

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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ACCESSION OF PARAGUAY

Communication from Paraguay

Addendum

The following communication, dated 2 April 1992, has been received from the Permanent Mission of Paraguay.

With reference to the proceedings for the accession of Paraguay to the General Agreement on Tariffs and Trade (GATT), I have the pleasure to transmit herewith the following documents on recent legislation relating to foreign trade, investment, taxation and privatization of State-owned companies:

- Law No. 117/91 of 7 January 1992, on investment. This Law is aimed at promoting and guaranteeing national and foreign investment, on a basis of complete equality, to foster the economic and social development of Paraguay.

The new Law guarantees the right of ownership for national and foreign investments without any limitations other than those provided for by the Constitution and laws.

Likewise, freedom of exchange without restrictions is guaranteed for the entry and exit of capital and remittance abroad of dividends, interest, commissions, and royalties for the transfer of technology or other reasons. All exchange operations, remittances or transfers are subject to the taxes provided for by law. Investors may freely conclude investment insurance contracts in the country or abroad.

The Law also guarantees a régime of freedom to produce and market goods and services and to import and export. As far as obligations are concerned, it provides that domestic and foreign investment will be subject to the same tax régime, and that foreign investors must comply with the country's labour and social security laws.

- Law No. 125/91 of 9 January 1992, establishing the new tax system. This Law provides for an income tax, capital tax, consumption tax (VAT), and documents tax, and establishes provisions of general application. With the entry into force of

the new tax régime, thirty-five laws and decrees listed in article 254 of the Law have been wholly or partially repealed. The Value-Added Tax (VAT) previously in abeyance will come into force from July 1992.

- Law No. 126/91 of 9 January 1992 on the privatization of State-owned companies. By this Law the Executive Power is authorized to transfer wholly or in part to the private sector the public enterprises producing goods and services that are hereafter classified "State-owned companies subject to privatization", and the equity or partnership shares, as the case may be, of enterprises of which the State is a shareholder or partner. In each case the law will establish which enterprises are to be privatized.

The tender specifications and conditions will be submitted to the Bicameral Commission set up by the Law before initiations for public tendering are issued. They will contain provisions ensuring a transparent privatization process, full and adequate public notice and timely availability of the relevant information for potential buyers, so as to foster interest in the acquisition of the companies or State-owned equity holdings or partnership shares.

- Decree No. 12294 of 14 January 1992, prohibiting imports of used clothing intended for sale in the country.
- Decree Law No. 12 of 2 March 1992 amending tax provisions relating to the marketing of cotton.
- List of prohibited or restricted imports (Articles 9 to 11 of the Customs Tariff).

The documents listed above are available in the secretariat (Office of the Special Adviser to the Director-General, Room 2017) for consultation by interested delegations.