Competitiveness should not be subject to currency movement

The quetzal shows appreciation against two main currencies for transactions, the euro and the dollar:

7.63 quetzals to the dollar's exchange rate reported by the Bank of Guatemala for today.

“We must eliminate the facility that only by devaluing the quetzal competitiveness is reached.” Jorge Britz, entrepreneur.

 EURO VERSUS QUETZAL

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Un quetzal al alza

Desde 2013 el cambio del quetzal frente al euro y el dólar ha sufrido cambios importantes favorables a la moneda local en los últimos tiempos.

Fuente: Banco de Guatemala. Infografía: Jorge A. de León G. / elPeriódico

The movement of the exchange rate is exploited mainly for the import of raw materials. The quetzal is appreciated and strengthened against the euro and the dollar. The main beneficiaries of the situation are importers, exporters while not so much.
As Enrique Lacs, foreign trade expert explains, purchases to Guatemala are attractive while the export sector could lose competitiveness.

From 2013 until today changing the quetzal against the two major foreign currencies is evident. On October 26, 2013, the euro came to be one with Q11 quetzal, very different to yesterday figure when placed in Q8.3. Separately the dollar in October 2013 was around 7.96 and now stands at 7.63.

Untethered

The discussion to discuss trade is if it will be competitive with the valued quetzal. This is basic to fight in the international market, but in the opinion of Carolina Castellanos, executive director of the Guatemalan Chamber of Commerce (AmCham) can not put the country's competitiveness in the hand of the exchange rate as it is something that companies can not control.

Therefore, in his opinion, the exchange rate should be as free as possible and should be the market to determine the rate. Recognizes that there is freedom in Guatemala although there is control by the Banco de Guatemala when it goes up or down five points.

In this sense Jorge Brizar, president of the Chamber of Commerce, said that what can not be is that the management of the Guatemalan currency is manipulated to favor certain sectors. What is needed is an exchange rate "efficient, transparent and document the reality of the country."

This balance is who for years has tried to keep under pressure from exporters and importers.

Europe winner

But here there seems to be a winner and Europe, as their products are more attractive considering the currency as a comparative parameter. And that is causing the trend is going towards Europe, as Castellanos says. But for her it's not good or bad, are simply market forces that lead to buy from one place or another depending on context.

In the same vein, Lacs comments that the Europeans would gain from this parity with the dollar. For example, locally the best valued quetzals favors importers who need less quetzals to buy euros. On the contrary if the exporter sells to Europe by the dollar gets less and less by the euro now.

Although as reiterates Brizar, devaluation is a temporary issue and should be adjusted prices.

US exporters concerned

A recent report from the German News Agency (DPA) show the concern of some big American companies for a high dollar. On that same note Campbell R. Harvey Professor at Duke University in Durham, North Carolina blemish the situation of monetary dumping. In your opinion is being given "an unpleasant competition in which it is to see if the eurozone, Japan and Canada achieved weaken its currency against the dollar." This would punish US exporters.

Not all suffer from the appreciation of the dollar. The empires buying extensively abroad are benefiting as automakers with international suppliers or clothing companies that produce outside the US market. Consumers take advantage of the E-commerce.

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