

Paraguay

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III. TRADE POLICIES AND PRACTICES BY MEASURE 30

(2) Measures Directly Affecting Imports 31

(vi) Government procurement

60. As stated in Chapter II, Paraguay is not a signatory to the WTO Agreement on Government Procurement.

61. While it is difficult to be precise, Paraguay's central government procurement market for goods and services appears to have attained G 300 billion (or US\$153 million) in 1996 (Table III.2).¹ BCP data indicate that from 1988 to 1995 the value of central Government purchases of goods and services has doubled in real terms.² No detailed operational data (e.g., expenditure by item, supplier and purchasing method, public sector agency or enterprise) in this area are available in Paraguay.

Table III.2

Threshold values for selecting procurement procedures and expenditure

(In multiples of the minimum daily wage, unless specified otherwise)

	Public bidding	Price competition	Direct contracting/ purchase	Procurement expenditure for goods and services in 1994 and 1995
Government (central, local) and public enterprises other than those listed below including <i>Corporación de Obras Sanitarias (CORPOSANA), Industria Nacional del Cemento (INC)</i>	More than 10,000	More than 2,000 to 10,000	Less than 2,000	Central Government ^a : G 105 bn. and G 174 bn. or 1 per cent of GDP CORPOSANA: G 13 bn. and G 20 bn. or 0.1 per cent of GDP INC ^b : G 45 bn. and G 56 bn. or 0.3 per cent of GDP
<i>Administración Nacional de Electricidad (ANDE)</i> <i>Administración Nacional de Navegación y Puertos (ANNP)</i>	More than G 3 million	More than G 300,000 to G 3 million	Up to G 300,000	ANDE: G 81 bn. and G 52 bn. or 0.5 per cent and 0.3 per cent of GDP
<i>Administración Nacional de Telecomunicaciones (ANTELCO)</i>	10,000 or more	More than 3,600 to less than 10,000	Up to 3,600	G 44 bn. and G 53 bn. or 0.3 per cent of GDP
<i>Petróleos Paraguayos (PETROPAR)</i>	More than 8,000	4,000 to 8,000	Less than 4,000	G 426 bn. and G 440 bn. or 2.9 per cent and 2.5 per cent of GDP ^b

a Figures reflect procurement of goods (*materiales y suministros*) only.

b Figures include goods purchased to be processed for or direct re-sale (falling under State-trading activities) thus not clearly for Government consumption.

Note: In 1996 the minimum monthly wage stood at G 469,157 or US\$235.

Source: Article 1 of Law 25/91, 2 September 1991; Article 44 of Law 1182, 18 December 1985, in force as from 9 January 1986; Articles 44 and 45 of Law 1296/67 as amended by Law 102, 24 December 1990; Articles 53 to 55 of Law 966, 12 August 1964; figures indicated in *Ministerio de Hacienda* (1996), *Boletín Fiscal Anuario 1995*, January; Banco Central del Paraguay (1996), *Estadísticas Económicas*, December.

¹*Banco Central del Paraguay* (1996a), p.36.

²Estimates based on 1982 constant prices cited in *Banco Central del Paraguay* (1996b).

62. Government procurement provisions require a public tendering process when the value of the purchase exceeds US\$60,000. Foreign suppliers may participate only through their duly registered representatives (e.g., a commercial firm in the same line of business, legal attorney). In bids for the supply of goods and services, a "Buy Paraguay" requirement obliges government agencies and public enterprises to give domestic contractors a 15 per cent preference or premium over foreign competition; a 5 per cent preference is granted for goods assembled in Paraguay.³ Public works are reserved for national firms; when foreign participation is required the contractors have to be associated with domestic firms.⁴

63. Public procurement of goods and services as well as the contracting of public works is carried out through: public tendering; price competition; and direct contracting/purchase. Table III.2 indicates the threshold values for selecting a procurement procedure. Outside this framework, direct contracts may be awarded in cases of: emergency or exceptional circumstances; special operations; patent protected goods; artistic or exclusive professional services; testing samples; shortage of supplies and absence of bidders; equipment, machinery and parts subject to specific technical requirements.⁵

64. In principle, PETROPAR's supplies of oil and oil derivatives are purchased through public tenders only. In addition, its imports (and exports) must be shipped in vessels belonging to the State-owned shipping company (FLOMERES), currently subject to the privatization process, and only in exceptional circumstances can a private (preferably national) shipping company be used (section (5)(v)). The authorities indicated that, despite FLOMERES' privileges, PETROPAR has used international tenders to obtain the lowest bids in all contract components.

65. All firms interested in providing goods or services to the public sector or undertaking public works must be included in the Registry of Suppliers and Contractors of the State of the Ministry of Finance (Directorate General of Norms and Procedures). This Register was created in August 1996 to improve the transparency of procedures and the rational use of resources, as well as to collect information on public procurement activities.⁶ The deadline for registration was the end of 1996; by late October 1996, it was estimated that out of a total of 5,000 firms involved in public procurement contracts only a 100 had been registered.

³Decree 31609/82 cited in Dun & Bradstreet (1996); Bureau of National Affairs (1996); and Articles 1 and 2 of Decree 4880, 27 July 1994.

⁴Shareholding conditions for these associations are set in Article 2 of Law 1045 of 1983.

⁵Law 25/91, 2 September 1991.

⁶Decree 14587, 29 August 1989.