

# **WORLD TRADE ORGANIZATION**

**G/VAL/N/4/GTM/2**  
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**Committee on Customs Valuation**

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## **NOTIFICATION UNDER PARAGRAPH 2 OF ANNEX III TO THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994**

GUATEMALA

The following communication, dated 24 October 2001, has been received from the Permanent Mission of Guatemala.

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In regard to the decision on customs valuation agreed by Members to Guatemala, we have received the second advance report of the customs administration from our Capital.

Progress in the Work Programme  
Application of the Agreement on Implementation of Article VII of GATT 1994

Guatemala is making every effort to fulfil its commitment under the WTO with regard to application of the Agreement on Implementation of Article VII of the GATT 1994. To that end, it has been pursuing the work programme contained in Annex I to the decision in document G/VAL/33. The progress achieved in this respect is described below.

1. Advice from the WTO in developing a suitable approach in this area.
2. Experience of other countries in applying minimum values.
3. Implementation of the procedures identified.

Formulation of the customs legal structure

The progress that has been made to date in strengthening the customs legal structure is related mainly to the introduction and application of changes to the Central American Customs Code (CAUCA) and its Regulations. The Law on Customs Valuation now awaits only the approval of the legislative body in order to fulfil the WTO Secretariat notification commitment.

At the same time, certain laws have been reformed, such as the Law on Smuggling and Customs Fraud – this should serve to increase the efficiency of efforts to combat customs fraud.

Simplification of customs procedures

The implementation of electronic customs permits in 95 per cent of the National Customs Service has helped to reduce customs clearance times and carry out better controls. Import registers are being brought up to date.

Procedures are being developed for the application of the Agreement on Implementation of Article VII of the GATT 1994, based on the draft legislation on value. However, their completion and entry into force depend on the approval of that legislation.

Staff training

With regard to the training of staff in the area of valuation, a basic course was given during 2001 for the four regional divisions which comprise the Customs Service by experts from the Tax Administration Office. A similar course was given by the Secretariat for Central American Economic Integration (SIECA).

Furthermore, a course was given on the Argentine experience of GATT valuation with the support of SIECA and the Programme Supporting Central American Participation in the Free-Trade Area of the Americas (PROALCA).

The WTO Secretariat was approached with a view to the appointment of a valuation expert to cooperate with the Guatemalan Customs Service in the formulation of domestic legislation, to define the criteria for the organization and administration of valuation procedures and to provide guidance for the development of pre- and post-clearance audit programmes. According to recent communication with the WTO Secretariat, this technical assistance will probably take place in November 2001.

Mexico, as well, has been approached for assistance, which is planned for the short term. Talks have also been held concerning a possible traineeship in Mexico during this month.

### Upgrading the computer system

The most substantial progress in upgrading the computer system has consisted in the installation of an electronic declaration system, as well as the interconnection of all national customs services through a local network (intranet). This should permit the exchange of information and documents and boost the effectiveness of controls.

A preliminary database is being developed as a reference tool and for determining risk indicators, containing 13,000 current entries and 12,000 old entries.

### Strengthening of the customs management audit service

The most important development in this field is the establishment of a Commission comprising staff from the Customs Division, the Inspection Division and the Legal Affairs Directorate, with the responsibility of determining the organization of valuation service and the relevant procedures in conformity with the Agreement.

To that end, work is also being carried out to develop computer programs to determine inspection criteria for taxpayers.

### Strengthening of the valuation service

There are plans to reorganize the Customs Service, establishing valuation units at the central, regional and local levels. These units will be equipped with the necessary tools to carry out their functions, for example: the central unit will be composed of specialists in valuation, price analysis in foreign and domestic markets and the determination of risk indicators. This unit and the value control unit will provide each other with mutual support in all post clearance investigations and checks. This function will be progressively decentralized to regional offices, as the need may be.

The local units are in fact the customs services through which imported goods enter the national territory. It has been decided to strengthen these units, with a view to combatting the under-valuation or under-invoicing of goods, bearing in mind that Guatemala, like most developing countries, experiences a high degree of tax evasion.

The strengthening of these units will be based on their functional organization, training, the interconnection of customs services and the development of programmes designed to carry out specific tasks.

### Remodelling of the physical structure of customs

Progress has been made in the adaptation and installation of units for the application of the random and selective system, and for the confirmation of the exit of goods.

The most significant achievement in this respect has been the completion of the new customs office of Suchiate II, which will replace the former customs office of Tecún Umán to deal with heavy traffic on the land border with Mexico; a new building has also been acquired to house the headquarters of the Tax Administration Office.

The expense of remodelling the national customs was covered by the budget of the Tax Administration Office.

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