



**TRADE POLICY REVIEW**

REPORT BY

PARAGUAY

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Paraguay is attached.

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## INTRODUCTION

1. During the period covered by this fourth review of Paraguay's trade policy, the global economy has grown steadily with significant effects on international trade. The main features of world economic developments were major volatility on financial markets, uncertainty over international commodity prices, and the resurgence of protectionist measures.
2. Nonetheless, Paraguay's macroeconomic environment has been positive with sustained economic growth underpinned by sound economic foundations, more buoyant domestic demand, conditions conducive to external finance and a considerable rise in exports, especially of oilseeds, meat products and electricity.
3. The level of economic activity in Paraguay during the review period was influenced by the design and implementation of market-oriented economic policies that made for an excellent business climate, together with good harvests for the main crops, a steady increase in livestock production, the opening of new markets, an expansion of manufacturing and a rise in public and private construction, among other factors.
4. Paraguay was not significantly affected by the slowdown in economic growth experienced by its main trading partners; indeed, it has become the fastest growing economy in MERCOSUR.
5. One fact worthy of note was the launch in 2014 of the Paraguay National Development Plan 2030 which sets out the approach taken by the National Government, focusing on three major strategic priorities: (i) poverty reduction and social development; (ii) inclusive economic growth; and (iii) appropriate integration into the world economy.
6. This report comprises five sections. The first sets out how the Paraguayan economy has focused on growth in a challenging regional and international economic environment. The second focuses on the reforms introduced by the Government during the review period. The third describes bilateral, regional and multilateral trade negotiations, including the deepening and convergence of existing agreements and negotiation of new ones. The fourth section sets out the most important aspects of the country's trade policy. Finally, the fifth presents our conclusions and outlines the thrust of future policy.

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## 1 ECONOMIC AND TRADE ENVIRONMENT

1.1. Over the last decade the Paraguayan economy has enjoyed macroeconomic stability, healthy public finances and a steady rise in Gross Domestic Product (GDP). Annual growth in real GDP averaged 4.8% between 2011 and 2016, and in 2013 was the second highest in the world, at 14%. This strong performance of the economy was underpinned by buoyant agricultural production, the recovery of domestic demand, and public and private investment.

1.2. As in the previous review period, the services sector is the chief component of GDP<sup>1</sup>, accounting for 43.9% of the total in 2016; it is followed by manufacturing (10.7%), agriculture (18.7%), construction (4.2%) and livestock (5.3%). The largest subsector in terms of value added is commerce (14.3% of GDP in 2016), followed by general government services (7.9%). The agricultural sector (agriculture, livestock, forestry and fisheries) accounted for 25.2% of GDP. Paraguay is the world's sixth largest producer of soya beans and its by-products, and the fourth largest exporter of oilseeds. It is the world's fourteenth largest producer of fresh or chilled meat and the seventh largest exporter of frozen beef.

1.3. During the review period, several sectors became increasingly buoyant, attaining higher rates of real growth than in previous years in sectors such as financial services (10.2%), agriculture (7.9%) and construction (7.7%). This was reflected in the share of employment accounted for by those sectors. For example, agriculture employs 25% of the economically active population; the figure for commerce, restaurants and hotels has stabilized at 26.6%; the community, social and personal services sector employs 24.5%; and manufacturing, mining and quarrying 12.3%.

1.4. The open unemployment rate<sup>2</sup> has continued to be moderate and relatively stable during the review period, fluctuating between 5% and 6%.

1.5. During the period under review the public finances remained stable and the central government posted operating surpluses thanks to the implementation of prudent fiscal policies and better tax management. Adopted in 2013, the Law on Fiscal Responsibility limits the central government deficit to 1.5% of GDP and provides that the annual increase in primary current expenditure for the public sector may not exceed the interannual inflation rate plus 4%. As a result the deficits in the overall central government balance have been moderate.

1.6. As at March 2017, Paraguay had made four sovereign bond issuances on the international market. The first, in 2013, was for US\$500 million ten-year bonds, and the second, in August 2014, for US\$1 billion 30-year bonds. In March 2016 Paraguay sold a further US\$600 million worth of ten-year bonds, and in March 2017 a fourth issuance was for US\$500 million ten-year bonds. Paraguay's sovereign bonds have performed well on the secondary market with yields of around 4% for the 2023 Bond and the 2026 Bond, and 5.7% for the 2044 Bond.

1.7. In order to support the country's strong economic performance the Central Bank of Paraguay (BCP) has maintained an accommodative monetary policy underpinned by an inflation-targeting regime and a floating exchange-rate system. Annual inflation between 2011 and 2016 averaged around 4.2% and the real multilateral exchange rate appreciated by around 4% with some fluctuations over that period. The BCP intervenes only occasionally in the exchange markets in order to mitigate the effects of sharp swings that are not in line with market fundamentals.

1.8. The banking system is sound, with steady growth in lending to the private sector and a continuous rise in deposits, a low level of non-performing assets and low average interest rates compared with historical levels, reflecting the improved expectations of economic operators. Between 2011 and 2016 lending to the private sector rose by 163.1%, equivalent to 133.9% in real terms.

1.9. The country's Net International Reserves (NIR) have also risen since 2011, from US\$4,984 million in December 2011 to US\$7,144 million in 2016. Prudent fiscal and monetary

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<sup>1</sup> Information provided by the Central Bank of Paraguay.

<sup>2</sup> Information provided by the Directorate-General of Statistics, Surveys and Censuses (DGEEC).

policies have enabled the BCP to secure a record level of international monetary reserves. Paraguay has thus become more solvent, with an NIR/GDP ratio equivalent to about 26% in 2016.

1.10. Also worthy of note is the ruling in favour of Paraguay in a complaint for the enforcement of an unlawful debt that was precluding it from using its international reserves. Since the start of June 2017, the steps taken by the National Government have made the international reserves freely available for the BCP to manage on the financial market.

1.11. The external sector was boosted by the country's economic growth during the period under review, which was the result of strong performance in the agricultural sector, sales of electricity, and more vigorous domestic economic activity. With the exceptions of 2012 and 2015, Paraguay's balance-of-payments current account has been in surplus.

1.12. Paraguay's external trade in goods and services represented 83.7% of GDP in 2016. The structure of exports is the same as in the previous review period: sales of agricultural products and foodstuffs accounted for almost two thirds of exports of goods in 2016, among which the oilseed complex (soya beans, sunflower, rapeseed) became established as the chief export product (36.9% of the total in 2016), followed by fresh, chilled or frozen beef (13.6%), and cereals (8.1%). Manufacturing's share of exports was around 10%, led by medicaments, leather articles and made-up textile articles.

1.13. Exports of electricity rose to US\$2,132 million in 2016, an increase of 4.7% compared to 2015, making Paraguay the world's leading exporter of hydroelectricity.

1.14. Paraguayan exports go mainly to MERCOSUR partners, the European Union and other Latin American countries. In 2016, almost 50% of exports went to MERCOSUR countries, among which Brazil is the main destination market. Also noteworthy is the rise in exports to the Russian Federation and the countries of the Persian Gulf.

1.15. The performance of imports has varied over recent years, falling from US\$11,784.5 million in 2011 to US\$9,788.8 million in 2016. The leading imports are machinery and transport equipment, which accounted for 32% of the total in 2016, followed by chemicals with 9%.

1.16. When broken down by category, Paraguay's imports comprise one third consumer goods (US\$3,165 million in 2016); one third capital goods (US\$3,089 million in 2016); and one third intermediate goods (US\$2,789 million in 2016). The main origins of imports are the MERCOSUR countries, China, the European Union and the United States.

1.17. The foreign direct investment (FDI) balance was US\$4,410 million in 2015. As in the report for the previous review, the United States was Paraguay's largest investor, followed by Brazil and Spain. FDI is heavily concentrated in financial intermediation, telecommunications and vegetable oil production. Other areas that benefited from significant FDI flows were commerce, transport, the chemicals industry and meat production.

1.18. Paraguay is a signatory to the Montevideo Protocol, which seeks to promote free trade in services between the MERCOSUR countries. The Protocol was incorporated into Paraguayan domestic law by Law No 5.268/2014 Adopting the Protocol of Montevideo on Trade in Services in the Southern Common Market (MERCOSUR).

## 1.1 Outlook

1.19. Paraguay's economic outlook is encouraging: both the government and international economic bodies forecast economic growth of around 4.2% for 2017, with a good outlook for 2018 too, making Paraguay one of the fastest-growing economies in the region.

1.20. Together with macroeconomic stability and fiscal solvency, the foundations for growth will be gross fixed capital formation, major infrastructure projects and the consolidation of the agro-export sector. The projection for 2017 is for a fiscal deficit of around 1.5% of GDP in line with the limit set by the Law on Fiscal Responsibility, and a central government operating surplus of 1.8% of GDP. The deficit should fall gradually in subsequent years to reach 0.3% in 2019.

1.21. The Central Bank has managed to maintain year-on-year inflation around the inflation target and expectations are anchored, providing a predictable nominal framework for economic agents to make consumption and investment decisions.

1.22. In line with the Paraguay 2030 Development Plan, national economic policy will be geared to consolidating the pace of inclusive economic growth based on greater diversification of production and the involvement of all sectors of society. The National Government will continue to focus its efforts on improving conditions to facilitate investment in the country, and to promote free competition and free movement of capital, market access and scientific and technological transfer, together with a solvent financial market.

1.23. Paraguay also attaches importance to reducing its logistics costs in international trade, especially those associated with its status as a landlocked developing country. Accordingly, the Paraguay Masterplan for Transport and Logistics sets out the general outline for developing infrastructure and connectivity.

1.24. With the aim of improving and raising international awareness of the country's economic development, the Government launched the Marca País Paraguay (Trademarking Paraguay) programme at the beginning of 2017. Marca País Paraguay is based on three drivers of national economic development: inclusive growth, feeding the world, and building and developing infrastructure to link regions.

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## 2 MAIN ECONOMIC REFORMS

2.1. Paraguay introduced the Law on public-private partnership (Law No. 5.102/2013), which aims to promote investment in public infrastructure and provision of services through partnerships between public and private entities. The Law also promotes investment in the production of goods and the provision of public services.

2.2. A new Law on the Protection of Investment (Law No. 5.542/2015) was enacted with the goal of promoting investment in capital-intensive industries. It protects the remittance of capital and profits, provides guarantees against administrative and judicial practices that could be deemed discriminatory, and allows tax breaks for up to 20 years.

2.3. The Law on Electronic Commerce (Law No. 4.868/13) was promulgated in 2013. Its purpose is to regulate trade and procurement carried out by electronic or technologically equivalent means, between suppliers of goods and services delivered remotely by electronic means, intermediaries in the transmission of data via telecommunications networks, electronic commercial communications, and consumers or users. The Law also confers legal force and validity on contracts entered into remotely by electronic means, and recognizes the validity for accounting and tax purposes of electronic invoicing.

2.4. The Law on Micro, Small and Medium-Sized Enterprises - MSMEs, No. 4.457/2012, was enacted in 2012. Its aim is to provide for a regulatory framework to promote and foster the establishment, development and competitiveness of such enterprises with a view to integrating them into the formal structure for producers of goods and services and hence into international markets as well.

2.5. The Law on the Protection of Competition (Law No. 4.956) was also enacted in 2013. Its purpose is to protect and promote free market competition and to prohibit and punish abuse of dominant position and mergers.

2.6. Law No. 4.798 of 2012 established the National Intellectual Property Directorate (DINAPI) as the institution with responsibility for implementing national policy on intellectual property and for the administrative enforcement of the rules safeguarding intellectual property rights.

2.7. In 2013 Law No. 4.986/13 was adopted, creating the unified system for setting up and closing down a business (SUACE). SUACE operates as a single window for applications and the formalities involved in establishing and closing a business so as to facilitate and speed up the process.

2.8. Enacted in 2012, Law No. 4.427 provides for incentives for the production, development or assembly of high technology or advanced technology goods, especially in the areas of electronics, telecommunications and information technology.

2.9. In order to promote the establishment of industrial parks to encourage industrial activity, Law No. 4.903/13 was enacted to provide incentives and other benefits in this area.

2.10. A significant measure to combat corruption was the creation of the National Anti-Corruption Secretariat (SENAC) under Decree No. 10.144 of 28 November 2012, which established SENAC as the body responsible for leading the design and delivery of public policies to combat corruption and promote integrity and transparency in national institutions. This ensures that strict control and oversight are exercised over the actions of the public authorities in relation to the main civil society stakeholders. The National Corruption Prevention Plan was established under Decree No. 4.900/15 in the aim of laying firm foundations to foster a climate of greater transparency and integrity in the country's public institutions.

2.11. In line with the principle of transparency, in 2014 Paraguay enacted Law No. 5.282 on Free Public Access to Public Information and Transparency in Government. The Law seeks to promote transparency on the part of the State and to guarantee the right of access to public information for all by implementing detailed procedures, time-frames, derogations and penalties.

2.12. In 2015 a National Transparency Team was established, comprising the institutions that make up the Economic Cabinet and the National Anti-Corruption Secretariat. Its purpose is to implement plans to improve Paraguay's ranking in corruption perception indexes by supporting its actors in implementing diagnostic reviews and specific measures to communicate progress in transparency both nationally and internationally.

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### 3 MULTILATERAL, REGIONAL AND BILATERAL TRADE NEGOTIATIONS

3.1. Paraguay promotes an open, inclusive, non-discriminatory, rules-based international trading system. Accordingly it participates in the various discussion forums for trade issues and in the negotiation of trade agreements at bilateral, regional and multilateral level.

#### 3.1 World Trade Organization (WTO)

3.2. During the period under review, Paraguay has actively participated in negotiations at the WTO, especially those concerning the packages agreed at the Ministerial Conferences in Bali (2013) and Nairobi (2015). It may be noted here that Paraguay played a leading role in the discussions to reach the Agreement on Trade Facilitation and the Decision on Agricultural Competition.

3.3. Paraguay supports the conclusion of the Doha Round and is a member of various negotiating groups, including the G-20 and the Cairns Group, and acts as the coordinator for the Landlocked Developing Countries Group at the WTO. Paraguay believes that strengthening the multilateral trading system is crucial for developing and least developed countries, underpinning their plans for economic growth that will enable them to enjoy greater access to value chains and world markets.

3.4. Paraguay is confident that the Agreement on Trade Facilitation will become a key tool in reducing the logistics costs of international trade, especially the additional costs incurred by landlocked developing countries as a result of transit procedures through third countries.

3.5. Paraguay also attaches great importance to the three pillars of the agricultural negotiations (market access, export subsidies and domestic support) in achieving true liberalization and reform of the agricultural market. We welcome the success of the Nairobi Ministerial Conference and look forward to its prompt implementation by Members. We also consider it important to achieve positive outcomes on domestic aid and market access at the next Ministerial Conference, to be held in Buenos Aires.

3.6. In order to achieve consensus and build bridges between very polarized positions, the delegation of Paraguay has sponsored or cosponsored various proposals to reduce tariffs, tariff peaks and tariff escalation for agricultural goods.

3.7. While Paraguay supports the successful conclusion of the Doha Round matters, it is also active in discussions of issues involving current trade developments such as electronic commerce, investment facilitation, and support for micro, small and medium-sized enterprises. In that regard Paraguay has co-sponsored a number of documents and concept notes on some of these issues, and hopes to achieve a result at the Buenos Aires Ministerial Conference.

3.8. Between 2012 and 2016, Paraguay received technical assistance from the WTO in various areas, especially agriculture, trade in services, intellectual property and trade facilitation. Additionally, many government officials have benefited from courses and training programmes delivered and/or directed by the WTO. Over 200 public servants received direct training under various modalities offered by the WTO and 11 national technical-assistance activities were carried out during the period under review.

3.9. As regards the WTO dispute settlement mechanism, during the period under review, Paraguay participated in a number of disputes as a third party: horticultural and animal products (DS 455, 477, 478); chicken meat and chicken products (DS484) domestic support for agricultural producers (DS511); and measures concerning traffic in transit (DS512).

3.10. Finally, as a demonstration of its commitment to the multilateral trading system, Paraguay has held the Chair of the Committee on Trade and Development, the Committee on Sanitary and Phytosanitary Measures and the Vice-Chair of the Committee on Market Access and the Committee on Import Licensing.

## 3.2 MERCOSUR

3.11. Paraguay is a founder member of the Southern Common Market (MERCOSUR); the organization constitutes one of the mainstays of its foreign policy, its main regional integration objective, and its platform for the negotiation of agreements beyond the MERCOSUR region. Paraguay is undergoing a process of becoming more deeply integrated into MERCOSUR and achieving the objectives set out in the Treaty of Asunción.

3.12. MERCOSUR has maintained its importance as a destination and origin for Paraguay's exports and imports and is the country's chief trading partner. Between 2014 and 2016 the share of exports to the bloc rose from 39.35% to 48.09% of Paraguay's total, while the share of imports fluctuated between 40.05% and 43.14%.

3.13. Since joining MERCOSUR, Paraguay has used the MERCOSUR Common External Tariff (CET) as a trade policy instrument. Last January the MERCOSUR Common Nomenclature and the Common External Tariff 2017 (based on HS 2017) were incorporated into domestic law by Decree No. 6.655/16. The level of the CET is the base applied to imports from outside the MERCOSUR area save for case-by-case exceptions authorized by the bloc. The exceptions allow Paraguay to apply tariffs that are lower than the CET to imports originating outside the area, thus maintaining the profile of an economy that is open to the rest of the world.

3.14. In order to promote the competitiveness of the MERCOSUR countries, especially the bloc's smaller economies, the deadlines for implementation of some of the trade policy instruments were extended as set out in the following Decisions of the Common Market Council (CMC) of MERCOSUR: No. 32/15 on the regime governing MERCOSUR origin, which recently entered into force; No. 26/15 on National Exception Lists; No. 24/15 on Special Import Regimes; and No. 25/15 on Capital Goods and Information Technology and Telecommunications Products.

3.15. Another important MERCOSUR achievement in overcoming asymmetries is the establishment of the MERCOSUR Structural Convergence Fund (FOCEM). Founded by MERCOSUR itself, this financial mechanism for the bloc itself is intended for projects to promote structural convergence, develop competitiveness, foster social cohesion, support the functioning of the institutional structure and strengthen the integration process. FOCEM was approved for a ten-year period in 2005 and extended for a further ten years in 2015; the legal formalities for extending the FOCEM are undergoing the necessary domestic procedures in MERCOSUR member States.

3.16. To date 17 exclusive projects have been approved for Paraguay involving the allocation of US\$665,818,000 in FOCEM resources.

3.17. In the area of production activities and processes, in 2008 MERCOSUR adopted CMC Decision No. 12/08 approving the "MERCOSUR Productive Integration Programme", aimed at strengthening the complementarity of production of MERCOSUR enterprises, focusing on the integration of production chains both of SMEs and of businesses in Relatively Less Economically Developed Countries in order to deepen integration across the bloc. Under this framework, CMC Decision No. 39/14 on the MERCOSUR Guarantee Fund for Micro, Small and Medium-Sized Enterprises was approved, which will reinforce increased competitiveness and external integration of such enterprises of member States.

3.18. Additionally, the Protocol on Intra-MERCOSUR Investment Cooperation and Facilitation was signed in 2017, which will provide predictability to investors and encourage investment flows between the bloc's member countries.

3.19. Finally, it is important to add that CMC Decision No. 56/15 approved an Action Plan to strengthen the trade-related and economic facets of MERCOSUR.

3.20. In terms of the political and social aspects of MERCOSUR, the bloc enhanced its Social Chapter to focus on responding to the most basic and pressing needs of its peoples and enabling MERCOSUR citizens to participate through various mechanisms; and its Political Chapter, allowing the bloc to take up non-trade matters with multilateral international bodies. Of note in this regard are CMC Decision No. 10/15 on MERCOSUR Social Movements and Organizations and the establishment and operation of the MERCOSUR Parliament.

### **3.3 MERCOSUR and regional trade agreements**

3.21. In conformity with CMC Decision No. 32/00, the MERCOSUR member States negotiate trade agreements jointly both within the Latin American Integration Association (LAIA) and at extra-regional level. During the period under review Agreements were signed with Palestine (2011) and Egypt (2016), together with a Framework Agreement with the European Free Trade Association (EFTA). Additionally, MERCOSUR is in negotiations to deepen and broaden the Fixed Preference Agreements signed with India and the Southern African Customs Union (SACU).

3.22. MERCOSUR and the Pacific Alliance also have a mechanism for dialogue in which they are exploring areas of common interest in relation to regional economic integration. Work streams have been identified in trade facilitation, customs cooperation, trade promotion, support for SMEs, and possible regional value chains.

3.23. MERCOSUR is negotiating a number of free trade agreements with countries and groups of countries, including notably the European Union and EFTA. It is also holding an exploratory dialogue with Canada, Japan, the Republic of Korea, Lebanon, Guyana, Suriname, Australia, New Zealand and Tunisia.

### **3.4 Membership of the OECD Development Centre**

3.24. Since March 2017, Paraguay has been part of the Development Centre of the Organisation for Economic Co-operation and Development (OECD), an international forum that will enable Paraguay to coordinate the design and implementation of public policies and good practice to maximize inclusive growth and economic and social development, and to receive advice and share experience via a platform for dialogue with OECD member countries.

3.25. Development and economic stability, policies for transparency, and the potential for growth, stability and reliability were factors that influenced Paraguay's early membership of the Development Centre. The reforms currently under way in education, health and social inclusion are other aspects associated with the country's participation in the Centre.

3.26. It should be noted that Decree No. 4.992/15 provided for the establishment of an integrated Inter-Institutional Commission to lead and coordinate the process of moving Paraguay closer to the OECD. The institutions that make up the Commission participate in various OECD committees and working groups so that they can pool experience, examine the possibility of adopting the organization's international standards, and make headway towards acceding to its various instruments. Of note is Paraguay's progress in moving into line with the OECD scheme for Varietal Certification of Seed Moving in International Trade and its participation in working groups on investment, global value chains and the OECD Regional Programme for Latin America and the Caribbean.

3.27. In June 2016 Paraguay was accepted as a member of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In the same year it joined the new Inclusive Framework on BEPS (Base Erosion and Profit Shifting, i.e. reforms to the international tax system to halt tax avoidance by multinational enterprises), which consists in the gradual adoption of fiscal reforms that will mitigate tax base erosion and profit-shifting. The OECD will draw up recommendations for Paraguay to follow so that the country will gradually adopt international standards on fiscal transparency; an assessment on implementation of the recommendations is expected around 2020.

3.28. Paraguay is conducting two country reviews with the OECD that will help it to identify the main barriers to social and economic development and the institutional challenges that the country faces. The reviews in question are a Multi-dimensional Country Review and a Public Governance Review. They will be concluded and published in 2018 and 2019 and will set out policy recommendations in the areas concerned.

### **3.5 Vienna Programme of Action for Landlocked Developing Countries**

3.29. Approved in October 2014, the Vienna Programme of Action (VPoA) strengthens the international community's commitment to landlocked developing countries. The Programme runs

for ten years, from 2014 to 2024, and sets out six priorities for action: (1) Fundamental transit policy issues; (2) Infrastructure development and maintenance; (3) International trade and trade facilitation; (4) Regional integration and cooperation; (5) Structural economic transformation; and (6) Means of implementation.

3.30. It should be stressed that there is a direct link between the Vienna Programme, the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda.

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## 4 INSTITUTIONAL AND REGULATORY FRAMEWORK

### 4.1 National Development Plan 2030

4.1. The National Development Plan Paraguay 2030 (PND 2030) is a strategic framework that sets out Paraguay's roadmap to sustainable, inclusive economic development. PND 2030 is approximately 80% in line with the United Nations Sustainable Development Goals (SDG). This is the first long-term roadmap to set out a national strategy and identify specific actions to be implemented by the public authorities when designing public policies.

4.2. The three main lines of action relate to the following objectives: (1) poverty reduction and social development; (2) inclusive economic growth; and (3) integration of Paraguay into the world. Each goal reinforces the main strategies with specific plans that will guide and underwrite the targets set. These include mechanisms to ensure high-calibre employment, support for MSMEs, use and availability of renewable energy resources and the embedding of national production resources into the region's global value chains.

### 4.2 Tariff profile

4.3. The tariff applied by Paraguay is based on MERCOSUR's Common External Tariff (CET) and is set out in the MERCOSUR Common Nomenclature (NCM) as provided for in the Harmonized Commodity Description and Coding System (HS).

4.4. The weighted averages of import duties applied by Paraguay were 3.1% in 2016, below the 3.5% recorded in 2011. These averages have been falling and have maintained the downward trend typical of an open economy.

4.5. The exceptions to the CET that MERCOSUR allows Paraguay represent around 18.6% of tariff lines and can result in the application of tariffs that are lower or higher than the CET. The bulk of the tariff lines concerned are subject to tariffs that are lower than the CET.

4.6. The exceptions to the CET include both the list granted exclusively to Paraguay, the national exceptions list (LNE), and the lists that are shared across MERCOSUR members, which are identified as capital goods (BK) and information technology and telecommunications products (BIT). The LNE comprises 709 headings and is in force until 31 December 2023. The BK list comprises 1,222 NCM headings. On this list, Paraguay can apply a tariff of 0% until 31 December 2021 and a tariff of 2% until 31 December 2023. For goods classed as BIT, comprising 396 headings, the country can apply tariffs of 2% and 0% until 31 December 2023. The headings where the applied tariffs differ from the CET represent 81.7% of all three lists. The LNE and the BK and BIT lists currently in force are specified in Decree No. 6.655/16.

4.7. In 2017 the average tariff applied by Paraguay (8.3%) is lower than the MERCOSUR CET (11.5%).

4.8. We should also point out that Paraguay has bound 100% of its tariff lines (all *ad valorem*) in the WTO, and these are applied under the Most Favoured Nation principle.

### 4.3 Customs regime

4.9. The Customs Code (Law No. 2.422 of 5 July 2004) is the main piece of legislation governing the customs regime. Since 2011 the National Customs Directorate (DNA) has issued a number of executive decrees, resolutions and other instruments governing specific aspects of customs processes in areas such as approved economic operators, the simplified clearance regime for minor imports, simplified clearance for imports from neighbouring countries, and the Single Window for Imports.

4.10. The Single Window for Imports (VUI) allows institutions that play a role in the import process to interact with the DNA to manage authorizations, permits and certifications for imports. Under Decree No. 3.002 of 29 January 2015, the VUI was enhanced with the Simplified Electronic Issuance System for import permits and licences. Responsibility for administration and operating procedures was vested in the DNA. The promulgation of the Decree has achieved the following:

(a) significantly shorter waiting times for import licence authorizations; (b) greater transparency in import licensing procedures; (c) systematization of import data, making the data easier to access for reporting purposes.

4.11. Additionally, in 2015 a Risk-Based Selection System (SBR) was established that assigns three selection channels to goods: green channel (automatic clearance with no inspection); orange channel (document inspection); and red channel (document inspection, physical inspection and customs valuation inspection). The system is already running in approximately 30 of the country's customs offices.

4.12. In addition to the VUI and the computerized risk management system (SBR), other measures that have been adopted include the intermediate stage of implementation of the Authorized Economic Operator Programme (AEO) in Logistics Chain Security, the advance Electronic Manifest for Express Remittances, the advance electronic manifest for air cargo under the IATA XML standard, regulations for usage of electronic seals, acquisition of non-intrusive inspection equipment, paperless customs documents, and human resources training in the form of a technical customs course. Additionally, the DNA holds certification under ISO Standard 9001:2008 on quality management systems: currently 24 offices, 1 customs sub-office and 25 support areas have had processes certified.

4.13. As part of the Electronic Payment system provided for in the Agreement on Trade Facilitation, Electronic Payment for Certification of Origin was implemented through the Single Window for Exports; this will produce significant time and cost savings.

#### **4.4 Trade facilitation**

4.14. Paraguay attaches great importance to trade facilitation and as a result the negotiation and ratification of the trade facilitation agreement were a priority for the Government. We anticipate that the agreement will become an effective tool for reducing the additional costs of international trade and help to streamline and speed up the international transit of goods.

4.15. On 1 March 2016 Paraguay became the first MERCOSUR country to ratify the Agreement and on 27 April 2017 signed Decree No. 7.102, establishing the National Trade Facilitation Committee. The Committee is composed of various national institutions that are involved in this area as well as representatives from the private sector, and its goal is to design and roll out a national strategic agenda based on implementing trade facilitation measures.

4.16. Additionally, the National Plan to Implement the Agreement on Trade Facilitation, drawn up in conjunction with the International Trade Centre (ITC) and UNCTAD, sets out the needs and timeframes for implementing the Agreement, for each of the various categories of measures.

#### **4.5 Agriculture**

4.17. Since the last review, the Government has reformed the organizational and operational structure of the Ministry of Agriculture and Livestock (MAG) to strengthen its role and coordinate its action with that of institutions that perform related functions. As part of this process, new institutions have been established to deal with agricultural and forestry-related matters; one of them is the National Agricultural and Forest Biosafety Commission (COMBIO), set up in 2012.

4.18. The Government has instituted a comprehensive policy plan to boost the agriculture sector. The policies are part of the National Development Plan Paraguay 2030, the Agrarian Framework Strategy 2014-2018, and the MAG Institutional Strategy Plan 2014-2018.

4.19. Public participation in agriculture policy occurs through government service programmes that do not involve transfers or price support for producers. Instead they take the form of permitted domestic support (green box) in the area of general services, food security and aid programmes, structural adjustment assistance provided through investment aids and environmental programmes directed at small agricultural producers, in particular family farms and the most vulnerable farmers.

4.20. The country's main crops in the current period by volume are soya beans followed by maize (corn), wheat and irrigated rice. The area under cultivation has also changed significantly. For example, between 2011 and 2016 the change in soya bean production was from 2,805,466 ha to 3,540,000 ha; in maize from 853,592 ha to 960,000 ha; in irrigated rice from 78,606 ha to 130,000 ha; and in wheat from 584,408 ha to 520,000 ha. The 2015/2016 season was marked by a moderate to strong El Niño effect, and the higher level of rainfall than normal, especially in spring and summer, had an impact on agricultural output.

4.21. Exports of the main agricultural products account for 60% the total for Paraguay led by soya beans and by-products, which make Paraguay the fourth largest soya exporter in the world, the sixth largest for maize and the tenth for wheat (for which it is the only tropical exporting country). Rice exports have grown significantly in recent years, with the figure for 2016 showing a 63% increase.

#### **4.6 Livestock**

4.22. The livestock sector is very important to the Paraguayan economy because it encompasses not only beef cattle farming per se, but also includes a pioneering industrial process that has made the sector one of the largest in the world. This buoyancy, especially where beef is concerned, is the result of work done by various governments in conjunction with the private sector.

4.23. Paraguay currently exports more than 450,000 tonnes of meat products valued at US\$1,240 million (2016). These figures make Paraguay the seventh largest exporter of frozen beef in the world and the fourteenth largest for fresh or chilled meat.

4.24. Although beef is the main product in the meat sector, exports of pig meat and poultry meat also rose significantly during the period under review.

4.25. During the 85<sup>th</sup> General Session of the World Organization for Animal Health (OIE) in Paris, Paraguay received certification recognizing its status as a foot-and-mouth-disease-free country, merging the two FMD-disease-free areas our country previously had, and for the first time, as a classical-swine-fever-free country, a status that it shares with 33 other countries. This means that Paraguay now holds six of the seven health status certificates awarded by the OIE.

#### **4.7 Trade in services**

4.26. The services sector is the main contributor to Paraguayan GDP, accounting for 43.9% of the total in 2016. During the period from 2010 to 2016, the largest subsector in terms of value added was commerce (14.5% of GDP in 2016), followed by general government services (8.0%).

4.27. The sector's importance is also reflected in employment figures, where it accounts for over 60% in the national economy. Commerce, restaurants and hotels are again the largest subsector, accounting for 26.6% of all employment, followed by community, social and personal services (24.5%) and manufacturing, mining and quarrying (12.3%).

4.28. Despite being the largest sector of the national economy, external trade in services still falls far short of its potential. The balance of trade in services has recorded deficits every year. For 2016, it was US\$221 million. The largest deficits are in transport, insurance, financial services and royalties. The presentation of the balance-of-payments data and international investment position for the period under review is different from the previous reports because in 2012 the Binational Hydroelectric Enterprises were classified for statistical purposes as resident enterprises of the Paraguayan economy, a change from the status of non-resident enterprises that obtained until 2011. The changes were applied to the historical series of macroeconomic statistics.<sup>3</sup>

#### **4.8 Trade and environment**

4.29. In order to promote sustainable development and with a view to fulfilling the commitments entered into under the Kyoto Protocol on Climate Change, in particular with regard to emissions

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<sup>3</sup> The Central Bank of Paraguay published an explanatory methodology paper at: <https://www.bcp.gov.py/notas-tecnicas-y-metodologicas-i131>.

limitation and reduction, Paraguay has implemented policies to enhance energy efficiency in the relevant sectors of the national economy and has taken measures to limit and/or reduce emissions of greenhouse gases.

4.30. Accordingly, as part of the clean development mechanism provided for in the Kyoto Protocol, the Government has designed a development policy that is sustainable in environmental, economic and social terms, and that promotes the production and consumption of biofuels (ethanol and biodiesel).

4.31. As a result of implementing public policies that incentivize the efficient, economic and environmentally sustainable production of biofuels, sales of ethanol (obtained from sugar cane and grains) were 77% higher in 2016 compared to 2011. Where biodiesel is concerned, consumption was 146,883 litres in 2011 (obtained from vegetable and animal oil), and 10,094,977 litres in 2016 (obtained solely from vegetable oil, resulting in better quality and higher demand).

4.32. Moreover, Paraguay has promulgated Law No. 4601/12, as amended by Law No. 5183/14, promoting the use of electric and hybrid vehicles through tax incentives for imports; there is currently pressure to broaden it to include tax incentives for imports of new and used vehicles up to two years old, and to require State bodies and entities to ensure that their new vehicle fleets include at least 25% electric vehicles, preferably assembled in-country.

4.33. The National Energy Efficiency plan was launched in 2014; its purpose is to generate the general outline and approach to implementing immediate strategic measures on efficient energy use in various sectors as instruments that support sustainable national development.

4.34. Similarly MERCOSUR is developing an Energy Efficiency Labelling Scheme for Domestic Appliances with support from the German National Institute of Metrology. The aim is to enhance quality-assurance infrastructure for evaluating the energy capacity of domestic appliances and to build consumer confidence by developing awareness around efficiency labelling. At national level the project is coordinated by the Ministry of Industry and Trade and involves the institutions that are part of the National Quality System.

4.35. Finally, it should be noted that Paraguay was an active participant in the discussions leading up to the Paris Agreement on Climate Change (COP21) and hopes it will be fully implemented by the international community.

#### **4.9 National energy policy**

4.36. The National Energy Policy 2040 was approved on 10 October 2016 under Decree No. 6.092/2016. Its strategic vision is "To cater for the energy needs of the people and all sectors of production based on criteria measuring quality, socio-environmental responsibility and efficiency since energy is a factor that drives economic growth, industrial development and social progress within the framework of regional integration". That vision is to be achieved by reaching strategic targets laid down for the National Energy Sector as a whole and separate targets for each of its subsectors: electricity, binational hydroelectric entities and electrical interconnection; bioenergy and other alternative energy sources; and hydrocarbons.

4.37. The Strategic Vision for Energy Policy lays down five core strategic targets that define the goal that its effective implementation and monitoring will achieve, as follows: (1) to guarantee energy security based on criteria for self-supply, efficiency, affordability and socio-environmental responsibility to support the development of production in Paraguay; (2) to provide access to high-quality energy for the entire population, with a specific focus on consumer rights; (3) to use national sources of energy – hydroelectricity, bioenergy and other alternative sources, and to incentivize the production of hydrocarbons as strategic resources to reduce external dependence and increase generation of greater national added value; (4) to enhance Paraguay's position as a hub for regional energy interconnection based on the sustainable exploitation of its natural resources and its strategic geographical location; and (5) to encourage public understanding of the importance of energy and its sustainable use as a factor in all-round development.

4.38. Decree No. 6092/2016 appoints the Secretary-General and Head of the Civil Section of the Office of the President of the Republic as Coordinator of the Energy Policy of the Republic of

Paraguay, and the Under-Secretary for Mines and Energy as Executive Secretary for publicity and implementation of the policy.

#### **4.10 Intellectual property**

4.39. Since 2011 there have been a number of legislative developments that have allowed greater and more efficient regulation of patents for inventions, copyright and related rights and trademarks. The legislative reforms were bolstered when in 2012 Law No. 4.798/12 established the National Intellectual Property Directorate (DINAPI), the body responsible for implementing national policy on intellectual property and the administrative enforcement of the rules safeguarding intellectual property rights.

4.40. The adoption of Law No. 4.923 of 20 June 2013 on Geographical Indications and Denominations of Origin is likewise an important development. Prior to this legislation there was no specific law providing safeguards in this area, and accordingly DINAPI is pressing forward with draft regulations to facilitate implementation of the new rules.

4.41. Paraguay also ratified the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, which was adopted on 27 June 2013, and entered into force on 30 September 2016. The Protocol amending the TRIPS Agreement is expected to be ratified during 2017.

4.42. In 2015, Paraguay was removed from the Special 301 Watch List drawn up by the Office of the United States Trade Representative (USTR) pursuant to an Out-of-Cycle Review. This was regarded as a significant step forward, as reflected in the signing of a Memorandum of Understanding with the United States to improve protection for intellectual property rights.

4.43. As part of its public policy platform the Government has enhanced protection through the DINAPI under the National Intellectual Property Plan Paraguay 2030, approved by Decree No. 7.132 of 18 May 2017, which acts as a roadmap to strengthen the intellectual property system and make it more effective as a smart tool for combating poverty and fostering economic, social and cultural development in Paraguay. The plan also has the overarching objective of consolidating the Intellectual Property system, both as a generator of value and as an aspect of the production sector, science, the arts and technology, thus building awareness of a country image associated with respect for intellectual property rights.

#### **4.11 Government procurement**

4.44. In terms of regulation, with support from international bodies the Government has strengthened the legal framework of government procurement, with the aim of implementing reforms to bring the national government procurement system into line with international standards on transparency, quality of management and environmental awareness. Additionally, support mechanisms for production, national employment and MSMEs were implemented under existing legislation. The National Government Procurement Directorate is responsible for overseeing compliance with due process.

4.45. In this context, it should be noted that Law No. 5.074/2013 includes the sovereign guarantee of the State in procurement funding for suppliers and Law No. 4.678/2013 lays down criteria for incorporating price adjustment formulae into public works contracts.

4.46. In 2016 government procurement in Paraguay amounted to US\$2,466 million, equivalent to 9% of GDP. During the period under review, 54% of this procurement was to purchase goods, 28% for public works and 18% for payment for services rendered. On average 17,824 procurement processes are conducted in a year.

4.47. State-owned enterprises are the main contracting agencies, accounting for 88.7% of the total value of government procurement between 2010 and 2016. Chief among them are Paraguayan Petroleum (PETROPAR), the National Electricity Authority (ANDE), and the National Cement Industry (INC), followed by the Executive (8%), public social security entities (1.1%), departmental governments (1%), municipal authorities (0.6%), autonomous decentralized entities (0.5%), the Judiciary (0.4%) and joint ventures (0.2%).

#### 4.12 Protection of competition

4.48. Law No. 4956/13 on the Protection of Competition was a major achievement for the country. The law seeks to foster the greatest possible competition and market openness and, by extension, to enable businesses to produce more efficiently through use of competition to increase and improve the quality of their products to the benefit of the end consumer. The Law modernized Paraguay's legislation in this area and brought it into line with the main legal systems of its regional neighbours and the world.

4.49. The National Competition Commission (CONACOM) operates as an autonomous, decentralized body, linked to the Government through the Ministry of Industry and Trade. It comprises a board of three directors; its executive arm, reporting to CONACOM, is the Investigations Directorate.

4.50. The Law applies to all acts, practices or arrangements by legal or physical persons, whether Paraguayan nationals or foreigners, with a legal residence in Paraguay or abroad, whether governed by public or private law, or to any entities that perform economic activities, whether or not for gain, that affect competition throughout or in part of the national territory, except as provided for in law and duly justified on grounds of public interest; it also applies to all practices and behaviour, whether by individuals or groups, that aim to or result in the restriction, limitation, hindrance, distortion or impediment to current or future competition in the market.

#### 4.13 Electronic commerce

4.51. Paraguay has beefed up its regulations on electronic commerce in order to help develop the sector. Worthy of note are Law No. 4017/2010 on the legal validity of electronic signatures, digital signatures, data messages and electronic files, as partially amended by Law No. 4610/2012.

4.52. It was against that background that Paraguay promulgated Law No. 4.868 on electronic commerce in 2013, thus becoming one of the first Latin American countries to have specific legislation on electronic commerce.

4.53. Through the Office of the Under-Secretary for Trade, the Ministry of Industry and Trade is the enforcement authority for the legislation in force on digital signatures and electronic commerce. To that end its organizational structure includes the Directorate-General of Digital Signatures and Electronic Commerce as the technical body responsible for the interpretation, application, oversight, evaluation of and compliance with the legislation.

4.54. The prime objective is to work on amending the current rules to incorporate new trust services, regulate currently unregulated areas such as electronic claims so that Paraguay can achieve regulatory harmonization and address legal and technological developments.

4.55. Nowadays electronic commerce in Paraguay has become a new channel for marketing and transacting goods and services. MSMEs have increased their sales through online shopfronts, giving the sector an opportunity to grow.

4.56. At the WTO Paraguay has been pushing forward various initiatives in electronic commerce, emphasizing the systemic importance of this type of trade to developing countries. Accordingly, Paraguay supports and contributes to discussions at multilateral level to move ahead with the various proposals in this area.

4.57. As a landlocked developing country and a small and vulnerable economy, Paraguay is of the view that it is vital to have global, transparent rules on electronic commerce; this would bring great benefits, especially in respect of reducing legal and technological asymmetries, while also generating trust in this type of trade, and legal certainty in electronic data transmission services, thereby increasing cross-border trade and the supply of professional services.

#### 4.14 Business climate

4.58. During the period under review, the Government of Paraguay has worked hard to improve the business climate, focusing on the free market and generating an investment-friendly environment. These efforts have been acknowledged at various international forums.

4.59. Three new laws were introduced to improve the investment climate: (a) the public-private partnership Law (Law No. 5.102/2013); (b) the investment protection Law (Law No. 5.542/2015); and (c) the Law on financed and turnkey public works projects (Law No. 5.074/2013). Also in force are a number of incentives to promote industry and innovation, including the raw materials regime, free zones, in-bond processing (maquila), and industrial estates.

4.60. During the period under review, cross-institutional work led to deeper conversations and a broader network of contacts among national and foreign private investors interested in investing in, finding out about and delivering projects, both on a private basis or in conjunction with the Government. Of particular note in that regard are the Economic and Trade Promotion Missions that gave presentations on Paraguay. Actions have also been taken to support various foreign trade missions to the country that have an interest in investing in and seeking out commercial opportunities in sectors including agri-food, agro-industry, telecommunications, energy, finance, transport and external trade, textiles and made-up articles, chemicals and construction.

4.61. The Investment and Export Network (REDIEX), part of the Ministry of Industry and Trade, is the body responsible for supporting Paraguayan exports through product and market diversification, expansion of exports, intersectoral work and fostering international competitiveness in the Paraguayan economy.

4.62. REDIEX operates through the creation of sectoral committees that link and promote export competitiveness and diversification while enhancing attractiveness to investment and the business climate. Public-private sectoral committees cover the following production sectors: meat and leather; fruit and vegetables; forestry products; textiles and made-up articles; biofuels; stevia (sweetener); pharmaceuticals; maté; tourism; and information technologies. There is also a committee that deals with the development of new sectors (e.g. medicinal herbs, metalwork, automotive parts). Additionally, three cross-institutional committees on logistics infrastructure, streamlining of procedures, and incentives for investment and exports, address how to improve the climate for investment.

#### 4.15 Infrastructure development and public works

4.63. The regulatory framework for financed or turnkey public works projects (Law No. 5.074/13) also includes Decree No. 5.151/16. The State lays down "boundary" finance terms concerning minimum term and maximum rate and does not make any payments until the work has been completed. The payments are backed by the Treasury once the works have been accepted and the contractor's collection rights may be assigned in full or in part to the financial institution that funded implementation. In May 2017 the Ministry of Public Works and Communication (MOPC) signed the first contract for the investment of US\$45 million to tarmac 47 km of the San Cristóbal-Naranjal Route 6 highway in the department of Alto Paraná.

4.64. The regulatory framework governing public-private partnerships, comprising Law 5.102/13 (also known as the PPP law), which includes Regulatory Decree No. 1.350/14, has been in place for only three years. The institutions involved in delivering public-private partnership projects have coordinated the processes needed for public international tendering for two major projects. One project, to widen National Routes 2 and 7, has already been signed and works will begin this year; by contrast the project to modernize Silvio Pettrossi airport is at the economic assessment stage.

4.65. The contract to design, finance, construct, maintain and operate National Routes 2 and 7 between the cities of Ypacaraí and Pastoreo will be the responsibility of a consortium of businesses from Spain, Portugal and Paraguay. The works are scheduled to last 30 months and the contract period is 30 years. Around 300,000 users a day will benefit from the road-widening scheme. The works will be delivered in a record time, within just three years of the approval of the law. They involve an investment of US\$507 million. The upgrade to two lanes concerns a 149 km stretch from Ypacaraí (Route 2) to Km 183 (Route 7), where the Tape Porã concession begins. The works

include five bypasses and three viaducts to re-route traffic in the main urban areas. They will generate direct employment for around 2,500 workers and indirect employment for around 7,500 people.

#### **4.16 Securities market**

4.66. The securities market has been very buoyant in recent years; in 2016 transactions were worth as much as US\$591 million, a 23% rise on 2015. The securities marketable on the Paraguayan securities market include: (a) fixed-interest securities such as corporate bonds (with and without guarantee), subordinated bonds, financial bonds, investment bonds, short-term exchange market bonds, national treasury bonds, municipal bonds, and credit instruments issued through trusts; (b) variable-yield securities; ordinary and preferential shares; and (c) repurchase operations (Repos).

4.67. Approximately 48% of the total amount traded in 2016 was on the primary market and 52% on the secondary market. Fixed-income securities accounted for 90.9% of the total, Repos 6.6% and variable-income securities 2.5%. By currency, 60% of transactions were in Paraguayan guaraníes and 40% in US dollars.

4.68. In 2017, the National Securities Commission held registrations for 143 agents; 41 corporate open stock issuers; 35 corporate issuers; 6 risk rating agencies; 1 stock market (Bolsa de Valores y Productos de Asunción, or BVPASA); 1 mutual fund management company; 9 brokerage firms; 12 stock exchange operators; and 38 external auditors.

4.69. The BVPASA was established in 1977. Law No. 94/91 established the legal framework required to begin exchange trading as well as the market regulator, the National Securities Commission. The first trades at BVPASA occurred in the year when the Paraguayan securities market began trading, 1993, and involved nine corporate issuers.

#### **4.17 Support for small and medium-sized enterprises**

4.70. In 2012 Law No. 4.457 established the Office of the Under-Secretary for MSMEs. The Office reports to the Ministry of Industry and Trade. Its main tasks include coordination and delivery of supportive policy to strengthen and develop MSMEs, to foster their competitiveness, integrate them into the regional value chain, formalize them, and facilitate access to credit and guarantee funds.

4.71. In 2014 MERCOSUR CMC Decision No. 39/14 was adopted establishing the MERCOSUR Guarantee Fund for Micro, Small and Medium-Sized Enterprises, a shared fund of approximately US\$127 million that will reinforce the competitiveness and external integration of MSMEs of MERCOSUR member States. Paraguay is in the process of incorporating the Decision into domestic law and preparing its implementing regulations. Paraguay is promoting the inclusion of a forum at the WTO to discuss matters that could encourage the participation of MSMEs in international trade. Indeed, at the meeting of the General Council in May 2017, Paraguay introduced itself as a founder member of the "Friends of MSMEs" at the WTO.

4.72. Additionally, as part of the Project to Improve Entrepreneurship in MSMEs, Loan Contract No 3354/OC-PR-3 has been implemented. It supports individual businesses with training, formalization procedures and technical assistance for business management, and provides access to the financial system. At least 25% of the beneficiaries must be women.

4.73. Also approved was Project 00101436 on Competitiveness for Microbusinesses (PCM), whose purposes, goals and approaches can be divided into three strategies: (1) to promote competitiveness and innovation in business; (2) to foster value chains and partnership; and (3) to promote public-private partnership; and into three main planks, namely up-to-date information, simplified procedures, and transparent oversight.

4.74. We should also note the Project to Strengthen and Develop Micro-businesspeople - FDM, which will involve 20 micro-entrepreneurs selected in the "Con vos Paraguay crece" contest on the basis of their plans for sustainable businesses. The emphasis will be on innovative projects to

produce goods and services with a gender-based approach in peri-urban areas where at least 25% of the beneficiaries must be women.

#### **4.18 Women and trade**

4.75. In recent years the National Government has worked hard to increase the economic empowerment of women by implementing gender-aware public policies across a number of areas with the aim of ensuring fairness and the economic inclusion of women into chains of production.

4.76. Where the institutional framework is concerned, of note are the actions led by the Ministry for Women, a body established under Law No. 4.675 of 26 March 2012, in conjunction and cooperation with the leading players from central government and the private sector. The major actions consist in facilitating access to credit for business undertakings; driving strategies to give rural women a place in value chains and domestic markets; and providing guidance to them to compete in regional and international markets (Law No. 5.446/2015).

4.77. Paraguay has requested support from the International Trade Centre to deliver a programme in-country to strengthen women's participation in international trade.

## **5 CONCLUSIONS AND DIRECTIONS OF FUTURE POLICY**

5.1. The three main planks of the National Development Plan Paraguay 2030 focus the Government's efforts on designing and implementing an economic policy that aims to achieve inclusive, environmentally friendly growth featuring innovation and technological development.

5.2. Evidence of this is clear from the major advances brought about in the institutional and regulatory framework of Paraguay, and in the various pieces of legislation introduced in recent years such as the laws on transparency, public-private partnerships, protection of competition, electronic commerce, and support for MSMEs.

5.3. Similarly, along with other changes yet to be implemented, it is hoped that these reforms will help to promote structural change in the Paraguayan economy by expanding production, expanding exports, and adding greater value to products while embedding Paraguayan businesses into regional and global value chains.

5.4. Accordingly, the National Government's priority is to continue to grow public investment and improve the business climate to create conditions conducive to innovation and entrepreneurship where there is free movement of capital.

5.5. The aim of the policy instruments used by Paraguay is to generate trade flows through transparent, non-discriminatory rules. Accordingly, Paraguay reaffirms its commitment to the multilateral trading system and its active participation in the negotiations conducted at the WTO.

5.6. Additionally, Paraguay will continue to move towards deeper regional integration and will also seek to expand its trade relations with other countries in order to increase its access to new markets and pursue its aim to be an economy that is open to the world.

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