THE PLASTICS INDUSTRY
IN GUATEMALA

MARKET PROFILE

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I. INTRODUCTION

Country Profile

Central American country, with an area of 108,000 square kilometers and a population of about 9.5 million. It borders Mexico to the north and west, Belize and the Caribbean Sea to the east, Honduras and El Salvador to the southeast, and the Pacific Ocean to the south. The official language is Spanish. A large percentage of the business community understands and/or speaks English.

Economic Framework

The backbone of the country's economic activity are the agricultural, industrial, and commercial sectors. The agricultural activity contributes 26% to the GNP (Gross National Product). Commerce is second with 25% and industry contributes 15%. The production of goods is dedicated both to the domestic and the export markets. The monetary unit is the Quetzal and at this time, (November 1991), its value is five quetzales per U.S. dollar.

II. MARKET DESCRIPTION

Industry Profile

The plastics industry sector in Guatemala is primarily composed by 57 manufacturing concerns who service the domestic and export markets.

Most exports are generally encompassed by the incentives provided by the Promotion and Development of Export Activities and Drawback Law (decree 29-89).

Most of the companies (70%) are members of the Plastic Manufactures Union. 90% of the total plastic manufacturing production of the country is accounted for by 14 companies (SEE ANNEX A)

Of the total producing companies, 18 of them specialize in the production of plastic bags, and 3 that produce polypropylene sacks for the agricultural sector.

Imports of Raw Materials

The main raw materials used in the industry are synthetic resins, known in the industry as polyolefins. Total volume imported in 1990 is approximately 40,000 metric tons.

The main raw material suppliers in 1990 were the United States of America which supplied 86% of the total imported volume, equivalent to 34,000 tons. Canada was second with 3.7%, Mexico with 3.2% and Germany with 0.5% of the total. The remaining 7.1% comes from different suppliers in Europe, South America and Australia.

RAW MATERIALS IMPORTS

TOTAL VOLUME IN 1990

COUNTRY	TONS	PERCENTAGE %
U.S.A	34,222	85.5
CANADA	1,485	3.7
MEXICO	1,269	3.2
GERMANY	181	0.5
OTHERS	2,888	7.1
TOTAL	**40,045**	**100.0**

This raw material is used in standard processing applications as injection, extrusion, blow molding and others (thermoforming). The most widely used process in Guatemala is extrusion in which LDPE (Low Density Polyethylene) resins are used. LDPE accounts for 50% of the total of raw material imported. HDPE (High Density Polyethylene) resins is next with 30% of the total and the remaining 20% are imports of LLDPE (Liner Low Density Polyethylene).

RAW MATERIALS IMPORTS

ANNUAL VOLUME (1990)

TYPE	TONS	PERCENTAGE %
LDPE	20,022	50
HDPE	12,013	30
LLDPE	8,010	20
TOTAL	**40,045**	**100**

Synthetic resins represent the greatest volume of imports. Rigid plates of plastic material, PVC (Polyvinil Chloride) based granules and sand, polypropylene films, and manufacturing wastes are also imported in a lesser scale.

Color concentrates (masterbatches) for coloring polyethylene, polypropylene, PVC and polystyrene, are included in the total raw material import figures previously shown.

There are industries that import plastic manufacturing waste material and also collect local plastic waste, thus obtaining a domestic source of raw material.

Machinery and Equipment Imports

The machinery and equipment installed in Guatemalan factories is principally purchased in U.S.A., Germany, Japan, Austria, Italy and Spain. Machinery and equipment acquisitions are usually done through local representatives and distributors, through direct contacts with manufacturers and in specialized trade fairs which take place in different parts of the world.

It is difficult to establish the quantity of new equipment purchases, but the president of the Plastic Manufacturers Union estimated that the whole industry will make from 3 to 5 large purchases per year.

Trends and Expectations

The Guatemalan total volume of imported resins and raw material has grown in the last five years at an annual average rate of 12.5% from a total of 25,000 tons in 1986 up to 40,000 tons in 1990. Early in this period (86/87), the growth was even higher (50.7%) reaching stable levels by 1989/90.

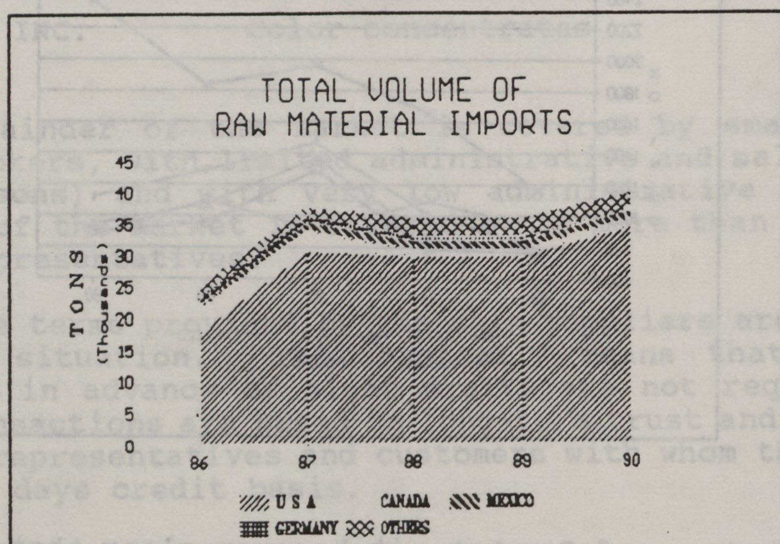
This trend is a natural consequence of the countries economic behavior which also experienced a general growth beginning in 1986, after several years of negative rate, reflecting the increase in investors confidence and the nation's economic stability.

RAW MATERIALS

YEARLY IMPORTED VOLUMES
(Thousands of metric tons)

COUNTRY	1986	1987	1988	1989	1990
CANADA	**3.6**	**3.3**	**1.1**	**0.8**	**1.5**
U.S.A.	17.3	30.4	29.7	30.0	34.2
MEXICO	1.0	1.7	1.6	1.0	1.3
GERMANY	0.9	0.9	0.7	1.0	0.2
OTHERS	1.8	1.4	3.1	2.3	2.9
TOTAL	**25.0**	**37.7**	**36.2**	**35.1**	**40.1**

In 1986, 70.6% of the total volume of raw material imported originated in the U.S.A. This volume has been gradually growing and has now reached levels which represent 85.5% of the market. (SEE ANNEX B)

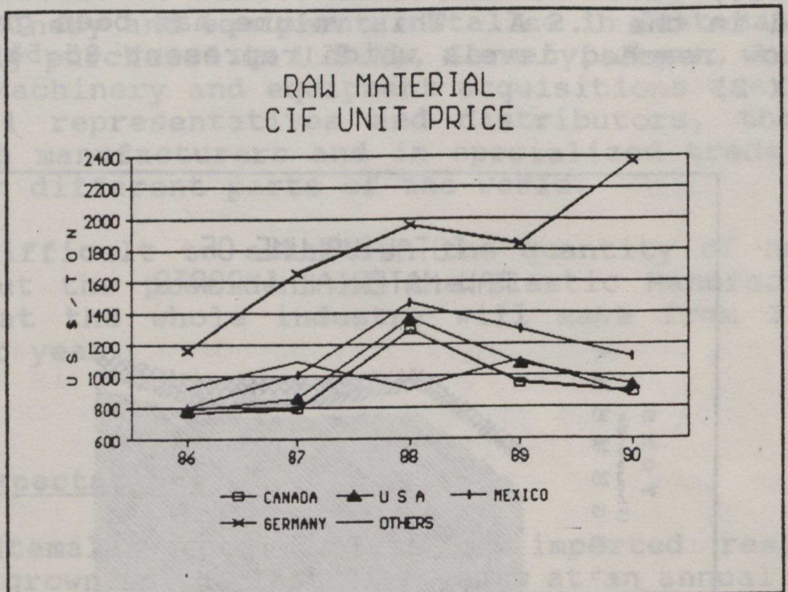


On the other hand, other importing countries have diminished their levels of participation. Such is the case of Canada, who in 1986 sold 3,600 tons equivalent to a 14.4% share of the market and in 1990 it only sold 1,500 tons representing a 3.7% share of the market.

Like the rest of countries which together account for the remaining 7% of total imports, for several years Mexico has maintained a very predictable share of the market.

From 1986 to 1990 the CIF value for imports (US$), has had an annual average growth of 17%. In general terms, the performance of the CIF per ton values for each of the supplier countries involved is very similar. (SEE ANNEX B)

When analyzing the fluctuations of the average unitary CIF price of the raw material imported, it is interesting to note that the average value is maintained between 800 and 900 dollars per ton. The exception is in 1988 when it rises as much as 1,300 $/ton. It can also be observed that, since 1986, the unitary price of Canadian raw material is lower than all the rest of supplying countries



In the case of Germany, it becomes clear that its diminishing market share percentage is due principally to its price increases. While other suppliers show signs of price declines. (SEE ANNEX B)

Main Suppliers and their representatives

80% of raw material transactions are handled by the following local representatives and/or agents.

FIRM	AGENT IN GUATEMALA	COUNTRY
Dow Chemical	Tepeca, S.A.	U. S. A.
Union Carbide	Union Carbide de Guatemala	U. S. A.
Quantum (USI)	Quantum	U. S. A.
Mobil	Muehlstein	U. S. A.
ICI	ICI Panamericana, S.	U. S. A.
Unikam	Unikam	C A N A D A

The Canadian firms represented by Unikam are:

PETROMONT INC.	LDPE FE, LDPE BM, HDPE BM, HDPE FE
ESSO CHEMICAL CO.	LLDPE FE, LLDPE IM, HDPE IM
SHELL CHEMICAL CO.	PP IM, PP BM PP RG
SYNERGISTICS	PVC compounds
POLYALLIANCE INC.	Color concentrates

The remainder of the market is covered by small companies acting as brokers, with limited administrative and sales personnel (1 or 2 persons) and with very low administrative and overhead costs. 80% of the market is covered by no more than 10 companies acting as representatives.

The sale terms provided by the main suppliers are based on an open credit situation. This basically means that letters of credit, cash in advance or sight drafts are not required. Most business transactions are based on long-term trust and knowledge of their local representatives and customers with whom they work on a 30, 60 or 90 days credit basis.

There is consensus among the industry experts interviewed, that the plastic products market is far from being saturated and that demand is growing at an estimated annual rate of 15%.

III IMPORT AND CUSTOM CONSIDERATIONS

Raw material for the plastic industry pay custom duties of 8% Ad Valorem of the CIF price plus and additional 7% for Value Added Tax.

Freight considerations are most important to be competitive in the Guatemalan marketplace. Freight and insurance from a U.S. port to Santo Tomás de Castilla in Guatemala's Atlantic coast is of 4.6 U.S. cents per pound equal to $101.20 per ton, while freight from Canada increased 2 additional cents or $44.00 per ton. To offset this price disadvantage, it is important to offer customers other incentives. The most important would be delivery times because the most expeditious they are it translates into inventory reductions and thus into cost reductions. The quality of the product and favourable sale terms are also important considerations.

IV. END USERS IN GUATEMALA

The principal users of plastic raw material in Guatemala are listed below. (PLEASE SEE ANNEX A FOR A COMPLETE LISTING)

Fabrica de Plásticos La Luz	Helenoplast
Lacoplast	Oreplast
Tubovinil	Geoplast
Guateplast	Inyectores de Plástico
Extrudoplast	Olefinas, S.A.
Polidustrias, S.A.	Prepac C.A.
Termoform	

V. REPRESENTATIVES AND DISTRIBUTORS

In addition to the big companies that handle the greatest percentage of raw material imports, are the following:

TECUN, S.A.
Mr. Federico Moreno, General Manager
3a. Calle 3-60, Zona 9
Guatemala C. A.

Phone: 346534-365783 to 87
FAX: (502-2) 346550

J. C. NIEMANN
Eng. Juan Niemann, General Manager
Calle Mariscal Cruz 10-69, Zona 5
Guatemala C. A.

Phone: 315454
FAX: (502-2) 347453

REPRESENTACIONES ULYSES DENT
Mr. Ronald Dent, General Manager
Vía 4, 3-62, Zona 4
Guatemala C. A.

Phone: 316661-313844-316126
FAX: (502-2) 314968

JOSE GOUBOUD & CIA LTDA.
Mr. Carlos Gouboud, General Manager
Avenida La Reforma 13-70, Zona 9, Oficina 2D
Guatemala C. A.

Phone: 312559-345121
FAX: (502-2) 316395

SINASA
Mr. Luis González, General Manager
5a. Calle 1-37, Zona 9
Guatemala C. A.

Phone: 347372-347371-365677
FAX: (502-2) 365677

PROQUIRSA
Mr. Julio Villagrán, General Manager
4a. Avenida 3-68, Zona 9
Guatemala C. A.

Phone: 313644-318523-320677
FAX: (502-2) 347686

REPRESENTACIONES ESKENASY
Eng. Jorge Antonio Eskenasy, General Manager
2a. Calle 32-36, Zona 7
Guatemala C. A.

Phone: 932388
FAX: (502-2) 930135

TRANSMERIDIAN
Mr. Carlos Humberto Rodriguez Palencia, General Manager
7a. Avenida 5-10, Zona 4
Centro Financiero Torre II, Nivel 15
Guatemala C. A.

Phone: 366624-367709
FAX: (502-2) 366017

QUIMICA HOECHST DE GUATEMALA, S.A.
Mr. Manfred Barckhausen, General Manager
Carretera Roosevelt Km. 15.5, Zona 11
Guatemala C. A.

Phone: 954009-954003-954012-954004
FAX: (502-2) 954016

REPRESENTACIONES ROSEMBERG, S.A.
Mr. Henry Rosemberg, General Manager
14 Calle 7-49, Zona 9
Guatemala C. A.

Phone: 318153-319217-342579
FAX: (502-2) 342577

PLASTICO INDUSTRIAL CENTRO AMERICANO, S. A.
Eng. Francisco Saravia Castillo
10a. Avenida 21-71, Zona 1
Guatemala C. A.

Phone: 511119-29129
FAX: (502-2) 20396

D:@AQ@PLASMEMB.WQ1

A N N E X A

MEMBERS OF THE PLASTIC MANUFACTURERS UNION

COMPANY	ADDRESS	REPRESENTATIVE	POSITION
ALEPH S.A.	15 CALLE 12-62 ZONA 1	SR. RICARDO SAMUEL MISHAN SMEKE	G.MANAGER
ARISTOPLAST S.A.	6 CALLE 9-58 ZONA 1	SR GIORGIOS SOFIANOS DIMITROPOLOU	G.MANAGER
BIC DE GUATEMALA S.A.	33 CALLE 26-38 ZONA 12	LIC OTTO GERARDO MORALES	G.MANAGER
CIA GUATEMALTECA INCATECU S.A.	KM 13.5 CARR.ROOSEVELT Z.7	LIC MARIO ANTONIO GARCIA CABRERA	G.MANAGER
CONSTRUCTORA Y LOTIFICADORA S.A.	12 AVE.13-21 ZONA 11	SR DAVID FARCHI SULTAN	G.MANAGER
CORPORACION MARNEL	VIA 3, 6-28 ZONA 4	LIC RUBEN ENRIQUEZ	G.MANAGER
DISTRIBUIDORA CAMY	4 AVENIDA 6-30 ZONA 4	SR JUAN MANUEL GARCIA SAENZ	G.MANAGER
DUROPOR S.A.	KM 26.5 CARR. AL PACIFICO	SR ERICK HARTLEBEN JORDENS	PRESIDENT
* EXTRUDOPLAST	18 CALLE 19-53 ZONA 10	ING RAUL RODRIGUEZ RUANO	G.MANAGER
FABRICA DE BOTONES DEL VALLE	AVE. PETAPA 41-06 ZONA 12	ING CARLOS WOC KAN	G.MANAGER
* FAB. DE PLASTICOS LA LUZ S.A.	1 CALLE 34-47 ZONA 7	ING GERARDO URRUELA KONG	G.MANAGER
* FABRICA HELENOPLAST S.A.	AVE PETAPA 53-00 ZONA 12	SR CARLOS AUGUSTO VALDEZ F.	G.MANAGER
* FABRICA LACOPLAST	2 AVE # 168, EL TESORO Z11	SR NICOLAS BATZAKIS GEORGANT	G.MANAGER
* FABRICA OREPLAST	41 AVE LOTE 42, LA ESC. Z11	SR CARLOS RENE ORELLANA PALMA	G.MANAGER
* FABRICA TUBOVINIL S.A.	AVE FERROCARRIL 16-17 Z12	ING RICHARD KOHLER GEBHART	G.MANAGER
FIBRAPLAST	10 AVENIDA 20-29 ZONA 1	ING RENATO RIVANO	G.MANAGER
* GEOPLAST S.A.	CALZADA ROOSEVELT 35-85 Z11	SR DIEGO DOMINGUEZ CARO	G.MANAGER
* GUATEPLAST S.A.	2 CALLE A 8-72 ZONA10	LIC TOMMY RYBAR LEICHTAG	G.MANAGER
INDUPLASTIC S.A.	29 CALLE 3-65 ZONA 12	SR ESTUARDO ZIMERI CATAN	G.MANAGER
IND.METALOPLASTICA GUATEMALTECA	19 AVE 7-89 ZONA 11	SR JOSE LUIS MICKEL LINARES	G.MANAGER
INDUSTRIAS DECOR'S S.A.	10 AVE 4-30 ZONA 1	SR ALFREDO NEGREROS HURTARTE	MANAGER
INDUSTRIAS LAGRANGE	15 AVENIDA 2-13 ZONA 1	SR JULIO ROBERTO ESPINOSA SARTI	G.MANAGER
* INYECTORES DE PLASTICO S.A.	AVE PETAPA Y 56 CALLE Z 12	ING JUAN ALBERTO MARTINEZ PAREDES	G.MANAGER
ITALAGRO	15 AVE 40-72 ZONA 8	SR FRANCISCO ROBERTO GUGLIELMI	G.MANAGER
MOLDES Y MATRICES	19 AVENIDA 9-61 ZONA 11	SR GERHARDT MOLLER	G.MANAGER
MULTIPLAST S.A.	48 AVENIDA 5-20 ZONA 7	SR CLIMACO A. MORALES	G.MANAGER
NEOPLAST S.A.	19 AVE 6-41 ZONA 11	SR NICOLAS BATZAKIS NICOLAKAKIS	G.MANAGER
NOVAPAK S.A.	AVE PETAPA Y 39 C 18-45 Z12	SR ANTONIO MOISES LAMA ZIMERI	G.MANAGER
* OLEFINAS S.A.	8 CALLE 3-68 Z1 V.NUEVA	ING SERGIO URIBE A.	G.MANAGER
PLASTIKAL	13 CALLE 0-40 ZONA 12	SR FERNANDO FUENTES ROY	G.MANAGER
PLASTICOS DEL CARIBE S.A.	26 AVE 33-75 ZONA 12	SR CARLOS E. FUENTES Q.	G.MANAGER
PLASTICOS ESTRUCTURALES	3 AVE 39-61 ZONA 8	ING ANGEL IVAN MARTINEZ MUNOZ	G.MANAGER
PLASTOMECANICA S.A.	KM 15.5 CARRETERA AMATITLAN	LIC MARIA GARAVITO QUINONEZ	G.MANAGER
* POLINDUSTRIAS S.A.	KM 12 V.CANALES,B.DEL MONTE	ING CARLOS ARTURO SIERRA GROSS	G.MANAGER
POLYMER S.A.	CALZ AG.BATRES 34-08 ZONA 11	ING RICARDO SANTOS MARTINEZ	G.MANAGER
* PREPAC CENTROAMERICANA S.A.	1 AVE 35-41 ZONA 12	SR JAIME JIMENEZ S.	G.MANAGER
PRODUCTOS DE FANTASIA S.A.	5 AVE B 3-51 ZONA 9	SR SERGIO FERNANDO DACARET MOURRA	PRESIDENT
PRODUCTOS Y SUELAS DE URETANO	48 AVE 1-68 EL ROSARIO Z7	SR WILLIAM RENE VALDEZ RAMIRES	G.MANAGER
AUTOPRIN & CO LTDA	10 AVENIDA 31-39 ZONA 5	SR ENRIQUE ARIMANY RIBE	G.MANAGER
* TERMOFORM S.A.	CALZ. AG. BATRES 37-00 Z11	SR LUIS ROBERTO CEREZO HERRARTE	G.MANAGER
VAJILLAS EMILCA S.A.	27 AVE 33-04 ZONA 12	SR EDGAR EDMUNDO NANNE VILLAGRAN	G.MANAGER
VR COMERCIALES	1 CALLE B 12-86 Z1	SR JOSE ANTONIO ARRIVILLAGA AVILA	OWNER

* = MANUFACTURERS THAT CONTROL 90% OF THE COUNTRY PRODUCTION

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ANEXO B

FUENTE BANGUAT

IMPORTACIONES DE MATERIA PRIMA

VALOR CIF: MILES DE DOLARES
VOL: TON METRICAS

PARTIDA ARANCELARIA: 39020300
PRODUCTOS DE POLIMERIZACION EN FORMAS PRIMARIAS

	1986			1987			1988			1989			1990		
PAIS	VALOR CIF	%	VOL	VALOR CIF	%	VOL	VALOR CIF	%	VOL	VALOR CIF	%	VOL	VALOR CIF	%	VOL
CANADA	2771.5	13.7	3595.7	2613.6	7.8	3308.9	1407.7	2.9	1088.4	733.6	1.9	770.6	1330.7	3.5	1484.5
EUA	13853.4	68.7	17641.8	26077.8	78.0	30364.8	40564.3	83.5	29660.7	32348.9	83.5	30048.9	32123.3	85.0	34222.3
MEXICO	838.7	4.2	1047.1	1674.6	5.0	1660.6	2406.1	5.0	1641.7	1239.6	3.2	956.4	1414.8	3.7	1269.4
ALEMANIA	1085.2	5.4	931.9	1538.5	4.6	930.0	1318.6	2.7	673.4	1851.6	4.8	1008.0	427.8	1.1	180.8
OTROS	1627.5	8.1	1758.7	1515.8	4.5	1387.3	2897.3	6.0	3138.7	2554.3	6.6	2312.7	2494.6	6.6	2888.4
TOTAL	20176.3		24975.2	33420.3		37651.6	48594.0		36202.9	38728.0		35096.6	37791.2		40045.4

VOLUMEN TOTAL DE IMPORTACIONES
(TONELADAS METRICAS)

	1986		1987		1988		1989		1990	
PAIS	VOL	%	VOL	%	VOL	%	VOL	%	VOL	%
CANADA	3595.7	14.4	3308.9	8.8	1088.4	3.0	770.6	2.2	1484.5	3.7
EUA	17641.8	70.6	30364.8	80.6	29660.7	81.9	30048.9	85.6	34222.3	85.5
MEXICO	1047.1	4.2	1660.6	4.4	1641.7	4.5	956.4	2.7	1269.4	3.2
ALEMANIA	931.9	3.7	930.0	2.5	673.4	1.9	1008.0	2.9	180.8	0.5
OTROS	1758.7	7.0	1387.3	3.7	3138.7	8.7	2312.7	6.6	2888.4	7.2
TOTAL	24975.2		37651.6		36202.9		35096.6		40045.4	

MATERIA PRIMA
PRECIOS UNITARIOS CIF (US$ / TON)

PAIS	86	87	88	89	90
CANADA	771	790	1293	952	896
EUA	785	859	1368	1077	939
MEXICO	801	1008	1466	1296	1115
ALEMANIA	1165	1654	1958	1837	2366
OTROS	925	1093	923	1104	864
TOTAL	808	888	1342	1103	944