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Louisa Reynolds

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Guatemalan Army Intervenes in Customs Offices to Curb Smuggling

by Louisa Reynolds

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With falling tax revenues attributed to smuggling, President Otto Pérez Molina decided that five of the country’s 12 customs offices would be temporarily taken over by the military in an effort to curb corruption. The legality of the measure has been disputed, and even business representatives, those most affected by smuggling, argue that this is not a viable long-term solution.

On Aug. 21, Guatemala’s tax authorities, the Superintendencia de Administración Tributaria (SAT), reported that it was losing US$1.5 billion a year because of smuggling and launched an investigation into 3,500 customs declarations that had been purportedly filed by smugglers in connivance with corrupt officials (NotiCen, Oct. 3, 2013).

A month later, President Molina announced that the SAT as well as five of the country’s 12 customs offices would be intervened by the military as a temporary measure to restore order and boost customs’ daily revenues by US$1.1 million. "Our aim is to dissolve the groups involved in tax evasion in the customs offices as well as those who use customs for transporting drugs and other illicit merchandise," he said on Oct. 15. SAT director Carlos Muñoz was placed in charge of the intervention.

Pérez Molina added that the intervention will enable the authorities to identify the organized-crime rings that operate within the Intendencia de Aduanas, the SAT bureau directly responsible for coordinating and overseeing the customs offices, and said that the investigations carried out until then had led to the capture of mid-level officials, while corrupt officials in the upper echelons had gone unpunished.

Intervention is widely unpopular

The Constitution allows the government to intervene in any state-owned company that is not performing adequately. Corruption in the customs offices has allowed contraband to flourish since the 1970s. In May 2011, Pérez Molina’s predecessor President Álvaro Colom (2008-2012) ordered the intervention of the state-owned company that manages Guatemala’s largest port on the Pacific coast, Empresa Portuaria Quetzal, and in March 2012 Pérez Molina ordered a similar intervention in the state-owned Empresa Portuaria Nacional in the Port of Santo Tomás de Castilla on the Caribbean.

However, the legality of intervening in the SAT, which manages the customs offices, was questioned as legal experts pointed out that the SAT is a government bureau, not a state-owned company.

The day after Pérez Molina announced his intention to take over the customs offices, Minister of Public Finance Pavel Centeno resigned. Although Pérez Molina claimed that Centeno had resigned because of health problems, it was clear that the intervention had created a rift between him and the president. Centeno later said that, while it was his idea to intervene the customs offices, intervening
the entire SAT was a different issue altogether. Soon after Centeno’s resignation, Carlos Muñoz decided to leave the SAT.

Even the private sector, the most affected by smuggling, was against the intervention. "We believe that the intervention is not an adequate solution. We’re sure it will face some serious legal challenges. We’re very clear about this; we’re against it. This isn’t a solution," said Jorge Briz, president of the Cámara de Comercio.

Briz said that he agreed with placing security cameras in the customs offices and posting more information online in order to improve transparency but he believed that these measures did not require an intervention. "What do we need? Authority, abiding by the law. The question is: why has nothing been done to tackle the problem in the past two years? Installing a gamma-ray machine is an example of what could be done. How many years has the government talked about that? Why hasn’t it been done?" he asked.

When questioned about the private sector's repeated complaints about the pernicious effects of smuggling on local trade, Briz responded, "Of course we’re the most affected, and we demand efficiency, but we expect greater law abidance, not an intervention".

**Pérez Molina does not heed critics**

In the end, Pérez Molina decided not to intervene in the SAT, but on Oct. 29, 600 soldiers led by 35 officers were dispatched to the five customs offices that receive the greatest volume of imports (Puerto Quetzal and Puerto de San José—the country’s largest Pacific Ocean ports; Tecún Umán, on the Guatemalan-Mexican border; Ciudad Pedro de Alvarado on the Guatemala-El Salvador border; and the central customs office). A sixth customs office—in La Aurora International Airport in Guatemala City—was also included.

The intervention proved to be hugely unpopular with the customs offices’ labor unions. "This is just over the top. Where are our labor rights, the international agreements, and the ILO [International Labor Organization] treaties that have been signed?" said labor leader Lázaro Reyes. "There are two soldiers for every checkpoint. You can’t work with an armed soldier standing right beside you as if to say ‘watch out!’"

In response to this, the Procuraduría de los Derechos Humanos deployed staff members to the customs offices that were intervened to ensure that soldiers were not harassing customs officials.

During his period in office, President Pérez Molina has repeatedly used the armed forces to repress protests in rural areas and to intervene in institutions that are perceived to be underperforming as a result of corruption and mismanagement. Prior to the latest intervention in the customs offices, troops were used to forcibly remove the president of the Instituto Guatemalteco de Seguridad Social (IGSS) in March this year.

Experts say this is a worrisome trend that reveals the government’s failure to implement effective measures to tackle corruption. "This is a very serious issue. We risk weakening institutions rather than improving the way the customs offices operate and introducing better technology," said Briz.

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