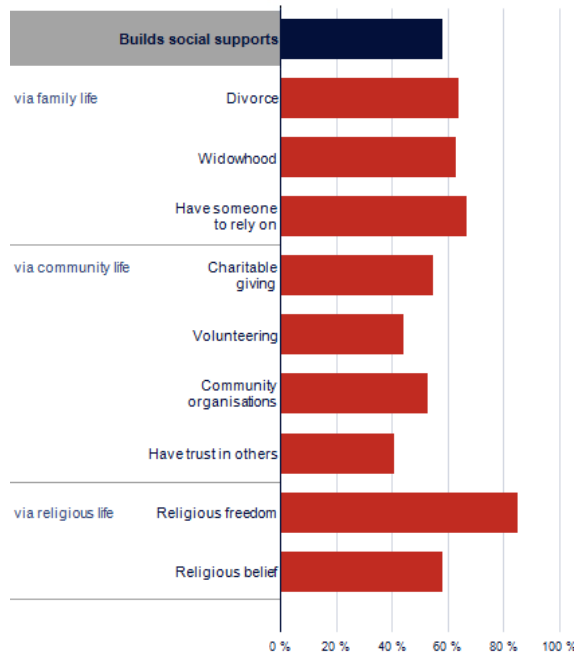
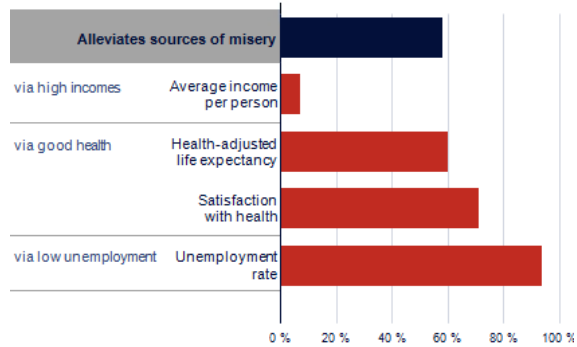
## ECONOMIC COMPETITIVENESS: SCORECARD



## COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.