

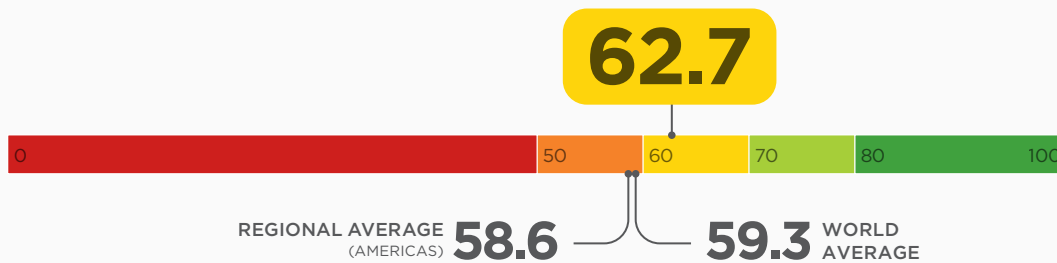
GUATEMALA



Guatemala's economic freedom score is 62.7, making its economy the 64th freest in the 2023 *Index*. Its score has decreased by 0.5 point from last year. Guatemala is ranked 13th out of 32 countries in the Americas region, and its overall score is just above the world and regional averages.

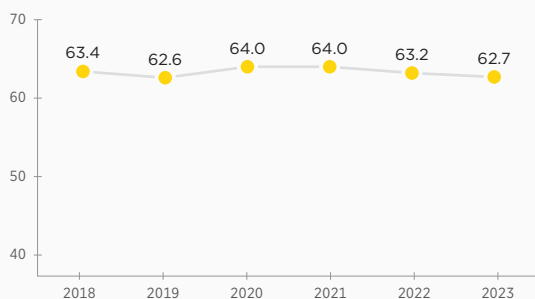
Guatemala's record on structural reform is uneven, and institutional weaknesses continue to constrain long-term economic development. The judicial system remains inefficient and vulnerable to political interference. Guatemala enjoys relatively high trade freedom, but the dynamic economic gains from trade are undercut by the absence of progress in other areas.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.1 million

GDP (PPP):
\$167.9 billion
8.0% growth in 2021
5-year compound annual growth 3.4%
\$9,154 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
4.3%

FDI INFLOW:
\$3.5 billion

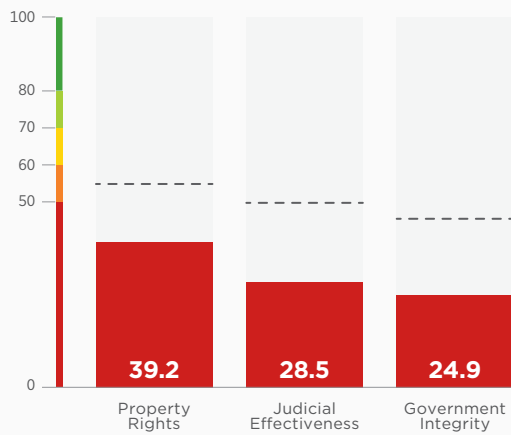
PUBLIC DEBT:
30.8% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: After a multidecade guerrilla conflict that killed more than 200,000 people ended in 1996, stability and gradual reform attracted foreign investment. President Alejandro Giammattei of the center-right Vamos party will complete his four-year term in 2023. His administration implemented the removal of the politicized, U.N.-sponsored International Commission Against Impunity in Guatemala, but corruption and a sizable bureaucracy remain constants. More than half of the population lives in poverty; remittances account for nearly 14 percent of GDP; and unemployment, particularly among young males, remains challenging. Guatemala is pursuing opportunities for growth in such strategic sectors as English-speaking call centers and textiles.

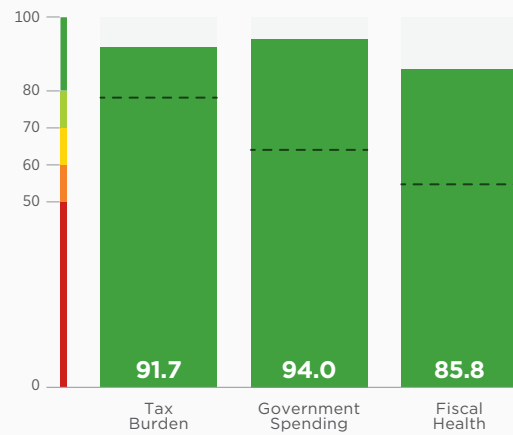
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RULE OF LAW



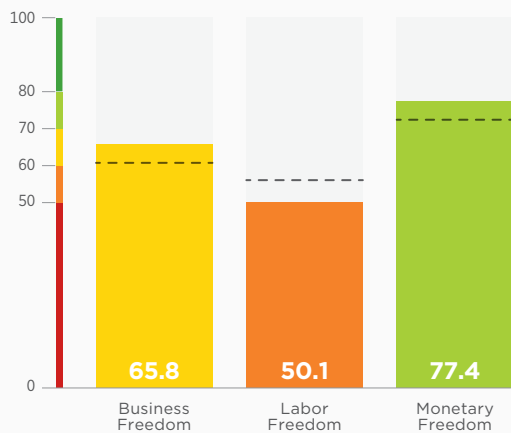
The overall rule of law is weak in Guatemala. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



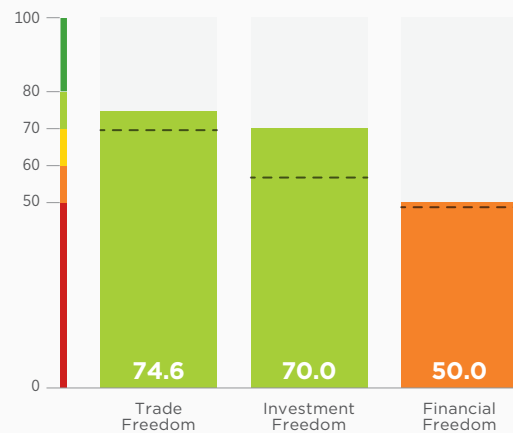
The top individual and corporate tax rates are, respectively, 7 percent and 25 percent. The tax burden equals 12.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 14.2 percent and -2.8 percent of GDP. Public debt equals 30.8 percent of GDP.

REGULATORY EFFICIENCY



Bureaucratic hurdles, including lengthy processes for launching a business and obtaining necessary permits, remain common. Labor regulations are rigid, and a large portion of the workforce is employed in the informal sector. The most recent available inflation rate is 4.3 percent.

OPEN MARKETS



The trade-weighted average tariff rate is 5.2 percent. There are no impediments to the formation of joint ventures or the purchase of local companies by foreign investors, but inefficient regulatory systems discourage investment. The overall financial sector is underdeveloped.