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Over the past three years, the region's exporters have bemoaned an "export crisis," the result of low coffee prices (see NotiCen, 2002-08-01) and a reduction in export of traditional and nontraditional commodities. Central bank figures have confirmed a negative trade balance with major partners like the US and Mexico. But figures from the US International Trade Commission (USITC) and the Banco Mexicano de Comercio Exterior (BANCOMEXT) indicate that exports from Central American countries are very significantly higher than Central American statistics report.

A recent report by Inforpress Centroamericana found a variety of explanations for the discrepancy that include under-reporting of exports, methodological differences in accounting and data gathering, and undervaluation of products for the purpose of tax evasion. These statistical records assume critical importance for government trade policy, development planning, and market diversification. Large discrepancies can lead to skewed policy. The Secretaria de Integracion Economica Centroamericana (SIECA), for instance, reported that for 2001 the five countries exported a total of US$3.965 billion to the US, while USITC figures for the same period show imports from Central America to have been US$10.237 billion.

Inforpress queried an array of government officials, exporters, and analysts to determine the causes of these differences and got an array of answers. Some centered on technical differences, like accounting for exports f.o.b. or c.i.f. whether freight and insurance are included. That alone would yield a difference of between 10% and 12% in the value of goods, based on whether transportation costs are included. Maquila accounting can also produce big differences, depending on whether the total value of goods, or just the value added, is tallied. The Guatemalan government, estranged as it is from the business community, chose tax evasion as the most likely suspect.

On Jan. 30, Vice President Francisco Reyes Lopez announced the creation of a commission to look into the practice of undervaluing exports. The announcement prompted former president of the Comision de Economia of the Congreso Nacional Mariano Rayo to comment that this response was predictable and consistent with the government's policy of confrontation with the economic sector. Rayo, an opposition legislator, told Inforpress that figures from other countries were more reliable, since Guatemalan authorities maintained an obsolete and deficient system of record keeping. He suggested that, although comparing statistics from Banco de Guatemala (Banguat) with those of US agencies indicate that exports are greater than those reported within the country, comparing figures from other countries of the region would be less biased but would still tend to confirm an export crisis.

Independent analyst Pablo Rodas Martini supported the government's plan to look into undervaluation practices among exporters, but thought that the major source of the trade balance difference lay with accounting practices in the maquila sector. "In Central America," he said, "we

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continue with the old regimen in which we count only the added value, while the US accounts for exports of supplies and imports of finished products; that generates a big part of the difference.

In El Salvador, it would appear that they don't export anything from the maquila [sector], when it is one of the countries that exports most in that category." The maquila sector (see NotiCen, 2001-12-20) is ground zero for this analyst in the search for the source of error. According to US figures, 78% of all US-based businesses in El Salvador are maquilas. In Honduras, the figure rises to 87%. Another important element for Rodas is that in Guatemala export prices are FOB, while in the US imports are received CIF transport and insurance included. That would mean that, looked at from the perspective of the exporters, it is evident that there is a commercial deficit.

But looking at it solely from the view of their main trading partner, the US, they are in a not-so-precarious position. So SEICA says deficit, US says surplus. Comparisons with Mexico show a similar divergent trend. Banguat reported total exports to Mexico for the month of November 2002 at US$69.7 million, while Bancomext reported same-period imports from Guatemala at US$104.9 million. These contrasting figures have generated in Guatemala a rethinking of the effect of the free trade agreement between Mexico and Central America.

Mexico's commercial attache in Guatemala, Rafael de la Cruz, said that the data difference owes to differences in methodology; Mexico counts imports from maquilas. Luis Carillo Quan, an analyst with the Asociacion de Investigacion y Estudios Sociales (ASIES), said that the governments will need to take these differences seriously. He thinks that the figures represent all of the above maquilas, statistical reporting failures at Banguat, and tax-avoiding undervaluation schemes among the exporters. He said that updating statistics is crucial in determining export growth, but even more important is a government policy aimed at bringing incentives and development to the export sector and a closer relationship between the public and private sectors.

Sigfrido Lee of the Centro de Investigaciones Economicas Nacionales (CIEN) offered one more piece of the puzzle. "We have a problem in customs," said Lee. "Corruption in customs has been talked about forever (see NotiCen, 2002-12-19), even to the point that the best thing would be to shut down the customs department. The problem is the arbitrariness with which rules are applied within the customs service, and the complicated mechanisms that cause export delays."

Banguat, meanwhile, shrugged off criticisms of its procedures, betting on production increases and price improvements to close the statistical breech. In its proposal for monetary and credit policy for 2003, the central bank projected that the value, FOB, of exports from Guatemala would be about US $2.468 billion, a 5.5% increase over last year. That result would depend on increased prices. Banguat estimated that sales to the rest of Central America would rise 3.9% and to the rest of the world, 2.4%. The bank is banking on higher coffee prices, US$311.4 million for 2003, up from US$266.6 last year, and a 2.4% bump in sugar export revenues to US$271.7 million. It is also betting on a 5% hike in banana export revenue to US$214.6 million.

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