

**Voluntary Report** – Voluntary - Public Distribution

**Date:** February 09,2021

**Report Number:** GT2021-0006

**Report Name:** CAFTA-DR Tariff Line Classification Issue

**Country:** Guatemala

**Post:** Guatemala City

**Report Category:** Country Strategy Statement, FAIRS Export Certificate Report, FAIRS Annual Country Report, FAIRS Subject Report, Food and Agricultural Import Regulations and Standards - Certification, Food and Agricultural Import Regulations and Standards - Narrative, Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications

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**Report Highlights:**

On December 18, 2020 the Guatemalan Ministry of Economy officially adopted the 6th Amendment of the Harmonized Commodity Description and Coding Systems (HS) for international trade, via Ministerial Decree 934-2020. This brings the Guatemalan system in line with the latest HS codes and will eliminate confusion regarding application of preferential tariffs based on differing versions of the codes that had been used in the country.

**Summary:**

On December 15, 2015, the Central American Economic Integration Council composed by the Ministers of Trade and Economy in the region approved Resolution 372-2015 (COMIECO-LXXIV), which entered into force on January 1, 2017. This resolution approved the use of 10-digit HS classification and adopted the 6<sup>th</sup> Amendment of the HS into the Central American Tariff System (SAC). All Ministries of Trade and Economy in the region implemented the resolution, except for Guatemala, which instead published 6-digit or 8-digit HS codes, based on the original Free Trade Agreement (FTA) negotiations, creating a parallel HS classification to the SAC.

The parallel HS classification systems created confusion that sometimes led to the Customs Authority in Guatemala denying CAFTA-DR preferential tariffs to U.S. agricultural goods on many occasions between January 1, 2017 and December 31, 2020. In these cases, the importers had to request assistance from the Foreign Trade Administration Directorate at the Ministry of Economy to try to resolve the confusion on a case-by-case basis.

This new decree will hopefully prevent this type of issue from arising in the future.

**Attachments:**

No Attachments.