

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/6468/Add.3

24 September 1990

Limited Distribution

Original: Spanish

ACCESSION OF PARAGUAY

Additional Questions and Replies Concerning the Foreign Trade Régime of Paraguay

Addendum

The following communication, dated 10 September 1990, has been received from the Permanent Mission of Paraguay.

I have the honour to transmit herewith the replies to the additional questions submitted by the United States of America concerning the foreign trade régime of Paraguay.

A number of Agreements concluded in the framework of LAIA and other legal provisions are also annexed thereto.¹

¹The Annexes are available for consultation in the secretariat, Development Division, Room 2010.

REPLIES BY THE GOVERNMENT OF PARAGUAY TO THE QUESTIONS SUBMITTED BY THE UNITED STATES CONCERNING THE FOREIGN TRADE REGIME OF PARAGUAY

II. OUTLINE OF THE GENERAL ECONOMIC POLICY OF THE REPUBLIC OF PARAGUAY

Section 1: In the field of agricultural policy

Question 1

Please describe what measures are undertaken by the Government of Paraguay to support the domestic production and increase the export of agricultural and agro-industrial products. Please include, but do not limit, reference in the response to measures, if any, that are used to reserve the internal market for domestic production, promote or subsidize exports, and/or determine the domestic or import price of agricultural products.

Reply

The measures taken by the Government of Paraguay to support the domestic production and increase the export of agricultural and agro-industrial products are as follows:

- Law No. 166, import régime for agricultural inputs (the GATT secretariat has a copy of the Law);
- Decree Law No. 9240/49 on income tax, under which agricultural production is exempted from payment of the tax;
- Law No. 622/77 establishing tax provisions for the marketing of beef and the tax régime for the processing and preserving of beef and beef products for export (a copy of the Law is attached);
- Decree Law No. 27/90, régime of economic development incentives.

There are measures that restrict imports of specific agricultural products in order to preserve the domestic market.

Question 2

What State entities or enterprises, or State-sanctioned monopolies or enterprises with special privileges, have been established or are maintained by the Government of Paraguay in the area of agriculture or agro-industrial products whose sales or purchases involve imports or exports? Please describe the objectives and operations of these entities or enterprises, if any. Will Paraguay commit to the notification and operation of such entities and enterprises after accession in conformity with the provisions of Article XVII?

Reply

Currently there are no State entities or enterprises, or State-sanctioned monopolies or enterprises with special privileges in connection with agro-industrial products, whose sales or purchases involve imports or exports.

Section 2: In the field of industrial policy

Question 3

With reference to Decree Law No. 19/89, "System of Incentives for Economic Development", please describe the tax exemptions granted to promote investments, boost domestic production, and increase exports. Please describe export requirements, duration of benefits, types of industries or products eligible, or any other characteristics associated with these incentives.

Reply

Decree Law No. 19/89 has been replaced by Decree Law No. 27/90. The tax exemptions are established in Article 5 of the latter, of which a copy is attached.

Question 4

Please describe the scope and nature of the import régime for industrial inputs and raw materials under Decree No. 1663/89. Approximately what portion of Paraguay's imports in a recent representative period benefited from these incentives?

Reply

The import régime for raw materials and industrial inputs (Decree No. 1663/88) concerns goods of which there is no, or too little, domestic production.

Question 5

Please list and describe the provisions of any other programmes maintained by the Government of Paraguay designed to promote domestic investments, production, and exports, e.g. tax exemptions, import tariff and tax rebates, concessional export credits, export bonuses, etc.

Reply

Apart from the régime mentioned above, there are no other provisions establishing preferential treatment for imports or exports.

Question 6

What State entities or enterprises, or State-sanctioned monopolies or enterprises with special privileges, have been established or are maintained by the Government of Paraguay in the area of non-agricultural products whose sales or purchases involve imports or exports? Please describe the objectives and operations of these entities or enterprises, if any. Will Paraguay commit to the notification and operation of such entities and enterprises after accession in conformity with the provisions of Article XVII?

Reply

The following enterprises have special privileges recognized by the State:

- PETROPAR has a monopoly in the production and sale of petrol and diesel oil. The objective of maintaining this enterprise is to ensure normal supplies and price stability of such products;
- National Cement Industry (INC): this enterprise produces hydraulic cement for the domestic and external markets.

Section 3: In the field of management of natural resources

Question 7

What domestic conservation measures are supported by the prohibition of the export of logs and unsawn wood, and the prohibition of the export of logs and sawn products of quebracho, provided for by Decree No. 24289 of 18 February 1972 and Decree Law No. 402 of 31 March 1965? What restriction on domestic production or consumption of these products are made effective in conjunction with these restrictions? What GATT provisions justify these restrictions?

Reply

The purpose of the domestic measures taken to this effect is to safeguard the rational utilization of the country's forestry reserves and ensure the supply of raw materials for domestic industry. This measure is included in Law No. 422, Forestry Law.

Question 8

Please specify any other trade measures applied for the management of natural resources, and indicate the GATT Article that would justify these measures, as necessary.

Reply

Under Decree No. 18796/75, the Paraguayan State proclaims the protection of all wild animal species temporarily or permanently inhabiting the territory of the Republic, provides for conservation measures and prohibits the hunting, sale or export of those species or their products.

Section 4: In the field of foreign trade policy

4.1 Fiscal matters

4.1.1 Imports

Question 9

What percentage of the Paraguayan Government's budget was financed by tariff duties, other taxes, and customs charges levied on imports during a recent representative period?

Reply

About 15 per cent of the budget is financed by customs receipts.

Question 10

What measures, other than tariffs, does Paraguay intend to use to promote the "progressive import substitution, in respect of products for which Paraguay enjoys relative advantages"?

Reply

If the country enjoys a comparative advantage, to promote progressive import substitution of the appropriate products, on the basis of the Government's free trade policy, no measure would be used other than tariffs and the benefits provided under Decree Law No. 27/90.

1.1.A General Régime - Tariffs

Question 11

Will Paraguay provide a copy of its new tariff schedule to the GATT secretariat for contracting parties' review? Since this schedule is in the Harmonized System (HS) nomenclature, and has only been in force a few months, will Paraguay supply a concordance between its new and old tariff schedules to help the contracting parties transpose trade data into the new system?

Reply

The GATT secretariat has a copy of the National Tariff based on the Harmonized System, but another copy will be provided.

Question 12

Will Paraguay provide a copy of Decree No. 1663/88 for contracting parties' review?

Reply

Decree No. 1663 appears in the text of the Customs Tariff, of which the GATT secretariat has a copy.

Question 13

Concerning the current structure of Paraguay's tariff schedule, could Paraguay supply a table or chart indicating the number of tariff lines and the percentage of import trade associated with each current tariff level?

Reply

The current structure of Paraguay's tariff schedule contains the following tariff lines:

- Petroleum and petroleum products ...	free to 11.5%
- Raw materials and inputs ...	3 to 7.0%
- Durables ...	8 to 18.0%
- Consumer goods ...	8 to 18.0%
- Vehicles and transport equipment ...	free to 32.0%
- Machinery and equipment ...	4.5 to 18.0%
- Luxury goods ...	30.0%
- Products with tariff protection ...	32.0 to 70.0%

Question 14

Concerning the reply to the question of L/6468/Add.2, after accession to the GATT, does Paraguay commit to use the authority in Law No. 1095/85 to establish protective import duties of up to 70 per cent of the taxable value in conformity with GATT provisions, e.g. Articles II, VI, VIII, XII, XVIII and XIX?

Reply

Law No. 1095/85 authorizes the Executive Power to establish protective duties of up to 70 per cent of the taxable value for economic and social purposes, and this is considered compatible with the provisions of the General Agreement in this area. The Executive Power cannot set tariffs higher than the level established in the Law, and the 70 per cent ceiling is for exceptional cases.

1.1.A Non-tariff charges

Question 15

From the descriptions provided, the effect on imports and on domestic production of the seals and stamp tax remains unclear. Please clarify the incidence and application of this tax, including reference to the following points:

- Please list the rates of application on import and domestic goods, the taxable base and the point of collection or application.
- What specific government services are funded by the seals and stamp tax?

- If this tax is considered a customs charge, please indicate how its incidence is related to the cost of customs services rendered.

Reply

The seals and stamp tax is a tax on documents and therefore it is of general application; in other words, it is applicable to all documents that concern deeds or acts giving rise to documents without any discrimination as to whether they are of a domestic nature or concern the import trade.

As explained in the preceding paragraph, this tax is not applicable to goods, but rather to the documents to which transactions give rise. This tax is part of the Treasury's ordinary receipts and does not specifically finance any public service.

This tax is not a customs charge.

Merchandise sales tax

Question 16

In the response to Question 7 in L/6468/Add.1, Paraguay indicates that the merchandise sales tax for imports and domestic goods is not applied equally, but at a higher level on imports. The response to Question 8 in L/6468/Add.2 indicates that new "internal taxes" on imports have been established. What are the current rates of "internal tax" applied to imports and to domestic goods? If the tax rates are still higher on imports, how does Paraguay intend to justify this practice with respect to Article III of the GATT after accession?

Reply

The National Government is carrying out studies for the introduction of a value-added tax (VAT) to replace the present sales tax provided for in Law 69/68.

Other charges

Question 17

Are the "internal taxes" that replaced a number of import taxes, described in the response to Question 27 in L/6468/Add.2, applied equally to imports and like domestic products? Please specify the "internal taxes" referred to.

Reply

The internal tax established by Decree Law No. 20/89, approved by Law 48/89, replaces a number of taxes but no import taxes. It might be described as a tax that compensates for internal charges, which is levied at the time of entry of goods into the country.

This tax is also levied on like domestic products, but at the time of sale to the consumer.

Question 18

Why is there a 7 per cent surcharge on "certain products", with the exception of those originating in and imported from bordering countries? Over what period of time does Paraguay contemplate incorporating this charge into its customs tariff? Will Paraguay commit not to apply this charge in excess of the bindings established in its GATT schedule after accession to the GATT?

Reply

There is no 7 per cent surcharge on certain products with the exception of those originating in and imported from bordering countries, but rather preferential treatment for such goods.

Paraguay will respect the bindings negotiated in the framework of the General Agreement.

Question 19

Are the consular tax and the special purpose taxes listed in L/6468/Add.1 still applied to imports? If so, please describe how they are related to the cost of services rendered by the customs authorities.

Reply

The special purpose taxes listed in document L/6468/Add.1 are no longer applied to imports. The taxes currently applied are set out in Law 48/89.

Question 20

Are there presently any additional taxes or charges applied to imports other than the customs tariff and the seals and stamp tax? If so, what are they?

Reply

Other than the customs tariff, there are no other taxes applied to imports nor any additional taxes.

The seals and stamp tax does not apply to imports but to the documents to which import transactions give rise.

Question 21

If applied, how will these taxes and charges be justified under GATT Articles after Paraguay accedes to the GATT?

Reply

See the reply to Question 20.

1.1.A General régime - customs

Question 22

Please describe in detail how the "normal price" for import valuation is determined under Law 489/74? Has this Law been amended or replaced? If so, please describe the provisions of its replacement and provide a copy to the GATT secretariat.

Reply

The "normal price" for import valuation is determined, in accordance with Law 489/74, on the basis of the Brussels Definition of Value. It has not been amended in any way so far.

Question 23

Does Paraguay have any lists of prices, "official" prices, or import valuation criteria based on the value of domestic articles applied to imports for customs valuation purposes? If so, explain how this is consistent with the provisions of Article VII.

Reply

At present Paraguay does not apply any criterion for import valuation other than the Brussels Definition of Value and thus does not have lists of prices, official prices or reference prices.

Question 24

Please describe procedures and institutions involved in appealing classification and valuation rulings by the customs authorities.

Reply

Administrative appeals against decisions of the customs authorities are submitted:

- (1) concerning customs classification: to the Customs Tariff Council and the Tribunal de Cuentas (government accounting office);
- (2) concerning customs valuation: to the Customs Valuation Council and the Tribunal de Cuentas.

Question 25

The response to Question 32 of L/6468/Add.2 confirms a customs charge of 0.5 per cent. How is this charge related to the cost of processing imports? In light of the recent GATT ruling on the United States' customs user fee of 0.17 per cent, how does Paraguay intend to defend its fee as being consistent with Article VIII?

Reply

In view of the recent GATT ruling on the United States' customs user fee of 0.17 per cent, Paraguay might request, as a developing country, and in the light of the technical studies currently being carried out in tax matters, a temporary waiver of the provisions of Article VII with respect to the valuation charge that is currently applied.

Question 26

In what manner are laws, regulations, judicial decisions and administrative rulings of general application pertaining to the classification, valuation, application of taxes, tariffs, or other import requirements or restrictions publicized? Must such determinations be published prior to implementation?

Reply

The publication of laws, regulations and other provisions must be publicized by any mass communication medium. The entry into force of any provision takes place immediately after its publication.

Question 27

Will Paraguay adhere to the Customs Valuation Code in the context of its accession to the General Agreement?

Reply

The competent authorities in the country are studying the possibility of adopting the GATT Customs Valuation Code as the system for the valuation of imported goods.

1.1.B Exceptions

Question 28

Please give examples of goods that would be exempt in accordance with international treaties.

Reply

The exemptions established under international treaties concern specific products provided for in the agreements signed in the 1980 Montevideo Treaty institutionalizing LAIA: for example, all products

included in the Market-Opening List and specific products in Partial-Scope Agreements.

1.1.C Other exceptions

Question 29

Since both Law 550/75 and Decree No. 7804/85 have been revoked, please give a comprehensive description of tariff exemptions currently in place, describing each programme, its legislative basis and the specific tariff lines covered.

Reply

The legislation currently in force on economic development incentives is Decree Law No. 27/90, which establishes exemptions in its Article 5.

The special régime for imports of raw materials does not contain any exemptions. Law No. 1095/84 on the customs tariff establishes reduced tariff rates in general, so that domestic industry can obtain supplies of raw materials and inputs from abroad at a suitable cost.

This provision is established in Decree No. 1663/88, as amended by Decree No. 1384/89.

Regional customs office régime

Question 30

In the response to Question 11 in L/6468/Add.2, Paraguay indicates that it applies different rates of import tariff depending on the origin of goods, i.e. bordering countries pay a flat rate of 10 per cent, while other imports are subject to normal customs rates. How is this practice related to the 15 per cent fee provided for in Decree No. 7804/85 (which has been replaced) and referred to in Question 26 of L/6468/Add.1?

Reply

The 15 per cent tariff provided for in Decree 7804/85 has been replaced by a single flat-rate tax of 10 per cent, which replaces customs duties and is provided for in Article 17 of Decree 1663/88 as amended by Decree 1384/89. The GATT secretariat has copies of these legal provisions.

Question 31

Please describe the current status of this special treatment for imports from bordering countries, the specific countries to which it applies, the rate of the special tariff and the percentage of Paraguay's import trade involved.

Reply

This régime was established in order to facilitate imports of specific mass consumption/use products that are heavily traded in the border areas, which tends to increase unregistered trade in view of the length of the frontiers. This treatment is applied to products from the countries bordering Paraguay (Argentina, Brazil and Bolivia).

The customs statistics do not distinguish imports by régime.

Question 32

How does Paraguay intend to reconcile this practice with the requirements of Article I of the GATT after accession? Would Paraguay commit to equalize the application of its tariffs and other import charges with respect to supplier countries within a short period of time after accession?

Reply

Once it is a contracting party to the General Agreement, Paraguay will adopt measures conducive to the implementation of the commitments into which it has entered.

Question 33

The response to Question 27 of L/6468/Add.2 indicates that tariff exemptions of this sort may be eliminated over some period of time. What time-frame is contemplated?

Reply

No time-frame is contemplated for the elimination of the present tariff exemptions. Suggestions or recommendations resulting from technical studies in this field have been made.

Import régime within the framework of the Latin American Integration Association (LAIA)

Question 34

Is the list of trade agreements in L/6468/Add.1 complete? If not, what other agreements, particularly of a preferential nature, has Paraguay concluded?

Reply

The list of trade agreements in document L/6468/Add.1 should include the following agreements that were recently signed and are in the process of being implemented:

- Agreement on Economic Complementarity and Sub-regional and Frontier Integration with the Republic of Argentina of 28 November 1989;
- Protocol amending the Agreement Establishing the Regional Preferential Tariff (PAR), signed on 20 June 1990.

Question 35

Do any of the bilateral agreements listed in L/6468/Add.1 provide for preferential trade access to the Paraguayan market? If so, which ones, and what are the preferential provisions? What portion of Paraguay's trade, approximately, is covered by bilateral preferences? Will Paraguay notify these agreements to the GATT?

Reply

Most of the agreements signed in the context of LAIA establish tariff reductions, through percentage preferences, for lists of specific products annexed to the agreements. In the case of Bolivia and Ecuador, the tariff reductions are total, for a list of products, with the elimination of all kinds of non-tariff restrictions, on account of their status as economically less-developed countries. About 50 per cent of Paraguay's trade enjoys bilateral preferences under LAIA. Paraguay is ready to notify these agreements to GATT once it is a contracting party.

Question 36

What portion of Paraguayan imports and exports are covered by the LAIA Agreements listed in L/6468/Add.1? Will Paraguay provide the texts of these agreements for the review of the contracting parties?

Reply

About 50 per cent of imports and exports are covered by agreements entered into in the framework of LAIA. The texts of the agreements concluded by Paraguay in the context of LAIA are attached hereto.

Question 37

What trade preferences are provided for by the River Plate Basin Treaty? What portion of Paraguay's imports and exports are covered by such preferences?

Reply

The River Plate Basin Treaty is an agreement to encourage physical integration of the Basin and therefore does not contain provisions on trade preferences.

Import régime for agricultural imports

Question 38

Concerning the preferential tax régime for imports of insecticides, fungicides, herbicides, etc. and raw materials to be used for the production of fertilizers contained in Law 166/69, what taxes are reduced or eliminated? How is the preference obtained by importers? Why do such products have tariffs if they are going to be exempted?

Reply

The tax régime established by Law 166/69 provides exemptions from payment of both customs charges and non-customs taxes (of an internal nature). In the case of customs charges, importers obtain the exemption simply by presenting the import clearance document and mentioning the law that applies. Exemption from other taxes must be obtained in accordance with the legal provisions in force in this area.

The products covered by this régime are not subject to duties in the customs tariff. The other taxes are of a general nature and therefore such products can only be exempted from not paying them.

4.2 Exports

Question 39

Please provide information on the new tax structure for exports.

Reply

Law 1095/84 on the Customs Tariff specifically establishes that exports shall be free of any customs charge or exchange levy.

Question 40

Concerning Paraguay's subsidies applied to domestic output and exports, will Paraguay agree to abide by the provisions of Article XVI:1, including those on notification of subsidies, agreement to consult, and undertakings to avoid damage to other contracting parties' trade through the use of subsidies?

Reply

Paraguay does not grant any kind of subsidy to domestic output and exports.

4.1.2.D Foreign-exchange régime

Question 41

How does Paraguay regulate the availability of foreign exchange for importers? What ministry is responsible for such regulation? Are import licences issued?

Reply

Decree No. 216/89 established the floating free market, and importers may obtain foreign exchange from any bank. The Central Bank of Paraguay is the institution responsible for administering the Law on banks and its regulations.

Imported goods are not subject to licensing.

4.1.2.D Import régime

Question 42

In the response to Question 8 in L/6468/Add.1, the Government of Paraguay indicates that it applies a number of import prohibitions or restrictions in accordance with the provisions of Law 1095/84 and the now-eliminated Law No. 7804/85. Are these the same as those provided for in Decree No. 1663/88, referred to in the responses to Questions 4 and 16 in L/6468/Add.2?

Reply

The goods subject to import prohibition listed in Decree 1663/88 were taken from Decree No. 7804/85 which has now been repealed.

Question 43

Have the "general" and "specific" import restrictions authorized by the provisions of Law 1095/84 and Decree 7804/85 been eliminated along with the Decree? If not, please describe the nature and level of these restrictions, explain why these restrictions are applied, and indicate the specific GATT Article under which Paraguay expects to maintain such restrictions after accession.

Reply

The import restrictions on specific products established in Decree 7804/85 were modified by Decrees 1663/88 and 1384/89, which narrowed the list of products subject to restrictions. The Customs Tariff Council is gradually reducing, in line with technical recommendations, the list of products to which import restrictions apply.

Question 44

How are the health-related import licences required by Article 11 of Decree 1663/88 (Annex III) acquired? What criteria are applied and are these readily available to traders? On what basis would a license request be denied? What portion of requests for such licences are denied?

Reply

For health reasons, the plants mentioned in Article 11 of Decree 1663/88 can only be imported with the authorization of the Ministry of Finance. For this purpose, the importer must submit an application to the Customs Tariff Council, which studies and gives an opinion on each specific case and recommends to the Ministry whether to accept or reject the application.

Question 45

Are any other discretionary import permits provided for under Decree No. 1663/88? Does this Decree provide for import prohibitions? If so, what are they?

Reply

Decree 1663/88 does not provide for any import permits other than those mentioned in the reply to Question 44. The Decree provides for import prohibitions on a list of products, of which the GATT secretariat has a copy. The Customs Tariff Council is currently engaged in a gradual reduction of the list of prohibited products.

Question 46

Are the reasons for requiring prior import permission published? Is the determination process transparent? Specifically, which industries are protected and what goods are affected? How are importers notified? What criteria are used?

Reply

Except for import permits for specific products of concern to national security, health and morals, the régime does not establish any other kind of import licensing.

Question 47

Concerning the provisions of Law 1095/85 that provide for prohibitions or temporary restrictions on the importation of "goods similar to goods produced in Paraguay", are these provisions still in effect?

Reply

The provisions of Law 1095/84 that provide for prohibitions or temporary restrictions on imports, essentially concerning seasonal products, are still in force.

Question 48

GATT provisions prohibit the use of prohibitions or quantitative restrictions or other explicitly import-substitution measures other than tariffs except as specifically provided for in GATT Articles. Will Paraguay commit to apply, from the date of its accession to GATT, the measures authorized by this legislation in conformity with the GATT provisions, including notification, consultation and negotiation?

Reply

As far as imports are concerned, the Government of Paraguay's policy is that of free trade, which has steadily increased. Limitations thereon are connected with the safeguarding of health, morals, national security and other aspects recognized by the GATT rules. Paraguay is prepared to fulfil the commitments it enters into as a consequence of its accession to the General Agreement.

Question 49

Will Paraguay commit to apply its legal provisions governing prior import deposits, foreign exchange surcharges, prior import licensing, import prohibitions and other quantitative restrictions in conformity with GATT provisions after its accession to the General Agreement, including Articles XI, XII, XIII, XVIII, XIX, XX, and XXI?

Reply

Prior import deposits, foreign-exchange surcharges and other restrictions have now been eliminated. The reply to this question is also to be found in the reply to the preceding question.

Question 50

Concerning the response to Question 27 of L/6468/Add.2, what time-frame is contemplated by Paraguay for the elimination of all import prohibition measures not based on considerations of health, national security, or environmental protection?

Reply

According to technical studies, it is advisable to eliminate all import prohibitions with the exception of those based on considerations of

health, national security or environmental protection, taking into account the Government's free-trade policy.

4.1.2.D Export régime

Question 51

This section mentions three forms of export control: permit requirements, certificates, and prior authorization. Please explain the meaning of these terms, how they differ from one another and under what specific circumstances each is utilized. Are there fees or charges associated with obtaining any of these forms of authorization? Please elaborate on the procedures associated with obtaining the necessary authorization to export. Are they transparent?

Reply

In principle, all exports have been freed from the licensing requirement, with the exception of specific products that need certificates, such as the phytosanitary certificate, and others that require prior authorization, such as drugs used in the domestic pharmaceutical industry.

Question 52

Concerning the response to Question 17 of L/6468/Add.2, please explain in more detail how Article XX justifies Paraguay's export restrictions on logs, forestry products and hides?

Reply

(i) of Article XX justifies, as an exception, the application of restrictions on exports of domestic raw materials necessary to ensure supplies for domestic industry; at the same time, the measure is not discriminatory since the domestic industry is also subject to restrictions under the Forestry Law and other provisions.

Question 53

The GATT prohibits quantitative restrictions on exports except under specified circumstances. Does Paraguay intend to justify or remove prohibitions on unprocessed forestry products and raw hides upon acceding to the GATT?

Reply

The prohibitions on unprocessed forestry products and raw hides are understood to be covered by Article XX(i) of the General Agreement.

5.5 Ministry of Industry and Trade

Question 54

The second paragraph of this section states that the Ministry of Industry and Trade "encourages industrial production through the installation of new establishments and the improvement of existing ones". Please elaborate on the Ministry's role in this area. How are industries chosen for new establishments or improvements? Is the process transparent? Are the proceedings published? If so, where? What methods are used to "improve" existing industries? Subsidies? Are there any manipulations (e.g., local content requirements or export requirements) on goods produced by these establishments?

Reply

There is a National Development Plan, prepared by the Ministries, which embraces various sectoral plans, including the Industrial Plan, drawn up by the Ministry of Industry and Trade. This sets out objectives, targets and strategies for the sector's development. These objectives are pursued practically through successive laws to encourage investment, currently in force being Decree Law No. 27/90 and its regulations in Decree No. 6361. A copy of the Plan is attached.

5.5.3 National Investment Council

Question 55

Does the Council have special review proceedings for foreign investment? If so, please describe the review process (i.e. how determinations are made, where proceedings are published, the appeal process). What is the nature of the evaluation performed by the Council? What is its purpose? What policy or actions would result from an unfavourable evaluation? From a favourable one?

Reply

The Investment Council was set up by Decree Law No. 27/90 and its proceedings are governed by that Decree and its regulations, of which a copy is attached hereto.

General

Question 56

What regulations does Paraguay have involving a margin of domestic preference for government procurement or other purchases by State entities? Are these rules applied in a non-discriminatory fashion?

Reply

Article 11 of Law No. 1095/84 provides that "imports carried out by public sector entities shall be liable to the customs tariff, with the exception of those intended for use for their own specific purposes and those carried out under international agreements".

Question 57

Does Paraguay maintain any domestic price controls? If so, on what products? How are these controls applied to the sale of imports in the domestic market?

Reply

Paraguay maintains domestic-price controls on petrol and diesel oil.

Controls are applied to the sale of these products in the form of retail prices that are established for each of them.

ANNEX

- Decree Law No. 27/90. Régime of Economic Development Incentives
- Law No. 422/73. Forestry Law
- Decree No. 18.796, of 4 November 1975, establishing State protection for all wild animal species
- Industrial Development Plan of the National Economic and Social Development Plan 1989/1990
- Decree No. 6361, of 10 July 1990, establishing regulations for Decree Law No. 27/90
- Agreements concluded in the LAIA framework:
 - Partial-Scope Agreement No. 17, Paraguay-Bolivia
 - Partial-Scope Agreement No. 18, Paraguay-Colombia, and First Additional Protocol
 - Partial-Scope Agreement No. 19, Paraguay-Ecuador
 - Partial-Scope Agreement No. 20, Paraguay-Peru, and First and Second Protocols of Amendment
 - Partial-Scope Agreement No. 21, Paraguay-Venezuela
 - Partial-Scope Agreement No. 26, Paraguay-Argentina-Chile-Uruguay, (Second Protocol of Amendment)
 - Partial-Scope Agreement No. 34, Paraguay-Brazil, (First Protocol of Amendment)
 - Partial-Scope Agreement No. 38, Paraguay-Mexico, (Second Protocol of Amendment)
 - Regional Agreement on Market Opening in favour of Bolivia and First and Second Additional Protocols
 - Regional Agreement on Market Opening in favour of Ecuador and First, Second and Seventh Additional Protocols
 - Regional Agreement on Market Opening in favour of Paraguay, and First to Thirteenth Additional Protocols
 - Regional Agreement on the Regional Tariff Preference and its Protocols of Amendment (First and Second)
 - Agreement on Economic Complementarity and Sub-regional and Frontier Integration, Paraguay-Argentina