

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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ACCESSION OF GUATEMALA

Questions and Replies to the Memorandum on Foreign Trade Régime (L/6400)

In a communication dated 16 February 1990 circulated as L/6647, the Government of Guatemala applied for accession to the General Agreement pursuant to Article XXXIII. At its meeting on 3 April 1990, the Council set up a Working Party to examine Guatemala's application for accession. The terms of reference of the Working Party are reproduced in document L/6666. In GATT/AIR/2688 contracting parties were invited to submit questions in writing concerning the foreign trade régime of Guatemala. The questions submitted by contracting parties in connection with Guatemala's foreign trade régime and the replies thereto provided by the Guatemalan authorities are given below.¹

Delegations wishing to raise additional questions concerning Guatemala's foreign trade régime might inform the delegation of that country (with a copy to the secretariat) of such questions in advance of the meeting of the Working Party, so that considered replies can be made available by Guatemala to members at the time of the Working Party meeting.

In GATT/AIR/2969, dated 12 April 1990, contracting parties wishing to enter into tariff negotiations relating to Guatemala's accession to the General Agreement were invited to contact the Guatemalan authorities and to inform the secretariat as soon as possible.

¹The annexes mentioned in the document are available for consultation in the secretariat (Development Division, Room 2010).

QUESTIONS ON THE FOREIGN-TRADE REGIME OF GUATEMALA (L/6400)

GENERAL

Question 1

Why has Guatemala applied for provisional rather than full membership of the GATT? Is Guatemala contemplating a particular time-table in this regard?

Reply

- (a) Guatemala decided that it was desirable to intensify and expand its relationship with GATT on the grounds that that relationship could be a major element in helping the country to gain a larger and better position in the world trading system, which in turn is considered a dynamic factor for national economic development so as to raise the country's standard of living.

On the basis of this fundamental goal, the possibility was first considered of opting for a pre-accession status which would provide a better knowledge of the working, efficiency and effectiveness of the GATT system.

- (b) Last February the Government requested the GATT secretariat to replace its previous request for provisional accession by one for full accession.

1. GENERAL ECONOMIC SITUATION

Question 2

Did any of the measures undertaken in mid-1986 regarding wage and employment policies which are credited with creating 30,000 new jobs and increasing workers wages involve measures affecting international trade or subsidies for domestic production? If so, please describe these measures.

Reply

No.

2. FOREIGN TRADE

2.2 Imports

Question 3

Would the Government of Guatemala please provide current import statistics, by tariff line item and by value and volume, listing supplier countries for each product?

Reply

Yes, Guatemala draws up annual lists of volume and value of imports and exports, which are available for consultation by anyone wishing to do so.

Annex 1 lists the main supplier countries for the last three years, by tariff section. A list of the twenty-one tariff sections is attached to help in reading the tables (Annex 2).

2.3 Trade balance

Question 4

Please describe Guatemala's balance-of-payments situation in the period 1977-1986.

Reply

Since political and economic conditions in the region varied during the above-mentioned period, the following analysis is subdivided into two five-year periods, namely 1977-1981 and 1982-1986.

1977-1981 (Annex 3): During this period, Guatemala's balance of payments showed a chronic current-account deficit. This deficit increased considerably, from US\$35.3 million in 1977 to US\$572.4 million in 1981, as a result of higher imports and a deficit on the services account, while exports remained relatively stable. With regard to the services account, the largest items were transport and remittances of profits and interest payments.

The first of these may be attributed to the rise in fuel prices. Outflows for remittances of profits and interest payments began to rise in 1979 as a result of the beginning of a period of political instability and a rise in foreign borrowing. Until the end of 1979, capital transactions traditionally offset the current-account deficit. The outflow of capital in 1980 meant that the capital account swung from a surplus of US\$194.6 million in 1979 to a deficit of US\$64.9 million in 1980, which meant that exchange restrictions had to be established. In order to tackle this crisis, the Government applied a compensatory policy aimed at sustaining the pace of economic activity and the level of employment by increasing public spending. However, this expansionary policy increased the fiscal deficit to the equivalent of 7.4 per cent of GDP in 1981, primarily financed by the Bank of Guatemala's internal resources. This in turn led to a fall in net international monetary reserves, from US\$791.6 million in 1978 to US\$329 million at the end of 1981.

1982-1986 (Annex 4): During this period, Guatemala faced serious external-sector difficulties, as a result of the region's political problems which brought about a fall in exports to other Central American countries and an outflow of capital, and also of the stagnation of exports to the rest of the world.

As far as the current-account deficit is concerned, a decline in the relative share of transport may be noted, as well as a large increase in interest payments as a result of the growth of the external public debt, which rose from US\$1,431.3 million at the end of 1982 to US\$2,536 million in 1985, while debt servicing as a proportion of exports rose from 14.6 per cent in 1982 to 44 per cent in 1985.

When the democratic Government took office in 1986, it introduced an Economic Reorganization Plan, which included some measures aimed at remedying the distortions in relative prices, such as the establishment of a tariff rationalization programme, foreign-exchange unification and depreciation of the Quetzal against the US dollar, from Q 1.00 per US\$1.00 to Q 2.50 per US\$1.00 in June 1986. This helped to bring down the current-account deficit from US\$266.6 million in 1985 to US\$18.3 million in 1986. Meanwhile, as a result of the increase in debt, the capital account showed a continuing surplus and net international monetary reserves rose from US\$329.1 million to US\$538.3 million at the end of 1986.

Question 5

Please describe recent developments in Guatemala's balance of trade and payments situation, e.g. for 1987 and 1988, if possible.

Reply

The continuing efforts made to stabilize and revive the economy under a comprehensive economic reorganization programme, as well as the beginning of a policy of openness to the exterior which included reductions in foreign-exchange controls in the period 1987 and 1988, brought about a rise in imports from US\$876.5 million in 1986 to US\$1,333.8 million in 1987 and US\$1,413.2 million in 1988. However, export performance was not up to expectations, basically because of unforeseen adverse factors including the steady and severe drop in world coffee prices in 1987, the restoration of coffee quotas and a cut in the sugar export quota to the United States market. The merchandise trade deficit together with the steady increase in debt servicing caused a fall of almost \$400 million compared with 1986, and this could have been even greater if there had not been a significant increase in receipts under foreign grants.

Meanwhile, as a result of the return of private capital the capital account showed a surplus of US\$387 million in 1987 and US\$354 million in 1988. This result could have been significantly higher if there had not been an increase in debt payments, since despite successful commercial-debt renegotiation there was an increase in official and bank capital payments. This brought a cumulative reduction in the level of net international monetary reserves of some US\$157 million during the two years in question.

IMPORT TREATMENT

Controls: Bank of Guatemala (Central Bank)

Question 6

Does Guatemala foresee the need for early recourse to GATT provisions concerning trade restrictions taken for balance-of-payments purposes? If so, which policy instruments would Guatemala use in this regard?

Reply

If necessary and if circumstances so require, Guatemala will make use of any right granted under the General Agreement.

3. ECONOMIC POLICIES AND STRATEGIES

Question 7

Since the announcement of the National Reorganization Plan in March of 1987, has any supplemental economic plan been considered?

Reply

The underlying goals of the above-mentioned Plan have been reaffirmed in a number of subsequent documents of varying nature, covering different periods or issues. These documents have also set out, expanded and specified the operational means for overcoming the effects of the world economic crisis, ending the aftermath of the violence brought about by the political instability preceding the commencement of the democratic process, and continuing to lay the foundations for improving the living conditions of the majority of Guatemalans and consolidating an economic and social system through structural change, by providing for an effective insertion in the world economy and a strengthening of the domestic market as engines of real and sustained growth.

The 1991-1995 National Development Plan is currently being drawn up, and includes the contents of the National Reorganization Plan and subsequent documents. The Plan will lay down the economic and social development strategy for the coming five years and establish proper co-ordination of policies and instruments in order to achieve better living conditions for all Guatemalans. Trade strategy will be aimed at correcting the causes of the chronic shortage of foreign exchange, improving resource allocation, taking advantage of dynamic comparative advantages, and creating employment and competitiveness.

In this context, the formulation of the National Export Development Plan is at an advanced stage, as provided for in the National

Reorganization Plan. It will contain action guidelines for investment, finance, technology, marketing, trade promotion, administrative overhaul, incentives and encouragement for exports, international negotiations, economic complementarity and integration, as well as infrastructure and other support services for export development.

Since the submission of the Memorandum on Guatemala's Foreign-Trade Régime, and following the guidelines provided by all the planning and programming done so far, progress has been made in improving the conditions underpinning the development of foreign trade. This has covered various aspects, such as the enactment of legislation for the development and promotion of export activities, inward-processing and free zones, as well as the corresponding regulations; attraction of international, financial and technical assistance for the organization and implementation of an export development fund to function with international financing, to set up an export guarantee fund and expand exportable supply and external marketing capacity; reafforestation and organization of the management of forests and other natural resources; strengthening of Guatemalan trade representation abroad; start-up of implementation of a national network of trade information and its interconnection at international level; liberalization of exchange rates; and interest rates and initiation of the process of tariff rationalization.

International co-operation is helping to improve the technical and organizational capacity of production, processing and marketing enterprises for vegetables, sea products and furniture; in addition, the clothing and made-up textiles industry has been strengthened by private investment for inward processing of such goods, encouraged by the legislation designed to promote them.

In addition, significant progress has been made in the functioning of the Government's institutional arrangements responsible for export affairs and co-ordination with the private exporting sector.

In some other branches, although the final results pursued have not been achieved, highly significant progress has been made, which suggests that in the short term other objectives may be attained, which will enable Guatemala to participate more effectively in the world economy and thus strengthen the conditions required for the country's economic development.

Question 8

With reference to Guatemala's efforts to "monitor the quality of products for internal consumption and export in order to protect the health and safety of consumers", please describe the measures, institutions, and procedures used to apply Guatemala's standards for imports and exports.

Reply

- (a) Product-quality testing is carried out annually, at least.

- (b) This work is carried out by the following institutions: Guatemalan Standards Commission (COGUANOR), of the Ministry of Economic Affairs; Directorate-General for Health Services of the Ministry of Public Health and Social Security; Directorate-General for Agricultural Services (DIGESA) and Directorate-General for Livestock Services (DIGESEPE) of the Ministry of Agriculture, Livestock and Food; Central American Institute for Industrial Research and Technology (ICAITI), an autonomous regional body, and the Unified Laboratory for Food and Medicine Testing (LUCAM) of the Ministry of Public Health and Social Security.
- (c) Decree No. 1523 set up the Standards Commission and Decree 23-87 obliges producers and importers to submit their products for testing and analysis.

Question 9

Please describe specific provisions of the Short-Term Economic and Social Plan for 1986 and the National Reorganization Plan of March 1987 or measures called for in those laws that affect or are designed to affect its international trade.

Reply

Specific provisions of the Short-Term Economic and Social Plan for 1986

This Plan established the foreign-exchange policy, fiscal policy and economic recovery policy, designed to encourage the joint participation of all economic sectors of the country in the short term.

Specific provisions of the National Reorganization Plan of March 1987

This Plan provided for the promotion of foreign trade, the elaboration of the National Export Plan, the establishment of an export credit guarantee fund, export credit insurance, and the overhaul of administrative arrangements relating to exports.

Question 10

Please describe more fully the "corrective measures" undertaken in the 1986 Plan. Are these measures still in effect?

Reply

Foreign-Exchange Policy: This policy is aimed at a single exchange rate in order to strengthen the domestic currency and support the country's exports and imports.

Fiscal Policy: This policy is designed to help to reduce exchange-rate disequilibria and slow inflation; thus, it provided for a modification of existing levies and the creation of others.

Economic Recovery Policies: A major feature of this policy is the promotion and diversification of exports, for which the National Export Promotion Council - CONAPEX - and the Single Export Window were set up. Provision was also made for the creation of a legal framework for foreign trade: Free Zone Law, Pilot Programme for Trade Representatives Abroad, Law for the Promotion and Development of Exporting and Inward Processing Activities, signature of bilateral agreements and participation in national and international fairs.

The above measures are still in effect; some have already been carried out and others are under way.

Question 11

Please describe more fully measures taken under the 1987 plan for "support for domestic production". Are these measures subsidies? Are they still in effect?

Reply

The 1987 Plan includes policies to stimulate the domestic market as a dynamic factor for national economic development. Thus, it provides for encouragement of agricultural and industrial small and medium-scale enterprises, with emphasis on the food sector, such as basic foodstuffs for the population. It is considered that these measures are not subsidies, and they are still in effect.

Question 12

What are Guatemala's intentions with regard to acceding to MTN Codes?

Reply

For the time being Guatemala is concentrating on its process of accession to GATT, and therefore has not yet studied the possibility of acceding to the Codes.

Question 13

Does Guatemala intend to become a signatory to any of the GATT Non-tariff Measures Codes? Which ones are Guatemala considering for signature?

Reply

For the time being Guatemala is concentrating on its process of accession to GATT, and therefore has not yet studied the possibility of acceding to the Codes.

4. INSTRUMENTS OF TRADE POLICY

4.1 Tariff and customs system

Question 14

Are the Central American Documents listed incorporated directly into Guatemala's legal framework, or are they implemented by Decree Laws, like the Convention?

Reply

Yes. Those implemented by Decree Laws are also incorporated into the country's legal framework.

4.1.1 The Convention on the Central American Tariff and Customs Régime

Question 15

L/6400 states that the Convention permits the application of "countervailing measures" for reasons of, inter alia, "unfair trade practices and safeguards", "disorganization of the market", and "serious payments imbalance problems". In addition, there may be "other non-tariff measures" applied. Please list Guatemalan legislation that implements these measures, and specify the measures that can be applied.

Reply

- (a) Decree Law 123-84 of 28 December 1984 which contains the Convention on the Central American Customs and Tariff Régime: photocopy attached (Annex 5).
- (b) Ministerial Agreement No. 216-87 of 23 November 1987 containing the Regulations of Articles 25 and 26 of the Convention on the Central American Tariff and Customs Régime: photocopy attached (Annex 6).
- (c) Safeguards clause, flexibility clause, countervailing taxes, quotas, licences, temporary restrictions, registration etc.

Question 16

Please describe how Guatemala's legislation on unfair trade practices (e.g. against subsidized or dumped imports) is consistent with the specific provisions of Articles VI of the General Agreement, including provision for an injury test. Are there any other unfair trade practices subject to regulation under Guatemalan law?

Reply

These provisions have been drawn up taking into account the international provisions in force in these areas, which is why their

relationship with Article VI of the General Agreement is one of compatibility. However, the injury test is solely provided for trade within Central America.

(b) No.

Question 17

Has Guatemala used Articles 25 and 26 of the Central American Tariff and Customs Convention in the past?

Reply

Yes.

Question 18

Has Guatemala applied the safeguard provisions referred to in this section in the past? If so, site concrete examples.

Reply

Yes. As the Republic of Nicaragua did not satisfactorily supply its caustic soda requirements, which is an essential raw material for the production of such industries as soap, sugar, textiles etc., Guatemala has availed itself of the legislation in question and applied Article 26 of the Central American Tariff and Customs Convention, safeguards clause, to lower the duty on this raw material. Mention may also be made of art paper, safety glass, gelatin etc., for which there is no adequate Central American supply.

Question 19

Please describe specifically how Guatemala's legislation safeguarding domestic production from imports is consistent with Article XIX of the General Agreement, including an injury test.

Reply

On economic development grounds, and given the internal structural problems that particularly affect the agricultural sector, it is necessary to apply protective measures that have economic and/or social origins, as the case may be. This is considered fully compatible with Part IV of the General Agreement, Article XVIII and the Decision of 28 November 1979 on Safeguard Action for Development Purposes.

Question 20

What agencies of the Government of Guatemala administer its laws on unfair trading practices, safeguards and trade measures taken for balance-of-payments purposes? What are their procedures? What provisions are there for appeal?

Reply

- (a) a.1 Unfair trading: Ministry of the Economy
a.2 Safeguards clause: Ministry of the Economy
a.3 Balance of payments: Bank of Guatemala, if necessary in co-ordination with the Ministry of Finance and of the Economy.
- (b) The procedure for the application of the laws to deal with unfair trading problems is as follows:
- b.1 When a complaint is submitted to the Ministry of the Economy by an enterprise affected by obvious unfair trading practices (as shown to exist by the submission of a technical economic study) the Ministry analyses the documentation submitted and gives its decision as to whether protective action should or should not be taken.
- b.2 For the safeguards clause, again the affected party must submit a request in the form of a technical economic study in the event of any of the problems mentioned in Article 26 of the Convention on the Central American Tariff and Customs Régime.
- b.3 In the case of balance-of-payments difficulties, the Bank of Guatemala creates its own procedures according to the seriousness of the problem.

In accordance with Guatemalan legislation, all government acts which harm the interests of third parties may be appealed against to an administrative authority or to the competent court and, if appropriate, to a higher court such as the Supreme Court of Justice.

Question 21

Please describe past and recent situations where "countervailing measures" have been invoked for the reasons cited in this section.

Reply

Guatemala is backing development programmes and projects for agro-industry. In this context it supports small-scale jute farmers, which is the raw material used in the fabrication of sacks of jute and of coarse fibres. On 21 July 1982 Government Decision No. 578-87 was issued granting countervailing rates for imports from third countries of cloth and sacks of kenaf.

Question 22

In any instance where such measures were applied, were they reported to or sanctioned by the Central American Tariff and Customs Council? If so, what was the Council's decision or recommendation in these situations?

Reply

Yes. These were reported to the Council, but in accordance with the Convention on the Central American Tariff and Customs Régime the Council did not take a decision on the issue because this is a matter for unilateral decision by each country. Consequently, there is no recommendation by the Central American Tariff and Customs Council in this regard.

Question 23

Does Guatemala intend to observe GATT provisions in the application of its laws governing unfair trade, safeguards, restrictions for balance-of-payments purposes, etc., after its accession to the General Agreement?

Reply

Guatemala will comply with the provisions of the General Agreement, where they are applicable, taking into account its status as a developing country.

4.1.2 The Central American Import Tariff

Question 24

Would Guatemala provide a copy of its current tariff schedule for the review of the contracting parties?

Reply

A copy is attached.

Question 25

Does Guatemala intend to adopt the Harmonized System of tariff nomenclature? If so, within what time-frame? Are there any studies or preparations underway in this regard?

Reply

Yes. A definite time-frame does not yet exist: in any case a technical study has to be carried out by SIECA on the matter.

Question 26

Does Guatemala intend to accede to the Harmonized Commodity Description and Coding System (HS)? If so, what time-table does it envision in this regard?

Reply

Yes. A definite time-table does not yet exist: SIECA is working on the matter.

Question 27

The Customs Council established by the Convention on the Central American Tariff and Customs Régime has the power to modify customs duties from 1 to 100 per cent, the so-called "flexibility procedure". Could more details be given on the circumstances and procedures which can justify such changes in the tariff? Are the modifications under this procedure of a temporary or permanent nature?

Reply

(a) Circumstances:

- (i) Where a Central American industry exists (in this case a tariff increase is requested);
- (ii) Where a Central American industry does not exist (in this case a tariff reduction is requested down to the right level according to the criteria expressed).

(b) Procedures justifying such changes:

Enterprises interested in a decision being taken to raise or lower a tariff as mentioned above must submit to the government authorities (Ministry of the Economy) a request for a tariff modification accompanied by a technical economic study (confined to the Central American region) demonstrating that the request is well founded. The national authorities submit the case (after studying it) to the Central American Tariff Policy Committee which analyses and studies it and makes the necessary recommendations: if it is accepted, it is then submitted for approval to the Central American Tariff and Customs Council. If it is rejected, the country withdraws it but reserves the right to resubmit it with more supporting information.

(c) The changes made under this procedure are permanent.

Question 28

Elaborate on regulations governing the "Flexibility Mechanism" referred to in this section.

Reply

This mechanism was adopted by the Central American Tariff and Customs Council by Resolution No. 32 (CONSEJO-V-87) and put into effect by Guatemala through Ministerial Decision 216-87 of 23 November 1987 of the

Ministry of the Economy. It establishes the modalities to be followed for the application of the measures provided for in Articles 22, 23 and 24 of the Convention on the Central American Tariff and Customs Régime.

Question 29

This section states that the Convention permits the modification of customs duties "from 1 to 100 per cent of the nominal ad valorem tariff". Please indicate the Guatemalan legislation that could implement the "flexibilizing mechanism", and describe its provisions.

Reply

The Guatemalan legislation governing the flexibility mechanism consists of the Central American Tariff and Customs Convention and the Regulations for Articles 25 and 26 of the Convention. Photocopies of the Regulations and of the Convention are attached.

Question 30

Under what circumstances does Guatemalan law provide for the application of the mechanism?

Reply

On request, or because the national authorities (which administer the régime) consider it desirable, and it has been established that the tariff or text of a given tariff heading is not sufficient to achieve the objectives of the customs tariff.

Question 31

Has Guatemala invoked/made use of this mechanism? If so, please describe how it was used, and what institutions administer it.

Reply

Yes. Guatemala has used the flexibility mechanism in connection with the Central American production of goods, following discussion of the matter with the other signatories of the Convention within the Central American Tariff and Customs Policy Committee. The changes adopted through this mechanism become part of Annex A of the Convention on the Central American Tariff and Customs Régime and therefore do not need to be administered by any institution.

4.1.3 Exceptions

Question 32

Contracting States alone may grant exemptions and exceptions in respect of customs duties. Are they required to report these exceptions to

the Central American Tariff and Customs Council? The scope for exceptions seems drafted in such a way as to allow each contracting party to the Convention to follow its own tariff policy. What percentage of imports into Guatemala are covered by exemptions and exception?

Reply

- (a) No.
- (b) Less than 2 per cent.

Question 33

Could Guatemala provide clarification of items referred to under points 2 and 4 of this section?

Reply

- (a) Goods covered by the provisions of regional and international agreements in the force: this refers to agreements which the Government has concluded with third countries, such as those relating to diplomats, international missions and so forth.
- (b) National legislation concerning the various objectives or activities of the manufacturing industry referred to in the Central American Convention on Tax Incentives and its Protocols: this refers to activities covered by legislation such as the Law on Co-operatives, Banana Law, Petroleum Law etc., which the State is legally obliged to promote.
- (c) So far the Council has not specified any activity that should be exempted from customs duties.

Question 34

Could Guatemala also provide specific examples of types of products to which it has granted exemptions in the past under Article 21 of the Convention on Central American Customs and Tariff Régime?

Reply

- (a) As regards exemptions for diplomats, international missions etc., these are: household effects, motor vehicles, electrical appliances, clothing and other goods necessary to fulfil properly the activities that are an essential part of the positions they occupy.
- (b) With regard to exemptions for the various manufacturing activities, these are granted provided there is no Central American production of the raw materials or products concerned:

for example, exemptions granted for machinery and equipment, raw materials etc., depending on the activity in which the co-operative is engaged. This also applies to more specific activities, such as bananas, petroleum and so forth.

Question 35

Does Guatemala implement the exceptions to tariff application permitted by the Convention? If so, please describe them.

Reply

We find this question somewhat confusing and would appreciate further clarification.

4.2 Customs system

4.2.1 Institutional provisions

Question 36

Does Guatemala employ any private specialized enterprises to advise on or implement Guatemalan customs regulations, including valuation? If so, please list these enterprises by name.

Reply

No.

Question 37

How does Guatemala publicize its trade, tariff and customs laws and regulations? Are all regulations affecting trade issued by the competent Ministries published promptly in such a manner as to enable governments and traders to become acquainted with them? If not, will Guatemala commit to initiating such policies in conformity with Article X of the General Agreement after its accession?

Reply

- (a) Through publication in the Official Journal "Diario de Centroamerica".
- (b) Yes. Laws, decrees, regulations or notices are published daily.

Question 38

Page 28: Can laws and regulations affecting trade be implemented prior to official publication?

Reply

No.

Question 39

Can Guatemala commit to the implementation of Article X in all aspects of its trade, customs and tariff laws and regulations after accession to the General Agreement?

Reply

Yes, in conformity with the special procedures and provisions applied to developing countries.

4.2.2 Appeals

Question 40

Are the Administrative Tribunal or Tariff Committee independent of the Ministry of Finance? Is the decision of the Administrative Tribunal final in customs appeals other than those involving classification? If not, to what body can such appeals be taken?

Reply

(a) Yes.

(b) No. Appeals can be taken to the Supreme Court of Justice.

4.3 The valuation of goods for customs purposes

Question 41

Please define more specifically at which rate of exchange customs duties collected are valued when the invoice value is expressed in terms of non-Guatemalan currency? Is this the rate at which other commercial transactions are made?

Reply

(a) The relevant exchange rate supplied by the Bank of Guatemala.

(b) Yes.

Question 42

Which of the four categories of valuation listed most closely [approximates] to the invoice price of imported goods?

Reply

The usual competitive price, since this enables the invoice price to be adjusted when goods are undervalued. The law governing this procedure provides for the determination of the normal price with the inclusion of other costs, including transport, insurance, loading and unloading.

Question 43

Please define precisely how the "usual competitive price", the "probable transaction price", and the "actual transaction price" are determined.

Reply

Article 14 of Decree Law number 147-85 defines the following concepts:

- (a) Usual competitive price: this is the price usually applied in transactions under conditions of free competition, in similar circumstances, for identical or similar goods to those being valued. This is determined on the basis of prices of other importers and other suppliers from the same country in which the sale is made.
- (b) Probable transaction price: the price applied to identical or similar goods to those imported, in a previous transaction in the national territory under similar conditions and within a period not more than ninety days. This is determined through research by the Directorate General of Customs into its records concerning prices of goods imported previously, and within ninety days of the date of the valuation in question.
- (c) Actual transaction price: this is the price applied to the goods actually concerned in the transaction in the national territory for the first time. This is determined by provisionally accepting the declared values, prior to inspection of the goods, and duties and other charges are paid under reservation of possible adjustments of the value. Subsequently, the price at which the goods were actually sold is taken, and all elements not included in the normal price are deducted.

Question 44

If Guatemala's goal in the area of customs valuation is to determine a value "for the imported goods as a result of a transaction effected in the context of free competition, etc.," why is the "actual transaction price" considered as a third choice after two other methods of valuation?

Reply

It is considered a third option because there are cases where it is very difficult for the customs authority to determine the normal price by the other methods indicated in the reply to question 43.

Question 45

Do any of the four means of valuation listed refer to an official list of valuations for customs purposes? Do any of these four means of customs valuation make use of domestic Guatemalan prices as a point of reference?

Reply

- (a) No. The official lists are for tariff and other general purposes.
- (b) No.

Question 46

Are royalties, or fees for using patented material considered in the determination of the customs value of imports?

Reply

Yes, Article 8 of Decree Law 147-85 states that when the goods are manufactured using a patent, design or model. Likewise, when the goods being valued are distinguished by a foreign trademark, the normal price of the goods includes the value of the right to use such trademark.

Question 47

How does Guatemala value computer software and other imported recorded material for customs purposes?

Reply

The value of software, like the value of the product, is determined taking account of aspects such as product quality, use, destination, duration and language.

Question 48

Would Guatemala provide the contracting parties with a copy of Article 14 of the Customs Valuation Law?

Reply

Naturally: this is to be found in the attached copy of the Convention on the Central American Tariff and Customs Régime, Annex B, Article 14, which contains the Customs Valuation Law (Annex 5).

Question 49

Which agency of the Guatemalan Government reviews appeals against the valuation decisions of customs authorities?

Reply

Appeals against decisions by the Directorate-General of Customs are made to that agency and are examined or considered by the Office of Valuation and the Legal Department of that agency.

Question 50

Are customs valuations performed exclusively by Government customs officials or does Guatemala also employ the services of specialized inspection enterprises?

Reply

Customs valuation is performed directly by officials of the Directorate-General of Customs, and consequently there is no contract with any private enterprise.

Question 51

If Guatemala wished to adhere to the code on Customs valuation would this be possible in view of its obligation under the Central American Legislation on the customs value of goods?

Reply

For the time being Guatemala has not examined the possibility of acceding to the Code.

4.4 System of levies

Question 52

Are there any customs and import fees and charges, or taxes applied to imports other than import tariffs, the 4 per cent charge on imports, the value-added tax (VAT), and the consular fees listed in section 4.4? If so, please list them and the rate at which they are applied.

Reply

Yes. A stamp duty of Q 10 per trade document, and the consumption tax on spirits and fermented beverages in accordance with Article 2 of Decree Law 74-83.

Question 53

Whether or not currently applied, is there any provision in Guatemalan law for the application of taxes or charges on imports other than those listed in L/6400?

Reply

There is no legal provision for the application of other taxes on imports.

Question 54

What percentage of Guatemala's governmental revenues is accounted for by import tariff duties? by other taxes and customs charges levied on imports and on exports?

Reply

Roughly 16 per cent of current revenues in 1987 and 15 per cent in 1988.

4.4.1 Customs duties

Question 55

Tariff rates described in this Section refer only to those listed in Part I of the Convention on Central American Tariff and Customs Régime. Can Guatemala provide details on tariff rates from Parts II and III of the Convention which are left to its own discretion?

Reply

Parts II and III of the Convention on the Central American Tariff and Customs Régime are to be found in the attached copy of the Convention (Annex 5).

Question 56

What percentage of Guatemala's total tariff is represented under Parts I, II and III respectively?

Reply

The Central American import tariff contains 1,846 tariff headings, of which 1,688, or 91 per cent, are in Part I; 88, or 5 per cent, in Part II; and 70, or 4 per cent, in Part III.

Question 57

In order to have a better idea of the structure of Guatemala's import regulation, it would be helpful to have some information concerning the structure of the tariff schedule. Could Guatemala supply a table or chart indicating the number of tariff lines and the percentage of import trade to which various rates of duty are currently applied? For example, what portion of tariff lines correspond to a duty rate of 10 per cent,

20 per cent, etc. In addition, could Guatemala include similar data indicating the percentage of trade in a recent representative year subject to these same tariff levels?

Reply

A table containing this information is attached (see Annex 8).

Question 58

Please give the full range of duties applied to imports of "finished goods produced in the area".

Reply

We do not understand the question: please clarify.

Question 59

Please list the criteria that determine a "small industry" for the purposes of eligibility for exemption from import duties.

Reply

Under the regulations for Decree 24-79 of the Congress of the Republic, Law for the Promotion of Industrial Decentralization, in Article 1 (d) small industry is defined as a manufacturing establishment that is engaged in the production of finished, semi-finished or intermediate goods and meets the following conditions:

- (a) it employs not more than thirty workers;
- (b) the value of its machinery, equipment and tools is less than 50,000 quetzales (Q 50,000)
- (c) the owner or manager of the firm also performs administrative or technical tasks;
- (d) the production process is based on simple technology that uses manual tools, mechanical machinery or equipment but does not depend on automatic processes or machinery;
- (e) it preferably uses local raw materials, or raw materials from the other Central American countries.

Question 60

Please list the "productive activities" and describe the provisions of the "special laws" that are applied that exempt them from payment of import duties.

Reply

In view of its level of development, Guatemala seeks to support various productive activities by this type of incentive. The relevant laws include the following:

- (a) Law for the Promotion of Industrial Decentralization, contained in Decree 24-79 of the Congress of the Republic (Annex 13);
- (b) Law for the Promotion and Development of Exporting and Inward Processing Activities, Decree 29-89 of the Congress of the Republic;
- (c) Law for the Promotion of Small Industry, Decree 12-71 of the Congress of the Republic;
- (d) Law for the Promotion of Poultry Farming, Decree 1331;
- (e) New Law on Free Zones, Decree 65-89 of the Congress of the Republic;
- (f) Law for the Promotion of the Development of New and Renewable Sources of Energy, Decree Law 20-86;
- (g) Organic Law of the Guatamalan Tourism Institute, contained in Decree 1701 of the Congress of the Republic.

Question 61

What agency issues the "entitlement" that activates the exemption? Are foreign-owned enterprises eligible for this programme?

Reply

All taxes are established by Decree of the Congress of the Republic, and consequently any exemption is granted by a law enacted by Congress. The laws are administered by different agencies depending on the activity involved.

Yes. The benefits or exemptions are applied to enterprises without distinction on grounds of origin of the capital.

Question 62

For what purpose is the 4 per cent increase in tariff rates applied under Decree No. 63-87 applied? When was it first implemented? Does the law specify a time-limit for its application? What are Guatemala's plans concerning the disposition of this import surcharge?

Reply

- (a) In order to defray the Government's costs for Customs Administration services.
- (b) On 8 October 1987, when Decree 63-87 of the Congress of the Republic entered into force.
- (c) The 4 per cent increase in tariff rates will be applied as follows: 4 per cent up to 31 December 1989; this will be reduced to 3 per cent from 1 January to 31 December 1990; 2 per cent from 1 January to 31 December 1991; and 1 per cent from 1 January 1992 onwards, as established in Chapter 4 of Decree 95-87 of the Congress of the Republic.
- (d) The situation concerning such disposition is currently being studied.

Question 63

What was the justification (page 15 for the 4 per cent increase in the customs tariffs set out in the Central American Import Tariff? To what document does Annex 2 refer?

Reply

- (a) On the grounds that the tariffs contained in Annex A to the Convention on the Central American Tariff and Customs Régime, Central American Import Tariff, do not provide enough resources for the country to finance the work programmes needed for its economic development. These include the plan for the reorganization, technical enhancement and supervision of the customs services and all the administrative and logistical infrastructure to support the development of foreign trade. The persons using these services therefore have to contribute to the modernization of the equipment and installations, training and professional improvement of the staff, and to the creation of streamlined information and registration systems, all of which will benefit the development of the country's economic activities.
- (b) None. It is solely an indicative list of products exempted from the above-mentioned provision.

Question 64

Was the 4 per cent import charge incorporated in Guatemala's tariff schedule, or is it applied separately? Is it applied at the time of importation to the customs value?

Reply

- (a) In conformity with the text of the agreement, yes. In practice, however, it is calculated separately by the officials responsible for collecting import duties.
- (b) Yes. This percentage is calculated on the CIF value, converted into quetzals, as indicated in the import document concerned.

4.4.2. Value added tax

Question 65

Does Guatemalan law provide for the expansion of the list of products exempted from the VAT contained in Annex 3? Who administers this law, and what criteria are used to determine whether items should be added or dropped from the exemption list? Within the last 5 years, what items have been added or dropped from the list?

Reply

- (a) Yes, but in accordance with the new fiscal policy no new products will be added to the list.
- (b) The Law on value added tax, contained in Decree No. 97-84, is administered by the Directorate-General of Internal Revenue of the Ministry of Public Finances, through the VAT Department.

In zero rating the consumer articles indicated in Annex 3 of the Memorandum, the criteria were the products which make up the basic family "shopping basket" and products which have a major impact on production, such as agricultural products, petroleum and its products, and also school materials and publications. In the latter case, the aim is to enhance the level of national education.

- (c) The Law came into force on 1 October 1984; to date, no new product has been added nor will be added, in accordance with current fiscal policy.

Question 66

How many of the items listed in Annex 3 can be imported without prohibition, restrictive import licensing requirements, State trading, or other quantitative restrictions?

Reply

Fifty-five (55)

Question 67

Why is invoice value used as the basis for applying the VAT, rather than the value determined for customs purposes?

Reply

The basis for applying the VAT where imports are concerned is not strictly the invoice price, but the normal price as estimated by the Customs authority, plus tariff duties and stamp duty for commercial documents (Q 10.00).

4.5 Treatment of imports

4.5.1 Control

(a) Bank of Guatemala (Central Bank)

Question 68

Will be reproduced separately.

Question 69

Please provide information on the specific rules regarding applications for foreign exchange to pay for imports. If a party adheres to these rules and requirements, will the foreign exchange permit be automatically granted, or are such decisions discretionary?

Reply

One of the Government's macro-economic policies is to liberalize foreign trade transactions, which has resulted in the freeing of the exchange rate. In February 1989 Bank of Guatemala's import-permit requirement was also abolished, leaving only the formality of the foreign exchange permit. However, since the aim is to achieve a better allocation of resources through the market mechanism, there are no restrictions on the type of products that may be imported. All exchange applications which fulfil the requirements, therefore, are approved, whatever the goods concerned or their country of origin (see attached copy of application for exchange permit required by the Exchange Department).

Question 70

What is the relation between rules governing import licences to those controlling foreign exchange permits?

Reply

None

Question 71

Does Guatemala target specific goods or sectors for foreign exchange controls? If so, are the criteria used the same as those targeted for import licensing requirements?

Reply

No. Since 1986 a policy of exchange liberalization and flexibility has been applied, leading to a better distribution of resources through a reduction in the distortions of relative prices between sectors. To this end, in February 1989 the import-permit requirement was abolished for all sectors and if an application for an import exchange permit fulfils the requirements laid down, it will be authorized.

Question 72

Approximately what portion of Guatemala's imports are effected at the "official" exchange rate of Q1 0 US\$1?

Reply

None. At present, the only transaction at this rate of exchange is the Bank of Guatemala's payment of its external debt. Importers are free to acquire their foreign currency in the regulated market. All goods were included in that market at the exchange rate of Q 2.50 = US\$1.00. The present exchange rate is free.

(b) Directorate General of Trade

Question 73

What are the procedures for issuing import licences? Which organization decides and on the basis of which criteria whether certain products require import licences?

Reply

(a) The procedure for issuing import licences is as follows:

1. Presentation of the application to the relevant authority, accompanied by the necessary documents (original invoices or pro forma invoices) confirming the import, as well as any documents which the authority may consider appropriate.
2. Opinions are delivered.
3. Decision and issue of licence.

(b) The organizations which decide whether products require an import licence are the the Ministries of the Economy, of Agriculture, Livestock and Food, of Public Health and Social Security, and of National Defence. These adopt the following criteria:

- avoidance of market disorganization and/or maintenance of adequate supplies;
- conservation and preservation of the country's natural resources;

- human health and animal and plant control;
- national security and defence.

Question 74

What determines the selection of those products for which an import licence must be obtained?

Reply

The selection of products subject to an import licence is determined as follows:

Selection criteria	Products
Phytosanitary controls	Food products; drugs and psychotropic substances; medicines; medicinal products; animals, products and by-products; biological medicaments for human consumption; animal foodstuffs; cattle; seeds; coffee; kenaf; rosella; powdered milk; biological, chemical and pharmaceutical products for animals; toilet preparations; organic products, not chemically specified; cotton seeds.
National security	Arms and ammunition; line telephonic and telegraphic apparatus; radio telegraph and television transmitters and receivers, with or without cabinets; cartridges; potassium chlorate; explosives; detonating caps; fireworks; ammunition; propellant powders; cloth ¹ .
Protection of national production	Paper; rubber; basic cereals ² ; fresh apples; fresh pears; fresh grapes; lead; fruit juices; rubber trees.
Quality control	Safety helmets; fertilizers; flour; fats; insecticides.
Protection for farming and animal husbandry	Herbicides dimethylamine salt of dichlorophenoxyacetic (acid 2, 4-D).

¹This refers to cloth identical or similar to that used for uniforms or other garments of the Guatemalan Army.

²Legally, basic cereals for popular consumption are taken to mean all those articles constituting the people's habitual food, such as maize, beans, rice, wheat and others considered appropriate by the Ministry of Agriculture, Livestock Breeding and Foodstuffs.

Question 75

What GATT justification can Guatemala provide for the licensing requirements referred to in this Section?

Reply

The current licensing regulations covering agricultural products are due to the great importance of this sector within the country's economy and its problems, since this sector provides employment for 58 per cent of the economically active population, contributes 25.8 per cent of the Gross National Product and accounts for 81.1 per cent of the total value of the country's exports.

In addition, the majority of basic foodstuffs consumed by the mass of the Guatemalan population is produced by a large number of small producers with insufficient financial and technological capacity. It is therefore essential to maintain arrangements guaranteeing the producers a minimum income in order to avoid a significant deterioration in their living standards, while at the same time giving consumers access to basic foodstuffs at moderate prices. That is why import controls are essential, to guarantee supplies and to avoid disproportionate price rises for the consumer, without excessively reducing the family income of domestic producers.

Faced with this situation, the Government and private enterprise, with full support from the international community, are striving to modernize and diversify agricultural production; it must be recognized that the success of projects along these lines requires certain protective and incentive measures.

A similar situation exists with regard to agricultural products, which are an important input for the national productive system and therefore require protection, especially when they have to compete with imported synthetic substitutes.

As regards plant and animal health controls, licences relating to public health protection and to restricted use products for health or defence reasons, are based on international standards in this regard, in so far as they are compatible with the relevant provisions of the General Agreement, particularly Articles XX and XXI.

Within the process of structural adjustment, Guatemala pays special attention to industrial development. It is therefore encouraging a significant mobilization of resources for industrial reconversion and modernization, making the national production system more competitive both nationally and internationally and enabling it to expand into other areas where it enjoys potential comparative advantages.

In the first stages of implementation, it is expected to have to provide the programmes with the necessary incentives and protection, bearing in mind the amount of effort and resources required by these aims.

These opportunities might be lost if the means to ensure their success are not used. All the foregoing is compatible with the principles, proposals and objectives of the General Agreement, particularly the provisions of Article XVIII and Part IV of that Article.

All the above-mentioned initiatives are mainly intended to raise the standard of living of the majority of Guatemalans and to generate an organized and effective process of economic and social development in the country. Guatemala considers this to be consistent with the spirit of the General Agreement and other GATT instruments and mechanisms.

Finally, it should be pointed out that Guatemala has found that a licensing system has advantages over other procedures, including tariff modifications. The most significant are that since no additional cost is involved, there is no impact on domestic prices; and this system provides a guarantee that the rise in imports will precisely supplement domestic supply to meet local demand. It also offers transparency and ease of application.

It should be emphasized that the procedures applied by the Licensing Régime in Guatemala do not infringe the principle of non-discrimination contained in Article XI of the General Agreement.

It is worth pointing out, finally, that in the context of measures aimed at establishing conditions for greater participation in the world economy the Government of Guatemala is carrying out studies to establish the possibility of modifying the use and application of the licensing system or to adapt it in appropriate cases.

Question 76

Are the licences described in this section granted automatically? If not, please describe the process by which the Directorate General of Trade exercises discretion in this matter. Are licences granted on a non-discriminatory basis concerning supplier country? Is there any requirement for local purchases or export requirements for an importer to qualify for receiving a licence?

Reply

- (a) No. In no case does the Directorate General of Trade automatically grant import licences.
- (b) The discretionary powers exercised by the Directorate-General consist in consultations with other institutions having the requisite technical knowledge. For example, in the case of medicinal products, drugs and psychotropic substances, it consults the Directorate-General of Health Services if a given applicant has registered the products which he has applied to import; in the case of unprocessed oils, it consults the Association of Oil Producers as to the availability of that product on the domestic market, and itself

undertakes field research with the personnel assigned to that task, to ensure that the market is not saturated, which would affect subsequent production already underway, and that no loss is sustained by producers.

- (c) Yes. Licences are granted on a non-discriminatory basis as regards the supplier country.
- (d) No. There is no requirement for local purchases, except in the case of wheat, which receives special treatment.

This treatment consists in obliging importers to purchase the domestic product. Only soft wheat is produced, and alone accounts for approximately 20 to 25 per cent of national consumption.

Question 77

Are there any other agencies of the Guatemalan Government involved in issuing import or export licences? Under what conditions are the licences granted or denied? Is there a quantitative level associated with the granting of import licences for these products? Are the licences granted seasonally?

Reply

- (a) In the Memorandum on the Guatemala Foreign Trade Régime presented to the GATT Secretariat in September 1988 a list is given of all the Government agencies involved in issuing import and export licences.
- (b) Both import and export licences are granted when those concerned fulfil the quantitative and qualitative conditions required by law. They are denied when such conditions are not met.
- (c) Yes.
- (d) No.

Question 78

Are importers of affected items permitted an opportunity to dispute the "reports emanating from the sectors affected" prior to subjecting the import to restrictive licensing requirements?

Reply

Yes. In cases of reports emanating from sectors which feel affected by the import of goods and apply for restrictive measures on such imports, the administration takes steps to investigate, analyse, examine and consult about the specific report before issuing a restrictive licensing requirement, if at all. During this time, the case has usually been

completely open to public scrutiny and the importers concerned may use any means allowed by law to dispute the reports. If the restriction is imposed, they have the right to appeal against the decision, using all the administrative resources of the law.

Question 79

Please define more precisely what is meant by the term "products that may distort the country's economy"?

Reply

Strictly speaking, the expression "products that may distort the country's economy" refers basically to the harmful effects which the indiscriminate access to the Guatemalan market of some products included in Annex 4 of the above-mentioned Memorandum might to a certain extent have on production, investment, employment, foreign currency, etc., in specific industries, either because those articles are produced in the country or because their production is being encouraged with a view to diversification.

Question 80

Does Guatemala have any mechanism for taking anti-dumping, countervailing or safeguard action? If so, what laws, regulations or other policy instruments are used to take such action?

Reply

Yes: the Convention on the Central American Tariff and Customs Régime (Articles 25 and 26) and the Regulations to those Articles.

Question 81

On pages 16 and 17 of document L/6400 it is stated that "the purpose of import licence is to protect enterprises against excessive imports of certain products or imports which constitute unfair competition". How is unfair competition defined? Does this imply that import licensing is used instead of anti-dumping, countervailing or safeguard action?

Reply

(a) Guatemala defines unfair competition in the terms found in Article VI, paragraph 1 of the General Agreement. This definition (adopted by Guatemala) is contained in the Central American Tariff and Customs Régime, Articles 25 and 26, and their Regulations.

(b) No.

Question 82

This section states "the purpose of import licences is to protect national enterprises against excessive imports of certain products or imports which constitute unfair competition". How is this statement consistent with the provisions of Articles VI and XI of the General Agreement which prohibit general protection through the use of quantitative restrictions and which call for the application of countervailing charges to deal with unfair trade practices?

Reply

The last part of the statement "... or imports which constitute unfair competition" contains a mistake: import licences are not used to deal with unfair trade practices. In such cases, Guatemala observes what is laid down on this point by the Central American Tariff and Customs Régime.

Question 83

What criteria are used to determine the products listed in Annex 4? Who is responsible for making these determinations? Are there minimum export requirements associated with the issuance of licences for particular imports?

Reply

- (a) The criteria applied may be found in the replies to Questions 74 and 75.
- (b) The bodies responsible for making these determinations are the Ministries of the Economy, of Agriculture, Livestock and Food, of Public Health and Social Security, and of National Defence.
- (c) No, except where the export of a given product brings about a shortage on the domestic market. This is the general procedure.

Question 84

What portion of Guatemalan (1) tariff lines and (2) trade is subject to these licensing restrictions?

Reply

- (a) If the reference is to the number of tariff lines in relation to the total content of the tariff, it is less than 1 per cent. If the reference is to the different parts of the tariff, the tariff lines subject to licensing restrictions belong to Part 1.
- (b) Less than 0.5 per cent of total trade.

Question 85

What items have been added or dropped from Annex 4 in the last five years?

Reply

Some pesticides and herbicides, and some mining products.

Question 86

Are licences ever granted to any of these products on a seasonal basis?

Reply

No.

Question 87

What are Guatemala's intentions with regard to the application of these restrictions after accession to the General Agreement? By what Articles does Guatemala intend to justify their continued application?

Reply

The reply to this question is contained in the reply to Question 75.

Question 88

Please describe the criteria and conditions that must be met by importers to receive licenses to import each of the categories of goods controlled by "other bodies", as listed on page 17 of L/6400.

Reply

(a) Criteria:

1. Phytosanitary.
2. Do not threaten national security.
3. Protection of domestic production.
4. Quality.
5. Preservation of agriculture.

(b) Conditions

Section (b) of the reply to question no. 77.

(c) See reply to question no. 75.

Question 89

On page 17 of L/6400, several organizations are listed as having responsibility for control over the importation of seeds, food products of animal origin, products of vegetable origin and live animals. What criteria are used for the granting of licences for the importation of these products? How many and which organizations must be approached to obtain a licence?

Reply

- (a) The criteria are mentioned in the replies to questions nos. 74, 75 and 88.
- (b) Five, namely:
- For basic grains: the National Agricultural Marketing Institute (INDECA);
 - For food products of animal origin: the Food and Medicine Registration and Supervision Division of the Directorate-General of Health Services, Ministry of Public Health and Social Security;
 - For products of vegetable origin: Directorate General of Agricultural Services (DIGESA) and Directorate General of Forests (DIGEBOS);
 - For live animals: Directorate-General of Livestock Services (DIGESEPE) of the Ministry of Agriculture, Livestock and Food.

Question 90

Are any of the items controlled by "other bodies" also listed in Annex 4? Are any of these products, or the products listed in Annex 4 traded by a state enterprise or by any enterprise enjoying exclusive or special trading privileges granted by the government?

Reply

- (a) Yes.
- (b) Yes, by INDECA.

Question 91

Is INDECA also involved in the importation of basic seeds and their sale in the Guatemalan market? Why are import licenses required for these imports? Please elaborate on the involvement of INDECA in Guatemala's trade in grain, oilseeds, and other basic agricultural commodities.

Reply

- (a) Yes.
- (b) To protect small and medium producers of basic grains.
- (c) The involvement of INDECA in trade in grain, oilseeds and other basic agricultural commodities has two objectives: to protect consumers, especially against speculative price rises, and to protect producers by guaranteeing them reasonably remunerative prices.
- (d) See reply to question no. 75.

4.5.2 Prohibitions

Question 93

Why are the products listed in Annex 5 prohibited from import? Does Guatemala prohibit the importation of apples during the Christmas season? Specifically, please explain the application of these restrictions to the agricultural products listed in Annex 5.

Reply

See reply to question no. 75.

Question 94

Will be reproduced separately.

Question 95

Specifically, what provisions of the General Agreement does Guatemala believe justify such prohibitions? Are these restrictions permanent? If not, are there measures that traders can take to allow these products to qualify as permissible imports?

Reply

See reply to question no. 75.

4.5.3 Import Requirements

Question 96

Please explain the term "commercial patent" as used in this section.

Reply

The commercial patent is a document issued by the Ministry of the Economy's Trade Registration Office to any duly registered company, individual trader, trading auxiliary, firm or establishment so that it may engage on a profit-making basis in any of the following activities:
(1) Industry involved in the production or processing of goods and

provision of services; (2) Intermediation in the circulation of goods and provision of services; (3) Banking, insurance and sureties; (4) Activities related to the above.

Question 97

Under what conditions is a "certificate of origin" required, who grants it, and what, if any, rules of origin are applied to the issuants?

Reply

- (a) A certificate of origin is required when any doubt exists as to the origin of the good or product. This requirement concerns countries with which Guatemala has trade agreements.
- (b) In third countries, the competent authority.
- (c) No particular rule is applied.

4.6 Treatment of exports

4.6.1 Export Incentives

Question 98

Will Guatemala notify the subsidies covered in this section under the provisions of Article XVI after accession? Are these the only subsidies for domestic production or for export that are currently in effect in Guatemala?

Reply

- (a) Yes.
- (b) Yes.

4.6.1.1 Temporary suspension of customs duties

Question 99

In the context of export promotion policy, industrial enterprises that export to markets outside the Central American area are eligible for fiscal incentives (Decree Law No. 21-84, L/6400, page 18). To what extent are these incentives in the nature of subsidies? The Tax Rebate Certificate system has been suspended for a period of two years from June 1986 (Decree Law No. 25-86, L/6400, page 19). Has this system been reactivated recently?

Reply

As Guatemala is a developing country, its industrial sector has not grown significantly, even during the boom years of the Central American Common Market when it grew fastest, boosted basically by foreign investment in the region. In the 1960s and 1970s trade within the region grew substantially, and there was a start to industrial development. However,

the world crisis and conflicts in the region stifled economic relations among the countries, which began partial economic programmes. In Guatemala, in 1986 the industrial sector represented barely 15.9 per cent of GDP; hence the benefits granted under Decree Law No. 21-84 cannot be considered subsidies but rather fiscal incentives to increase investment, production and particularly exports. This decree has already been abolished and replaced by Law No. 29-89 for the promotion and development of exporting and inward-processing activity, which updates and broadens the scope of the programme.

Question 100

Are all "industrial enterprises that export outside the Central American area" eligible for the programme, or are their specific criteria, e.g. percentage of output devoted to such exports, that are taken into consideration? If yes, what are they?

Reply

All industrial enterprises, regardless of their size, the origin of their capital or any other criteria, were eligible for the benefits of Decree Law No. 21-84. The sole requirement or limitation was that they should export some or all of their production to markets outside the Central American area. It should be noted that Decree Law No. 21-84 was replaced by Decree No. 29-89 of the Congress of the Republic.

Question 101

On what basis and when are the customs duties in "temporary suspension" eventually collected?

Reply

Under the temporary suspension system, the duties not charged are not collected because they are temporarily suspended for a period of one year so that the goods that enter under this régime may be processed and then re-exported with the incorporation of domestic value added.

Question 102

Approximately what is the value of Guatemalan imports in a recent representative year excluded from duty based on the application of Decree Law No. 21-84? Does Guatemala consider this programme successful, and will it be continued? If so, for how long?

Reply

(a) The value of imports exempted from payment of duties under Decree Law No. 21-84 in 1986 amounted to roughly US\$42 million for raw materials and intermediate goods, and US\$11 million for capital goods, making a total of US\$53 million.

(b) Yes, to update it and expand its coverage a new law was enacted to replace Decree Law No. 21-84. The new law is the Law for the Promotion and Development of Exporting and Inward-Processing Activity, No. 29-89, and it entered into force on 19 July 1989.

(c) Indefinitely.

4.6.1.2 Tax rebate certificate

Question 103

In Section 4.6.1.2 of L/6400 it is noted that the validity of the tax rebate certificate system was suspended for two years from June 1986. Was the system reintroduced in June 1988? If not, has a modified system been introduced?

Reply

No, it has not been reintroduced and there is no replacement or supplementary system.

Question 104

Has this export incentive been reinstated after the expiration of its suspension in June 1988? What taxes were rebated under the programme? What relationship existed between the level of tax rebated and the level of tariffs or other border charges assessed on the import?

Reply

(a) No.

(b) None.

(c) None.

4.6.2. Extraordinary tax on exports

Question 105

The extraordinary tax on exports (Decree Law No. 23-86) is being reduced in successive states. Is there a time-frame for this reduction, and if so what is it? By what stages is this reduction to be achieved?

Reply

According to Article 19 of Decree No. 23-86 as amended by Decree No. 94-87, both of the Congress of the Republic, the reduction began in June 1987 and is to end in June 1990. The percentage reduction is a cumulative 3 per cent monthly.

Question 106

Is it still Guatemala's intention to eventually eliminate these export taxes? Under what conditions would they be reinstated?

Reply

- (a) Yes.
- (b) Under the economic and administrative reform policies currently in force, it is not intended to re-introduce taxes such as those on exports, which by law will be eliminated in June 1990.

4.6.3. Control

Question 107

Could further details be given of the "Single Export Window" which is designed to facilitate and expedite export formalities.

Reply

The Single Export Window is a centralized administrative unit to which the specific functions of each of the state agencies and institutions involved in the various export formalities have been delegated.

The basic objectives of the unit are described below:

- To centralize, through delegation, the specific functions of the State agencies or institutions or other bodies which deal with export formalities.
- To facilitate and streamline formalities connected with the export process handled by public institutions.
- To inform and guide users concerning the legislation, regulations and other procedures in force in connection with export formalities.

The unit fulfils its objectives by carrying out the following functions:

- It handles all formalities connected with exports.
- It responds to requests for information and advice connected with export formalities and procedures.
- It keeps a record and statistics concerning the flow of export transactions.
- It intervenes with the various governmental agencies and institutions which deal with exports in order to speed up formalities when obstacles arise in those agencies for causes that have nothing to do with the exporter.

Question 108

Are there any fees or charges associated with obtaining an export licence?

Reply

No.

Question 109

Does Guatemala have any laws or regulations concerning export performance criteria or local content requirements in connection with foreign investment or access to export promotion programmes?

Reply

No.

4.7 OTHER TRADE POLICY INSTRUMENTS

4.7.1 Barter

Question 110

In what main category of goods does Guatemala participate in barter trade, either import or export? With which countries?

Reply

With regard to the composition of barter trade during the period June 1983 to December 1988, as far as exports are concerned, the predominant exports were of non-traditional products, mainly manufactures: exports of textiles, clothing and leather goods; chemicals; non-metallic mineral products and paper and paper products. Less important were exports of non-traditional agricultural products, especially fruit and vegetables, natural rubber and honey.

Exports of traditional products were carried out above all in 1985: by order of importance, bananas, sugar, cotton, bovine meat and coffee. In the case of cotton, this product was bartered for the same fibre, the sole difference being in the length of the fibre.

With regard to products imported under barter arrangements, these mostly consisted of raw materials or intermediate goods for the smooth operation of the agricultural and industrial sectors. The industries which accounted for the bulk of the value of imports were, by order of importance, chemicals, metal products, paper and food products, textiles and clothing, and leather goods. Agricultural products imported under barter trade were confined to cotton, spices, malt, seeds and other products. Cotton purchases accounted for the largest percentage.

With regard to the countries with which barter transactions were made, these were basically the Central American region, United States, Mexico, Venezuela, Panama, Puerto Rico and the Federal Republic of Germany.

Question 111

Are the barter arrangements referred to in this section in any way associated with the provisions of bilateral trade agreements between Guatemala and other countries?

Reply

No, the regulations on the direct exchange of goods adopted under resolution JN-178-86 provides for such transactions without exclusion of any country whatsoever, including those with which bilateral trade agreements have been signed.

Question 112

Under Decree Law No. 22-86, Guatemala established the legal basis for direct trade. What is the significance of such transactions in total foreign trade, and what is the attitude of the national authorities of Guatemala in regard to this practice?

Reply

Barter trade is of minimal importance: during the period of June 1983 to December 1988, exports represented 2.4 per cent on average of the country's total exports.

Barter imports represented an average of 2 per cent of the total value of imports during the same period.

Direct trade in goods is governed by resolutions of the Monetary Board aimed at harmonizing these transactions with the existing foreign exchange provisions. In conformity with the economic policy of openness to the exterior, as provided for under the Government's medium- and long-term economic programme, the Guatemalan authorities intend to continue the policy of non-interference in the country's trade operations.

Question 113

Can the per cent of Guatemala's imports and exports associated with barter arrangements be estimated for a recent representative year?

Reply

Yes, for the year 1988 the value of exports and imports carried out under this form of trade amounted to US\$769,300 or 0.08 per cent and 0.05 per cent of total exports and total imports, respectively.

Question 114

What percentage of exports from Guatemala are subject to barter conditions? Are the products of barter traditional or non-traditional products?

Reply

Transactions involving the direct exchange of goods are not subject to any percentage. The criterion adopted to authorize this type of transaction is that the products to be exported should contain a high value of domestic value added and the goods to be imported should be necessary for the country's economic development. With regard to the type of products exported under such arrangements, in the years where most use was made of this mechanism non-traditional products predominated, representing about 85 per cent of the total value of barter exports.

Question 115

Are customs duties and other taxes applied at the customs level assessed on barter trade imports? How are these imports valued for duty and tax assessment?

Reply

Yes, barter trade imports pay customs duties when entering the country. Such duties are calculated in the same way as for other imports, in other words they are subject to Decree No. 24-86 of the Congress of the Republic, in force since June 1986, which establishes that the taxable base on which the duties must be applied is the CIF value of the goods. The latter is understood to be the amount resulting from the conversion into quetzales of the CIF value expressed in Central American pesos (\$CA 1.00 per US\$1.00), at the foreign selling rate in effect on the date of acceptance of the import document or customs form.

4.7.2 Free zones

Question 116

Guatemala has a free zone, set up by Decree Law No. 22-73, as amended by Decree No. 15-79. What is its significance (production sector, number of work stations) in comparison with the total volume of foreign trade? How many other zones are there, and are there plans for setting up any additional ones?

Reply

- (a) Industrial, trade and service activities are carried out in the Trade and Industry Free Zone. As far as industries are concerned, the main ones are made-up textiles and metal products and mechanical engineering, which account for about 900 jobs.

- (b) The volume of their foreign trade in 1988 amounted to US\$1,364,410, or 3 per cent of Guatemalan exports.
- (c) None.
- (d) With the entry into force of a new free-zone law, others are expected to enter into operation.

Question 117

For items produced under the tax and tariff free conditions of the Zone, are regular import taxes, customs charges, and tariffs applied if these products are entered for consumption into Guatemala's customs territory? If not, why not?

Reply

Yes.

4.7.3 Maximum consumer prices

Question 118

Is Annex 8 complete? Approximately what percentage of Guatemala's consumption of products subject to price-controls is supplied by imports? About what percentage of Guatemala's imports is in price-controlled products?

Reply

- (a) Yes.
- (b) None. All products in Annex 8 are of national origin.
- (c) None.

6. GOVERNMENT PROCUREMENT

Question 119

Do the provisions described in this paragraph distinguish between purchases by State-trading entities used to produce goods for processing or commercial sale and goods purchased for direct use by the Government?

Reply

Yes.

Question 120

Does Guatemala maintain any agency or government-owned enterprise that engages in international trade, as described in GATT Article XVII:1(a)? Are there any enterprises in Guatemala that are granted special trading privileges or that are State-trading enterprises as described in Article XVII? If so, please list them.

Reply

There are no State enterprises in Guatemala engaging in international trade. Neither are there any private or State enterprises which are granted national or international trading privileges.

Question 121

Do any laws or regulations exist which mandate preferential consideration of purchases by these organizations from Guatemalan suppliers or from certain supplying countries? Are duties collected or assessed on State-traded imports and exports? What is the rôle of private traders in State-traded products?

Reply

There are no rules laying down preferential treatment for Guatemalan suppliers to State bodies. Imports and exports by State organizations are not subject to import duties. This is also the case for some autonomous or semi-autonomous bodies, in accordance with their own statutes.

Private traders may supply the State, provided that they enter themselves on the Ministry of Finance's register of suppliers.

Question 122

What products are imported and exported through these State-trading entities? What percentage of Guatemala's imports and exports are traded by such enterprises?

Reply

There are no State-trading entities engaged in imports and exports.

Question 123

Does Guatemala employ single and selective tendering as well as open tendering for government procurement? If so, what share of government procurement is done through selective or single tendering?

Reply

No. Government procurement is governed by Decree 35-80, Law on Procurement and Contracts.

Question 124

Can Guatemala provide specific examples of cases in which the President of the Republic has decided against inviting tenders on public contracts?

Reply

Cases have arisen where projects which have been declared to be matters of national emergency by the Congress of the Republic, as in the case of Xayá Pixcayá, procurement for which has been exempt from open tendering.

Question 125

What percentage of government procurement contracts awarded in 1987 and 1988 were awarded from tenders not issued on a competitive basis, e.g., in emergency situations or for amounts valued below the threshold?

Reply

All Government procurement contracts are awarded under a system of open competition in which various construction, service or trading enterprises take part. In emergency situations no contract is awarded. As regards the valuation of amounts, the Law on Procurement and Contracts lays down that procurement should be on the basis of most favourable price and quality.

Question 126

Why in the procurement or acquisition of sports articles by the Guatemalan Autonomous Sports Confederation limited to government procurement tenders not issued on a competitive basis?

Reply

Article 77 of Decree No. 48-69, containing the Organic Law on Sports, states that procurement and contracts for maintenance, repair or construction work on sports installations, with a budget not exceeding the sum of 3,000 quetzals, may be undertaken by the Executive Committees of the national sports governing bodies, without fulfilling open or private tendering requirements. When that sum is exceeded, they have to comply with the legal tendering requirements.

Article 78 of the Decree provides that the Executive may authorize the Confederation and other governing bodies of national sport to undertake the procurement of sports articles or implements or to contract out the procurement or execution of works in sports installations, without fulfilling open or private tendering requirements.

The above provisions proceed from the fact that State has the duty to encourage and support all the country's sporting activities.

Question 127

After accession, will Guatemala commit to observe the provisions of Article XVII, including those concerning non-discrimination and the use of commercial considerations in the purchases and sales effected through State-trading enterprises?

Reply

Guatemala will comply with the relevant provisions of the General Agreement in accordance with its status as a developing contracting party.

7. BANKING, MONETARY AND EXCHANGE REGULATIONS

7.1 Organic Law of the Bank of Guatemala (Central Bank)

Question 128

What policy tools does the Central Bank use to "protect the . . . position of domestic products on the domestic and external markets"?

Reply

It is not the function of the Bank of Guatemala to prescribe specific policies to protect the competitiveness of domestic products on the domestic and external markets. However, although not its prime objective, the exchange and credit policy can act to protect the competitive position of domestic products on the domestic and external markets.

7.2 Monetary law

Question 129

What are the procedures and arrangements concerning foreign exchange payment for imports of goods? Do the same rules apply to payments within and outside the Central American Common Market?

Reply

(a) Through Resolution JM-208-89, dated 6 November 1989, the Monetary Council decided that the exchange rate in the banking system for the purchase and sale of foreign currency would be determined by the movement of foreign currency sales and purchases on the banking market, and that the latter would meet the foreign currency demand for every category of activity and for trade in goods produced and services provided in Guatemala. The payment for imported goods in foreign currency has therefore remained subject to free foreign-currency purchase.

(b) Yes.

Question 130

Should it be understood from the description in this section that trade and payments for trade within the Central American area are made on the basis of a different exchange rate than trade with other areas? If so, please explain more fully.

Reply

The exchange rate for all trade transactions with any country has been freed and is provided by the banking system.

Question 131

The foreign exchange régime comprises the official market, the regulated market and the free market in which the exchange rate is determined by the free operation of supply and demand. The official exchange rate is tied to the US dollar and is fixed at Q 1 = US\$1. What are the movements in the regulated rate and the free rate, and what are the criteria (list of transactions) for application of the various rates of exchange?

Reply

The exchange liberalization process was concluded with the freeing of the exchange rate in November 1989. All imports are therefore currently carried out at the bank exchange rate, since there is no list of essential goods or products which receive preferential treatment.

Question 132

We understand that the exchange rate was unified at Q 2.7/US\$ in June 1988, with the provision that its level should be "flexible" over time. Why is this not reflected in L/6400? Has the rate established at that time been changed in the interim? Will it be?

Reply

In reply to the first question, the document was prepared prior to the change in the exchange rate, which took place in June 1988, but the actual change did not take place before publication. The exchange rate has now been freed. Among the monetary, exchange and credit policy measures recently adopted by the Monetary Council, a mechanism has also been set up to maintain export competitiveness, based on the real exchange-rate index in force. This will serve as a guide to the preparation of future foreign-exchange policy.

Question 133

Does Guatemala maintain any foreign-exchange restrictions at this time? If so, please describe them.

Reply

No.

Question 134

Under what circumstance is an import exchange control licence necessary? What are the "appropriate forms" on the basis of which the Exchange Control Department of the Central Bank may grant the competent banks permission for withdrawal of goods?

Reply

As indicated in the reply to question 71, the requirement for import permits was abolished in February 1989. This leaves only the application form for an exchange licence (see Annex 9).

8. ECONOMIC AND TRADE RELATIONS WITH THIRD COUNTRIES

8.1 Central American Common Market

Question 135

In formulating its demand for accession to the GATT has Guatemala established a common or joint position with other contracting parties to the Central American Common Market?

Reply

No.

Question 136

Under the "Central American Clause of Exemption", advantages conferred by contracting States upon any Central American country shall be expressly excluded from advantages granted to a foreign country.

How does Guatemala consider this to be consistent with Article 1 of the General Agreement, which together with Article II constitutes Part 1 of the GATT.

Reply

It is an exemption based on the Enabling Clause, or Article XXIV of the General Agreement. Its application is general and non-discriminatory.

Question 137

Please explain the nature of the "Central American Clause of Exemption." How does it relate to Guatemala's obligations under Article I and III of the GATT to grant unconditional most-favoured-nation treatment

and national treatment to the trade of other GATT contracting parties? In what way does the Clause of Exemption limit the ability of Guatemala to grant the benefits of the General Agreement to other contracting parties, or prevent the full undertaking of obligations? On what basis will Guatemala maintain the "Central American Clause of Exemption"?

Reply

- (a) Under Article 25 of the General Treaty on Central American Economic Integration, the signatory countries commit themselves to not signing new unilateral treaties with non-Central American countries which affect the principles of Central American economic integration.

Article 24 of the Multilateral Treaty on Central American Free Trade and Economic Integration lays down that before signing or ratifying multilateral agreements relating to products, trade or tariff concessions, or determining access to any international body created by such accords, or negotiating arrangements within the framework of any body, consultations will take place with the intention of adopting, if possible, a common attitude in solidarity.

The Central American Clause of Exemption falls within the exemptions on the most-favoured-nation principle contained within the General Agreement, applicable to developing countries (Enabling Clause).

Article XXIV of the General Agreement recognizes the usefulness and desirability of the integration of national economies through trade liberalization and is itself an exception to the most-favoured-nation treatment and to the non-discrimination principle.

- (b) It does not, given that the Clause of Exemption is perfectly compatible and legitimate in the context of the Enabling Clause and Article XXIV of the General Agreement.
- (c) Since 1960, Nicaragua, as a full member of the GATT, basing itself on Article XXIV of the General Agreement, has established the status of the Central American Clause of Exemption in the context of the General Treaty on Central American Economic Integration. In the present case the legal basis to maintain this clause could be Article XXIV of the General Agreement or the Enabling Clause (Tokyo Round).

Question 138

The Memorandum states that goods exchanged under the General Treaty on Central American Economic Integration "are exempt from all restrictions and quantitative measures ...". Is this currently the case for Guatemala's imports from other CACM countries? Does the exemption include customs charges and import and domestic taxes applied at the time of importation?

Reply

Yes.

No, only customs charges.

Question 139

Could the Government of Guatemala describe the "rule of origin" criteria used in conferring duty-free treatment to imports from other countries within the CACM?

Reply

Guatemala does not grant exemption from duties to the other Central American countries, but there exists a free-trade zone, with the result that trade in goods is treated as free trade. In accordance with Article 3 of the General Treaty on Central American Economic Integration, the countries of the Central American Common Market grant free trade to all products originating from their respective territories, limited only by the special régimes referred to in Annex A of the Treaty. However, Article 5 of the Treaty states that products originating or manufactured in a third country, and only assembled, packed, packaged, cut or diluted in the exporting country will not be considered as originating in one of the contracting parties. Regulations have not been laid down for Article 5 of the Treaty, however, so there are no criteria to define what is understood by assembling, packing, packaging, cutting or diluting. In short, the Central American economic integration mechanism does not contain a definition of "rule of origin".

Question 140

Under the Convention on the Central American Tariff and Customs Régime, the Council may modify customs duties with a view to achieving the objectives of the Convention and, in particular, promoting productive activities (see L/6400, page 11). This practice implies some uncertainty as to the implementation of trade policy. Questions: (a) What are the criteria for defining the products concerned by this resolution and (b) within the band of 1 to 100 per cent, which are the products most affected?

Reply

- (a) The criterion of production and lack of production.
- (b) We do not understand Question (b); please clarify.

Question 141

The Central American Import Tariff makes provision for imports for small industries to be exempted from customs duties, subject to entitlement (see L/6400), page 15). What are the conditions for such entitlement, and to what extent are these exceptions consistent with the GATT rules?

Reply

Article 21 of the Convention on the Central American Tariff and Customs Régime lays down that no tariff exemptions will be granted, except when, among other reasons, the goods concerned are imported in order to develop craft activities, small industries and industries exporting to third countries.

The tariff does not indicate that the small industry has to be previously defined as such, but in order to be recognized as an enterprise it has to be legally registered with the Ministry of Finance and the Trade Registration Office, as well as the Ministry of Labour and Social Protection, where a business with more than eight employees is involved. Once it has fulfilled the legal requirements, it can come under the protection of the above-mentioned customs rule. These exceptions are in accordance with the provisions of the General Agreement, in so far as they are of general application and non-discriminatory, and involve new businesses or small enterprises, which are at a technological and capital, and therefore competitive, disadvantage.

Question 142

Will Guatemala agree to co-ordinate with other GATT members of the CACM in providing periodic reports on developments within this organization that affect contracting parties' trade? Will Guatemala agree to consult with the contracting parties, if requested, concerning developments within the CACM that affect contracting parties' trade?

Reply

- (a) Yes
- (b) Yes

8.2 BILATERAL TRADE AGREEMENTS

8.2.1 With Central American countries

Question 143

Within the framework of the Convention on the Central American Tariff and Customs Régime, Guatemala has concluded a number of preferential agreements with the member countries. To what extent are these agreements consistent with GATT?

Reply

To the extent that they take up the fundamental principles of the General Agreement.

Question 144

Please provide the following information concerning Guatemala's preferential trade agreements with Honduras.

- (a) What portion of Guatemala's imports and exports are covered by the preferential agreement?
- (b) Is all the preferential trade duty-free, or are there partial preferences in place as well? If so, at what level?
- (c) Does the agreement extend to exemptions from quantitative restrictions and non-tariff import taxes and charges? If so, please specify which measures are exempted.

Reply

- (a) 0.6 per cent of imports, 3 per cent of exports.
- (b) All the preferential trade is duty free.
- (c) No.

Question 145

What portion of Guatemala's trade with Panama is conducted on a preferential basis? Please specify the nature of the "preferential treatment" accorded this trade that is not duty-free. What is the duty status of the trade covered by quantitative restrictions?

Reply

- (a) 0.7 per cent of imports and 1.6 per cent of exports.
- (b) 34 per cent of trade with Panama is under free-trade conditions, 44 per cent enjoys preferential treatment and 22 per cent is under import controls.
- (c) Free trade

8.2.2 Partial-scope agreements

Question 146

Guatemala has signed a number of partial-scope agreements as instruments of its trade policy (including the bilateral trade agreements with Mexico, Colombia and Venezuela) (L/6400, page 30). To what extent are these agreements consistent with GATT? Are they compatible with Guatemala's membership of GATT? If so, under which provisions?

Reply

- (a) They are in accordance with the General Agreement, to the extent that they do not contravene the principles and rules of GATT. The partial-scope agreements laying down exceptions with respect to the most-favoured-nation principle were submitted to GATT by the contracting party members of ALADI, which grant such preferential treatment to relatively less-developed countries.
- (b) Yes.
- (c) The Enabling Clause.

Question 147

Please list the products and countries involved in these agreements.

Reply

The lists of the products concerned in the partial-scope agreements with Mexico, Colombia and Venezuela are attached to the present document. See Annexes 10, 11 and 12, respectively. Countries: Mexico, Colombia and Venezuela.

Question 148

What is the specific character of the "preferential customs and non-customs régime" applied to the trade in these partial-scope arrangements?

Reply

- Preferential customs-tariff régime: this consists in percentage reductions applied to the import tariffs applicable to third countries.
- Preferential non-customs-tariff régime: this consists in the elimination of all non-tariff measures, of whatever kind, through which a signatory country unilaterally prevents or impedes imports from another signatory country.

8.2.3 Other trade agreements

Question 149

Does Guatemala maintain any other preferential trade agreements, whether or not within the Central American region, other than the CACM and the bilateral agreements with Honduras and Panama? If so, please describe the scope, nature, and level of the preferences granted, and what portion of Guatemala's trade is involved.

Reply

No.