

GUATEMALA'S APPAREL & TEXTILE INDUSTRY

2022



VESTEX

Comisión de la Industria de Vestuario y Textiles



VESTEX

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We are the Guatemalan Apparel and Textile Association that promotes **exports** and looks after the interests of the sector through strategic alliances.

We assist Guatemalan businesses in connecting with new international clients through sourcing demands. We also assist investors in their country prospection by providing information about the sector and its operations

Private and representative entity of the sector that works together to promote the industry's exports through strategic alliances with public and private institutions at national and international level.



GENERAL SERVICES

- Representation before national and international institutions.
- Integral services with quick response to technical issues of the industry.
- Promotion of the sector at international level to generate new opportunities for the industry.
- Participation in international trade fairs to generate linkages between international clients
- Compliance tools that allow exporters to be prepared for audits by their clients and government authorities.



INVESTMENT SERVICES

- Facilitation of operational and regulatory information on the sector, tax incentives, labor schemes, free trade agreements, local regulations, among others.
- Agenda coordination with suppliers and potential allies.
- Sensitization of key actors on investment in the sector.



01

**APPAREL & TEXTILE INDUSTRY
INSIGHTS**

02

THE SECTOR ADVANTAGE

03

INVESTMENT

04

TAX INCENTIVES



OUR INDUSTRY IS OF GREAT VALUE FOR THE COUNTRY

9 %
NATIONAL GDP

180,000
JOBS
(direct + indirect)

2.5%
Direct production



6.5%
of what it contributes to
other related industries.

In garment factories, 46% of
employees are women.



A SECTOR WITH A PROVEN TRACK RECORD

The sector has operated for **more than 30 years** in the country.

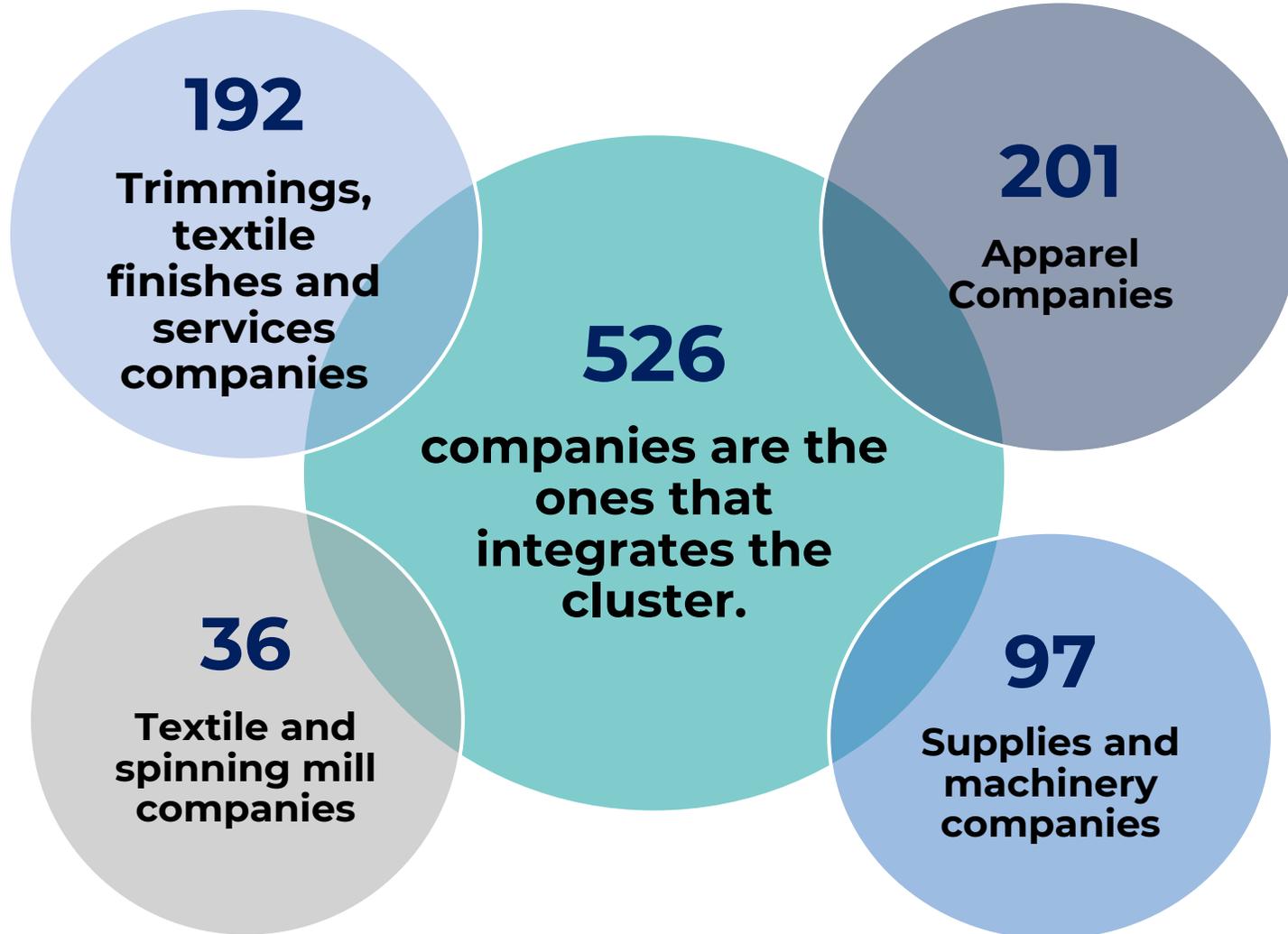
Exports 2021: US\$ 1.9 billion. Apparel and textile exports increased 33.6% compared to 2020 and 17.71% over 2019

The sector represents **14.16% of total exports**

The industry has evolved and **companies have entered more complex production stages** that allow them to respond quickly to their customers.

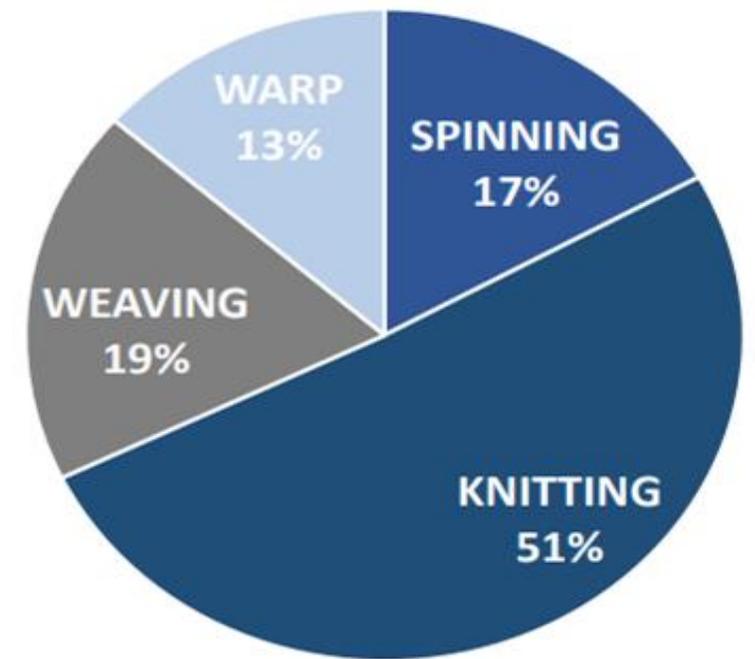


We have an integrated supply chain

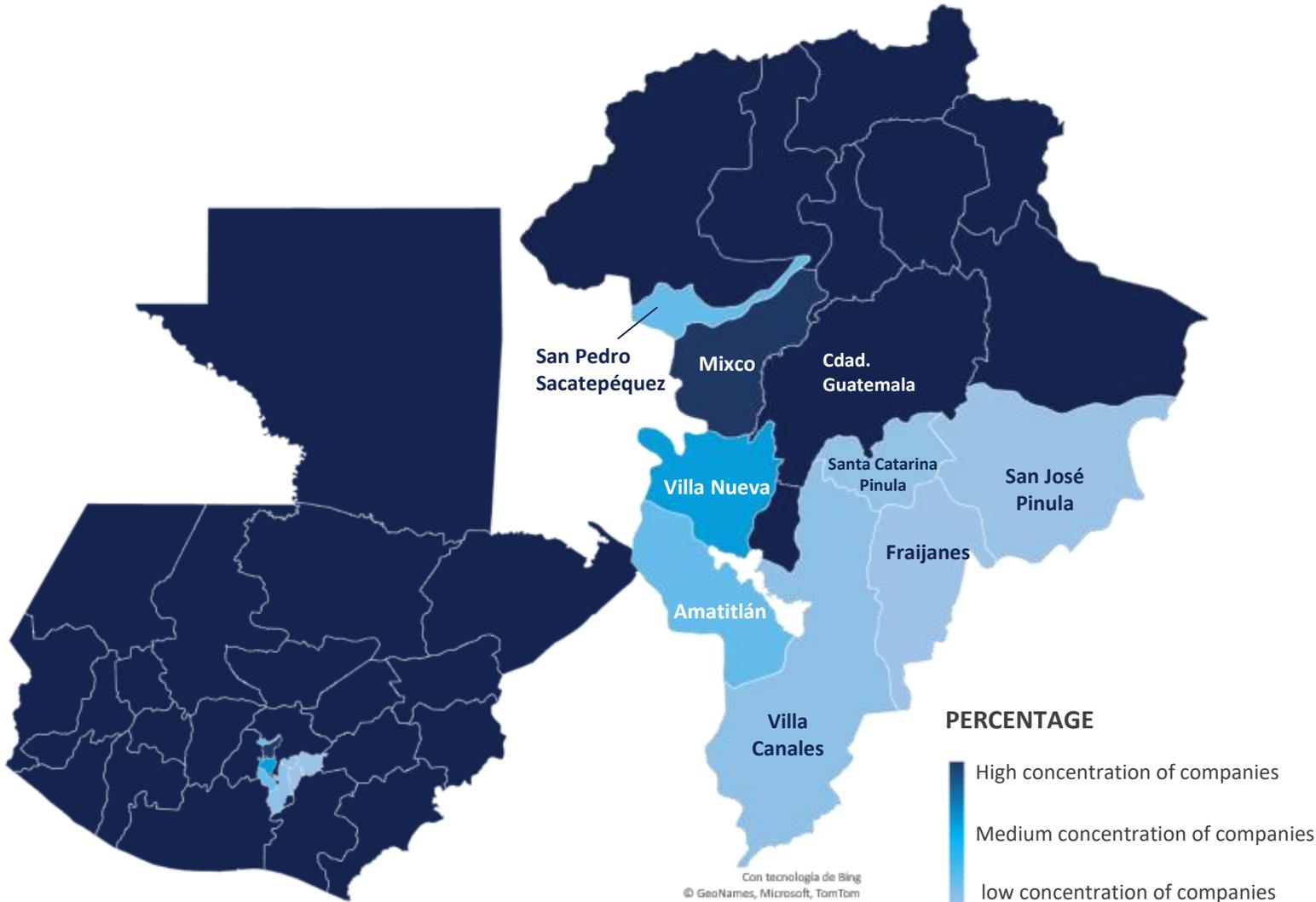


Guatemala is already on a more complex production stage

TEXTILES BY CATEGORY



The apparel and textile cluster is the **most organized and integrated in Central America** with easy access to related products and services.



The cluster ranges from spinning, yarn, fabrics, embroidery, screen printing, sublimation, accessories, dyeing and special finishes to the final product delivery,

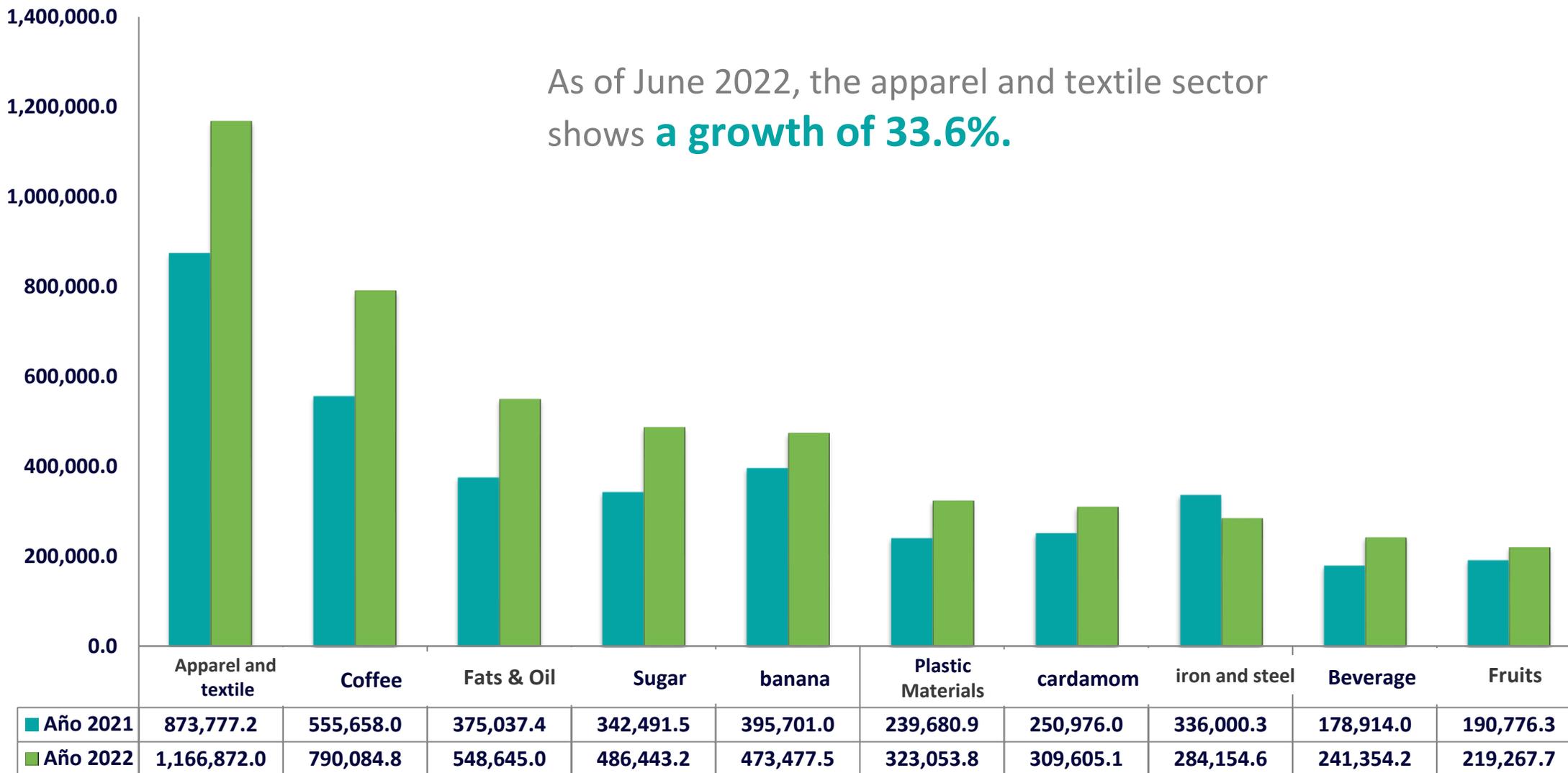
That is why Guatemala creates the products with the highest added value in the region

5 municipalities concentrate 94 % of the cluster

Municipality	%
Mixco	33%
Cdad. Guatemala	27%
Villa Nueva	20%
San Pedro Sacatepéquez	7%
Amatlán	7%

APPAREL AND TEXTILES REPRESENTS THE MAIN EXPORT PRODUCT FOR GUATEMALA

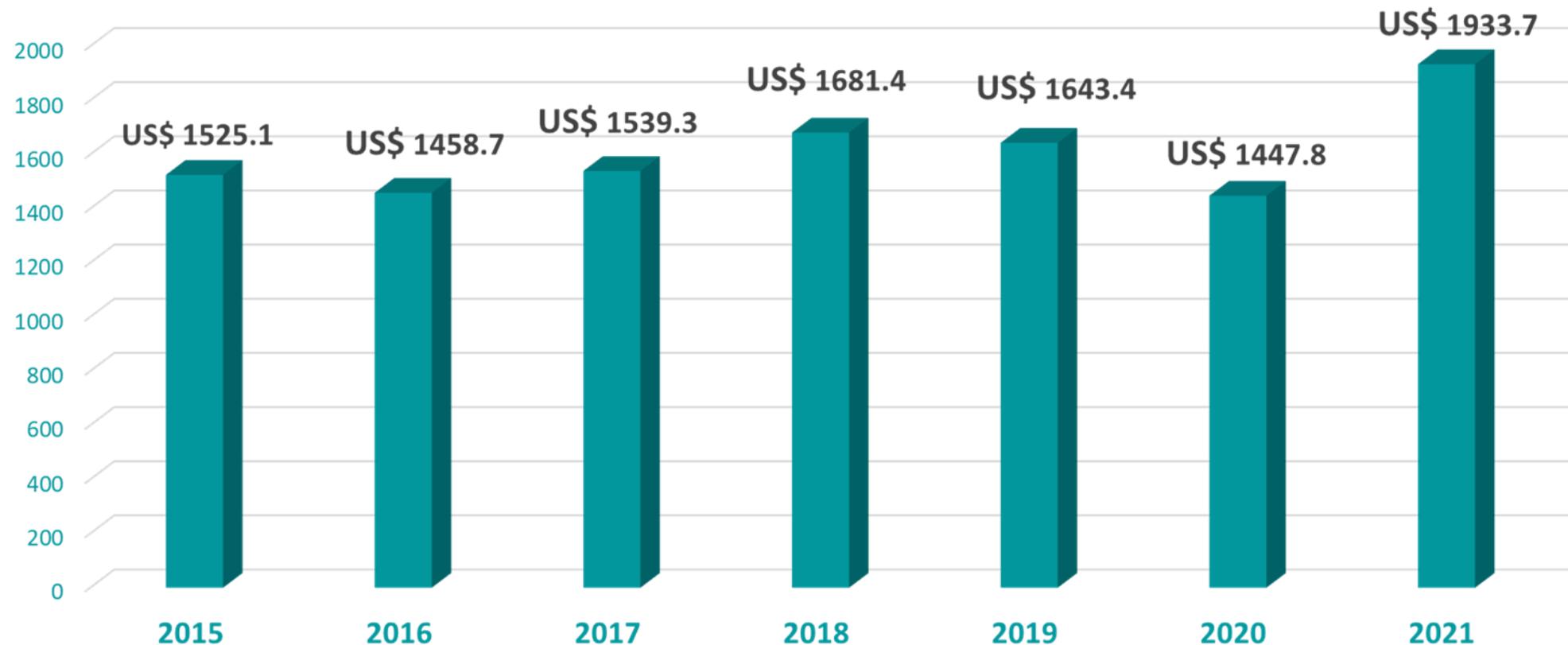
PERIOD JANUARY - JUNE 2022 figures in thousands of U\$.



Apparel & Textile Exports at historical level

In millions of US\$ dollars

Apparel and textile exports **increased 33.6%** over 2020 and 17.71% over 2019

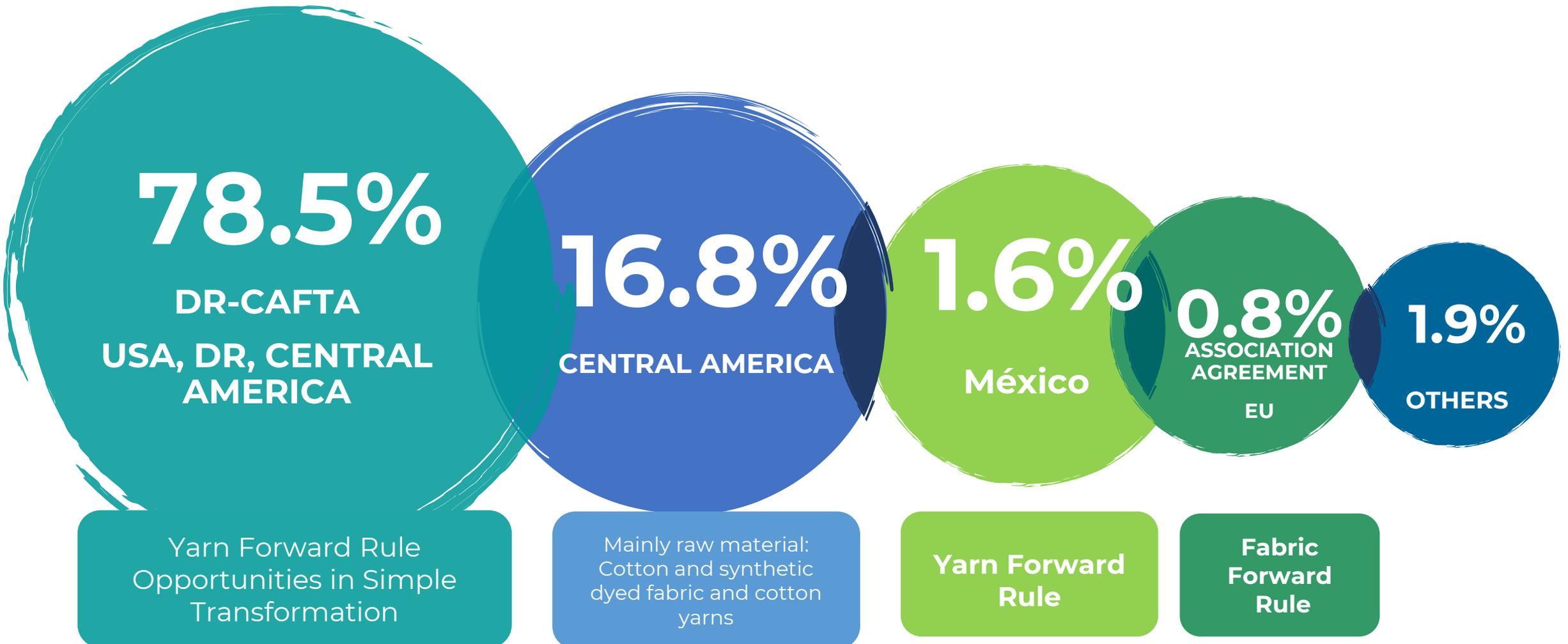


Sector participation

percentage by trade agreement

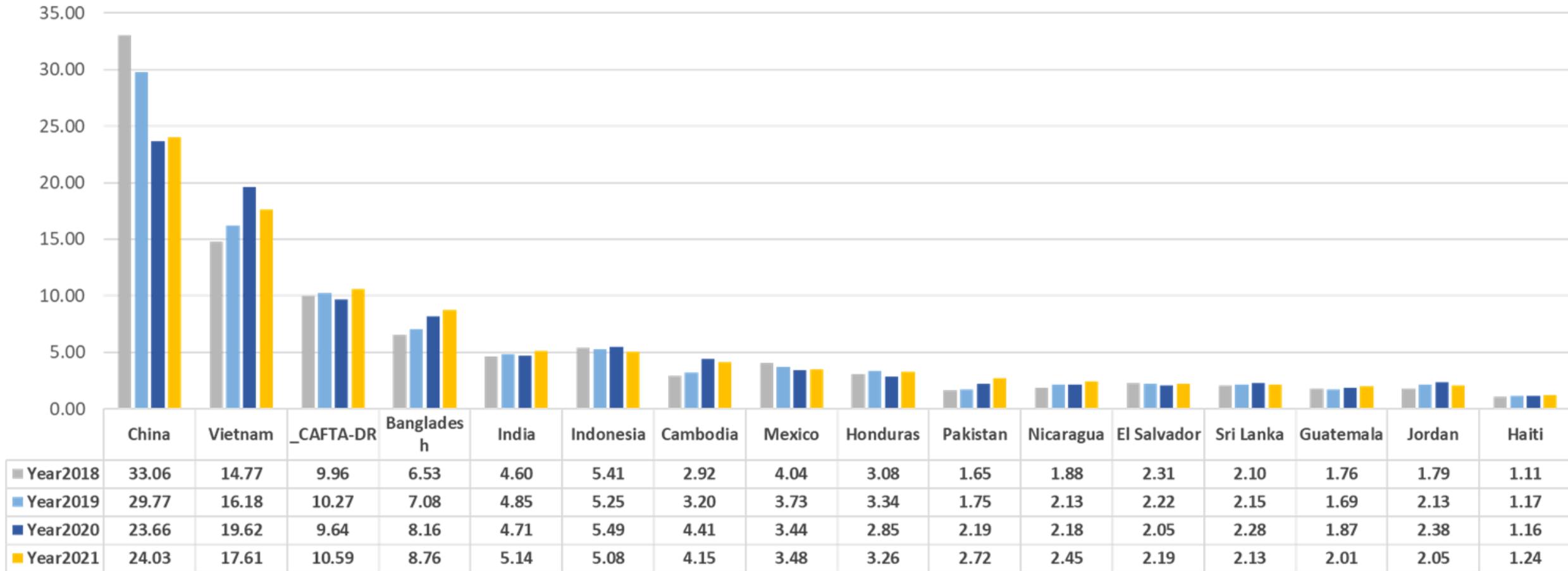


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U.S. Suppliers

Market share in value (US\$)



GUATEMALA'S MAIN EXPORT PRODUCTS

Cotton knitted T-shirts
M/B



Shorts, synthetic fiber pants,
M/B

Sweaters, pullovers of synthetic
fibers M/B



Shorts, cotton pants
M/B

Cotton dress coats



Undergarment

8 categories
account for **80%**
of exports

MAIN "MAID IN GUATEMALA" BRANDS



TARGET

Walmart
Save money. Live better.

LUCKY
EST. 1990



BRAND

KOHL'S



OLD NAVY

RALPH LAUREN



HANES
Brands Inc



GAP



Fanatics



Land'n Sea
DRESSING AMERICA

J.CREW



carhartt



PVH



By June Guatemala was the twelfth largest apparel supplier to the United States

APPAREL AND TEXTILE IMPORTS FROM THE U.S.

YEAR ENDING JUNE 2022

#	COUNTRY	EQUIVALENT SQUARE METERS		% CHANGE	% MKT SHARE
		END YEAR JUN-21	END YEAR JUN-22		
	WORLD	26,835,549,767	32,671,886,349	21.75	100.00
1	China	9,850,514,138	12,122,017,316	23.06	37.10
2	Vietnam	4,299,365,110	4,833,753,878	12.43	14.79
3	Bangladesh	2,219,831,197	3,143,400,174	41.61	9.62
	CAFTA-DR	2,601,299,868	2,902,328,745	11.57	8.88
4	India	1,117,993,217	1,516,524,966	35.65	4.64
5	Cambodia	1,228,525,253	1,416,818,911	15.33	4.34
6	Indonesia	985,888,513	1,347,743,762	36.70	4.13
7	Pakistán	793,832,006	978,097,527	23.21	2.99
8	Honduras	846,684,232	913,051,480	7.84	2.79
9	México	776,589,308	839,028,568	8.04	2.57
10	Nicaragua	522,758,330	667,175,883	27.63	2.04
11	El Salvador	638,796,452	654,545,263	2.47	2.00
12	Guatemala	359,474,612	418,176,048	16.33	1.28

SOURCE: OTEXA



Guatemala has managed to overcome the stage of basics and is in "Basic Fashion" production.

AVERAGE PRICE PER SQUARE METER EQUIVALENT

U.S. Data as of Year Ended June 2022

COUNTRY	AVERAGE PRICE SME
WORLD	2.93
China	1.86
Vietnam	3.47
Bangladesh	2.87
CAFTA-DR	3.31
India	3.53
Cambodia	2.92
Indonesia	3.91
Pakistán	2.76
Honduras	3.21
México	3.70
Nicaragua	3.43
El Salvador	2.91
Guatemala	4.50

This means that Guatemalan garments have a higher added value; Guatemala does not export simple basics. Our apparel have finishes on fabric and garment such as silkscreen printing, sublimation, accessories, which allows us to export more complex products.

Guatemalan apparel exports to the United States have a value-added component of 54.11%.

the average price per SME in the world is \$2.98, and CAFTA-DR, \$ 3.32, Guatemala's is \$4.50

This is due to Guatemala's highly integrated cluster as well as the labor force's productivity.

WE ARE IN THE TOP 10 SUPPLIERS IN 5 U.S. IMPORT PRODUCT CATEGORIES



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5th supplier

Cotton knitted T-
Shirt W/G



7th supplier

Synthetic knitter
T-Shirt M/B



6th supplier

Synthetic knitted
T-shirts W/G



8th supplier

Shorts, synthetic,
pants M/B



7th supplier

Cotton dress
coats W/G

MAIN EXPORT CATEGORIES

Year ended JUNE 2022 US\$ (in dozens)

Cotton knitted T-SHIRTS MEN/BOY Cat. 338

No.	COUNTRY	Year ending JUNE		% change
		2022	2021	
	WORLD	248,411,181	201,894,402	23.04
	CAFTA	85,578,243	74,300,928	15.18
1	Bangladesh	29,948,223	17,357,182	72.54
2	Honduras	28,339,072	23,049,474	22.95
3	India	21,948,474	17,083,715	28.48
4	Nicaragua	19,636,787	19,619,728	0.09
5	China	19,298,570	15,474,150	24.71
6	Vietnam	18,845,824	20,147,717	-6.46
7	Pakistan	17,189,178	11,684,878	47.11
8	El Salvador	15,346,712	15,072,255	1.82
9	Haití	13,338,262	12,616,215	5.72
10	República Dominicana	11,944,015	9,226,329	29.46
12	Guatemala	10,311,591	7,333,140	40.62

Cotton knitted T-shirts woman/girl Cat. 339

No.	País	Year ending JUNE		% change
		2022	2021	
	WORLD	182,769,153	150,728,155	21.26
	CAFTA	56,694,481	39,897,774	42.10
1	Vietnam	31,967,496	31,965,600	0.01
2	China	27,898,685	26,217,734	6.41
3	Nicaragua	26,920,274	15,035,384	79.05
4	Bangladesh	14,558,169	11,363,197	28.12
5	Guatemala	13,523,544	11,980,132	12.88
6	Indonesia	12,504,468	9,061,449	38.00
7	Honduras	11,956,602	9,623,429	24.24
8	Cambodia	9,843,959	9,977,553	-1.34
9	India	8,981,315	6,473,993	38.73
10	Pakistán	4,312,898	2,746,991	57.00

MAIN EXPORT CATEGORIES

Year ended JUNE 2022 US\$ (in dozens)



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synthetic knitted T-shirts men/boy CAT. 638

No.	COUNTRY	YEAR ENDING JUNE		% change
		2022	2021	
	Mundo	110,333,318	80,280,256	37.44
	CAFTA	48,175,188	36,995,028	30.22
1	Honduras	19,394,942	14,046,470	38.08
2	Nicaragua	12,021,936	8,632,545	39.26
3	China	10,987,809	7,312,616	50.26
4	Vietnam	9,588,978	6,457,553	48.49
5	El Salvador	8,560,535	7,130,791	20.05
6	Haití	6,726,185	6,325,474	6.33
7	Guatemala	6,598,093	5,281,160	24.94
8	Egypt	5,437,363	2,818,636	92.91
9	México	5,399,872	3,953,379	36.59
10	Jordan	5,344,964	4,513,187	18.43

synthetic knitted T-shirts woman/girl Cat. 639

No.	COUNTRY	YEAR ENDING JUNE		% change
		2022	2021	
	Mundo	109,191,070	98,385,119	10.98
	CAFTA	14,364,416	14,352,779	0.08
1	China	35,435,003	32,274,597	9.79
2	Vietnam	20,740,130	19,131,876	8.41
3	México	7,144,732	7,309,471	-2.25
4	Indonesia	5,601,391	5,843,149	-4.14
5	Cambodia	4,701,515	3,330,216	41.18
6	Guatemala	4,542,060	5,358,156	-15.23
7	Nicaragua	3,758,024	2,836,431	32.49
8	Haití	3,749,687	2,685,875	39.61
9	Honduras	3,484,966	3,482,892	0.06
10	Bangladesh	3,149,827	2,023,114	55.69

MAIN EXPORT CATEGORIES

Year ended JUNE 2022 US\$ (in dozens)

Shorts, cotton pants (men/boys) Cat. 348

No.	Country	Year ending June		% change
		2022	2021	
	World	124,445,683	107,691,518	15.56
	CAFTA	3,496,344	2,575,622	35.75
1	China	31,820,887	29,008,959	9.69
2	Vietnam	23,462,359	24,127,407	-2.76
3	Bangladesh	21,055,399	15,962,308	31.91
4	Indonesia	11,196,148	9,276,209	20.70
5	Cambodia	8,271,781	6,089,230	35.84
6	Pakistan	6,765,963	4,780,312	41.54
7	India	4,459,185	2,783,296	60.21
8	Egypt	2,076,124	1,535,988	35.17
9	Sri Lanka	1,883,733	1,774,390	6.16
10	Haiti	1,610,665	2,161,208	-25.47
14	Guatemala	1,010,539	652,672	54.83

Shorts, synthetic, pants (men/boy) Cat. 648

No.	Country	Year ending June		% change
		2022	2021	
	World	72,963,214	64,250,839	13.56
	CAFTA	2,938,358	2,659,420	10.49
1	China	23,403,138	20,110,629	16.37
2	Vietnam	19,545,992	19,232,749	1.63
3	Indonesia	4,906,373	3,370,821	45.55
4	Jordan	3,988,899	3,486,888	14.40
5	Cambodia	3,656,810	2,910,490	25.64
6	Bangladesh	3,336,436	2,150,464	55.15
7	Egypt	1,847,987	1,743,682	5.98
8	Guatemala	1,421,909	1,193,526	19.14
9	Lesotho	1,282,644	1,212,371	5.80
10	Kenya	1,082,641	1,037,579	4.34

MAIN EXPORT CATEGORIES

Year ended JUNE 2022 US\$ (in dozens)



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Cotton dress coats (women/girl)

Cat. 335

No.	country	Year ending June		% change
		2022	2021	
	World	8,489,265	6,396,148	32.72
	Asia	5,316,109	4,342,677	22.42
	CAFTA	561,956	266,580	110.80
1	China	3,321,155	2,594,815	27.99
2	Bangladesh	1,367,891	997,740	37.10
3	Vietnam	1,025,159	955,971	7.24
4	Pakistan	590,173	315,742	86.92
5	Indonesia	479,275	444,218	7.89
6	Cambodia	388,745	245,112	58.60
7	Guatemala	301,411	67,851	344.22
8	India	258,168	183,763	40.49
9	Nicaragua	228,877	179,083	27.81
10	Sri Lanka	104,156	68,856	51.27

Cotton undergarment

Cat. 352

No.	Country	Year ending June		% change
		2022	2021	
	World	189,784,280	183,051,381	3.68
	CAFTA	38,082,793	43,557,269	-12.57
1	Vietnam	41,242,790	38,064,851	8.35
2	Bangladesh	27,620,089	25,633,543	7.75
3	India	17,756,667	17,190,392	3.29
4	Thailand	17,249,092	15,854,454	8.80
5	El Salvador	15,898,835	17,027,337	-6.63
6	China	14,037,774	13,159,568	6.67
7	Dominican Republic	9,432,922	9,220,192	2.31
8	Honduras	8,917,644	13,703,502	-34.92
9	Sri Lanka	7,917,523	7,407,386	6.89
10	Haiti	6,912,878	4,900,421	41.07
16	Guatemala	1,450,981	1,287,896	12.66

US\$ 80 million investment in spinning mill and knitting capacity from Imperialtex



<https://www.prensalibre.com/economia/anuncian-inversion-de-us80-millones-en-nueva-planta-relacionada-con-el-sector-textil/>

US\$ 20 million investment in spinning mill from Korean Company



<https://prensa.gob.gt/comunicado/empresarios-coreanos-del-sector-textil-buscan-invertir-en-guatemala>

THE INVESTMENT IN APPAREL & TEXTILES INDUSTRY

The nearshoring trend has led companies to seek the verticalization of their operations, which is why a large part of the investment is in textiles.

Today, Guatemala is being seen as an attractive investment destination for textile companies.

Investment by label companies to strengthen the cluster



GUATEMALA CITY, Guatemala – In recent days, Miami-based Finotex, a leading brand identification solutions manufacturer, announced that their Guatemala facility has officially begun operations as of April 26.

finotex

This is just one of the many investments the company has been implementing throughout this past year in order to support growth of the near-shoring market in western

[Finotex announces opening of manufacturing plant in Guatemala | Industry News | etextilecommunications.com](#)

Investment by Spanish textile company Nextil that incorporates new products to the cluster with fabrics made by fibers such as polyamide, nylon and lycra;



Industry Talk
Nextil invests EUR 40 million in Guatemala

<https://www.prensalibre.com/economia/el-sector-de-vestuario-y-textiles-impacta-fuertemente-en-la-economia-nacional-y-para-muestra-una-nueva-empresa-se-instala-en-el-pais/>

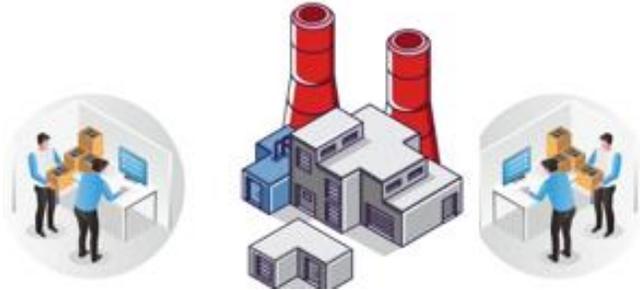
Tax Incentive Schemes in Guatemala



Decree 29-89

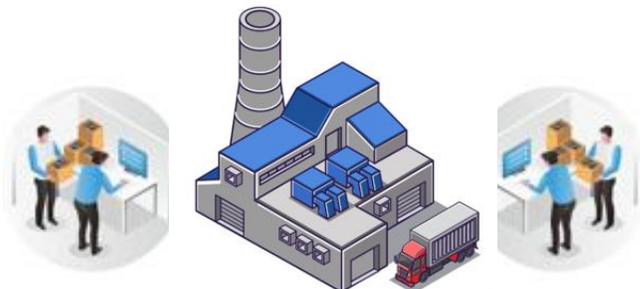
Law for the Promotion and Development of Export and Maquila Activity

- It can be installed anywhere in the country
- It does not require Customs Delegation
- Uses surety insurance
- +300 companies in the apparel and textile sector are qualified under this regime.



FREE TRADE ZONE Decree 65-89

- Delimited geographical area
- Customs Delegation in Free Trade Zones
- Most of the free trade zones are concentrated in Guatemala City.



ZDEEPS

Decreto 22-73

ZOLIC Law and Regulations Special Public Economic Development Zones

- Geographic Area Delimited
- Delegation of customs and electronic controls
- The ZDEEP's are developed in a decentralized manner.

GUATEMALA'S COMPETITIVE ADVANTAGES



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DR- CAFTA Trade agreement

(GT-SV-HN-CR-RD)

1. Yarn forward rule of origin
2. Short Supply
3. Simple transformation



Shorter transit time

17-25 weeks vs. Asia 50-68 weeks and
50 % to 65 % less than Asian countries



Energy Cost

Guatemala has the lowest prices in the region because of a deregulated energy market and a diversified energy grid.



Trend towards verticality of companies

An advantage is being close to the U.S. market and providing full service with quick response.

Contacts:

Karin De León

INVESTMENT ADVISOR DIRECTOR

kdeleon@apparel.com.gt

Andrea Mansilla

TRADE & INVESTMENT ADVISOR

amansilla@apparel.com.gt

www.vestex.com.gt



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