



DOING BUSINESS - 2020

PILLAR	GLOBAL	
	CH	GT
GLOBAL RANKING	31	96
Starting a business	94	99
Dealing with construction permits	77	118
Getting electricity	95	46
Registering property	81	89
Getting credit	60	15
Protecting minority investors	72	153
Paying taxes	70	104
Trading across borders	87	82
Enforcing contracts	81	176
Resolving insolvency	62	157

GLOBAL COMPETITIVENESS INDEX - 2019

PILLAR	GLOBAL	
	CH	GT
GLOBAL RANKING	28	98
Institutions	58	121
Infrastructure	36	102
ICT adoption	18	110
Macroeconomic stability	39	81
Health	40	88
Skills	64	103
Product market	54	46
Labor market	72	122
Financial system	29	81
Market Size	1	75
Business dynamism	36	96
Innovation capability	24	98

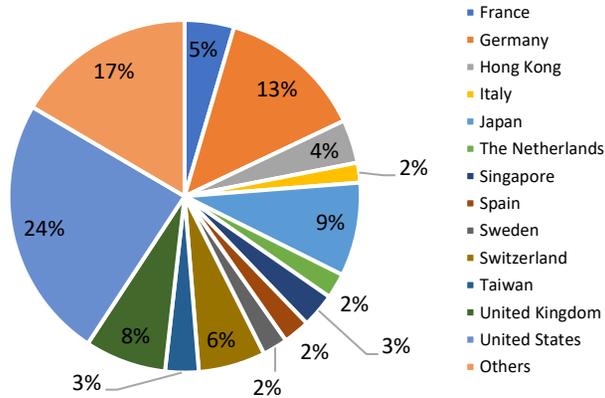
Regarding the ease in doing business in Guatemala, this country has an advantage over China, which is the streamlined procedures to get electricity, in getting credit and the ease of trading across borders. Both countries are very similar as far as the procedures to start a business and to register properties. Guatemala offers better competitiveness conditions regarding the product market. In the rest of the pillars, China has a competitive advantage, especially in regard to its market size, a pillar in which it ranks first in the world; innovation capability; ICT adoption, and financial system.



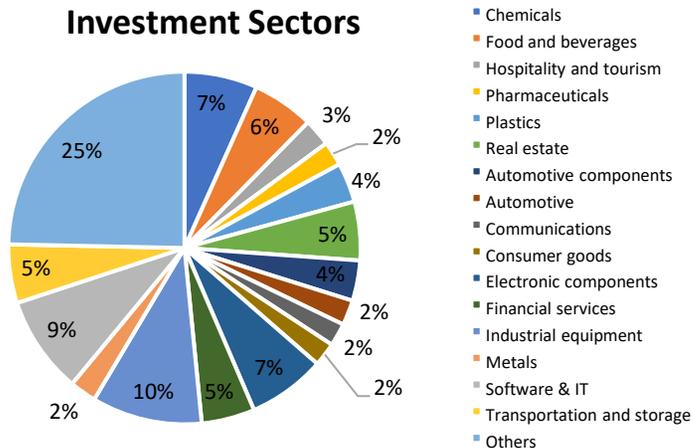
INVESTMENT PROJECTS CHINA 2019-2021

1431 Investment Projects in China
From January 2019 to September 2021

Investment Sources



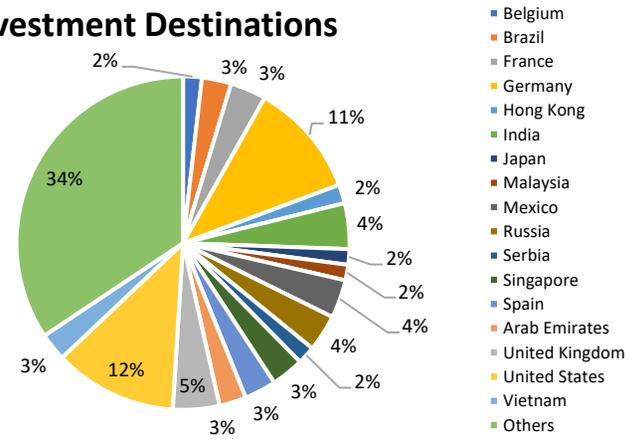
Investment Sectors



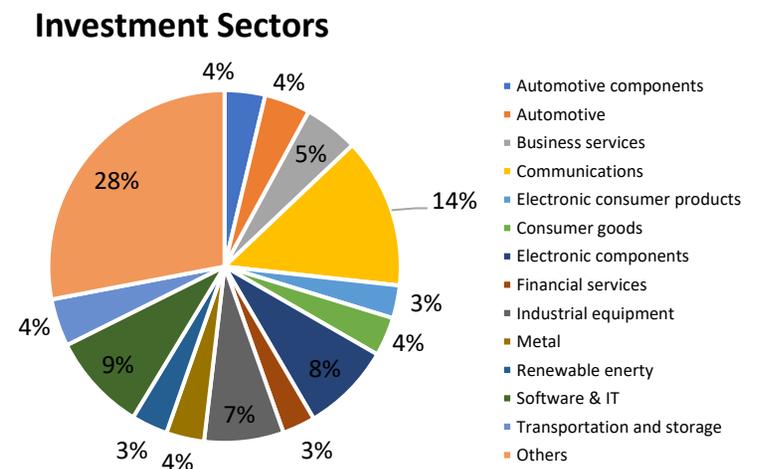
1431 investment projects have been registered (January 2019 to September 2021), the main countries investing are: United States, 24%; Germany, 13%, and Japan, 9%. The main sectors are: industrial equipment, 10%; IT services and software, 9%; chemical products, and electronic components, 7% each.

1261 Investment Projects by China
From 2019 to September 2021

Investment Destinations



Investment Sectors

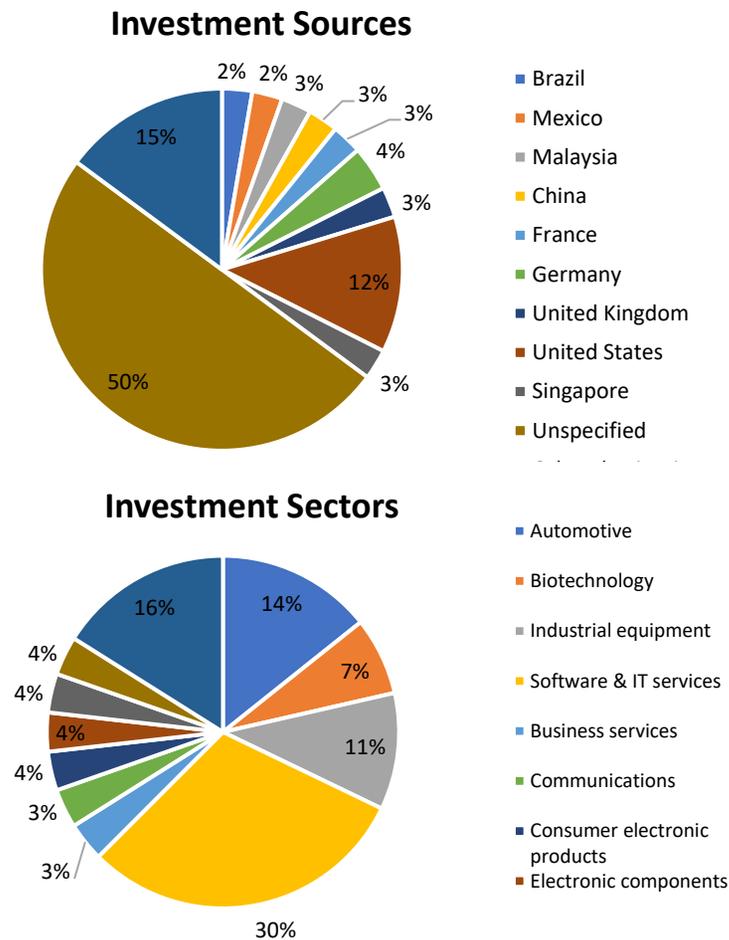


1261 investment projects by China have been registered (January 2019 to September 2021). The main countries to which investments are destined are: United States, 12%; Germany 11%, and United Kingdom 5%. The main investment sectors are: communications, 14%; IT services and software, 9%; electronic components, 8%, and industrial equipment, 7%.



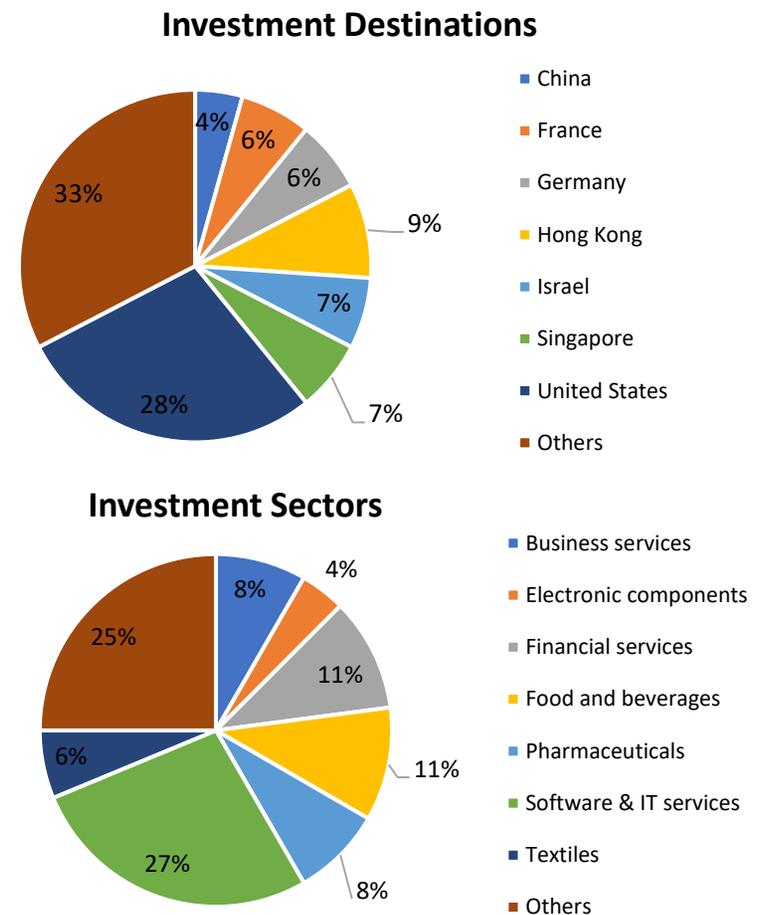
INVESTMENT SIGNS 2021

48 Signs of Investments Destined for China
From January to October 2021



There have been 48 investments registered in China (January 2021 to October 2021), the main sources of investment are the following countries: United States, 28%; Hong Kong, 9%, and France, Germany, Israel, and Singapore, 7% each. The main sectors are: IT services and software, 27%; financial services and food and beverages, 10% each.

58 Signs of Investment Originating in China
From January to October 2021



58 investment signs have been registered in China (January 2021 to October 2021). The main countries of destination are: United States 12%, Germany 4%, 50% of investment signs to not specify destination. The main sectors for investment are: IT services and software, 30%; Automotive, 14%, and industrial equipment, 11%.



COMPETITIVENESS ELEMENTS

One of the main strengths in China's competitiveness is its **innovation capability**, which increased by 7.8% (2019) maintaining the growth trend. This advantage is considered one of the main drivers of the country's development. More than 2.47 million patents were registered annually in 2019 and 3.52 million were registered in 2020. China's expenditure in research and development (R&D) is the world's second largest and 4.8 million people work full time on R&D. Innovative products accounted for 25% of revenue of medium and large industrial enterprises according to figures from China's National Statistics Bureau.

In 2020, the trend toward increasing its **innovation index** continued, achieving increases in 19 of the 21 indicators included in the index. The main growth is reported in the number of company brands owned and the trading volume of the technology market, which has achieved double-digit growth. Total R&D spending increased by 1.87% (approximately USD 292.6 billion).

One of the **main innovation trends in China** is in digital ecosystems, which positions it as one of the largest digital economies in the world, with a base of one billion internet users and e-commerce sales growing by USD 1.7 trillion in 2020.

The McKinsey & Co. Report points to four factors that have created the necessary conditions to develop the digital ecosystem in China: a vast digital consumer base, intense pressure to quickly achieve scale, a digital ecosystem that fosters innovation, and the configuration of the role of government.

It also points out six mega-trends of the digital ecosystem: retail integration, service virtualization, mobility revolution, digitization of social life, industrial IoT, supply chain digitization, and digital urbanization.

These trends become relevant for companies in other countries, which can use the experience in China as reference, in terms of business-management innovation in a globalized economy increasingly using digital processes.

If you would like to learn more about the six mega-trends, you will find more information at: <https://smart-lighting.es/futuro-innovacion-digital-china-tendencias/>



NEWS ON THE ECONOMY AND BUSINESS ENVIRONMENT

China and Its Energy Crisis Due to the Lack of Coal

<https://www.forbes.com.mx/mundo-fotogaleria-china-crisis-energetica-por-falta-de-carbon/>

The world's largest coal producer is experiencing a shortage of this element. This has unleashed a crisis in electric-power generation, which has caused electricity rationing throughout the country, has paralyzed industrial production, and is threatening economic recovery.

Transport Crisis in Asia Threatens Christmas

https://as.com/diarios/2021/10/04/actualidad/1633323480_490345.html

As a result of the COVID-19 pandemic, shipping has been transformed. There is a shortage of ships and containers and high consumer demand. The world's third busiest port, Ningbo-Zhoushan in China, stopped transactions (due to a positive case of coronavirus) and caused delays and logistical bottlenecks in the distribution of goods.

China's Energy Crisis Threatens Global Economic Recovery

<https://www.vozdeamerica.com/a/crisis-energetica-china-amenaza-recuperacion-economica-mundial/6256347.html>

China's coal reserves are dangerously low. In some regions electricity for factories is being rationed. The surge in demand has overloaded electricity-generation capacity, and weather conditions have caused renewable systems to produce less power, causing energy prices to double in China.

China's Economy Slows Down

<https://www.elperiodico.com/es/economia/20211018/economia-china-ralentiza-12291822>

The post-pandemic economic recovery has taken longer than predicted and problems such as energy shortages, real estate market uncertainty, rising raw-material prices and shipping disruptions have taken center stage.



NEARSHORING NEWS

The Nearshoring Trend: Will China's Loss Be Mexico's Gain?

<https://www.supplychainbrain.com/blogs/1-think-tank/post/32683-the-nearshoring-trend-will-chinas-loss-be-mexicos-gain>

Mexico is a favorite destination for United States *maquila* because of its proximity and the low-cost manufacturing it offers, including labor availability and tax incentives. This trend changed when many U.S. companies moved manufacturing to China, which at the time offered better labor costs and availability of human talent. With the geopolitical changes and factors such as the new US-Mexico-Canada Trade Agreement (USMCA) and the reconfiguration of the value chain as a result of the pandemic, there is a trend to return production from China to Mexico. This will be a process; it will not happen overnight. A factor against Mexico is the country's insecurity and the drug trafficking activities in certain areas of the country.

Why Is Nearshoring Such a Great Opportunity for Central America? - The Case of Costa Rica

<https://www.blplegal.com/es/Por-que-el-nearshoring-es-una-gran-opportunidad-para-Centroamerica-el-caso-de-Costa-Rica>

The trend of manufacturing and service companies to engage in business in various jurisdictions around the world, seeking to operate at lower costs and to diversify their production capacity, changed with the pandemic. Other complicating factors, such as the trade-war issues between the United States and China have also had an effect on this tendency. The trend now is towards nearshoring, which brings operations closer to the geographical location of companies, providing benefits such as more compatible time zones and reduced risks in supply chains. In relation to Central America, Costa Rica is a viable candidate, due to its position in attracting foreign investment, in addition to its specialized labor force, political stability, and trade agreements.

Latin America is Missing Out on a \$72 Billion Opportunity in Nearshoring

<https://www.brinknews.com/latin-america-is-missing-a-72-billion-opportunity-in-nearshoring/>

An unforeseen impact of COVID-19 has renewed interest in manufacturing and services nearshoring from China to Latin America. In a survey of supply-chain leaders, 33% of them indicated that they have moved sourcing and manufacturing activities out of China or plan to do so in the next 2 to 3 years. In addition to the pandemic, rising labor costs in China and the appreciation of the yuan make nearshoring attractive to U.S. companies. There is a Latin American Nearshoring Act initiative by Congressman Mark Green, which aims to boost nearshoring in the region to stimulate economic growth.

Supply chain: Nearshoring is becoming a relevant option

<https://market-insights.upply.com/en/supply-chain-nearshoring-becomes-a-pertinent-option>

The pandemic situation in Southeast Asia and energy shortages in China affect manufacturing capacity in East Asia, making nearshoring an option to diversify the supply chain. Some of the most affected activities are apparel and footwear manufacturing. Benetton plans to reduce its production in Asia by half and move manufacturing activity to the Balkans and Eastern Europe to get closer to its market. Ikea is planning to move its operation to Turkey.

Reversing Globalization: Nearshoring, Reshoring, or Staying Put?

<https://www.reutersevents.com/supplychain/supply-chain/reversing-globalisation-near-shoring-reshoring-or-staying-put>

Some of the sectors that have had to move the fastest due to supply chain disruption are the pharmaceutical, automotive, and electronics sectors. According to experts, Vietnam is one of the big winners.