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Because of its geographical location in the Central American isthmus, Guatemala is a privileged country, serving as a commercial bridge between North and South America. The population of the country is about 11.24 million (according to the last population census, carried out in 2002). In 2004, Guatemala registered a growth rate of 2.7%, an inflation rate of 9.23%, a monetary reserve of \$3.5 million, and an average exchange rate of Q7.74 to \$1 (although at the time of writing the exchange rate is in decline, being registered at about Q7.6 to \$1). The government has made big efforts to encourage foreign investment, promoting a more favourable and attractive environment for investors. According to official data there are around 90 financial institutions in Guatemala, including the Central Bank, private banks, insurance companies, finance companies, general warehouses of deposit and stock exchanges – all institutions that facilitate the economic and financial development of the country.

Trade and finance activities in the country are regulated by: the Commercial Code, the Law of the Stock and Merchandise Market, the Law of Free Negotiation of Foreign Currencies, the Organic Law of the Central Bank, the Monetary Law, the Law of Financial Supervision, the Law of Insurance Companies, the Law of Banks and Financial Groups, the Law of Financial Companies, and the Law against Money and Other Assets Laundering.

Corporate activity is regulated mostly by the Commercial Code. The following legal institutions fall under the ambit of the Commercial Code: (i) commercial companies – that is, general partnerships, limited partnerships, limited liability companies, corporations and joint-stock companies; (ii) the merger and transformation of companies – comprising the procedures by which companies can be merged or transformed, and the effects of such activities; and (iii) certain regulations on the protection of free trade, which includes anti-monopoly and unfair competition provisions.

Important reforms to commercial and financial laws were made some years ago, influenced by technological advancements, innovative structures and international financial markets. An efficient supervision and a stable and more solid financial

system were needed to achieve the stability of the financial system. A more reliable, solvent, modern and competitive system that would contribute to the growth of the national economy and that could respond to the globalization phenomenon, the opening of markets, and international financial standards was required.

With regards to the financial activities, the Guatemalan Monetary Board is in charge of determining the monetary, exchange and credit policies of Guatemala, with the Central Bank dependent on this institution. The Bank Superintendency in Guatemala is also regulated, and has a supervisory duty over the country's banks and credit institutions, finance companies, bond companies and insurance companies. The Bank Superintendency in Guatemala acts under the direction of the Monetary Board, and is organized in accordance to the provisions of the Law of Financial Supervision.

Guatemala has one of the most adequate legal structures for financial growth in the region, and the current Law of Banks and Financial Groups was created to stabilize the Guatemalan financial system. This legislation has the task of regulating the creation, organization, mergers, activities, operations, functioning, suspension of operations and liquidation of banks and financial groups, as well as the establishment and closing of branches and of representative offices of foreign banks in Guatemala. In summary, the new banking legislation follows the Basel Agreement. One of its more important regulations is the creation of financial groups, the incorporation of multi-banking institutions, and the replacement of the public principle of banking operations by the private principle that banks can do everything that the law does not expressly forbid them to do. This process of financial modernization in Guatemala started in 1993, it was consolidated at the bank level in 2002, and the phase of consolidation of more modern legislation on insurance matters (including regulation on provisional insurance and mutual funds) is ongoing at the time of writing.

Stock market activity has increased considerably in Guatemala, as can be seen in the stock market's (*Bolsa de Valores Nacional*) operations report covering July to December 2004. This report shows that during the second semester of 2004, activity on the private primary market was 20% higher than during the same period in 2003, having reached Q317 million.

Corporate and commercial

Recommended firms

Tier 1

Carrillo y Asociados

Consortium – Rodríguez Archila Castellanos Solares & Aguilar

Mayora & Mayora

Tier 2

Bonilla Montano Toriello & Barrios

FA Arias & Muñoz

Quiñones Ibargüen & Luján

Tier 3

Arenales & Skinner-Klée

Beltranena de la Cerda y Chavez

Saravia y Muñoz

Tier 4

Díaz-Duran & Asociados – Central Law

Viteri & Viteri

Carrillo y Asociados

Carrillo y Asociados is one of Guatemala's top choices for corporate and financial law advice, and boasts an excellent, well-respected practice. The firm is a member of several international law firm networks, including Terralex, the World Services Group, the State Capital Law Firm Group and the International Business Law Consortium, which provides it with valuable access to a wealth of legal talent outside of Guatemala. The firm's impressive client list includes Lloyds TSB Bank, the Microsoft Corporation, and the Ventana Mining Corporation.

Carrillo y Asociados' recent instructions include representing Lloyds TSB Bank on its acquisition by Banco Cuscatlán de Guatemala, and advising United Parcel Services (UPS) on its acquisition of several companies in Guatemala and on the eventual merger of UPS Freight Services Guatemala into UPS SCS Guatemala.

Glenan Trading Corporation also turned to the firm for advice on its acquisition of the company responsible for distributing various important Chilean products in Guatemala. On the due diligence process and acquisition of Burns Philp Guatemala, Carrillo y Asociados represented Associated British Foods.

Leading lawyer

Alfonso Carrillo

Key contact partners

Alfonso Carrillo

Analucía Carrillo

Liz Gordillo

Consortium – Rodríguez Archila Castellanos Solares & Aguilar

Rodríguez Archila Castellanos Solares & Aguilar is one of five leading central American firms that have joined together to create one regional firm. Together with Costa Rica's Laclé &

Gutiérrez, Delgado & Cevallos of El Salvador, Honduran firm JR Paz & Asociados and Nicaragua's Taboada & Asociados, the new alliance will be referred to collectively as Consortium.

As for Rodríguez Archila itself, the firm's very active practice has won roles on plenty of high-profile matters over the past 12 months. Perhaps the most high-profile of all was the firm's role acting as local counsel to Citigroup in its capacity as arranger and initial purchaser on a \$330 million international bond issue by the Republic of Guatemala. On another Citigroup matter, the firm provided local advice on the \$120 million refinancing of Empresa Eléctrica de Guatemala.

The firm also does well in the project finance arena. At the time of writing, the firm is advising a client on a \$45 million loan to a local subsidiary of Canadian mining company for the development of a gold and silver mining project.

Leading lawyers

Alvaro Castellanos

Alfredo Rodríguez

Key contact partners

Mario Archila

Alvaro Castellanos

Alfredo Rodríguez

Mayora & Mayora

Mayora & Mayora is an excellent top-tier firm, attracting plenty of praise from peers and clients alike. One client went as far as to say that "Mayora & Mayora is the best law firm in the country." Although this might be overstating things slightly, the firm's top-tier credentials are unquestionable thanks to the presence of several excellent lawyers. In particular, Eduardo Mayora Alvarado was described as "a very good attorney." The firm is a member of the Bomchil Group, and is also the exclusive Guatemalan member of Lex Mundi, the leading international network of independent law firms. Representative clients of the firm include Chevron Texaco, Ambev and Union Fenosa International.

Recent corporate matters handled by the firm include representing the local distributors of Union Fenosa on a \$150 million agreement with the state generator, Inde, to bring electric power to rural areas, and advising IBM alliance corporation GMB on its \$5 million agreement to supply equipment and systems to Guatemala's central and main property registry.

On the finance side, meanwhile, Mayora & Mayora acted for Citibank and other affiliates on the \$15 million sale of remittances by Banco Cuscatlán Guatemala to originate the issue of \$125 million in securities.

Leading lawyers

Eduardo Mayora Alvarado

Rafael Briz Méndez

Key contact partner

Eduardo Mayora Alvarado

Bonilla Montano Toriello & Barrios

Bonilla Montano Toriello & Barrios is a well-regarded firm that is the designated Guatemalan member of Club de Abogados, an informal association of 21 Iberian law firms. Its client list includes Duke Energy International, Jaguar Nickel, Burns Philp and the McDonald's Corporation.

Among the past year's highlights, the firm won an instruction from Burns Philp to guide it through the sale of its Latin American yeast operation to Associated British Foods for \$120 million, acted as local counsel on behalf of Jaguar Nickel in relation to a \$25 million financing package made available to it, and represented Duke Energy International Guatemala on a \$100 million loan granted to it by Citibank.

Leading lawyers

Jorge Rolando Barrios
Saul Guillermo Bonilla
Jorge Toriello

Key contact partners

Jorge Rolando Barrios
Jorge Toriello

FA Arias & Muñoz

This year, FA Arias & Muñoz makes its first appearance in the rankings for Guatemala where, along with its other central American offices, the firm continues to maintain a solid corporate and commercial practice. Clients of the firm's Guatemalan operation include BNP Paribas, Telefonica Moviles, Chevron Texaco and Marriott International.

Last year the firm advised international financial entity Hencorp on structuring and granting a \$27 million syndicated loan to a large sugar mill in Guatemala, and acted as local counsel to BNP Paribas in relation to structuring \$30 million-worth of financing in Guatemala and El Salvador.

FA Arias & Muñoz has also been busy on the corporate side. Among the standout deals of the year, the firm served as local counsel to Telefonica España on its acquisition of Bellsouth's telecom operations in Guatemala, Nicaragua, and Panama. Valued at around \$5.8 billion, this transaction formed part of the acquisition of all of Bellsouth's Latin American operations.

Leading lawyers

Jorge Luis Arenales
Jose Orive

Key contact partners

Jorge Luis Arenales
Jose Orive

Quiñones Ibargüen & Luján

Quiñones Ibargüen & Luján continues to be a growing force in the Guatemalan legal market. With clients of the calibre of DaimlerChrysler, Morgan Stanley, Caterpillar Financial Services Corporation and Wal-Mart Stores, it is hardly surprising that the firm's reputation is solid.

Over the last year, the firm represented Empresa Eléctrica de Guatemala on its \$100 million issue of notes, managed by Citigroup and sold into the US through Rule 144A, advised the owners of Eleva on its agreement with Otis Mexico over the sale of the pre-eminent elevator business, which has operations across the whole central American region, and served as Guatemalan counsel to the Swiss American Insurance Company in relation to the spin-off of its insurance and financial group.

The firm has also continued to advise Caterpillar Financial Services on its equipment financings.

Leading lawyers

María Isabel Luján
Jose Quiñones
Marcos Ibargüen Segovia

Key contact partners

María Isabel Luján
Jose Quiñones
Marcos Ibargüen Segovia

Arenales & Skinner-Klée

Arenales & Skinner-Klée is a solid firm with a considerable corporate and commercial practice. The firm is a member of various legal organizations, including the International Bar Association, the International Trademark Association and the Inter-American Association of Industrial Property. From among the strong bunch of talented practitioners, name partner Alejandro Arenales stands out, one rival calling him "the leading lawyer of the firm."

In one landmark deal of national importance, the firm advised Correo de Guatemala, Canada Post's international consulting arm, in relation to the Republic of Guatemala's implementation of a national postal service. The deal places Correo de Guatemala in charge of Guatemala's postal service for the next 10 years.

Arenales & Skinner-Klée also advised the Guatemalan buyer, an affiliate of El Salvador's Banco Cuscatlán, in relation to its \$82 million purchase of Lloyds TSB's Guatemalan, Honduran and Panamanian banking operations.

Leading lawyers

Alejandro Arenales
Alfredo Skinner-Klée

Key contact partner

Luis Ruiz

Beltranena de la Cerda y Chavez

Beltranena de la Cerda y Chavez continues to strengthen its corporate and commercial practice. Partners Rodolfo Alegria and Francisco Chavez Bosque are both considered to be "very well credited in Guatemala and have excellent legal skills," and clients of the firm include Holcim, Duke Energy, Price-Smart and World Business Capital.

In the past year the firm has represented Holcim in relation to its \$150 million acquisition of a controlling stake in Cemento de El Salvador, and has acted for Price-Smart on the \$6 million buyout of its local partner.

On the financing side, meanwhile, the International Finance Corporation instructed the firm on the \$27 million financing of the Generadora de Occidente hydro-electric power plant, and World Capital Business selected the firm to advise it in connection with its financing of equipment as part of its acquisition by Newcom.

Leading lawyers

Rodolfo Alegria
Francisco Chávez Bosque

Key contact partners

Rodolfo Alegria
Francisco Chávez Bosque
Margarita Montenegro

Saravia y Muñoz

Saravia y Muñoz is a well-regarded firm in Guatemala, and boasts a range of notable clients including Banco Uno, Banco Agromercantil, Banco de Antigua and BNP Paribas Bank.

Over the past year the firm assisted Shell Petroleum with the legal ramifications surrounding the structuring of the stock options plan for Shell's employees in Guatemala, acted for BNP Paribas on a project financing package forwarded to Zeta Gas, and advised the Interamerican Investment Corporation on a financing arrangement with Adria Investment and Green Trading, which required the group of companies to be restructured so the loan could be obtained.

In mergers and acquisitions work, Saravia y Muñoz represented Unilever in relation to the acquisition of its trademarks, and of the assets related to products covered by the trademarks, which included the acquisition of a food plant in Honduras.

Leading lawyer

Salvador Saravia Castillo

Key contact partners

Ana Gisela Castillo
Salvador Saravia Castillo
Juan Jegerlehner

Díaz-Duran & Asociados – Central Law

Appearing for the first time in the rankings, Díaz-Duran & Asociados has a growing corporate and commercial practice in Guatemala. Díaz-Duran & Asociados is affiliated with Rusconi Valdez Medina & Asociados in El Salvador, and together the two firms form the central American law firm Central Law. Clients of the firm include ABB, Little Caesars, Grupo Ebis and McDonald's. The firm also benefits from its membership of the International Bar Association and the Inter-American Bar Association.

Over the past year Díaz-Duran & Asociados – Central Law acted for the Standard Bank of London and Maíz Industrializado on a \$20 million loan restructuring and securitization matter, and represented ABB on its \$2 million Free Trade Zone direct investment of its new plant in Guatemala. And Tikal Futura Developers turned to the firm for advice in relation to the \$1.5 million restructuring of a lease relating to a commercial centre.

Key contact partners

Mario Búcaro
Juan Pablo Carrasco de Groote