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To: Members of the Executive Board

From: The Secretary

Subject: **Paraguay—Selected Issues and Statistical Annex**

This paper provides background information to the staff report for the 1997 Article IV consultation discussions with Paraguay, which was circulated as SM/97/225 (8/29/97).

Mr. Reichmann (ext. 38610) or Mr. Pearson (ext. 38613) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Unless the Documents Preparation Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Thursday, September 11, 1997; and to the European Investment Bank (EIB), the Food and Agriculture Organization (FAO), the Inter-American Development Bank (IDB), and the United Nations Development Programme (UNDP), following its consideration by the Executive Board.

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INTERNATIONAL MONETARY FUND

PARAGUAY

Selected Issues and Statistical Annex

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Approved by the Western Hemisphere Department

August 29, 1997

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Paraguay: Basic Data

Social and demographic indicators

| | |
|---|-------------------------|
| Land area | 397,300 km ² |
| Population (mid-1995) | 4.83 million |
| Rate of population increase (percent per annum) | 2.9 |
| Life expectancy at birth (in years) | 68 |
| Infant mortality (per thousand) | 40.6 |
| Population per physician (1991) | 1,231 |
| Population per hospital bed (1989) | 762 |
| Distribution of national income: highest quintile | 46 percent |
| Lowest quintile | 6 percent |
| Access to safe water (percent of population) | |
| Urban (1985) | 49 |
| Rural (1995) | 17 |
| Adult literacy rate | 92 percent |
| Primary school enrollment | 96 percent |
| Unemployment rate (1996 estimate, Asuncion) | 9.8 percent |
| GDP at market prices (1996) | G 22,307 billion |
| | US\$ 10.28 billion 1/ |
| GDP at market prices per capita (1996) | US\$ 2,129 1/ |

| Economic indicators | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|------|------|--------------|------|---------------|
| | | | (In percent) | | |
| Origin of GDP (current prices) | | | | | |
| Agriculture, livestock, forestry, and fishing | 24.5 | 24.5 | 23.7 | 24.8 | 25.4 |
| Manufacturing | 17 | 16.5 | 15.7 | 15.6 | 15.4 |
| Construction, transportation, and communications | 9.8 | 9.8 | 9.9 | 9.6 | 9.7 |
| Commerce and finance | 30.3 | 30.4 | 30.5 | 29.5 | 28.1 |
| General government | 4.2 | 4.2 | 4.3 | 4.4 | 4.7 |
| Other | 14.2 | 14.6 | 15.9 | 16.1 | 16.7 |
| Ratios to GDP | | | | | |
| Exports of goods and nonfactor services | 19.5 | 20.2 | 18.5 | 21.3 | 20.7 |
| Imports of goods and nonfactor services | 22.0 | 24.0 | 26.1 | 26.5 | 25.9 |
| Current account of the balance of payments | -1.6 | -0.5 | -4.4 | -2.1 | -2.3 |
| Central government revenue and grants | 13.4 | 13.1 | 13.9 | 15.7 | 15.0 |
| Central government expenditure | 14.4 | 13.1 | 13.8 | 16.0 | 15.7 |
| Central government current balance | 1.5 | 1.9 | 2.5 | 3.9 | 2.5 |
| Central government overall balance | -1.0 | 0.0 | 0.1 | -0.3 | -0.8 |
| Consolidated public sector current balance | 3.4 | 4.2 | 4.9 | 7.6 | 5.9 |
| Consolidated public sector overall balance | 0.0 | 1.1 | 1.5 | 2.5 | 1.7 |
| External public debt (end of year) | 19.3 | 17.7 | 15.9 | 14.7 | 13.8 |
| External public debt service (in relation to exports of goods and nonfactor services) | 49.0 | 19.0 | 15.0 | 12.0 | 10.0 |
| Of which: interest payments | 12.4 | 5.8 | 5.4 | 4.3 | 4.3 |
| Gross national savings | 19.2 | 19.0 | 15.3 | 21.2 | 20.2 |
| Gross domestic investment | 20.8 | 19.5 | 19.8 | 23.3 | 22.6 |
| Money and quasi-money (end of period) | 14.0 | 13.0 | 14.5 | 16.0 | 16.1 |

| | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|-------|------|--------------|------|---------------|
| | | | (In percent) | | |
| Annual changes in selected indicators | | | | | |
| Real GDP | 1.8 | 4.1 | 3.1 | 4.7 | 1.3 |
| GDP (at current prices) | 16.8 | 24.0 | 24.8 | 18.3 | 12.5 |
| GDP deflator | 14.7 | 19.1 | 21.0 | 13.0 | 11.1 |
| Consumer prices (annual average) | 15.1 | 18.3 | 20.7 | 13.5 | 9.8 |
| Consumer prices (end of period) | 17.8 | 20.4 | 18.3 | 10.5 | 8.2 |
| Liabilities to the private sector | 36.4 | 29.0 | 23.1 | 18.6 | 20.1 |
| Money and quasi-money | 28.4 | 15.3 | 38.4 | 30.5 | 13.3 |
| Net domestic assets of the financial system 3/ | 49.6 | 11.7 | 1.6 | 18.9 | 13.3 |
| Credit to the public sector | 45.2 | 3.2 | -15.8 | -9.2 | -5.9 |
| Credit to the private sector | 28.0 | 26.4 | 27.8 | 15.6 | 19.5 |
| Merchandise exports (in U.S. dollars) | -12.3 | 12.6 | 7.8 | 40.2 | 12.9 |
| Merchandise imports (in U.S. dollars) | -12.9 | 19.3 | 34.5 | 18.4 | 6.7 |
| Terms of trade (deterioration -) | -5.0 | 2.4 | 8.4 | -0.9 | -0.4 |
| Real effective exchange rate end of period (depreciation -) | -2.0 | 3.6 | -0.3 | 3.6 | 0.3 |

(In millions of U.S. dollars)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Balance of payments | | | | | |
| Exports, f.o.b. | 754 | 849 | 915 | 1,283 | 1,449 |
| Imports, c.i.f. | -1,004 | -1,198 | -1,611 | -1,908 | -2,035 |
| Other services and transfers (net) 4/ | 145 | 316 | 352 | 438 | 360 |
| Current account balance | -105 | -33 | -344 | -187 | -226 |
| Official capital (net) | -30 | -33 | -3 | 78 | 54 |
| Direct investment | 137 | 119 | 164 | 157 | 225 |
| Other private capital (net) | -15 | 119 | 161 | 119 | -110 |
| Capital and financial account balance | 92 | 205 | 322 | 354 | 169 |
| Errors and omissions (net) | 3 | -76 | 329 | -145 | 71 |
| Changes in reserves (increase -) | 364 | -87 | -346 | -62 | 44 |
| Gross international reserves (in months of imports of goods and nonfactor services) | 6 | 6 | 7 | 6 | 6 |
| External public debt (end of period) | 1,249 | 1,217 | 1,241 | 1,328 | 1,336 |

IMF data (as of July 31, 1997)

| | |
|--|------------------------------|
| Article VIII status | |
| Intervention currency and rate | U.S. dollar (G 2,180/dollar) |
| Quota | SDR 72.1 million |
| Fund holdings of local currency | SDR 57.6 million |
| As percent of quota | 79.9 |
| Reserve position in the Fund | SDR 14.5 million |
| As percent of quota | 20.1 |
| Total Fund credit | None |
| Special drawing rights department | |
| Cumulative SDR allocation | SDR 13.7 million |
| Net acquisition or utilization (-) of SDRs | SDR 60.9 million |
| Holdings of SDRs | SDR 74.6 million |

Sources: Paraguay authorities; and Fund staff estimates.

1/ Calculated at G 2,169 per U.S. dollar.

2/ Including changes in inventories.

3/ As a percent of liabilities to the private sector at the beginning of the period.

4/ Including value added on entrepôt trade.

I. THE FINANCIAL CRISIS OF JUNE 1997¹

A. Background

Lax entry requirements associated with the liberalization and deregulation of financial markets initiated in Paraguay in 1989, led to a proliferation of new banks and finance companies, many of which were seriously undercapitalized. These new institutions operated in an environment of weak supervision, with a deficient legal and regulatory framework, in the presence of a large underground economy. Poor banking practices, including inadequate internal models of risk evaluation, and high levels of related credit, led to mounting delinquent loans, liquidity problems, and ultimately insolvency. The authorities were generally hesitant to take preventive action because of political considerations, preferring, whenever possible, to grant financial assistance and regulatory forbearance.

A first crisis occurred in May 1995, when the Central Bank of Paraguay (BCP) intervened in four insolvent banks (holding around 12 percent of the deposits in the banking system) and in a number of smaller financial institutions due to their inability to clear overdrafts at the central bank. The interventions uncovered a plethora of fraudulent activities, including extensive lending to related parties and sizable unrecorded ("black") deposits.

Following the crisis, there was a substantial withdrawal of deposits from private domestic banks; however, a run on the entire banking system or a lasting rupture of the payments system was avoided due to the presence of other banks—mainly foreign owned—that continued to be perceived as safe, and to massive liquidity support from the BCP. The BCP extended full deposit coverage to on-book deposits of the intervened institutions at a cost of around US\$360 million (4 percent of GDP), about 80 percent of which was channeled to the intervened banks and may be considered unrecoverable. Subsequently, and despite a Presidential veto, the Supreme Court upheld a law, requiring the BCP to reconstitute up to G30 million per account (around US\$14,000) to holders of off-balance sheet deposits in intervened banks. This measure, which began to be implemented in August 1997, will cost approximately US\$22 million, in addition to the damage done to market discipline and the moral-hazard problems it created. Moreover, clean-up of the financial system required in the aftermath of this crisis was not completed, and institutions with significant deficiencies were allowed to remain in operation.

B. The Current System

The financial sector in Paraguay includes a large number of inefficient small sized institutions, overly concentrated in short-term lending (also more than 70 percent of deposits is sight and checking accounts). The index of financial deepening—M3 equals 25 percent of GDP—is low

¹Prepared by Alberto M. Ramos.

when compared with other Latin American countries². There is, however, a dichotomy between domestic and foreign owned banks. Contrary to their domestic counterparts, foreign institutions are by and large profitable lending to the larger and safer enterprises and attracting funds at lower cost. While foreign banks have a higher share of private sector deposits, domestic banks have been favored, and in some instances been propped up, by deposits of the public sector.

The main problems that led to the financial distress episode of 1995 were not addressed and the system has since then deteriorated further, as can be gauged by the evolution of basic financial ratios (Figure 1). In particular, domestic banks (private and public) experienced a marked deterioration of their capital base, profitability, liquidity, provisioning, and loan delinquency ratios. Related credit, excessive loan concentration, overvalued assets, nonexecutable guarantees, and outright fraud resulted in a high level of nonperforming loans that substantially depleted the equity cushion of a number of banks in the system.

The current problems owe less to deficiencies in the legal framework—since the new central bank charter of 1995 and the new Banking Law of June 1996 encompass a by and large adequate legal framework for the sector—than to the practice and implementation of the legislation³. In particular, the Superintendency of Banks is overstretched and lacks resources, both in quantity and in quality, to fulfill its legal duties. Further, current legislation does not provide for differential treatment and resolution strategies separating institutions where liquidity and solvency problems arise from idiosyncratic shocks to their portfolios from those where the cause is contravention of regulatory norms.

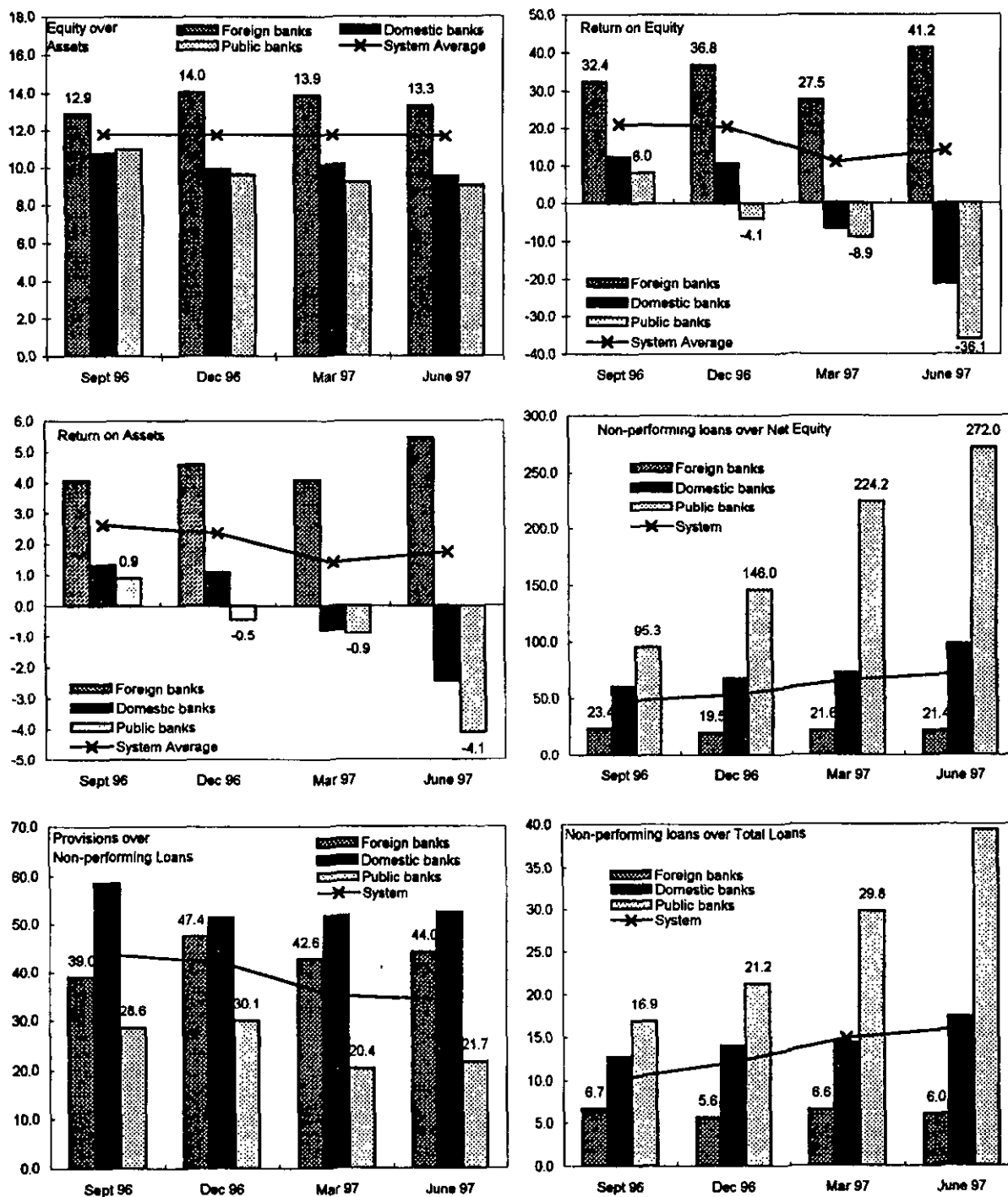
C. The Crisis in June 1997

The lingering effects of the 1995 financial crisis and the subsequent deterioration of performance of several Paraguayan domestic banks resulted in a new crisis in 1997. In June, the BCP was forced to intervene in the biggest Savings and Loans association, *Ahorros Paraguayos*, the largest private domestic bank, *Banco Unión* (representing around 8.5 percent of the deposits in the banking system), and a smaller bank, *Banco de Inversiones de Paraguay S. A.* (BIPSA), in view of these institutions' inability to honor their short term obligations to depositors and to cover substantial overdrafts at the central bank. If unable to reconstitute their capital, these institutions will face liquidation. By end-August progress had been made in discussions on the recapitalization of *Banco Unión*.

²This low ratio of financial intermediation might even be overstated given the existence of the underground economy, whose size could be as large as that of measured GDP. On the other hand, a significant volume of transactions may be carried out by using foreign currency outside the recorded financial system.

³There remain nonetheless certain deficiencies, which were identified by a LEG/MAE technical assistance mission in May 1997.

Figure 1. Paraguay:
Banking System Indicators, September 1996 - June 1997



Sources: Paraguayan Authorities and Fund staff estimates.

The interventions triggered a systemic run on deposits, but following the presentation to Parliament of a draft emergency legislation aimed at increasing insurance coverage of deposits— from the equivalent of 10 minimum monthly wages (about \$2,500) stipulated in the banking law to 50 minimum wages—calm returned to the system.⁴ Nevertheless, due in part to rumors that the government was about to nationalize foreign currency deposits, there were sizeable withdrawals of foreign currency deposits from all banks (Table 1). Some of these funds left the country, some were converted into local currency deposits, and the remainder filtered into currency in circulation.

Table 1. Private Sector Deposits in the Banking System (1997)

| | Total (In million Guaranies) | | | | % Change | | |
|-----------------------|------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | June 13 | June 20 | June 30 | July 18 | June 13-20 | June 13-30 | June 13/July 18 |
| Foreign banks | 2,941 | 2,926 | 2,983 | 2,978 | -0.5 | 1.4 | 1.3 |
| Domestic currency | 1,279 | 1,348 | 1,406 | 1,414 | 5.4 | 9.9 | 10.6 |
| Foreign currency | 1,662 | 1,578 | 1,577 | 1,564 | -5.1 | -5.1 | -5.9 |
| Domestic banks | 1,352 | 1,165 | 1,149 | 1,154 | -13.8 | -15.0 | -14.6 |
| Domestic currency | 852 | 753 | 762 | 761 | -11.6 | -10.6 | -10.7 |
| Foreign currency | 500 | 412 | 387 | 393 | -17.6 | -22.6 | -21.4 |
| Public banks | 289 | 222 | 277 | 246 | -23.2 | -4.2 | -14.9 |
| Domestic currency | 273 | 209 | 268 | 237 | -23.4 | -1.8 | -13.2 |
| Foreign currency | 16 | 13 | 9 | 9 | -18.8 | 43.8 | -43.8 |
| System | 4,582 | 4,313 | 4,409 | 4,378 | -5.9 | -3.8 | -4.5 |
| Domestic currency | 2,404 | 2,310 | 2,436 | 2,412 | -3.9 | 1.3 | 0.3 |
| Foreign currency | 2,178 | 2,003 | 1,973 | 1,966 | -8.0 | -9.4 | -9.7 |

Source: Superintendency of Banks.

From June 13 to July 18, 9.7 percent of private foreign currency deposits left the banking system.⁵ As during the 1995 crisis, there was a significant exodus of domestic currency deposits to quality/safety, out of domestic banks and into foreign banks. In all, the banking system lost 4.5 percent of all private sector deposits. Depositors in the intervened institutions were allowed to withdraw funds up to the 10 minimum monthly salaries, allowed by the law.

⁴By end-August, the legislation on enhanced deposit insurance had not yet been approved.

⁵Between June 13 and June 30 private sector deposits fell by about \$81 million, or around 4 percent: most of this decrease took place during the week of June 13. Domestic banks were severely penalized. Public banks lost 44 percent of private foreign currency deposits and domestic private banks lost 23 percent.

The difficulties in the banking system are not circumscribed to the intervened banks. Six domestic banks, including the two intervened ones, accounting for about one fourth of the system's deposits—and including about half of the deposits of the Social Security Fund (IPS)—are at risk and have an estimated combined negative capital of at least \$110 million. Some of these institutions are under close supervision and are benefiting from rehabilitation programs with the BCP, while others have been recapitalized by ceding ownership to pension funds—the IPS and the Bank Employees' pension fund—which in fact assumed the losses of these banks. The authorities have been reluctant to proceed with the liquidation of banks, even though there are signs of over-banking in Paraguay. Legal and political obstacles to close insolvent institutions are high, leading the authorities to prefer the option of rehabilitation through central bank loans, regulatory forbearance, and accounting flexibility, rather than force operational restructuring of viable institutions or implement an orderly exit of insolvent ones.

D. Cost of the Crisis

The liquidity shortages experienced by many distressed institutions during the month of June prompted the BCP to provide \$115 million (1.2 percent of GDP)⁶ to the financial system, through overdraft and other short-term liquidity facilities. About 50 percent of the total assistance was channeled to the three intervened institutions.

In order to sterilize the inflow of liquidity and limit the potential for an inflationary outburst in the economy the central bank reduced foreign currency holdings⁷ and placed short-term securities (*Letras de Regulación Monetaria - LRM*) through open market operations. Liquidity control was also helped by a significant amount of excess reserves held at the central bank by the banking system. Nevertheless, base money, which had grown by 12.6 percent year on year by end-May (in line with the target in the monetary program), surged to a 22.5 percent annual rate of growth by end-June. Reflecting uncertainty and bank inefficiency⁸, bank spreads and real interest rates continued at very high levels. This occurred at a time

⁶During the first semester of 1997, the central bank extended financial assistance to the financial system of \$150 million (1.5 percent of GDP).

⁷In June the BCP lost \$70 million of reserves, due to the effects of a reduction of foreign currency deposits in the banking system, purchases of dollars by public entities, and intervention in defense of the exchange rate, especially during the last three weeks of the month.

⁸Nonperforming loans as a percentage of total credits increased from 6.8 percent in 1995, to 7.6 percent in 1996, and to 15.4 percent by the end-April 1997. As a percentage of capital and reserves, they increased from 33 percent in 1995, to 50.1 percent in 1996, and to 77.4 percent by end-April 1997.

when the financial turbulence was eroding investors confidence, adversely affecting aggregate demand, and depressing real economic activity.

Even though *ad-hoc* measures and financial assistance may be able to hold off a full blown banking crisis, continuation of such an haphazard strategy to deal with problems in the financial sector may result in an increasing burden of high real interest rates and intermediation spreads, mounting quasi-fiscal costs, and a continuous risk that potential spillover effects might debilitate additional banks in the system. Moreover, in a context of weakening public finances, the decrease in foreign reserves and the mounting costs of sterilization (Box 1) may make it more difficult for the BCP to continue giving support to the financial sector, while maintaining inflation under control.

Box 1. Central Bank's Quasi-Fiscal Deficit

Since the 1995 crisis, the central bank has disbursed over US\$600 million (around 6 percent of GDP) in assistance funds to the financial sector. Around two-thirds of this amount may not be recoverable since it has been given either to banks and finance companies that have been liquidated, or that have substantial negative net worth. Further, the need to sterilize the resulting inflows of liquidity in the system has led to increased costs with the remuneration of central bank securities giving rise to losses for the institution and putting upward pressure on domestic interest rates.

Central Bank Profit/Loss Account (In billion guaranies)

| | 1996 | | 1997 | | |
|--------------------|-----------|-----------|-----------|-----------|------------|
| | Jan.-Feb. | Jan.-Dec. | Jan.-Feb. | Jan.-June | Jan.-Dec.* |
| Total revenues | 31.4 | 264.8 | 21.7 | 68.3 | 161.5 |
| Operational | 0.8 | 2.4 | 0.4 | 1.0 | 2.0 |
| Monetary 1/ | 30.6 | 262.4 | 21.3 | 67.3 | 158.5 |
| Total expenditures | 17.6 | 153.6 | 20.7 | 80.0 | 191.5 |
| Operational | 9.6 | 78.8 | 11.7 | 42.6 | 90.0 |
| Monetary 1/ | 7.8 | 72.3 | 8.9 | 36.7 | 100.0 |
| Other | 0.2 | 2.5 | 0.1 | 0.7 | 1.5 |
| Operating Profit | 13.7 | 111.2 | 1.0 | -11.7 | -30.0 |

1/ Includes interest revenues and expenditures associated with the conduct of monetary policy.

* Fund staff/BCP projections.

The capital loss of the central bank is the sum of the operating losses, provisions, and depreciation of assets. In 1997 the BCP will establish new provisions of around G74 billion (10 percent of the estimated G746 billion irrecoverable portfolio of credit to the financial system). Further, fixed assets will depreciate by G6 billion. Taking all the information together, the BCP may experience a loss of around G110 billion (\$51 million) in 1997; one third of its equity base.

II. THE PRIVATIZATION PROCESS (1994-1997)⁹

The privatization process in Paraguay has been limited and relatively unsuccessful due to the existing legal framework, which makes it very difficult to carry out international bidding processes and excludes the public utilities from privatization, and a lack of political will to divest public enterprises. Since the framework law allowing the privatization of some of the public enterprises was approved in 1991 (Law No. 126/91)¹⁰, only five companies have been sold and the net fiscal impact has actually been negative (see Table 2). The principal legal obstacle has been Law No. 636/95 which implements Article No. 111 in the 1992 Constitution in such a manner as to make it very difficult for a firm to be offered and purchased by any party other than the current or previous workers of the firm as well as directly associated firms (e.g., suppliers of the public enterprises).¹¹

Paraguay will not receive substantial benefits from privatization until it divests the assets of and/or concessions the services provided by the public utilities; primarily the public electricity company (ANDE), the public phone company (ANTELCO), and the public water company (CORPOSANA). In order for the latter to be privatized effectively, Law No. 636/95 may have to be modified. Additionally, a separate law would have to be approved for the privatization of each one of these enterprises; the prospects for such legislation are minimal in the run up to the presidential elections and will depend on the intentions of the next administration, which assumes office in August 1998.

⁹Prepared by Nils Janson, World Bank.

¹⁰This law declared that the following public enterprises could be privatized: the sugar company, APAL (now renamed CAPASA); the merchant shipping company, FLOMERPASA; the steel mill, ACEPAR; and the railroad (FCCAL). Subsequently, the airline, LAPSA was added to the list.

¹¹More specifically, Law No. 636/95 states that workers must be given the option to purchase 80 percent of the shares of the enterprise to be purchased on a preferential basis. In practice, this has meant that prior to any open bidding process, the workers (and directly associated firms) have been given the opportunity to buy the firm at the pre-established base price.

Table 2. Fiscal Impact of Privatization Process (1994-1997)

(In millions of U.S. dollars)

| "Privatizable Public Enterprises" 1/ | Date of Sale | Base Price 2/ | NPV of Original Sale Price 3/ | Expenses to Prepare the Sale 4/ | NPV of Outstanding Payments as of June 1997 | Net Fiscal Impact to Government 5/ |
|--|--------------|---------------|-------------------------------|---------------------------------|---|------------------------------------|
| LAPSA | Oct 1994 | 0 | 20.1 | 40.1 | 1.4 | -21.3 |
| CAPASA | Oct 1995 | 15.1 | 8.1 | 10.4 | 5.2 | -7.5 |
| ACEPAR | ... | 35.0 | 0 | 0 | 0 | 0 |
| FLOMERPASA | ... | 18.7 | 11.8 | 9.5 | 9.8 | -7.5 |
| Flota Mercante Paraguaya | May 1996 | 4.8 | 3.8 | 0 | 2.6 | 1.2 |
| Compania de Transporte Fluvial | Aug 1996 | 4.8 | 3.2 | 0 | 2.7 | 0.5 |
| Compania Maritima | Mar 1997 | 6.0 | 4.8 | 0 | 4.5 | 0.3 |
| Compania de Transportes de Pasajeros y Cargas 6/ | ... | 0.8 | 0 | 0 | 0 | 0 |
| Astilleros y Transporte de Cargas Generales 6/ | ... | 2.3 | 0 | 0 | 0 | 0 |
| FCAAL | ... | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 68.8 | 40.0 | 59.9 | 16.4 | -36.3 |

1/ These firms were all declared privatizable by Law No. 126/91, the sale of any others would have to be approved by additional legislation.

2/ Price was established based on an estimate of each firm's price by the Paribas consulting firm. It represents 100% of the shares.

3/ Calculated on a NPV basis since the buyers have usually been given three years to pay.

4/ Includes the company's debt which was assumed by the Ministry of Finance.

5/ Net fiscal impact to Government equals the NPV of the sale price minus the Government investment prior to sale and the payments still outstanding for the purchase of the company.

6/ On June 30, 1997, the Government decided to liquidate these companies.

The status of the privatization process of the enterprises that have been declared privatizable follows.

LAPSA. In 1994, Cielos de America, an Ecuadoran firm which owns and operates an airline (SAETA), won the right to purchase 80 percent of the shares of LAPSA, the Paraguayan flag-carrier airline, and a 10-year concession to the flag-carrier status in 1994 for a price of US\$22.1 million. Prior to its sale, the airline had ceased operations due to serious liquidity problems. Since this enterprise was not included in the privatization law, Congress approved its sale through a specific law (Law No. 320/94). The Government assumed LAPSA's debt of approximately US\$40 million. In 1996, Cielos de America sold its shares and concession to *Transportes Aereos del Mercosur*, a regional Brazilian airline.

CAPASA. In October 1995, Tekojoja, a firm representing approximately 523 current and former employees of CAPASA, purchased 68 percent of the shares of CAPASA, the

state-owned alcohol company, for a price of US\$10.6 million (20,300 shares at US\$520/share, payable over a three-year period). The Government kept 30 percent of the shares and the remaining 2 percent were sold to workers not associated with Tekojoja. Tekojoja made an initial payment of US\$1.06 million and was supposed to pay the remainder in 36 monthly instalments of US\$263,900 each; the interest rate on this financing was 0 percent. CAPASA has performed poorly since it was acquired by Tekojoja (it lost about US\$300,000 in 1996), has internal management problems (some of the workers want to split off from Tekojoja) and is in poor financial shape. To date, Tekojoja has paid a total of about US\$3.2 million and is now over one year in arrears on its payments to the Government. In response, the Government has indicated the intention to sign a contract with Tekojoja that will extend the repayment period to ten years (and set the interest rate equal to LIBOR).

FLOMERPASA. FLOMERPASA, the state-owned merchant shipping fleet with total assets valued at about US\$19 million by Paribas, was split into the following companies prior to privatization:

- **Flota Mercante Paraguaya (FMP).** In May 1996 the preferential option was exercised to purchase 99 percent of the shares of this firm—9,460 out of a total of 9,472—at US\$505 per share to yield a price of US\$4.8 million. The buyer made a down payment of 10 percent and the remainder is to be paid off in 36 equal monthly payments.
- **Compañía de Transporte Fluvial (CTF).** In May 1996 the preferential option was exercised to purchase 95 percent of the shares of this firm—9,085 out of a total of 9,555—at US\$505 per share to yield a price of US\$4.6 million. The buyer made a down payment of 10 percent and the remainder is to be paid off in 36 equal monthly payments.
- **Compañía Marítima (CM).** This company was comprised of 11,996 shares worth US\$505 per share to yield a price of US\$6.0 million. The Privatization Council received some 96 separate requests to purchase it through the preferential purchase option. However, none of these potential buyers presented themselves at the time to sign the contract. Then, two separate international bids were annulled. Finally, in March Medill and Associates purchased 100 percent of the shares directly from the Privatization Council. The buyer has made a down payment of 10 percent and will pay off the remainder in eight equal annual payments.
- **Compañía de Transporte de Pasajeros y Cargas (CTPC) and Astilleros y Transporte de Cargas Generales (ATCG).** The Privatization Council decided on June 30, 1997 to liquidate these two firms rather than sell them.

ACEPAR. Efforts to privatize ACEPAR, the state-owned steel company with assets valued at about US\$35 million by Paribas (but it needs an investment of about US\$25 to modernize

its equipment), have been unsuccessful so far, primarily due to problems associated with the above-mentioned preferential purchase options. Initially, the Government gave ACEPAR's workers the option to purchase the company for the established base price of US\$35 million. In response, the workers offered to lease the enterprise for 24 years with an option to buy that could be executed at any time. The Privatization Council rejected this offer—since the net present value would have only been about US\$14 million—and proceeded to initiate an international bidding process. At that point, ACEPAR's labor union was able to stop the bid process by obtaining a ruling from the courts that such a process was unconstitutional. Then, ACEPAR's workers established COSIPAR, a consortium with the metallurgical guild, to present another offer for ACEPAR, this time with a 12-year financing plan. In July 1997, Congress, after overriding a Presidential veto, approved Law No. 1037, which authorizes the Privatization Council to sell 100 percent of ACEPAR's shares to all parties that qualify for the preferential purchase option, i.e., the consortium of workers and suppliers. The law establishes a purchase price of US\$35 million and allows the buyers a financing plan which includes a three-year grace period, a ten-year repayment period, and an interest rate equal to 360-day LIBOR.

FCCAL. Rather than proceed with the divestiture of FCCAL, one of the oldest railroads in the Americas (it is still powered by a wood-burning steam engine), the Privatization Council is entertaining a notion to build a new track from Asunción to Encarnación at an approximate cost of US\$240 million. The feasibility and financing of such an investment is doubtful. In the meantime, the Government has transferred an average of about US\$1–2 million per year to maintain this enterprise, that is operating on a limited basis.

III. THE SOUTHERN CONE COMMON MARKET AND ITS IMPLICATIONS FOR PARAGUAY¹²

A. Introduction

The Southern Cone Common Market (Mercosur)—including Argentina, Brazil, Paraguay and Uruguay—was created by the Asunción Treaty on March 26, 1991. The agreement aimed to eliminating trade barriers, coordinating economic policies, and establishing common trade regulations among the participating countries and common trade policies vis-à-vis nonmember countries. Mercosur covers a land mass of 12 million square kilometers with a population of about 201 million inhabitants and a GDP in excess of US\$1 trillion (Table 3).

Although the provisions of Mercosur have not yet come fully into effect, the volume of trade among the member countries has been increasing every year. By 1996 the commercial interchange within Mercosur had risen to about US\$17 billion from about US\$4 billion in

¹²Prepared by A. Verónica Quintero.

1990. Trade within the region is expected to increase at a more rapid pace with the incorporation of Chile and Bolivia as associate members.¹³

Mercosur's main objective is to increase the efficiency and competitiveness of the member countries by opening markets and accelerating economic development. Its long term goal is the establishment of a common market, including the free circulation of goods, services and factors among the member states.

Trade within the region will be subject to a zero tariff by the year 2000, after four equal 25 percent reductions starting on January 1, 1996 for Argentina and Brazil—which will then reach zero tariff by January 1, 1999—and a year later for Paraguay and Uruguay. Trade outside the region will be subject to a common external tariff (CET) with 11 tariff positions that range from 0 percent to 20 percent with the highest protection going to consumption goods. The CET entered into force on January 1, 1995. Both regimes are subject to exceptions. Paraguay was allowed 427 exceptions to the agreement on intra-Mercosur trade, which enabled it to maintain protective tariffs of up to 30 percent on some domestically produced manufactures and agricultural products—mainly textiles, dairy products, tomatoes, rice and oils. Paraguay also has been allowed to exempt up to 399 items (consisting mostly of production inputs and items destined for reexport) from the CET until the year 2006.¹⁴

B. Paraguay's Implementation of Mercosur Commitments

Since 1989, Paraguay has been implementing a liberal trade policy based on removal of customs duties and other barriers to trade. Until 1992 tariff rates remained high, mainly to protect domestic enterprises and reduce the trade deficit. In the context of the Asunción Treaty, as mentioned above Paraguay agreed to reduce its basic tariff rate of 47 percent to zero on intra-Mercosur trade in four equal annual steps beginning January 1, 1997. Nevertheless, in July 1992, by its own initiative Paraguay cut down import duties, setting its basic rates between zero and 10 percent, with lower tariffs on raw materials, intermediate and capital goods and higher rates on consumer goods. Duties of 15 and 20 percent were imposed on vehicles and of 6 percent on goods categorized as raw materials for the tourism industry. During 1993–94, the country eliminated most of its discriminatory import or export policies and administrative barriers and quotas. As scheduled, in January 1995 Paraguay adopted the

¹³In 1995-1996 Chile and Bolivia became associate members, but do not participate in the customs union. Peru, Venezuela and Colombia have also indicated interest in joining Mercosur. Trinidad has agreed to reach free trade accords with the bloc.

¹⁴Capital goods (machinery) and computers, and telecommunications will have a CET of 14 percent and 16 percent, respectively. In the case of capital goods, the CET will be effective by January 1, 2001 for Argentina and Brazil and January 1, 2006 for Paraguay and Uruguay. In the case of computers and telecommunications, the four countries will converge by January 1, 2006.

CET. All remaining quantitative restrictions on imports and exports were also removed on that date.¹⁵ Also, on January 1, 1997 Paraguay complied with the first reduction by 25 percent of tariffs on products traded with Mercosur countries.

The government created Proparaguay with the mandate to oversee import operations, foster export activities and promote Paraguay to foreign investors. This agency is also involved in trade studies.

C. Mercosur's Implications For Paraguay

Even not counting the informal "tourist trade", the bulk of Paraguay's trade is concentrated with its Mercosur partners and has been increasing every year after the signature of the Treaty. In 1996 about 46 percent of its registered imports came from Mercosur and over 60 percent of its total registered exports went to these countries (compared to 31 percent of its imports and 32 percent of its exports in 1991) (Tables 4 and 5). The association of Chile and Bolivia to Mercosur opens the prospect of a further expansion of Paraguay's exports markets.

The potential effects of Mercosur on productive capacity and potential output will depend on the ability of Paraguay to strengthen the sectors and activities in which the country has a comparative advantage. A more open regional environment will require a significant adjustment in some activities. The remainder of these note elaborates on the likely impact in some economic sectors.

Agricultural Sector

Paraguay's economy is largely dependent on agriculture. Crop agriculture, livestock, and forestry accounts for over a quarter of the country's real GDP, while registered exports account for some 50 percent of total export earnings. Cotton and soybeans are the main export crops, amounting to about two thirds of the value of exports and nearly half of the gross value of agricultural production.

It is expected that Mercosur will pave the way for the diversification of Paraguay's agricultural export base. The excessive reliance on two agricultural products leaves growth and exports earnings vulnerable to unfavorable climatic conditions and to fluctuations in their international prices. Cotton fiber however, is likely to continue to do well in Mercosur, since none of the other countries is a major producer. However, the cotton sector has severe weaknesses. Cotton is produced in small and medium-size farms with little mechanization.

¹⁵In June 1996, Paraguay obtained the extension of the "Mecanismo de Garantía de Abastecimiento de Materias Primas" which allows it to import raw materials from non-Mercosur markets with lower tariffs, provided that such materials are not available within the region. Imports under the reduced rates are subject to quantitative limitations.

Mercosur offers an opportunity for Paraguay to expand production of other crops such as oils, wood products, tea and mate, for which it appears to be well suited.

To benefit, however, from the more open regional environment, Paraguay will need to address the major deficiencies that its agriculture exhibits at present, such as the lack of diversification, development based on exploitation of natural resources and not on increases of productivity, and soil degradation. Agricultural services will need to be enhanced to explore alternative agricultural opportunities, and farmers will need to be assisted in making the necessary transformation of their farming systems.

The government is providing technical assistance to help small and medium size producers to be competitive in the production of cotton. High-quality cotton seed has been imported to help raise productivity. The World Bank Natural Resource Management Project aims to develop sustainable, diversified agricultural production systems and conservation measures in two Departments of the Eastern Region. In addition, the IDB, Japan and Germany are providing assistance for the improvement of agricultural productivity and conditions in rural areas. A pilot project for Sustainable Rural Investment aims at developing small and medium scale agroindustry and natural-resource-based industry in three Departments.

Manufacturing

Manufacturing represents about 15 percent of GDP, and is largely based on agricultural goods. Production is mostly oriented to the domestic market and is heavily concentrated in the production of light consumer goods. Among the important products are packed meat, other processed foodstuffs, textiles, wood products, and chemicals.

In recent years the widening of market opportunities given by Mercosur has induced manufacturing to adapt to competition from Brazilian and Argentinean imports, and has triggered an increase of foreign investment in the manufacturing sector. In 1991 a major vegetable-oil processing plant, was installed with the capacity to process 50 percent of national oilseed production. In 1996, two companies of electronic and computer products began operations. Paraguay's largest foreign investment project in 1997, Celulosa Río Paraná S.A., envisages the construction of a US\$300 million pulp and paper mill near Encarnación. The goal is to produce 210,000 metric tons a year of pulp for the production of tissue, printing and writing papers.

Paraguay's legal framework is generally favorable for foreign investment. There are no restricted areas, and no discrimination. Under Law 117/91 national and foreign investors have the same rights and obligations in relation to fiscal and normative aspects. It allows investors to obtain insurance locally or overseas and permits the establishment of joint ventures. Despite this legal incentive, however, the high level of the minimum wage relative to that in main trading partners; and weaknesses in the judicial system act as a deterrent to foreign investment in Paraguay.

Informal Trade

Paraguay's external trade is greatly influenced by the contraband trade or "tourism trade", which may be as important or exceed registered or legal trade. It is estimated that about 70 percent of Paraguay's exports (registered and unregistered) go to Mercosur countries, and that nearly $\frac{3}{4}$ of these exports are unregistered tourism trade, based on goods imported into Paraguay to be reexported to its neighbors. The informal trade makes a significant contribution to the economic activity.

Ciudad del Este (formerly Puerto Presidente Stroessner) is an emporium where 12,000 businesses operate. Annually it receives about four million tourists from Brazil¹⁶ and Argentina. Soybeans, coffee, scotch whisky, cigars, perfumes, electronic and household appliances are the main items sold in this market. Paraguayan companies profit from the country's low taxation and open economy and resell imported goods at prices considerably below those in partner countries where tariffs are much higher. Contraband activity is likely to be reduced gradually as trade barriers fall and the CET starts to apply. This process is likely to have initial adverse consequences for the large segment of economic activity that at present depends on border trade but, over time, it will prompt the retooling of the economy and its adaptation to the enhanced prospects opened by the wider market of Mercosur. The public finances would mirror these developments as duties on the goods imported for the tourist trade give way to the general boost to revenues resulting from the strengthening of economic activity.

¹⁶ The Paraguayan-Brazilian border has long been a source of problems. Shopping of Brazilians in Ciudad del Este results in tax losses for Brazil and causes problems to its domestic industry. In September 1996, Brazilian authorities lowered from US\$250 to US\$150 the amount of goods tourists can bring tax-free from Paraguay, and tightened border controls.

Table 3. Paraguay: Mercosur-Economic Indicators

(As of December 1996)

| | GDP | Population | GDP Per capita |
|--------------|------------------|---------------------|-----------------------|
| | Billions of US\$ | Millions of persons | In US\$ |
| Argentina | 297.5 | 35.5 | 8,380.3 |
| Brazil | 749.4 | 157.0 | 4,773.2 |
| Paraguay | 9.7 | 5.0 | 1,954.7 |
| Uruguay | 19.6 | 3.1 | 6,251.6 |
| Total | 1,076.2 | 200.6 | 5,365.1 |

Sources: Central Bank of Paraguay: Coyuntura Macroeconómica Regional 1996; and Fund staff estimates.

Table 4. Paraguay: Composition of Registered Exports

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|------------------------------------|-------|-------|-------|-------|---------|---------------|
| (In millions of U.S. dollars) | | | | | | |
| Exports to Mercosur | 274.5 | 263.0 | 355.2 | 432.7 | 667.0 | 948.9 |
| Argentina | 40.4 | 64.7 | 72.9 | 71.6 | 139.8 | 212.3 |
| Brazil | 223.4 | 187.4 | 275.5 | 352.5 | 513.7 | 707.1 |
| Uruguay | 10.7 | 10.9 | 6.8 | 8.6 | 13.5 | 29.5 |
| Exports to the rest of the world | 584.8 | 491.0 | 493.3 | 482.4 | 615.8 | 500.6 |
| Total Exports | 859.3 | 754.0 | 848.5 | 915.1 | 1,282.8 | 1,449.5 |
| (Annual percentage change) | | | | | | |
| Exports to Mercosur | -29.8 | -4.2 | 35.1 | 21.8 | 54.1 | 42.3 |
| Argentina | -2.9 | 60.1 | 12.7 | -1.8 | 95.3 | 51.9 |
| Brazil | -33.3 | -16.1 | 47.0 | 27.9 | 45.7 | 37.6 |
| Uruguay | -27.2 | 1.9 | -37.6 | 26.5 | 57.0 | 118.5 |
| Exports to the rest of the world | -23.6 | -16.0 | 0.5 | -2.2 | 27.7 | -18.7 |
| Total Exports | -25.7 | -12.3 | 12.5 | 7.8 | 40.2 | 13.0 |
| (As a percentage of total exports) | | | | | | |
| Exports to Mercosur | 31.9 | 34.9 | 41.9 | 47.3 | 52.0 | 65.5 |
| Argentina | 4.7 | 8.6 | 8.6 | 7.8 | 10.9 | 14.6 |
| Brazil | 26.0 | 24.9 | 32.5 | 38.5 | 40.0 | 48.8 |
| Uruguay | 1.2 | 1.4 | 0.8 | 0.9 | 1.1 | 2.0 |
| Exports to the rest of the world | 68.1 | 65.1 | 58.1 | 52.7 | 48.0 | 34.5 |
| Total Exports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: *Direction of Trade Statistics*, IMF; and Fund Staff estimates.

Table 5. Paraguay: Composition of Registered Imports

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|------------------------------------|---------|---------|---------|---------|---------|---------------|
| (In millions of U.S. dollars) | | | | | | |
| Imports from Mercosur | 396.9 | 475.0 | 570.7 | 891.7 | 1,170.0 | 1,286.6 |
| Argentina | 152.3 | 200.7 | 211.1 | 308.1 | 491.3 | 386.7 |
| Brazil | 234.3 | 263.2 | 340.4 | 555.1 | 644.8 | 847.7 |
| Uruguay | 10.3 | 11.1 | 19.3 | 28.6 | 33.9 | 52.2 |
| Imports from the rest of the world | 878.5 | 762.1 | 906.8 | 1,248.7 | 1,612.2 | 1,543.9 |
| Total registered imports | 1,275.4 | 1,237.1 | 1,477.5 | 2,140.4 | 2,782.2 | 2,830.5 |
| (Annual percentage change) | | | | | | |
| Imports from Mercosur | 8.1 | 19.7 | 20.2 | 56.2 | 31.2 | 10.0 |
| Argentina | 0.8 | 31.7 | 5.2 | 46.0 | 59.4 | -21.3 |
| Brazil | 13.0 | 12.4 | 29.3 | 63.1 | 16.2 | 31.5 |
| Uruguay | 16.3 | 7.9 | 73.4 | 48.3 | 18.7 | 54.0 |
| Imports from the rest of the world | 6.3 | -13.2 | 19.0 | 37.7 | 29.1 | -4.2 |
| Total imports | 6.9 | -3.0 | 19.4 | 44.9 | 30.0 | 1.7 |
| (As a percentage of total imports) | | | | | | |
| Imports from Mercosur | 31.1 | 38.4 | 38.6 | 41.7 | 42.1 | 45.5 |
| Argentina | 11.9 | 16.2 | 14.3 | 14.4 | 17.7 | 13.7 |
| Brazil | 18.4 | 21.3 | 23.0 | 25.9 | 23.2 | 29.9 |
| Uruguay | 0.8 | 0.9 | 1.3 | 1.3 | 1.2 | 1.8 |
| Imports from the rest of the world | 68.9 | 61.6 | 61.4 | 58.3 | 57.9 | 54.5 |
| Total imports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Sources: Central Bank of Paraguay; and Fund Staff estimates.

Table 6. Paraguay: Selected Production and Price Indicators

(Annual percentage change)

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Gross domestic product | | | | | | | |
| at market prices | | | | | | | |
| GDP at current prices | 40.5 | 27.9 | 16.8 | 24.0 | 24.8 | 18.3 | 12.5 |
| GDP at constant 1982 prices | 3.1 | 2.5 | 1.8 | 4.1 | 3.1 | 4.7 | 1.3 |
| of which: | | | | | | | |
| Agriculture | 0.9 | -4.3 | -1.3 | 7.6 | -3.0 | 11.4 | 1.2 |
| Manufacturing | 2.5 | 1.1 | 0.4 | 2.0 | 1.5 | 3.0 | -2.2 |
| Construction | -0.9 | 3.0 | 5.0 | 2.7 | 3.6 | 3.9 | 3.1 |
| Real GDP per capita | -0.1 | -0.3 | -0.9 | 1.4 | 0.3 | 1.9 | -1.3 |
| National income | | | | | | | |
| National income at current prices | 40.0 | 30.8 | 16.2 | 25.2 | 25.2 | 16.6 | 13.4 |
| National income at 1982 prices | 9.5 | 2.3 | 1.0 | 5.4 | 4.4 | 3.6 | 2.2 |
| Real income per capita | 6.1 | -0.4 | -1.7 | 2.5 | 1.6 | 0.8 | -0.4 |
| GDP deflator | 36.3 | 24.8 | 14.7 | 19.1 | 21.0 | 13.0 | 11.1 |
| Consumer price index | | | | | | | |
| Consumer prices (average) | 38.2 | 24.3 | 15.1 | 18.3 | 20.6 | 13.4 | 9.8 |
| Consumer prices (end of period) | 44.1 | 11.8 | 17.8 | 20.4 | 18.3 | 10.5 | 8.2 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

Table 7. Paraguay: National Accounts by Final Expenditure at Current Prices

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Consumption expenditure | 6,861.3 | 8,052.1 | 10,102.0 | 13,139.8 | 14,506.5 | 16,450.7 |
| General Government | 539.8 | 764.1 | 1,014.5 | 1,283.0 | 1,629.8 | 1,967.0 |
| Private sector | 6,321.5 | 7,288.0 | 9,087.6 | 11,856.8 | 12,876.7 | 14,483.7 |
| Gross domestic investment | 1,915.2 | 2,009.8 | 2,340.5 | 2,955.5 | 4,122.5 | 4,489.7 |
| Fixed capital formation | 1,821.3 | 1,912.1 | 2,230.9 | 2,827.8 | 3,970.7 | 4,323.7 |
| General Government | 133.2 | 142.2 | 170.8 | 280.3 | 557.7 | 510.1 |
| State enterprises | 70.7 | 105.2 | 154.7 | 162.7 | 168.1 | 206.6 |
| Private sector | 1,617.5 | 1,664.8 | 1,905.5 | 2,384.8 | 3,244.9 | 3,607.0 |
| Changes in inventories 1/ | 93.9 | 97.6 | 109.6 | 127.7 | 151.8 | 166.0 |
| Gross domestic expenditure | 8,776.5 | 10,061.9 | 12,442.5 | 16,095.3 | 18,629.0 | 20,940.4 |
| External sector (G&NFS) | -495.7 | -391.6 | -450.8 | -1,135.2 | -930.4 | -1,035.1 |
| Exports of goods and nonfactor services | 1,624.2 | 1,734.5 | 2,422.6 | 2,773.8 | 3,762.7 | 4,120.8 |
| Imports of goods and nonfactor services | 2,119.8 | 2,126.1 | 2,873.4 | 3,908.9 | 4,693.1 | 5,155.9 |
| GDP at market prices | 8,280.9 | 9,670.2 | 11,991.7 | 14,960.1 | 17,698.6 | 19,905.3 |
| Indirect taxes net of subsidies | 607.7 | 687.2 | 841.4 | 1,161.1 | 1,577.0 | 1,633.5 |
| GDP at factor cost | 7,673.2 | 8,983.2 | 11,150.5 | 13,799.3 | 16,121.9 | 18,272.2 |
| Fixed capital consumption provision | 690.3 | 769.0 | 930.7 | 1,161.0 | 1,378.1 | 1,549.9 |
| Net domestic product at factor cost (= domestic income) | 6,983.0 | 8,214.2 | 10,219.8 | 12,638.2 | 14,743.7 | 16,722.3 |
| Net factor income payments abroad | -291.1 | -235.5 | -360.3 | -612.5 | -701.8 | -790.6 |
| Net national product at factor cost (= national income) | 7,274.1 | 8,449.7 | 10,580.1 | 13,250.7 | 15,445.5 | 17,512.9 |

Sources: Central Bank of Paraguay; Ministry of Finance; and Fund staff estimates.

1/ Corresponds to changes in inventories in the livestock sector.

Table 8. Paraguay: National Accounts by Final Expenditure at Constant 1982 Prices

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Consumption expenditure | 958.1 | 937.1 | 1,010.6 | 1,074.1 | 1,043.2 | 1,076.2 |
| General Government | 69.1 | 75.2 | 83.0 | 89.9 | 100.7 | 110.7 |
| Private sector | 889.0 | 861.9 | 927.7 | 984.2 | 942.5 | 965.6 |
| Gross domestic investment | 226.7 | 201.5 | 195.5 | 208.8 | 260.5 | 261.6 |
| Capital formation | 217.2 | 192.3 | 187.1 | 200.5 | 250.7 | 250.8 |
| General Government | 16.0 | 13.4 | 13.4 | 19.0 | 33.6 | 28.2 |
| State enterprises | 8.5 | 9.9 | 12.1 | 11.0 | 10.1 | 11.4 |
| Private sector | 192.7 | 169.1 | 161.6 | 170.5 | 206.9 | 211.1 |
| Changes in inventories 1/ | 9.5 | 9.2 | 8.4 | 8.3 | 9.8 | 10.8 |
| Gross domestic expenditure | 1,184.8 | 1,138.6 | 1,206.1 | 1,282.8 | 1,303.7 | 1,337.8 |
| External Sector (G&NFS) | -234.6 | -171.3 | -198.7 | -244.3 | -216.3 | -236.6 |
| Exports of goods and nonfactor services | 282.7 | 278.9 | 315.7 | 307.6 | 393.3 | 395.3 |
| Imports of goods and nonfactor services | 517.3 | 450.1 | 514.5 | 609.3 | 686.8 | 691.7 |
| GDP at market prices | 950.2 | 967.3 | 1,007.4 | 1,038.5 | 1,087.4 | 1,101.2 |
| Indirect taxes | 69.7 | 68.7 | 70.7 | 80.6 | 96.9 | 90.4 |
| GDP at factor cost | 880.5 | 898.6 | 936.7 | 957.9 | 990.5 | 1,010.9 |
| Fixed capital consumption provisio | 101.7 | 98.4 | 100.7 | 103.9 | 108.7 | 110.1 |
| Net domestic product at factor cost (= domestic income) | 778.8 | 800.2 | 836.0 | 854.1 | 881.8 | 900.7 |
| Net factor income payments abroad | -50.7 | -37.9 | -47.0 | -67.9 | -73.4 | -75.8 |
| Net national product at factor cost (= national income) | 829.5 | 838.1 | 882.9 | 922.0 | 955.2 | 976.6 |

Sources: Central Bank of Paraguay; Ministry of Finance; and Fund staff estimates.

1/ Corresponds to changes in inventories in the livestock sector.

Table 9. Paraguay: Trends in Expenditure and Output

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|-------|-------|-------|-------|-------|---------------|
| (Annual percentage change) | | | | | | |
| I. At Current Prices | | | | | | |
| Gross domestic expenditure | 28.5 | 14.6 | 23.7 | 29.4 | 15.7 | 12.4 |
| Consumption | 26.6 | 17.4 | 25.5 | 30.1 | 10.4 | 13.4 |
| General government | 60.2 | 53.6 | 41.6 | 32.8 | 26.5 | 27.0 |
| Private sector | 24.7 | 15.3 | 24.7 | 30.5 | 8.6 | 12.5 |
| Investment | 35.6 | 4.9 | 16.5 | 26.3 | 39.5 | 8.9 |
| Fixed capital formation | 34.2 | 5.0 | 16.7 | 26.8 | 40.4 | 8.9 |
| General government | 77.5 | 6.7 | 20.2 | 64.1 | 99.0 | -8.5 |
| State enterprises | 1.1 | 48.9 | 47.0 | 5.2 | 3.3 | 22.9 |
| Private sector | 33.4 | 2.9 | 14.5 | 25.2 | 36.1 | 11.2 |
| Changes in inventories | 70.9 | 3.9 | 12.2 | 16.6 | 18.9 | 9.4 |
| Exports of goods and nonfactor services | 10.1 | 6.8 | 39.7 | 14.5 | 35.7 | 9.5 |
| Imports of goods and nonfactor services | 15.7 | 0.3 | 35.1 | 36.0 | 20.1 | 9.9 |
| GDP at market prices | 27.9 | 16.8 | 24.0 | 24.8 | 18.3 | 12.5 |
| II. At 1982 Prices | | | | | | |
| Gross domestic expenditure | 3.3 | -3.9 | 5.9 | 6.4 | 1.6 | 2.6 |
| Consumption | 1.5 | -2.2 | 7.8 | 6.3 | -2.9 | 3.2 |
| General government | 11.3 | 8.7 | 10.3 | 8.3 | 12.0 | 9.9 |
| Private sector | 0.8 | -3.1 | 7.6 | 6.1 | -4.2 | 2.4 |
| Investment | 11.9 | -11.1 | -3.0 | 6.8 | 24.8 | 0.4 |
| Fixed capital formation | 11.2 | -11.5 | -2.7 | 7.2 | 25.0 | 0.0 |
| General government | 37.6 | -16.5 | 0.1 | 41.9 | 77.4 | -16.0 |
| State enterprises | -21.6 | 16.5 | 22.5 | -9.0 | -7.9 | 12.8 |
| Private sector | 11.5 | -12.3 | -4.4 | 5.5 | 21.3 | 2.0 |
| Changes in inventories | 29.7 | -3.0 | -8.8 | -1.2 | 18.9 | 9.4 |
| Exports of goods and nonfactor services | 2.0 | -1.3 | 13.2 | -2.6 | 27.8 | 0.5 |
| Imports of goods and nonfactor services | 4.2 | -13.0 | 14.3 | 18.4 | 12.7 | 0.7 |
| GDP at market prices | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| (As percent of GDP) | | | | | | |
| Gross domestic expenditure | 105.5 | 106.0 | 104.0 | 103.8 | 107.6 | 105.3 |
| Consumption | 82.9 | 83.3 | 84.2 | 87.8 | 82.0 | 82.6 |
| Investment | 23.1 | 20.8 | 19.5 | 19.8 | 23.3 | 22.6 |
| Trade balance (goods and nonfactor services) | -6.0 | -4.0 | -3.8 | -7.6 | -5.3 | -5.2 |

Sources: Central Bank of Paraguay; Ministry of Finance; and Fund staff estimates.

Table 10. Paraguay: Financing of Investment

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| (In billions of guaraníes at current prices) | | | | | | |
| Gross domestic investment | 1,915.2 | 2,009.8 | 2,340.5 | 2,955.5 | 4,122.5 | 4,489.7 |
| Public | 203.8 | 256.5 | 318.1 | 443.0 | 725.8 | 716.7 |
| General Government | 133.2 | 142.2 | 170.8 | 280.3 | 557.7 | 510.1 |
| Public enterprises | 70.7 | 105.2 | 154.7 | 162.7 | 168.1 | 206.6 |
| ANDE | 6.8 | 4.6 | 21.5 | 37.5 | 52.5 | 71.6 |
| ANTELCO | 25.8 | 34.3 | 64.8 | 44.2 | 25.6 | 48.0 |
| CORPOSANA | 25.2 | 38.7 | 22.5 | 31.1 | 27.2 | 19.7 |
| INC | 1.7 | 0.8 | 6.2 | 8.1 | 6.7 | 11.8 |
| Other | 11.2 | 26.8 | 39.7 | 41.8 | 56.1 | 55.5 |
| Private | 1,711.4 | 1,753.3 | 2,022.4 | 2,512.5 | 3,396.7 | 3,773.0 |
| Gross national savings | 1,806.3 | 1,852.2 | 2,283.2 | 2,295.3 | 3,754.5 | 4,024.4 |
| Public 2/ | 487.7 | 328.4 | 499.9 | 729.7 | 1,344.0 | 1,181.9 |
| Private | 1,318.6 | 1,523.8 | 1,783.2 | 1,565.6 | 2,410.5 | 2,842.4 |
| External financing 3/ | 108.9 | 157.6 | 57.3 | 660.2 | 368.0 | 465.3 |
| (As percent of gross domestic investment) | | | | | | |
| Gross national savings | 94.3 | 92.2 | 97.5 | 77.7 | 91.1 | 89.6 |
| Public 1/ | 25.5 | 16.3 | 21.4 | 24.7 | 32.6 | 26.3 |
| Private | 68.8 | 75.8 | 76.2 | 53.0 | 58.5 | 63.3 |
| External financing 3/ | 5.7 | 7.8 | 2.5 | 22.3 | 8.9 | 10.4 |
| (As percent of GDP) | | | | | | |
| Gross domestic investment | 23.1 | 20.8 | 19.5 | 19.8 | 23.3 | 22.6 |
| Public | 2.5 | 2.7 | 2.7 | 3.0 | 4.1 | 3.6 |
| General Government | 1.6 | 1.5 | 1.4 | 1.9 | 3.2 | 2.6 |
| Public enterprises | 0.9 | 1.1 | 1.3 | 1.1 | 0.9 | 1.0 |
| ANDE | 0.1 | 0.0 | 0.2 | 0.3 | 0.3 | 0.4 |
| ANTELCO | 0.3 | 0.4 | 0.5 | 0.3 | 0.1 | 0.2 |
| CORPOSANA | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 | 0.1 |
| INC | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 |
| Other | 0.1 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| Private | 20.7 | 18.1 | 16.9 | 16.8 | 19.2 | 19.0 |
| Gross national savings | 21.8 | 19.2 | 19.0 | 15.3 | 21.2 | 20.2 |
| Public 2/ | 5.9 | 3.4 | 4.2 | 4.9 | 7.6 | 5.9 |
| Private | 15.9 | 15.8 | 14.9 | 10.5 | 13.6 | 14.3 |
| External financing 3/ | 1.3 | 1.6 | 0.5 | 4.4 | 2.1 | 2.3 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Corresponds to changes in inventories in the livestock and public sectors.

2/ Refers to the consolidated public sector's current account (with accrued Itaipu receipts).

3/ Refers to the current account deficit of the balance of payments before public transfers.

Table 11. Paraguay: Real Gross Domestic Product by Sector of Origin

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|-----------------------------------|--------------|--------------|----------------|----------------|----------------|----------------|
| (In billions of 1982 guaraníes) | | | | | | |
| GDP at market prices | 950.2 | 967.3 | 1,007.4 | 1,038.5 | 1,087.4 | 1,101.2 |
| Agriculture, hunting, and fishing | 153.4 | 151.4 | 162.8 | 158.0 | 176.0 | 178.1 |
| Livestock | 74.1 | 75.1 | 77.1 | 79.4 | 81.9 | 83.3 |
| Forestry | 26.3 | 27.6 | 28.3 | 29.2 | 30.1 | 30.4 |
| Manufacturing | 150.7 | 151.3 | 154.3 | 156.6 | 161.3 | 157.8 |
| Construction | 49.9 | 52.4 | 53.9 | 55.8 | 58.0 | 59.8 |
| Utilities | 32.7 | 36.2 | 41.4 | 49.9 | 57.2 | 60.7 |
| Transport and communications | 44.7 | 45.8 | 47.3 | 49.2 | 50.9 | 52.2 |
| Commerce and finance | 255.4 | 257.0 | 266.8 | 278.2 | 282.6 | 279.8 |
| General Government | 43.0 | 46.4 | 48.4 | 51.5 | 55.2 | 60.7 |
| Other 1/ | 120.0 | 124.2 | 127.1 | 130.7 | 134.2 | 138.4 |
| (Percentage change) | | | | | | |
| GDP at market prices | 2.5 | 1.8 | 4.1 | 3.1 | 4.7 | 1.3 |
| Agriculture, hunting, and fishing | -4.3 | -1.3 | 7.6 | -3.0 | 11.4 | 1.2 |
| Livestock | 6.1 | 1.3 | 2.7 | 3.0 | 3.1 | 1.7 |
| Forestry | 4.4 | 4.7 | 2.5 | 3.4 | 3.1 | 1.0 |
| Manufacturing | 1.1 | 0.4 | 2.0 | 1.5 | 3.0 | -2.2 |
| Construction | 3.0 | 5.0 | 2.7 | 3.6 | 3.9 | 3.1 |
| Utilities | 9.3 | 10.8 | 14.1 | 20.6 | 14.6 | 6.1 |
| Transport and communications | 5.0 | 2.5 | 3.4 | 4.0 | 3.5 | 2.6 |
| Commerce and finance | 4.4 | 0.6 | 3.8 | 4.3 | 1.6 | -1.0 |
| General Government | 3.0 | 7.8 | 4.3 | 6.4 | 7.2 | 10.0 |
| Other 1/ | 3.9 | 3.5 | 2.4 | 2.8 | 2.7 | 3.1 |
| (Percentage distribution) | | | | | | |
| GDP at market prices | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Agriculture, hunting, and fishing | 16.1 | 15.7 | 16.2 | 15.2 | 16.2 | 16.2 |
| Livestock | 7.8 | 7.8 | 7.7 | 7.6 | 7.5 | 7.6 |
| Forestry | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |
| Manufacturing | 15.9 | 15.6 | 15.3 | 15.1 | 14.8 | 14.3 |
| Construction | 5.3 | 5.4 | 5.3 | 5.4 | 5.3 | 5.4 |
| Utilities | 3.4 | 3.7 | 4.1 | 4.8 | 5.3 | 5.5 |
| Transport and communications | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 |
| Commerce and finance | 26.9 | 26.6 | 26.5 | 26.8 | 26.0 | 25.4 |
| General Government | 4.5 | 4.8 | 4.8 | 5.0 | 5.1 | 5.5 |
| Other 1/ | 12.6 | 12.8 | 12.6 | 12.6 | 12.3 | 12.6 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

1/ Comprises mining, housing, and other services.

Table 12. Paraguay: Gross Volume of Agricultural Production 1/

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|-------------------------|-------|-------|-------|-------|-------|---------------|
| (1982 = 100) | | | | | | |
| Wheat | 364.9 | 462.1 | 598.6 | 528.6 | 293.5 | 764.6 |
| Corn | 243.3 | 272.6 | 266.2 | 279.9 | 494.8 | 396.5 |
| Rice | 136.9 | 171.2 | 247.7 | 259.4 | 289.5 | 281.4 |
| Manioc | 57.9 | 58.0 | 59.5 | 56.4 | 68.4 | 61.7 |
| Soybeans | 187.0 | 292.9 | 324.7 | 325.1 | 400.5 | 433.6 |
| Sugarcane | 150.0 | 148.4 | 149.7 | 149.0 | 145.6 | 154.6 |
| Cotton | 295.6 | 183.2 | 196.9 | 177.8 | 215.9 | 154.4 |
| Oranges | 76.4 | 76.7 | 77.4 | 74.2 | 74.6 | 75.0 |
| Tomatoes | 133.2 | 135.5 | 139.7 | 128.2 | 132.1 | 136.4 |
| Beans | 26.0 | 22.6 | 25.4 | 25.6 | 35.7 | 35.0 |
| Bananas | 80.2 | 81.3 | 81.9 | 69.0 | 63.5 | 60.8 |
| (Percentage change) | | | | | | |
| Memorandum Items | | | | | | |
| Wheat | -30.5 | 26.6 | 29.5 | -11.7 | -44.5 | 160.5 |
| Corn | -4.5 | 12.0 | -2.3 | 5.1 | 76.8 | -19.9 |
| Soybeans | -21.9 | 56.6 | 10.9 | 0.1 | 23.2 | 8.3 |
| Cotton | 16.6 | -38.0 | 7.5 | -9.7 | 21.4 | -28.5 |

Sources: Central Bank of Paraguay; and Fund Staff estimates.

1/ Agricultural years; for example, 1991 refers to the 1990/91 agricultural year.

Table 13. Paraguay: Gross Value of Agricultural Production 1/

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|----------------------------|---------|---------|---------|---------|---------|---------------|
| (In billions of guaraníes) | | | | | | |
| Total production | 1,550.2 | 1,628.1 | 2,067.6 | 2,447.5 | 3,030.9 | 3,666.7 |
| Wheat | 42.3 | 67.3 | 88.1 | 78.5 | 54.4 | 156.4 |
| Corn | 115.6 | 127.8 | 144.5 | 194.8 | 334.2 | 429.8 |
| Rice | 16.0 | 18.4 | 22.0 | 30.7 | 41.3 | 34.9 |
| Manioc | 294.7 | 274.2 | 302.8 | 380.2 | 574.2 | 667.4 |
| Soybeans | 195.2 | 377.3 | 557.8 | 635.7 | 663.7 | 1,022.1 |
| Cotton | 314.3 | 165.9 | 257.9 | 296.7 | 433.5 | 238.7 |
| Other | 572.1 | 597.2 | 694.5 | 830.9 | 929.6 | 1,117.4 |
| (Percentage distribution) | | | | | | |
| Total production | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Wheat | 2.7 | 4.1 | 4.3 | 3.2 | 1.8 | 4.3 |
| Corn | 7.5 | 7.8 | 7.0 | 8.0 | 11.0 | 11.7 |
| Rice | 1.0 | 1.1 | 1.1 | 1.3 | 1.4 | 1.0 |
| Manioc | 19.0 | 16.8 | 14.6 | 15.6 | 18.9 | 18.2 |
| Soybeans | 12.6 | 23.2 | 27.0 | 26.0 | 22.0 | 27.9 |
| Cotton | 20.3 | 10.2 | 12.5 | 12.1 | 14.3 | 6.5 |
| Other | 36.9 | 36.8 | 33.5 | 33.8 | 30.6 | 30.5 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

1/ Agricultural years; for example, 1991 refers to the 1990/91 agricultural year.

Table 14. Paraguay: Production, Area Cultivated and Yields of Selected Crops 1/2/

(Production in metric tons; area in thousands of hectares; yields in kg/hectare)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|------------------|-----------|-----------|-----------|-----------|-----------|---------------|
| Corn | | | | | | |
| Production | 401,339 | 449,700 | 439,145 | 461,665 | 816,166 | 654,074 |
| Area | 243 | 258 | 249 | 218 | 331 | 325 |
| Yield | 1,650 | 1,743 | 1,763 | 2,114 | 2,466 | 2,015 |
| Cotton | | | | | | |
| Production | 631,728 | 391,380 | 420,772 | 379,877 | 461,239 | 329,751 |
| Area | 415 | 437 | 421 | 381 | 332 | 307 |
| Yield | 1,523 | 895 | 999 | 997 | 1,389 | 1,075 |
| Manioc | | | | | | |
| Production | 2,584,906 | 2,591,320 | 2,655,962 | 2,517,970 | 3,054,394 | 2,757,358 |
| Area | 176 | 179 | 184 | 174 | 211 | 191 |
| Yield | 14,723 | 14,448 | 14,448 | 14,448 | 14,448 | 14,448 |
| Rice | | | | | | |
| Production | 43,181 | 53,990 | 78,125 | 81,809 | 91,293 | 88,747 |
| Area | 17 | 18 | 24 | 24 | 26 | 27 |
| Yield | 2,540 | 2,999 | 3,237 | 3,387 | 3,497 | 3,252 |
| Soybeans | | | | | | |
| Production | 1,032,675 | 1,192,074 | 1,793,544 | 1,795,792 | 2,212,109 | 2,394,794 |
| Area | 553 | 595 | 635 | 694 | 736 | 833 |
| Yield | 1,869 | 2,004 | 2,825 | 2,587 | 3,008 | 2,875 |
| Sugarcane | | | | | | |
| Production | 2,817,091 | 2,788,210 | 2,811,460 | 2,799,318 | 2,576,000 | 2,736,000 |
| Area | 56 | 56 | 56 | 56 | 56 | 57 |
| Yield | 50,414 | 49,870 | 50,258 | 50,314 | 46,000 | 48,000 |
| Tobacco | | | | | | |
| Production | 8,209 | 8,300 | 8,471 | 8,520 | 6,945 | 8,156 |
| Area | 4 | 4 | 5 | 5 | 5 | 5 |
| Yield | 1,883 | 1,878 | 1,872 | 1,878 | 1,534 | 1,631 |
| Wheat | | | | | | |
| Production | 259,337 | 328,406 | 425,421 | 375,679 | 208,617 | 543,435 |
| Area | 156 | 183 | 192 | 175 | 172 | 221 |
| Yield | 1,657 | 1,797 | 2,213 | 2,149 | 1,209 | 2,454 |

Sources: Ministry of Agriculture; and Fund staff estimates.

1/ Agricultural years; for example, 1991 refers to the 1990/91 agricultural year. Data include seeds.

2/ Data may not fully agree with those in Table 12 because of differences in sources and methodology.

Table 15. Paraguay: Value-Added in Manufacturing

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| (In billions of 1982 guaraníes) | | | | | | |
| All industries | 150.7 | 151.3 | 154.3 | 156.6 | 161.3 | 157.7 |
| Light consumer industries | 87.4 | 87.2 | 86.3 | 91.4 | 95.3 | 95.1 |
| Of which: Foodstuffs | 47.0 | 52.1 | 49.8 | 53.2 | 54.1 | 55.1 |
| Beverages | 12.2 | 12.0 | 13.8 | 15.2 | 16.7 | 16.6 |
| Shoes | 3.8 | 3.1 | 2.5 | 1.9 | 2.0 | 2.2 |
| Handicrafts | 15.1 | 10.9 | 10.5 | 10.8 | 11.5 | 10.2 |
| Printing and publishing | 4.7 | 5.5 | 6.6 | 7.1 | 7.8 | 8.1 |
| Others | 4.7 | 3.5 | 3.2 | 3.2 | 3.2 | 2.9 |
| Intermediate products | 60.2 | 61.5 | 65.9 | 63.9 | 64.6 | 61.3 |
| Of which: Wood and lumber | 17.6 | 19.9 | 21.0 | 23.2 | 24.5 | 23.5 |
| Textiles | 9.8 | 10.1 | 10.2 | 9.2 | 10.2 | 8.1 |
| Leather and hides | 2.9 | 4.7 | 5.9 | 5.6 | 6.1 | 7.3 |
| Petroleum derivatives | 12.5 | 10.7 | 8.6 | 8.8 | 6.4 | 5.0 |
| Nonmetallic mineral products | 6.0 | 6.2 | 6.4 | 6.0 | 6.9 | 6.9 |
| Metallic products | 2.6 | 2.1 | 1.8 | 1.0 | 1.0 | 1.0 |
| Others | 8.8 | 7.9 | 12.1 | 10.0 | 9.5 | 9.3 |
| Machinery, appliances and transport | 3.1 | 2.6 | 2.0 | 1.4 | 1.4 | 1.4 |
| (Percentage change) | | | | | | |
| All industries | 1.1 | 0.4 | 2.0 | 1.5 | 3.0 | -2.2 |
| Light consumer industries | 4.4 | -0.3 | -0.9 | 5.8 | 4.3 | -0.3 |
| Of which: Foodstuffs | 13.2 | 10.8 | -4.4 | 6.7 | 1.7 | 1.8 |
| Beverages | 1.8 | -1.4 | 14.4 | 10.7 | 9.7 | -0.2 |
| Shoes | 9.0 | -17.3 | -19.2 | -24.7 | 4.8 | 10.0 |
| Handicrafts | -14.8 | -27.5 | -4.0 | 2.7 | 6.4 | -11.5 |
| Printing and publishing | 3.1 | 17.1 | 20.0 | 8.6 | 10.3 | 3.9 |
| Others | 3.7 | -24.7 | -9.1 | -1.3 | 0.8 | -10.8 |
| Intermediate products | -3.7 | 2.2 | 7.1 | -3.1 | 1.1 | -5.2 |
| Of which: Wood and lumber | -0.1 | 12.7 | 5.6 | 10.7 | 5.8 | -4.1 |
| Textiles | -17.5 | 3.5 | 0.3 | -9.7 | 10.8 | -20.3 |
| Leather and hides | 6.3 | 63.9 | 25.2 | -5.1 | 9.3 | 18.9 |
| Petroleum derivatives | -7.7 | -14.8 | -19.2 | 2.3 | -27.7 | -21.2 |
| Nonmetallic mineral products | 4.6 | 2.6 | 3.8 | -6.1 | 15.2 | 0.5 |
| Metallic products | 1.6 | -17.0 | -17.4 | -42.2 | 1.8 | -0.8 |
| Others | 4.2 | -11.0 | 54.0 | -17.2 | -5.1 | -1.6 |
| Machinery, appliances and transport | 7.9 | -16.2 | -21.2 | -31.6 | -0.9 | 0.0 |
| (Percentage distribution) | | | | | | |
| All industries | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Light consumer industries | 58.0 | 57.6 | 56.0 | 58.3 | 59.1 | 60.3 |
| Of which: Foodstuffs | 31.0 | 34.4 | 32.3 | 34.0 | 33.5 | 34.9 |
| Beverages | 8.0 | 8.0 | 8.9 | 9.7 | 10.3 | 10.6 |
| Shoes | 2.0 | 2.1 | 1.6 | 1.2 | 1.2 | 1.4 |
| Handicrafts | 10.0 | 7.2 | 6.8 | 6.9 | 7.1 | 6.4 |
| Printing and publishing | 3.0 | 3.6 | 4.3 | 4.6 | 4.9 | 5.2 |
| Others | 3.0 | 2.3 | 2.1 | 2.0 | 2.0 | 1.8 |
| Intermediate products | 40.0 | 40.7 | 42.7 | 40.8 | 40.1 | 38.8 |
| Of which: Wood and lumber | 12.0 | 13.1 | 13.6 | 14.8 | 15.2 | 14.9 |
| Textiles | 6.0 | 6.7 | 6.6 | 5.9 | 6.3 | 5.2 |
| Leather and hides | 2.0 | 3.1 | 3.8 | 3.6 | 3.8 | 4.6 |
| Petroleum derivatives | 8.0 | 7.0 | 5.6 | 5.6 | 3.9 | 3.2 |
| Nonmetallic mineral products | 4.0 | 4.1 | 4.2 | 3.8 | 4.3 | 4.4 |
| Metallic products | 2.0 | 1.4 | 1.1 | 0.6 | 0.6 | 0.6 |
| Others | 6.0 | 5.2 | 7.8 | 6.4 | 5.9 | 5.9 |
| Machinery, appliances & transport | 2.0 | 1.7 | 1.3 | 0.9 | 0.9 | 0.9 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

Table 16. Paraguay: Consumer Price Movements in Asunción 1/

(Annual percentage change)

| | Food | Housing | Clothing | Other | All Items |
|--------------------------|------|---------|----------|-------|-----------|
| Weights | 37.0 | 27.7 | 9.0 | 26.3 | 100.0 |
| I. Average | | | | | |
| 1991 | 20.6 | 28.0 | 27.5 | 26.4 | 24.9 |
| 1992 | 14.9 | 14.7 | 10.9 | 17.3 | 15.5 |
| 1993 | 17.3 | 18.5 | 12.4 | 21.5 | 18.3 |
| 1994 | 20.4 | 20.2 | 14.2 | 23.1 | 20.6 |
| 1995 | 13.8 | 14.3 | 13.7 | 12.2 | 13.4 |
| 1996 | 6.3 | 13.8 | 6.4 | 13.2 | 9.8 |
| II. End-of-Period | | | | | |
| 1991 | 6.7 | 14.9 | 14.7 | 16.8 | 11.8 |
| 1992 | 19.1 | 16.4 | 10.4 | 19.4 | 17.8 |
| 1993 | 21.0 | 17.9 | 14.3 | 23.0 | 20.4 |
| 1994 | 18.2 | 19.1 | 13.9 | 19.1 | 18.3 |
| 1995 | 7.4 | 14.3 | 10.9 | 12.6 | 10.5 |
| 1996 | 5.6 | 11.3 | 4.6 | 10.7 | 8.2 |
| 1991 | | | | | |
| March | 40.2 | 32.5 | 32.7 | 37.1 | 37.1 |
| June | 17.2 | 29.5 | 29.8 | 33.7 | 25.2 |
| September | 9.1 | 25.6 | 24.2 | 24.5 | 17.6 |
| December | 6.7 | 14.9 | 14.7 | 16.8 | 11.8 |
| 1992 | | | | | |
| March | 8.7 | 13.7 | 13.1 | 15.7 | 12.0 |
| June | 16.2 | 12.2 | 10.5 | 15.9 | 14.8 |
| September | 18.2 | 15.0 | 9.1 | 18.2 | 16.7 |
| December | 19.1 | 16.4 | 10.4 | 19.4 | 17.8 |
| 1993 | | | | | |
| March | 17.4 | 17.6 | 9.9 | 21.9 | 18.0 |
| June | 16.7 | 20.2 | 13.2 | 22.1 | 18.6 |
| September | 13.9 | 18.2 | 13.9 | 20.3 | 16.6 |
| December | 21.0 | 17.9 | 14.3 | 23.1 | 20.4 |
| 1994 | | | | | |
| March | 23.4 | 21.3 | 15.4 | 23.8 | 22.4 |
| June | 20.9 | 19.6 | 13.7 | 23.8 | 20.9 |
| September | 21.6 | 20.0 | 13.5 | 22.6 | 20.9 |
| December | 18.2 | 19.1 | 13.9 | 19.1 | 18.3 |
| 1995 | | | | | |
| March | 15.5 | 13.6 | 15.8 | 12.7 | 14.3 |
| June | 16.8 | 15.2 | 14.9 | 12.3 | 15.0 |
| September | 11.5 | 15.3 | 12.6 | 11.4 | 12.3 |
| December | 7.4 | 14.3 | 10.9 | 12.6 | 10.5 |
| 1996 | | | | | |
| March | 6.4 | 17.5 | 7.0 | 15.2 | 11.1 |
| June | 5.9 | 13.6 | 6.0 | 13.5 | 9.6 |
| September | 7.2 | 11.8 | 5.9 | 13.3 | 9.8 |
| December | 5.6 | 11.3 | 4.6 | 10.7 | 8.2 |
| 1997 | | | | | |
| March | 7.2 | 10.0 | 4.0 | 10.8 | 8.6 |
| May | 5.1 | 9.4 | 3.2 | 10.3 | 7.4 |

Source: Central Bank of Paraguay.

1/ Refers to the metropolitan area, including Asunción and 14 other municipalities.

Table 17. Paraguay: Wholesale Prices

(Annual percentage change)

| | Agricultural Products | Wood & Wood Processing | Manufacturing | Utilities | All Items |
|-------------------|--------------------------|---------------------------|---------------|-----------|-----------|
| I. Average | | | | | |
| 1990 | 74.6 | 36.6 | 32.4 | 27.3 | 55.1 |
| 1991 | 43.7 | 15.0 | 18.0 | 16.0 | 31.7 |
| 1992 | 4.0 | 18.4 | 12.3 | 0.0 | 7.2 |
| 1993 | 26.5 | 21.7 | 17.5 | 0.0 | 23.0 |
| 1994 | 18.4 | 30.1 | 16.2 | 23.5 | 18.0 |
| 1995 | 6.5 | 19.7 | 11.4 | 9.8 | 8.6 |
| II. End-of-Period | | | | | |
| 1990 | 96.8 | 31.2 | 28.1 | 39.0 | 68.1 |
| 1991 | 14.4 | 17.5 | 8.3 | 0.0 | 12.4 |
| 1992 | 11.9 | 14.7 | 17.9 | 0.0 | 13.9 |
| 1993 | 15.4 | 28.1 | 12.7 | 18.8 | 14.8 |
| 1994 | 13.9 | 27.0 | 16.4 | 19.0 | 15.1 |
| 1995 | 16.4 | 15.1 | 9.2 | 26.1 | 13.9 |

Source: Central Bank of Paraguay.

1/ In January 1996, the Wholesale Prices Index was replaced by the Producer Prices Index.

Table 18. Paraguay: Producer Prices Index

(Annual percentage change)

| | Domestic Products | Imported Products | Total |
|--|-------------------|-------------------|-------|
| I. Index | | | |
| 1995 | | | |
| December | 100.0 | 100.0 | 100.0 |
| 1996 | | | |
| March | 107.7 | 104.7 | 106.8 |
| June | 108.3 | 105.6 | 107.5 |
| September | 110.2 | 106.2 | 109.0 |
| December | 109.0 | 106.6 | 108.3 |
| 1997 | | | |
| March | 107.3 | 107.0 | 107.2 |
| June | 107.8 | 108.1 | 107.9 |
| II. Quarterly percentage change | | | |
| 1996 | | | |
| March | 7.7 | 4.7 | 6.8 |
| June | 0.6 | 0.9 | 0.7 |
| September | 1.8 | 0.6 | 1.4 |
| December | -1.1 | 0.4 | -0.6 |
| 1997 | | | |
| March | -1.6 | 0.4 | -1.0 |
| June | 0.5 | 1.0 | 0.7 |
| III. Annual percentage change | | | |
| 1997 | | | |
| March | -0.4 | 2.2 | 0.4 |
| June | -0.5 | 2.4 | 0.4 |

Source: Central Bank of Paraguay.

Table 19. Paraguay: Wage and Labor Market Indicators for Greater Asunción

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|---------|---------|---------|---------|---------|---------------|
| I. Wage Indices, End-of-Period | | | | | | |
| (1980 = 100) | | | | | | |
| Nominal wage indices | | | | | | |
| Wages | 946.5 | 1,084.1 | 1,299.7 | 1,600.8 | 1,893.7 | 2,100.1 |
| Private sector minimum wage | 1,110.1 | 1,165.6 | 1,325.0 | 1,641.7 | 1,891.0 | 2,126.2 |
| Real wage indices 1/ | | | | | | |
| Wages | 102.5 | 99.7 | 99.3 | 103.4 | 110.6 | 113.4 |
| Real private sector minimum wage | 124.6 | 113.6 | 109.2 | 112.2 | 114.1 | 116.7 |
| (Percentage change) | | | | | | |
| Nominal wage indices | | | | | | |
| Wages | 15.1 | 14.5 | 19.9 | 23.2 | 18.3 | 10.9 |
| Private sector minimum wages | 18.3 | 5.0 | 13.8 | 23.9 | 15.0 | 12.4 |
| Real wage indices 1/ | | | | | | |
| Wages | 2.9 | -2.7 | -0.4 | 4.1 | 7.0 | 2.5 |
| Private sector minimum wage | -4.8 | -8.9 | -3.8 | 2.8 | 1.7 | 2.3 |
| II. Labor Market Indicators, Midyear | | | | | | |
| (In percent) | | | | | | |
| Employment growth | 1.9 | 5.6 | 8.9 | ... | ... | ... |
| Unemployment rate | 9.4 | 9.8 | 9.0 | 9.4 | 8.1 | 9.8 |

Sources: Technical Planning Secretariat; Central Bank of Paraguay; and Fund staff estimates.

1/ Using the consumer price index as the deflator.

Table 20. Paraguay: Summary of the Consolidated Public Sector 1/

(In percent of GDP)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Public sector revenue | 16.6 | 16.8 | 16.5 | 17.5 | 20.8 | 19.8 |
| Current revenue | 16.3 | 16.5 | 16.4 | 17.5 | 20.6 | 19.7 |
| General government | 14.0 | 15.0 | 14.9 | 16.2 | 17.9 | 17.6 |
| Tax revenue | 9.3 | 9.5 | 9.3 | 10.7 | 12.2 | 11.5 |
| Nontax revenue and grants | 4.6 | 5.4 | 5.5 | 5.5 | 5.7 | 6.1 |
| Public enterprises' operating surplus | 2.4 | 1.6 | 1.5 | 1.3 | 2.7 | 2.1 |
| Capital revenue | 0.3 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 |
| Public sector expenditure | 13.9 | 16.8 | 15.5 | 16.1 | 18.3 | 18.2 |
| Current expenditure | 10.5 | 13.1 | 12.2 | 12.6 | 13.0 | 13.8 |
| Of which: wages | 5.0 | 6.4 | 6.7 | 7.0 | 7.4 | 8.0 |
| Investment expenditure | 2.5 | 2.6 | 2.7 | 3.0 | 4.1 | 3.6 |
| General government | 1.6 | 1.5 | 1.4 | 1.9 | 3.2 | 2.6 |
| Public enterprises | 0.9 | 1.1 | 1.3 | 1.1 | 0.9 | 1.0 |
| Capital transfers and net lending | 0.9 | 1.1 | 0.5 | 0.5 | 1.2 | 0.8 |
| Overall balance | 2.7 | 0.0 | 1.0 | 1.4 | 2.5 | 1.6 |
| Central government | 0.8 | -0.6 | 0.4 | 0.7 | 0.3 | 0.0 |
| Rest of general government | 0.3 | 0.0 | 0.4 | 0.5 | 0.4 | 0.6 |
| Public enterprises | 1.7 | 0.6 | 0.3 | 0.2 | 1.8 | 1.1 |
| Financing | -2.7 | 0.0 | -1.0 | -1.4 | -2.5 | -1.6 |
| External financing 2/ | -0.5 | -7.9 | 0.3 | 1.5 | 0.0 | 0.0 |
| Net disbursements | -1.5 | -3.3 | -0.9 | -0.1 | 0.6 | 0.0 |
| Exceptional financing | 1.0 | -4.6 | 1.2 | 1.4 | -0.8 | 0.0 |
| Proceeds from privatizations | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 0.0 |
| Domestic financing | -2.3 | 7.9 | -1.3 | -2.9 | -2.4 | -1.6 |
| Memorandum items | | | | | | |
| Public sector savings | 5.9 | 3.4 | 4.2 | 4.9 | 7.6 | 5.9 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Excludes the municipalities and financial institutions. Net of intra-nonfinancial public sector transactions.

2/ Includes buy-back of debt to commercial banks in 1991-93 and clearance of arrears to Paris Club creditors in 1992.

Table 21. Paraguay: Summary of the Consolidated Public Sector 1/

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Public sector revenue | 1,375.1 | 1,621.1 | 1,983.0 | 2,624.5 | 3,677.1 | 3,949.0 |
| Current revenue | 1,351.6 | 1,597.1 | 1,967.2 | 2,616.3 | 3,642.0 | 3,922.9 |
| General government | 1,156.6 | 1,447.1 | 1,782.3 | 2,420.4 | 3,166.1 | 3,500.4 |
| Tax revenue | 772.3 | 921.5 | 1,120.6 | 1,593.6 | 2,152.6 | 2,285.2 |
| Non-tax revenue and grants | 384.2 | 525.6 | 661.6 | 826.8 | 1,013.5 | 1,215.2 |
| Public enterprises' operating surplus | 195.0 | 150.0 | 185.0 | 195.9 | 475.9 | 422.5 |
| Capital revenue | 23.5 | 24.1 | 15.7 | 8.3 | 35.0 | 26.2 |
| Public sector expenditure | 1,148.1 | 1,622.1 | 1,854.9 | 2,403.4 | 3,239.9 | 3,618.6 |
| Current expenditure | 870.1 | 1,268.7 | 1,467.3 | 1,886.6 | 2,298.0 | 2,741.0 |
| Of which: wages | 415.9 | 616.5 | 870.2 | 1,041.2 | 1,307.5 | 1,591.3 |
| Investment expenditure | 203.8 | 247.4 | 325.5 | 442.2 | 725.8 | 717.0 |
| General government | 133.2 | 142.2 | 170.8 | 279.5 | 557.7 | 510.1 |
| Public enterprises | 70.7 | 105.2 | 154.7 | 162.7 | 168.1 | 206.9 |
| Capital transfers and net lending | 74.1 | 106.0 | 62.0 | 74.6 | 216.0 | 160.6 |
| Overall balance | 227.0 | -1.0 | 128.1 | 221.1 | 437.2 | 330.4 |
| Central government | 63.8 | -58.4 | 45.4 | 109.5 | 56.4 | -5.8 |
| Rest of general government | 24.4 | -4.2 | 46.6 | 78.1 | 68.5 | 120.3 |
| Public enterprises | 138.8 | 61.6 | 36.1 | 33.6 | 312.3 | 215.9 |
| Financing | -227.0 | 1.0 | -128.1 | -221.1 | -437.2 | -330.4 |
| External financing | -44.6 | -760.1 | 38.6 | 221.3 | -7.1 | 25.4 |
| Net disbursements | -123.9 | -321.3 | -108.0 | -17.1 | 107.1 | 25.4 |
| Exceptional and short-term financing | 79.3 | -438.7 | 146.6 | 208.7 | -133.9 | 0.0 |
| Proceeds from privatizations | 0.0 | 0.0 | 0.0 | 29.6 | 19.8 | 0.0 |
| Domestic financing | 182.4 | 761.0 | -166.7 | -442.4 | -430.1 | -355.8 |
| Memorandum item | | | | | | |
| Public sector savings | 481.5 | 328.4 | 499.9 | 729.7 | 1,344.0 | 1,181.9 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Excludes the municipalities and financial institutions. Net of intra-nonfinancial public sector transactions.

Table 22. Paraguay: Summary Operations of the General Government 1/
(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| I. Total General Government | | | | | | |
| Current revenue and grants | 1,162.8 | 1,467.2 | 1,796.8 | 2,424.4 | 3,190.9 | 3,504.2 |
| Of which: | | | | | | |
| Taxes from public enterprises | 21.1 | 19.0 | 60.8 | 105.1 | 109.4 | 134.8 |
| Transfers from public enterprises | 6.3 | 20.1 | 14.5 | 4.0 | 24.8 | 3.9 |
| Current expenditure | 874.4 | 1,271.7 | 1,472.5 | 1,890.7 | 2,303.0 | 2,746.7 |
| Of which: | | | | | | |
| Transfers to public enterprises | 4.3 | 3.0 | 5.2 | 4.1 | 5.0 | 5.7 |
| Current account surplus or deficit (-) | 288.4 | 195.5 | 324.3 | 533.7 | 887.9 | 757.5 |
| Capital revenue | 9.0 | 7.2 | 9.9 | 7.9 | 30.5 | 25.9 |
| Capital expenditure | 207.2 | 226.8 | 227.6 | 358.1 | 718.3 | 624.4 |
| Of which: | | | | | | |
| Transfers to public enterprises | 7.4 | 4.7 | 0.0 | 8.1 | 3.8 | 0.9 |
| Net lending | 7.5 | 26.1 | 5.2 | 4.1 | 59.3 | 47.1 |
| Overall surplus or deficit (-) | 82.7 | -50.2 | 101.4 | 179.4 | 140.8 | 111.9 |
| Financing | -82.7 | 50.2 | -101.4 | -179.4 | -140.8 | -111.9 |
| External financing | -34.9 | -342.9 | -27.4 | 186.2 | 138.4 | 67.5 |
| Domestic financing | -47.8 | 393.1 | -74.0 | -365.6 | -279.2 | -179.4 |
| II. Central Government | | | | | | |
| Current revenue and grants | 1,021.3 | 1,293.3 | 1,557.8 | 2,076.1 | 2,744.2 | 2,953.8 |
| Of which: | | | | | | |
| Taxes from social security institute | 0.1 | 0.4 | 2.9 | 3.2 | 3.8 | 4.8 |
| Taxes from decentralized agencies | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Taxes from public enterprises | 21.1 | 19.0 | 60.8 | 105.1 | 109.9 | 134.8 |
| Transfers from public enterprises | 6.3 | 20.1 | 14.5 | 4.0 | 24.8 | 3.9 |
| Current expenditure | 791.7 | 1,149.7 | 1,334.3 | 1,705.7 | 2,062.7 | 2,449.3 |
| Of which: | | | | | | |
| Transfers to social security institute | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers to decentralized agencies | 22.1 | 34.7 | 46.8 | 64.1 | 80.2 | 99.4 |
| Transfers to public enterprises | 4.3 | 3.0 | 5.2 | 4.1 | 5.0 | 5.7 |
| Current account surplus or deficit (-) | 229.6 | 143.6 | 223.5 | 370.4 | 681.5 | 504.5 |
| Capital revenue | 6.5 | 6.6 | 7.3 | 7.9 | 30.5 | 25.8 |
| Capital expenditure | 203.7 | 227.3 | 225.7 | 356.2 | 704.3 | 638.8 |
| Of which: | | | | | | |
| Transfers to social security institute | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers to decentralized agencies | 11.4 | 12.2 | 8.0 | 18.3 | 42.4 | 46.9 |
| Transfers to public enterprises | 7.4 | 4.7 | 0.0 | 8.1 | 3.8 | 0.9 |
| Net lending | 7.5 | 15.8 | 5.2 | 3.3 | 58.0 | 46.2 |
| Overall surplus or deficit (-) | 24.9 | -92.9 | -0.1 | 18.8 | -50.3 | -154.7 |
| Financing | -24.9 | 92.9 | 0.1 | -18.8 | 50.3 | 154.7 |
| External financing | -34.9 | -342.9 | -27.4 | 186.2 | 138.4 | 67.8 |
| Domestic financing | 10.0 | 435.8 | 27.5 | -205.0 | -88.1 | 86.9 |
| III. Rest of General Government | | | | | | |
| Current revenue and grants | 163.6 | 208.7 | 285.8 | 412.4 | 526.9 | 649.8 |
| Of which: | | | | | | |
| Transfers from Central Government | 22.1 | 34.7 | 46.8 | 64.1 | 80.2 | 99.4 |
| Current expenditure | 104.8 | 156.7 | 185.0 | 249.2 | 320.5 | 396.7 |
| Of which: | | | | | | |
| Taxes to Central Government | 0.1 | 0.4 | 3.0 | 3.2 | 3.9 | 5.0 |
| Current account surplus or deficit (-) | 58.8 | 52.0 | 100.8 | 163.2 | 206.4 | 253.1 |
| Capital revenue | 13.9 | 12.8 | 10.6 | 18.3 | 42.4 | 46.9 |
| Of which: | | | | | | |
| Transfers from Central Government | 11.4 | 12.2 | 8.0 | 18.3 | 42.4 | 46.9 |
| Capital expenditure | 14.8 | 11.7 | 10.0 | 20.3 | 56.4 | 32.6 |
| Net lending | 0.0 | 10.3 | 0.0 | 0.8 | 1.3 | 0.9 |
| Overall surplus or deficit (-) | 57.9 | 42.8 | 101.4 | 160.4 | 191.1 | 266.5 |
| Financing | -57.9 | -42.8 | -101.4 | -160.4 | -191.1 | -266.5 |
| External financing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 |
| Domestic financing | -57.9 | -42.8 | -101.4 | -160.4 | -191.1 | -266.2 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Excludes municipalities.

Table 23. Paraguay: Summary Operations of the Public Enterprises 1/
(In percent of GDP)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|----------------------------|-------------|------------|------------|------------|------------|---------------|
| Current receipts | 10.0 | 9.5 | 9.7 | 8.4 | 8.6 | 8.6 |
| ANDE | 1.7 | 1.6 | 1.6 | 1.8 | 1.9 | 2.3 |
| ANTELCO | 1.6 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 |
| APAL | 0.2 | 0.2 | 0.2 | ... | ... | ... |
| CORPOSANA | 0.3 | 0.3 | 0.2 | 0.3 | 0.4 | 0.4 |
| INC | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| PETROPAR | 3.7 | 3.5 | 3.5 | 3.3 | 3.1 | 2.9 |
| Other | 2.0 | 1.6 | 1.6 | 0.5 | 0.6 | 0.6 |
| Current expenditure | 7.6 | 8.2 | 8.2 | 7.1 | 6.1 | 6.5 |
| ANDE | 1.4 | 1.2 | 1.3 | 1.3 | 0.9 | 1.1 |
| ANTELCO | 0.8 | 1.0 | 1.0 | 1.3 | 1.1 | 1.2 |
| APAL | 0.2 | 0.1 | 0.1 | ... | ... | ... |
| CORPOSANA | 0.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 |
| INC | 0.6 | 0.7 | 0.4 | 0.5 | 0.5 | 0.5 |
| PETROPAR | 2.8 | 3.3 | 3.6 | 3.4 | 2.9 | 2.9 |
| Other | 1.8 | 1.6 | 1.6 | 0.4 | 0.4 | 0.4 |
| Current balance | 2.3 | 1.4 | 1.5 | 1.3 | 2.6 | 2.1 |
| ANDE | 0.3 | 0.4 | 0.4 | 0.5 | 1.0 | 1.2 |
| ANTELCO | 0.8 | 0.6 | 0.7 | 0.5 | 0.8 | 0.6 |
| APAL | 0.0 | 0.0 | 0.1 | ... | ... | ... |
| CORPOSANA | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| INC | 0.0 | 0.0 | 0.3 | 0.2 | 0.1 | 0.1 |
| PETROPAR | 0.9 | 0.2 | -0.1 | -0.2 | 0.2 | 0.0 |
| Other | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| Capital expenditure | 0.9 | 1.1 | 1.3 | 1.1 | 0.9 | 1.0 |
| ANDE | 0.1 | 0.0 | 0.2 | 0.3 | 0.3 | 0.4 |
| ANTELCO | 0.3 | 0.4 | 0.5 | 0.3 | 0.1 | 0.2 |
| APAL | 0.0 | 0.0 | 0.0 | ... | ... | ... |
| CORPOSANA | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 | 0.1 |
| INC | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 |
| PETROPAR | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| Other | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 |
| Overall balance | 1.7 | 0.5 | 0.2 | 0.3 | 1.7 | 1.1 |
| ANDE | 0.3 | 0.4 | 0.2 | 0.3 | 0.8 | 0.8 |
| ANTELCO | 0.5 | 0.3 | 0.2 | 0.2 | 0.7 | 0.3 |
| APAL | 0.0 | 0.0 | 0.1 | ... | ... | ... |
| CORPOSANA | -0.1 | -0.2 | -0.1 | -0.1 | 0.0 | 0.0 |
| INC | 0.0 | 0.0 | 0.3 | 0.1 | 0.1 | 0.1 |
| PETROPAR | 0.9 | 0.2 | -0.3 | -0.3 | 0.1 | -0.1 |
| Other | 0.2 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 |

Sources: Ministry of Finance; Public enterprises; and Fund staff estimates.

1/ Excludes the steel company (ACEPAR) and, beginning in 1994, the national liquor (APAL), airline (LAP) and shipping (FLOMERES) companies.

Table 24. Paraguay: Operations of the Central Government

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Current revenue | 1,019.8 | 1,290.2 | 1,555.3 | 2,072.9 | 2,713.1 | 2,939.3 |
| Tax revenue | 772.3 | 921.5 | 1,120.6 | 1,593.6 | 2,152.6 | 2,285.2 |
| Taxes on net income and profits | 94.2 | 128.0 | 174.5 | 298.5 | 399.5 | 440.9 |
| Government payroll taxes | 47.9 | 71.3 | 104.3 | 133.9 | 171.5 | 210.8 |
| Taxes on property | 22.5 | 35.1 | 0.4 | 0.1 | 4.6 | 0.0 |
| Taxes on goods and services | 362.0 | 451.7 | 612.9 | 847.4 | 1,051.9 | 1,160.8 |
| General sales taxes | 93.2 | 52.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Selective excises on goods | 106.1 | 121.7 | 131.0 | 171.5 | 212.0 | 275.7 |
| Value added tax | 0.0 | 130.1 | 410.0 | 595.3 | 772.3 | 814.3 |
| Stamp taxes | 152.7 | 136.6 | 65.2 | 74.3 | 64.9 | 68.3 |
| Other taxes | 9.9 | 11.1 | 6.6 | 6.2 | 2.7 | 2.4 |
| Taxes on international trade | 175.6 | 159.5 | 204.0 | 290.6 | 492.6 | 444.1 |
| Import duties | 147.4 | 159.4 | 204.0 | 290.6 | 492.6 | 444.1 |
| Export duties | 17.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange taxes | 10.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other taxes | 70.2 | 76.0 | 24.5 | 23.0 | 32.5 | 28.6 |
| Nontax revenue | 247.4 | 368.7 | 434.6 | 479.3 | 560.5 | 654.1 |
| Current grants | 1.6 | 3.0 | 2.5 | 3.2 | 31.1 | 14.5 |
| Current expenditure | 791.7 | 1,149.7 | 1,334.3 | 1,705.7 | 2,062.7 | 2,449.3 |
| Wages and salaries | 370.1 | 534.9 | 713.4 | 923.7 | 1,149.7 | 1,386.4 |
| Goods and services | 106.1 | 122.7 | 173.3 | 191.8 | 257.1 | 300.0 |
| Interest payments | 83.8 | 126.5 | 93.0 | 100.0 | 127.9 | 96.5 |
| Government pensions 1/ | 140.1 | 204.6 | 227.8 | 261.3 | 331.0 | 428.8 |
| Subsidies and other transfers | 59.7 | 116.6 | 105.8 | 124.2 | 180.4 | 215.7 |
| Other | 31.8 | 44.5 | 21.0 | 104.8 | 16.6 | 22.0 |
| Current account balance | 229.7 | 143.5 | 223.5 | 370.4 | 681.5 | 504.5 |
| Capital receipts | 6.5 | 6.6 | 7.3 | 7.9 | 30.5 | 25.8 |
| Capital expenditure | 203.7 | 227.3 | 225.7 | 356.2 | 704.3 | 638.8 |
| Capital formation | 118.4 | 130.4 | 160.8 | 259.2 | 506.6 | 486.6 |
| Acquisition of existing assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers | 85.4 | 96.9 | 64.8 | 96.9 | 171.2 | 132.9 |
| Net lending | 7.5 | 15.8 | 5.2 | 3.3 | 58.0 | 46.2 |
| Overall balance | 25.0 | -93.0 | -0.1 | 18.8 | -50.3 | -154.7 |
| Financing | -25.0 | 93.0 | 0.1 | -18.8 | 50.3 | 154.7 |
| External financing | -34.9 | -342.9 | -27.4 | 186.2 | 138.4 | 67.8 |
| Net disbursements | -60.8 | -154.2 | -100.1 | 19.1 | 118.6 | 67.8 |
| Drawings | 71.3 | 108.1 | 59.5 | 187.8 | 287.4 | 215.6 |
| Scheduled amortization 2/ | 132.1 | 262.3 | 159.6 | 168.8 | 168.7 | 147.8 |
| Exceptional financing | 67.7 | -190.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in arrears | 40.6 | -240.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Principal | 24.3 | -167.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Scheduled interest | 16.3 | -74.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Penalty interest | 0.0 | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Refinancing | 0.0 | 35.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discounts on debt buy-backs | 27.1 | 13.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in claims on binational entities (increase -) | -41.8 | 1.9 | 72.7 | 137.5 | 0.0 | 0.0 |
| Income from privatizations | 0.0 | 0.0 | 0.0 | 29.6 | 19.8 | 0.0 |
| Domestic financing | 9.9 | 435.9 | 27.5 | -205.0 | -88.1 | 86.9 |
| Memorandum items | | | | | | |
| Total revenue and grants | 1,027.9 | 1,299.8 | 1,565.1 | 2,084.0 | 2,774.7 | 2,979.6 |
| Total expenditure | 1,002.9 | 1,392.8 | 1,565.2 | 2,065.2 | 2,825.0 | 3,134.3 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Includes veterans', military, police, teachers', and civil service pensions.

2/ Includes buy-backs of debts to commercial banks.

Table 25. Paraguay: Operations of the Central Government

(In percent of GDP)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| Current revenue | 12.3 | 13.3 | 13.0 | 13.9 | 15.3 | 14.8 |
| Tax revenue | 9.3 | 9.5 | 9.3 | 10.7 | 12.2 | 11.5 |
| Taxes on net income and profits | 1.1 | 1.3 | 1.5 | 2.0 | 2.3 | 2.2 |
| Government payroll taxes | 0.6 | 0.7 | 0.9 | 0.9 | 1.0 | 1.1 |
| Taxes on property | 0.3 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Taxes on goods and services | 4.4 | 4.7 | 5.1 | 5.7 | 5.9 | 5.8 |
| General sales taxes | 1.1 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Selective excises on goods | 1.3 | 1.3 | 1.1 | 1.1 | 1.2 | 1.4 |
| Value added tax | 0.0 | 1.3 | 3.4 | 4.0 | 4.4 | 4.1 |
| Stamp taxes | 1.8 | 1.4 | 0.5 | 0.5 | 0.4 | 0.3 |
| Other taxes | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Taxes on international trade | 2.1 | 1.6 | 1.7 | 1.9 | 2.8 | 2.2 |
| Import duties | 1.8 | 1.6 | 1.7 | 1.9 | 2.8 | 2.2 |
| Export duties | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange taxes | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other taxes | 0.8 | 0.8 | 0.2 | 0.2 | 0.2 | 0.1 |
| Nontax revenue | 3.0 | 3.8 | 3.6 | 3.2 | 3.2 | 3.3 |
| Current grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 |
| Current expenditure | 9.6 | 11.9 | 11.1 | 11.4 | 11.7 | 12.3 |
| Wages and salaries | 4.5 | 5.5 | 5.9 | 6.2 | 6.5 | 7.0 |
| Goods and services | 1.3 | 1.3 | 1.4 | 1.3 | 1.5 | 1.5 |
| Interest payments | 1.0 | 1.3 | 0.8 | 0.7 | 0.7 | 0.5 |
| Government pensions 1/ | 1.7 | 2.1 | 1.9 | 1.7 | 1.9 | 2.2 |
| Subsidies and other transfers | 0.7 | 1.2 | 0.9 | 0.8 | 1.0 | 1.1 |
| Other | 0.4 | 0.5 | 0.2 | 0.7 | 0.1 | 0.1 |
| Current account balance | 2.8 | 1.5 | 1.9 | 2.5 | 3.9 | 2.5 |
| Capital receipts | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 |
| Capital expenditure | 2.5 | 2.4 | 1.9 | 2.4 | 4.0 | 3.2 |
| Capital formation | 1.4 | 1.3 | 1.3 | 1.7 | 2.9 | 2.4 |
| Acquisition of existing assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers | 1.0 | 1.0 | 0.5 | 0.6 | 1.0 | 0.7 |
| Net lending | 0.1 | 0.2 | 0.0 | 0.0 | 0.3 | 0.2 |
| Overall balance | 0.3 | -1.0 | 0.0 | 0.1 | -0.3 | -0.8 |
| Financing | -0.3 | 1.0 | 0.0 | -0.1 | 0.3 | 0.8 |
| External financing | -0.4 | -3.5 | -0.2 | 1.2 | 0.8 | 0.3 |
| Net disbursements | -0.7 | -1.6 | -0.8 | 0.1 | 0.7 | 0.3 |
| Drawings | 0.9 | 1.1 | 0.5 | 1.3 | 1.6 | 1.1 |
| Scheduled amortization 2/ | 1.6 | 2.7 | 1.3 | 1.1 | 1.0 | 0.7 |
| Exceptional financing | 0.8 | -2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in arrears | 0.5 | -2.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Principal | 0.3 | -1.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Scheduled interest | 0.2 | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Penalty interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Refinancing | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discounts on debt buy-backs | 0.3 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in claims on binational entities (increase -) | -0.5 | 0.0 | 0.6 | 0.9 | 0.0 | 0.0 |
| Income from privatizations | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 0.0 |
| Domestic financing | 0.1 | 4.5 | 0.2 | -1.4 | -0.5 | 0.4 |
| Memorandum items | | | | | | |
| Total revenue and grants | 12.4 | 13.4 | 13.1 | 13.9 | 15.7 | 15.0 |
| Total expenditure | 12.1 | 14.4 | 13.1 | 13.8 | 16.0 | 15.7 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Includes veterans', military, police, teachers' and civil service pensions.

2/ Includes buy-backs of debts to commercial banks.

Table 26. Paraguay: Operations of the Decentralized Agencies 1/

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--------------------------------------|-------------|--------------|-------------|-------------|-------------|---------------|
| Current revenue and transfers | 28.7 | 43.0 | 58.7 | 78.0 | 98.7 | 122.1 |
| Nontax revenue | 6.6 | 8.3 | 11.9 | 13.9 | 18.5 | 22.7 |
| Sales of goods and services | 4.8 | 3.4 | 5.8 | 5.7 | 8.2 | 7.7 |
| Other | 1.8 | 4.9 | 6.1 | 8.2 | 10.3 | 15.0 |
| Transfers from Central Government | 22.1 | 34.7 | 46.8 | 64.1 | 80.2 | 99.4 |
| Current expenditure | 26.3 | 56.0 | 56.0 | 76.4 | 96.9 | 118.2 |
| Operating expenditure | 25.2 | 55.3 | 54.1 | 74.1 | 93.5 | 115.5 |
| Wages and salaries | 22.7 | 49.3 | 46.6 | 59.9 | 77.8 | 96.4 |
| Purchases of goods and services | 2.5 | 6.0 | 7.5 | 14.2 | 15.7 | 19.1 |
| Interest payments | 0.0 | 0.1 | 0.4 | 0.1 | 1.2 | 0.0 |
| Taxes | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other | 1.0 | 0.6 | 1.5 | 2.2 | 2.2 | 2.6 |
| Current account balance | 2.4 | -13.0 | 2.7 | 1.6 | 1.8 | 3.9 |
| Capital receipts | 13.9 | 12.2 | 8.0 | 18.3 | 42.4 | 46.9 |
| Transfers from Central Government | 11.4 | 12.2 | 8.0 | 18.3 | 42.4 | 46.9 |
| Other | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital expenditure | 11.3 | 5.0 | 6.6 | 16.5 | 44.4 | 21.9 |
| Capital formation | 11.3 | 5.0 | 6.6 | 16.5 | 44.4 | 21.9 |
| Acquisition of existing assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net lending | 0.0 | 10.3 | 0.0 | 0.8 | 1.3 | 0.9 |
| Overall balance | 5.0 | -16.1 | 4.1 | 2.6 | -1.5 | 28.0 |
| Financing | -5.0 | 16.1 | -4.1 | -2.6 | 1.5 | -28.0 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Covers the Institute for Rural Welfare (IBR) and the National University of Asunción (UNA).

Table 27. Paraguay: Operations of the Social Security Institute

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Current revenue and transfers | 134.9 | 165.7 | 227.2 | 334.4 | 428.3 | 527.8 |
| Social security contributions | 129.9 | 155.6 | 193.3 | 268.0 | 332.0 | 388.0 |
| Nontax revenue | 5.0 | 10.1 | 33.9 | 66.4 | 96.3 | 139.8 |
| Transfers from Central Government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current expenditure | 78.7 | 100.7 | 129.1 | 172.7 | 223.5 | 278.4 |
| Operating expenditure | 38.4 | 51.3 | 73.7 | 93.4 | 129.6 | 165.2 |
| Wages and salaries | 23.1 | 32.3 | 47.3 | 57.7 | 80.0 | 108.6 |
| Purchases of goods and services | 15.3 | 19.0 | 26.4 | 35.7 | 49.6 | 56.6 |
| Transfers to households | 40.2 | 49.0 | 52.5 | 67.7 | 88.5 | 108.3 |
| Taxes | 0.1 | 0.4 | 2.9 | 3.2 | 3.8 | 4.8 |
| Other | 0.0 | 0.0 | 0.0 | 8.4 | 1.6 | 0.1 |
| Current account balance | 56.2 | 65.0 | 98.1 | 161.7 | 204.8 | 249.4 |
| Capital receipts | 0.0 | 0.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Capital expenditure | 3.5 | 6.8 | 3.4 | 3.7 | 12.0 | 10.4 |
| Capital formation | 3.5 | 6.8 | 3.4 | 3.7 | 6.7 | 1.6 |
| Acquisition of existing assets | 0.0 | 0.0 | 0.0 | 0.0 | 5.3 | 8.8 |
| Overall balance | 52.7 | 58.8 | 97.3 | 158.0 | 192.8 | 239.0 |
| Financing | -52.7 | -58.8 | -97.3 | -158.0 | -192.8 | -239.0 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

Table 28. Paraguay: Operations of the Public Enterprises 1/

(In billions of guaraníes)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|---------------|--------------|----------------|----------------|----------------|----------------|
| Current receipts | 826.3 | 923.0 | 1,157.8 | 1,261.9 | 1,529.3 | 1,710.4 |
| Sales of goods and services | 796.9 | 897.0 | 1,099.1 | 1,210.8 | 1,483.8 | 1,654.1 |
| Other revenue | 25.1 | 23.0 | 53.5 | 47.0 | 40.5 | 50.6 |
| Transfers from Central Government | 4.3 | 3.0 | 5.2 | 4.1 | 5.0 | 5.7 |
| Current expenditure | 633.2 | 790.2 | 982.0 | 1,066.0 | 1,073.2 | 1,286.0 |
| Wages and salaries | 127.1 | 157.4 | 181.8 | 214.3 | 250.8 | 301.5 |
| Purchases of goods and services | 343.6 | 440.5 | 651.1 | 634.3 | 631.8 | 799.0 |
| Interest | 53.9 | 85.2 | 34.0 | 49.4 | 35.1 | 34.4 |
| Taxes | 21.1 | 19.0 | 60.8 | 105.1 | 109.9 | 134.8 |
| Transfers to Central Government | 6.3 | 20.1 | 14.5 | 4.0 | 24.8 | 3.9 |
| Other | 81.2 | 68.0 | 39.8 | 58.9 | 20.8 | 12.4 |
| Current account balance (before transfers) | 195.1 | 149.9 | 185.1 | 195.8 | 475.9 | 422.6 |
| Current account balance | 193.1 | 132.8 | 175.8 | 195.9 | 456.1 | 424.4 |
| Capital receipts | 21.8 | 21.6 | 5.8 | 8.5 | 8.4 | 1.2 |
| Transfers from the Central Government | 7.4 | 4.7 | 0.0 | 8.1 | 3.8 | 0.9 |
| Other | 14.4 | 16.9 | 5.8 | 0.4 | 4.6 | 0.3 |
| Capital expenditure | 70.7 | 105.2 | 154.7 | 162.7 | 168.1 | 206.9 |
| Capital formation | 70.7 | 105.2 | 154.7 | 162.7 | 168.1 | 206.6 |
| Acquisition of existing assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 |
| Overall balance | 144.2 | 49.2 | 26.9 | 41.7 | 296.4 | 218.7 |
| Financing | -144.2 | -49.2 | -26.9 | -41.7 | -296.4 | -218.7 |
| External financing 2/ | -9.6 | -417.1 | 66.0 | 35.1 | 10.8 | -42.4 |
| Net disbursements | -63.0 | -167.1 | -8.0 | -36.1 | -11.6 | -42.4 |
| Drawings | 60.3 | 60.9 | 87.2 | 75.1 | 89.6 | 66.3 |
| Scheduled amortization | 123.3 | 228.0 | 95.2 | 111.2 | 101.2 | 108.7 |
| Exceptional financing | 63.0 | -258.8 | 0.0 | 12.7 | 11.5 | 0.0 |
| Change in arrears | 8.1 | -354.7 | 0.0 | 5.7 | -13.9 | 0.0 |
| Principal | 3.8 | -266.7 | 0.0 | 2.9 | -13.9 | 0.0 |
| Scheduled interest | 4.2 | -88.0 | 0.0 | 2.9 | 0.0 | 0.0 |
| Penalty interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Refinancing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discounts on debt buy-backs and credits | 54.9 | 95.9 | 0.0 | 7.0 | 25.4 | 0.0 |
| Net credit from binational entities | -9.6 | 8.8 | 74.0 | 58.5 | 10.9 | 0.0 |
| Domestic financing | -134.6 | 367.9 | -92.9 | -76.8 | -307.2 | -176.3 |

Sources: Ministry of Finance; Central Bank of Paraguay; and Fund staff estimates.

1/ Excludes the steel company (ACEPAR) and, beginning in 1994, the national liquor (APAL), airline (LAP) and shipping (FLOMERES) companies.

2/ Includes buy-backs of debt to commercial banks in 1991-93 and clearance of arrears to Paris Club creditors in 1992.

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|---------|---------|---------|---------|---------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| I. Financial System | | | | | | |
| Net international reserves | 1,535.2 | 1,315.1 | 1,722.8 | 2,391.2 | 2,355.2 | 2,651.6 |
| Assets | 1,566.1 | 1,394.5 | 1,894.3 | 2,620.5 | 3,197.8 | 3,092.7 |
| Liabilities | 30.9 | 79.4 | 171.5 | 229.3 | 842.6 | 441.0 |
| Net domestic assets | 791.0 | 1,781.6 | 2,294.6 | 2,596.5 | 3,564.1 | 4,480.0 |
| Net claims on public sector | -278.2 | 493.6 | 567.9 | 100.3 | -246.2 | -497.9 |
| Net central government (budget) | -103.4 | 638.0 | 784.7 | 517.3 | 431.4 | 437.5 |
| Assets | 80.0 | 801.7 | 940.0 | 1,055.1 | 1,079.9 | 1,171.9 |
| Liabilities | 183.4 | 163.7 | 155.3 | 537.8 | 648.4 | 734.5 |
| Net central government (other) | -167.4 | -233.4 | -324.2 | -499.1 | -713.8 | -916.8 |
| Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Liabilities | 167.5 | 233.5 | 324.3 | 499.2 | 713.9 | 916.9 |
| Rest of the public sector | -7.4 | 89.0 | 107.4 | 82.1 | 36.2 | -18.5 |
| Assets | 192.6 | 247.0 | 274.2 | 226.0 | 239.8 | 276.2 |
| Liabilities | 200.0 | 158.0 | 166.8 | 143.9 | 203.6 | 294.7 |
| Official capital and reserves | -345.6 | -514.0 | -549.2 | -663.4 | -831.3 | -945.7 |
| Credit to private sector | 1,580.1 | 2,154.3 | 2,937.6 | 4,037.8 | 4,801.5 | 5,843.0 |
| Of which: foreign currency | 244.3 | 349.2 | 596.8 | 957.7 | 1,284.7 | 1,611.2 |
| Nonmonetary international organizations (net) | -25.7 | -35.0 | -43.4 | -53.4 | -57.2 | -67.9 |
| Net unclassified assets | -205.1 | -317.4 | -580.4 | -736.4 | -7.8 | 120.8 |
| Net intra-financial float | 65.5 | 0.1 | -37.9 | -88.4 | -94.8 | 27.7 |
| Medium- and long-term foreign liabilities | 193.2 | 234.7 | 292.8 | 190.0 | 208.2 | 208.0 |
| Liabilities to private sector | 2,133.0 | 2,862.0 | 3,724.6 | 4,797.7 | 5,711.1 | 6,923.7 |
| Currency in circulation | 376.8 | 526.3 | 628.7 | 785.3 | 932.5 | 936.7 |
| Local currency deposits | 851.2 | 1,004.8 | 1,129.9 | 1,636.6 | 2,208.5 | 2,661.1 |
| Demand deposits | 245.2 | 272.3 | 324.9 | 472.1 | 583.4 | 608.9 |
| Time and savings deposits | 473.6 | 558.1 | 623.8 | 952.9 | 1,211.9 | 1,529.6 |
| Certificates of deposit | 132.4 | 174.4 | 181.2 | 211.6 | 413.2 | 522.6 |
| Foreign currency deposits | 476.1 | 763.1 | 1,188.2 | 1,345.0 | 1,373.7 | 1,916.9 |
| Trust funds 1/ | 173.3 | 208.0 | 248.1 | 193.0 | 180.3 | 140.8 |
| Other liabilities | 8.1 | 10.1 | 17.7 | 27.2 | 26.6 | 51.8 |
| Private capital and reserves | 247.5 | 349.7 | 512.0 | 810.6 | 989.5 | 1,216.3 |
| Memorandum item | | | | | | |
| Exchange rate 2/ | 1,380.0 | 1,630.0 | 1,880.0 | 1,940.0 | 1,985.0 | 2,109.0 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|---------|---------|---------|---------|---------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| II. Banking System | | | | | | |
| Net international reserves | 1,535.2 | 1,315.1 | 1,722.8 | 2,391.2 | 2,354.5 | 2,650.3 |
| Assets | 1,566.1 | 1,394.5 | 1,894.3 | 2,620.5 | 3,197.1 | 3,091.3 |
| Liabilities | 30.9 | 79.4 | 171.5 | 229.3 | 842.6 | 441.0 |
| Net domestic assets | 536.8 | 1,521.2 | 1,975.4 | 2,153.6 | 2,997.1 | 3,756.9 |
| Net claims on public sector | -278.2 | 493.6 | 567.9 | 100.3 | -246.2 | -497.9 |
| Net central government (budget) | -103.4 | 638.0 | 784.7 | 517.3 | 431.4 | 437.5 |
| Assets | 80.0 | 801.7 | 940.0 | 1,055.1 | 1,079.9 | 1,171.9 |
| Liabilities | 183.4 | 163.7 | 155.3 | 537.8 | 648.4 | 734.5 |
| Net central government (other) | -167.4 | -233.4 | -324.2 | -499.1 | -713.8 | -916.8 |
| Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Liabilities | 167.5 | 233.5 | 324.3 | 499.2 | 713.9 | 916.9 |
| Rest of the public sector | -7.4 | 89.0 | 107.4 | 82.1 | 36.2 | -18.5 |
| Assets | 192.6 | 247.0 | 274.2 | 226.0 | 239.8 | 276.2 |
| Liabilities | 200.0 | 158.0 | 166.8 | 143.9 | 203.6 | 294.7 |
| Official capital and reserves | -218.8 | -337.8 | -359.4 | -407.3 | -461.1 | -471.6 |
| Credit to rest of financial system | 26.4 | 21.4 | 27.3 | 27.2 | 98.8 | 156.6 |
| Credit to private sector | 1,244.7 | 1,722.3 | 2,337.5 | 3,179.4 | 3,749.9 | 4,608.3 |
| Of which: foreign currency | 244.3 | 349.2 | 596.8 | 957.7 | 1,284.7 | 1,611.2 |
| Nonmonetary international organizations (net) | -25.7 | -35.0 | -43.4 | -53.4 | -57.2 | -67.9 |
| Net unclassified assets | -211.6 | -343.3 | -554.5 | -692.6 | -87.0 | 29.3 |
| Medium- and long-term foreign liabilities | 120.5 | 166.5 | 224.4 | 126.4 | 147.3 | 142.3 |
| Liabilities to rest of financial system | 29.3 | 40.5 | 26.5 | 42.7 | 41.3 | 14.1 |
| Liabilities to private sector | 1,922.2 | 2,629.3 | 3,447.3 | 4,375.7 | 5,163.0 | 6,250.7 |
| Currency in circulation | 379.9 | 531.3 | 635.8 | 800.5 | 956.0 | 961.8 |
| Local currency deposits | 676.9 | 825.2 | 928.8 | 1,365.6 | 1,871.3 | 2,243.0 |
| Demand deposits | 245.2 | 272.3 | 324.9 | 472.1 | 583.4 | 608.9 |
| Time and savings deposits | 332.2 | 404.0 | 432.0 | 687.9 | 891.4 | 1,172.3 |
| Certificates of deposit | 99.5 | 148.9 | 171.9 | 205.6 | 396.6 | 461.7 |
| Foreign currency deposits | 476.1 | 763.1 | 1,188.2 | 1,345.0 | 1,373.7 | 1,916.9 |
| Trust funds 1/ | 173.3 | 208.0 | 248.1 | 193.0 | 180.3 | 140.8 |
| Other liabilities | 8.1 | 10.1 | 17.7 | 27.2 | 26.6 | 51.8 |
| Private capital and reserves | 207.9 | 291.6 | 428.7 | 644.4 | 755.1 | 936.4 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|---------|---------|---------|---------|----------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Ila. Central Bank | | | | | | |
| Net international reserves | 1,345.5 | 995.3 | 1,311.8 | 2,025.6 | 2,215.2 | 2,257.0 |
| Assets | 1,348.4 | 1,002.9 | 1,329.6 | 2,041.9 | 2,346.4 | 2,346.8 |
| Liabilities | 2.9 | 7.6 | 17.8 | 16.3 | 131.1 | 89.8 |
| Net domestic assets | -432.9 | 266.0 | 221.5 | -86.5 | 17.6 | 95.3 |
| Net claims on public sector | -147.1 | 737.3 | 983.1 | 805.1 | 615.6 | 675.9 |
| Net central government (budget) | -70.3 | 676.6 | 820.3 | 676.7 | 526.8 | 519.9 |
| Assets | 79.8 | 801.7 | 939.8 | 1,055.1 | 1,038.9 | 1,086.1 |
| Liabilities | 150.1 | 125.1 | 119.5 | 378.4 | 512.2 | 566.2 |
| Net central government (other) | -139.5 | -103.5 | -15.2 | -37.2 | -62.2 | -0.5 |
| Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Liabilities | 139.6 | 103.6 | 15.3 | 37.3 | 62.2 | 0.5 |
| Rest of the public sector | 62.7 | 164.2 | 178.0 | 165.6 | 151.0 | 156.5 |
| Assets | 190.7 | 244.9 | 272.2 | 224.5 | 239.8 | 275.5 |
| Liabilities | 128.0 | 80.7 | 94.2 | 58.9 | 88.8 | 119.0 |
| Official capital and reserves | -170.3 | -287.2 | -305.1 | -332.2 | -376.5 | -376.0 |
| Credit to commercial banks | 32.6 | 47.3 | 37.4 | 44.8 | 750.6 | 926.1 |
| Credit to National Develop Bank | 79.7 | 123.0 | 65.3 | 53.3 | 11.1 | 0.0 |
| Credit to rest financial system | 21.7 | 16.5 | 16.2 | 15.6 | 44.4 | 128.0 |
| Credit to private sector | 6.5 | 6.3 | 6.3 | 6.6 | 7.2 | 11.8 |
| Nonmonetary international organizations (net) | -25.7 | -35.0 | -43.4 | -53.4 | -57.2 | -67.9 |
| Net unclassified assets | -230.3 | -342.2 | -538.3 | -626.3 | -977.6 | -1,202.6 |
| Medium- and long-term foreign liabilities | 79.2 | 92.9 | 101.0 | 97.8 | 93.5 | 92.4 |
| Liabilities to commercial banks | 384.0 | 526.3 | 682.7 | 896.9 | 1,029.6 | 1,127.8 |
| Of which: foreign currency deposits | 121.0 | 233.2 | 348.6 | 428.1 | 414.4 | 518.4 |
| Liabilities to National Development Bank | 37.5 | 63.0 | 71.1 | 74.7 | 94.8 | 106.3 |
| Liabilities to rest of financial system | 23.9 | 37.7 | 25.6 | 42.7 | 32.9 | 12.4 |
| Liabilities to private sector | 388.0 | 541.4 | 652.9 | 827.0 | 982.0 | 1,013.5 |
| Currency in circulation | 379.9 | 531.3 | 635.8 | 800.5 | 956.0 | 961.8 |
| Other liabilities | 8.1 | 10.1 | 17.1 | 26.5 | 26.0 | 51.8 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|---------|---------|---------|---------|---------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| IIb. Commercial Banks | | | | | | |
| Net international reserves | 189.2 | 310.5 | 402.9 | 361.0 | 127.8 | 368.8 |
| Assets | 216.4 | 382.2 | 555.4 | 572.5 | 838.8 | 712.6 |
| Liabilities | 27.2 | 71.7 | 152.5 | 211.5 | 711.0 | 343.9 |
| Monetary reserves and currency holdings | 379.0 | 527.4 | 691.0 | 877.5 | 1,084.2 | 1,244.6 |
| Net domestic assets | 974.2 | 1,267.5 | 1,696.5 | 2,280.6 | 3,022.0 | 3,821.0 |
| Net claims on public sector | -77.1 | -172.8 | -290.7 | -407.5 | -452.0 | -667.5 |
| Net central government (budget) | -3.3 | -2.3 | -0.2 | -6.7 | 19.9 | 75.2 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 30.9 | 85.8 |
| Liabilities | 3.3 | 2.3 | 0.2 | 6.7 | 11.0 | 10.6 |
| Net central government (other) | -14.5 | -114.7 | -224.3 | -328.1 | -396.3 | -608.8 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities | 14.5 | 114.7 | 224.3 | 328.1 | 396.3 | 608.8 |
| Rest of public sector | -59.3 | -55.8 | -66.2 | -72.7 | -75.6 | -133.9 |
| Assets | 1.9 | 2.1 | 2.0 | 1.5 | 0.0 | 0.7 |
| Liabilities | 61.2 | 57.9 | 68.2 | 74.2 | 75.6 | 134.6 |
| Credit to private sector | 1,032.3 | 1,431.2 | 1,991.3 | 2,740.4 | 3,234.6 | 3,979.4 |
| Of which: in foreign currency | 236.8 | 348.9 | 591.1 | 920.9 | 1,256.7 | 1,583.0 |
| Credit to rest of financial system | 4.7 | 4.9 | 11.1 | 11.6 | 54.3 | 28.6 |
| Net unclassified assets | 14.3 | 4.2 | -15.2 | -63.9 | 185.1 | 480.4 |
| Medium- and long-term foreign liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities to monetary authorities 5/ | 31.8 | 46.2 | 37.1 | 40.7 | 145.2 | 346.6 |
| Liabilities to rest of financial system | 5.4 | 2.8 | 0.9 | 0.0 | 7.9 | 1.7 |
| Liabilities to private sector | 1,505.2 | 2,056.4 | 2,752.4 | 3,478.4 | 4,081.0 | 5,086.1 |
| Local currency deposits | 647.9 | 793.7 | 887.5 | 1,296.7 | 1,773.0 | 2,097.3 |
| Demand deposits | 228.1 | 255.6 | 303.2 | 429.7 | 527.6 | 548.7 |
| Savings deposits | 309.9 | 374.1 | 402.3 | 651.5 | 830.1 | 1,077.2 |
| Time deposits | 11.9 | 16.0 | 10.9 | 14.1 | 24.1 | 26.9 |
| Certificates of deposit | 98.0 | 148.0 | 171.1 | 201.4 | 391.2 | 444.5 |
| Foreign currency deposits | 476.1 | 763.1 | 1,188.1 | 1,344.3 | 1,372.6 | 1,911.6 |
| Trust funds 1/ | 173.3 | 208.0 | 248.1 | 193.0 | 180.3 | 140.8 |
| Capital and reserves | 207.9 | 291.6 | 428.7 | 644.4 | 755.1 | 936.4 |
| Other liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaranies)

| | End of Period | | | | | Prel. |
|--|---------------|-------|--------|--------|--------|--------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Iic. National Development Bank | | | | | | |
| Net international reserves | 0.5 | 9.3 | 8.1 | 4.6 | 11.4 | 24.5 |
| Assets | 1.3 | 9.4 | 9.3 | 6.1 | 11.9 | 31.9 |
| Liabilities | 0.8 | 0.1 | 1.2 | 1.5 | 0.5 | 7.4 |
| Monetary reserves and currency holdings | 37.5 | 63.0 | 71.1 | 74.7 | 117.3 | 154.7 |
| Net domestic assets | 112.0 | 155.8 | 151.5 | 72.9 | 36.8 | 21.9 |
| Net claims on public sector | -54.0 | -70.8 | -124.6 | -297.3 | -409.8 | -506.4 |
| Net central government (budget) | -29.8 | -36.3 | -35.4 | -152.7 | -115.2 | -157.6 |
| Assets | 0.2 | 0.0 | 0.2 | 0.0 | 10.0 | 0.0 |
| Liabilities | 30.0 | 36.3 | 35.6 | 152.7 | 125.2 | 157.6 |
| Net central government (other) | -13.4 | -15.2 | -84.7 | -133.8 | -255.3 | -307.5 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities | 13.4 | 15.2 | 84.7 | 133.8 | 255.3 | 307.5 |
| Rest of the public sector | -10.7 | -19.3 | -4.5 | -10.8 | -39.2 | -41.2 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities | 10.7 | 19.3 | 4.5 | 10.8 | 39.2 | 41.2 |
| Official capital and reserves | -48.5 | -50.6 | -54.3 | -75.1 | -84.7 | -95.6 |
| Credit to rest of financial system | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to the private sector | 205.9 | 284.8 | 339.9 | 432.4 | 508.1 | 617.1 |
| Of which: foreign currency | 7.5 | 0.3 | 5.7 | 36.8 | 28.0 | 28.3 |
| Net unclassified assets | 8.6 | -7.6 | -9.5 | 12.9 | 23.1 | 6.8 |
| Medium- and long-term foreign liabilities | 41.3 | 73.6 | 123.4 | 28.6 | 53.8 | 50.0 |
| Liabilities to monetary authority | 79.7 | 123.0 | 65.3 | 53.3 | 11.1 | 0.0 |
| Liabilities to rest financial system | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 0.1 |
| Liabilities to the private sector | 29.0 | 31.5 | 42.0 | 70.3 | 100.1 | 151.0 |
| Local currency deposits | 29.0 | 31.5 | 41.3 | 68.9 | 98.3 | 145.6 |
| Demand deposits | 17.1 | 16.7 | 21.7 | 42.4 | 55.7 | 60.2 |
| Savings deposits | 10.2 | 13.7 | 18.7 | 22.3 | 37.2 | 68.2 |
| Time deposits | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 |
| Certificates of deposit | 1.5 | 0.9 | 0.8 | 4.2 | 5.4 | 17.3 |
| Foreign currency deposits | 0.0 | 0.0 | 0.1 | 0.7 | 1.1 | 5.3 |
| Bonds issued | 0.0 | 0.0 | 0.6 | 0.7 | 0.6 | 0.1 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|--------|--------|--------|---------|---------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| III. Rest of Financial System | | | | | | |
| Net international reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.4 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.4 |
| Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Monetary reserves | 90.0 | 85.9 | 98.9 | 173.3 | 216.3 | 245.2 |
| Cash | 3.1 | 5.0 | 7.1 | 15.2 | 23.5 | 25.1 |
| Deposits with banking system | 86.9 | 80.9 | 91.8 | 158.1 | 192.8 | 220.1 |
| Net domestic assets | 227.2 | 291.6 | 387.2 | 562.7 | 761.9 | 861.8 |
| Credit to rest of public sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Official capital and reserves | -126.8 | -176.2 | -189.8 | -256.1 | -370.2 | -474.1 |
| Credit to private sector | 335.4 | 432.0 | 600.1 | 858.4 | 1,051.6 | 1,234.7 |
| Net unclassified assets | 6.5 | 25.9 | -25.9 | -43.8 | 79.2 | 91.5 |
| Net interbank float | 12.1 | 9.9 | 2.8 | 4.2 | 1.3 | 9.7 |
| Medium- and long-term foreign liabilities | 72.7 | 68.2 | 68.4 | 63.6 | 60.9 | 65.7 |
| Liabilities to banking system | 30.6 | 71.6 | 133.3 | 235.2 | 344.9 | 334.9 |
| Liabilities to private sector 3/ | 213.9 | 237.7 | 284.4 | 437.2 | 573.1 | 707.9 |
| Time and savings deposits | 141.4 | 154.1 | 191.8 | 265.0 | 320.5 | 357.3 |
| Certificates of deposit | 32.9 | 25.5 | 9.3 | 6.0 | 16.7 | 60.9 |
| Foreign currency deposits | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 9.8 |
| Private capital and reserves | 39.6 | 58.1 | 83.3 | 166.2 | 234.4 | 279.9 |
| IIIa. Savings and Loans Associations | | | | | | |
| Monetary reserves | 47.8 | 47.7 | 65.5 | 116.5 | 106.5 | 111.5 |
| Cash | 2.4 | 4.4 | 3.4 | 7.0 | 10.5 | 10.8 |
| Deposits with banking system | 42.3 | 40.2 | 59.0 | 106.4 | 93.0 | 97.6 |
| Deposits with National Housing Bank | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Net domestic assets | 93.0 | 119.0 | 145.0 | 177.4 | 279.3 | 323.8 |
| Credit to private sector | 87.5 | 105.7 | 127.8 | 160.4 | 223.5 | 259.0 |
| Net unclassified assets | 5.5 | 13.3 | 17.2 | 17.0 | 55.8 | 64.7 |
| Liabilities to banking system | 1.5 | 0.0 | 0.3 | -0.8 | -1.6 | -3.2 |
| Liabilities National Housing Bank | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities to the private sector | 139.3 | 166.7 | 210.2 | 294.7 | 387.4 | 438.4 |
| Time and savings deposits | 130.4 | 154.1 | 191.8 | 265.0 | 318.2 | 351.9 |
| Private capital and reserves | 8.9 | 12.6 | 18.4 | 29.7 | 69.2 | 86.5 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|--|---------------|-------|-------|-------|--------|--------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| IIIb. National Housing Bank | | | | | | |
| Monetary reserves | 23.1 | 12.4 | 1.0 | 2.4 | 7.8 | 18.7 |
| Cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deposits with banking system | 14.6 | 5.3 | 0.3 | 0.5 | 1.7 | 6.8 |
| Deposits with Savings and Loan Associations | 8.5 | 7.1 | 0.7 | 1.9 | 6.1 | 11.8 |
| Net domestic assets | -14.9 | -2.8 | 9.8 | 8.1 | 3.2 | -8.4 |
| Official capital and reserves | -31.7 | -33.1 | -37.0 | -42.2 | -61.0 | -86.0 |
| Credit to private sector | 10.4 | 22.0 | 49.4 | 54.0 | 71.5 | 82.5 |
| Net unclassified assets | 6.4 | 8.3 | -2.6 | -3.7 | -7.2 | -4.8 |
| Medium- and long-term foreign liabilities | 8.2 | 9.6 | 10.8 | 10.5 | 10.9 | 10.3 |
| Liabilities to banking system | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities to Savings and Loan Associations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| IIIc. Cattle Fund | | | | | | |
| Monetary reserves | 0.9 | 3.8 | 3.3 | 2.6 | 2.6 | 10.8 |
| Cash | 0.1 | 0.1 | 0.1 | 0.1 | 1.2 | 0.6 |
| Deposits with banking system | 0.8 | 3.8 | 3.2 | 2.5 | 1.4 | 10.2 |
| Net domestic assets | 69.5 | 65.2 | 64.9 | 60.6 | 56.4 | 53.4 |
| Credit to private sector | 71.2 | 72.8 | 78.8 | 82.5 | 86.1 | 88.0 |
| Official capital and reserves | -10.3 | -14.4 | -19.7 | -25.8 | -34.1 | -40.5 |
| Net unclassified assets | 8.6 | 6.8 | 5.8 | 3.9 | 4.3 | 6.0 |
| Medium- and long-term foreign liabilities | 57.7 | 57.3 | 56.5 | 52.0 | 47.8 | 53.2 |
| Liabilities to banking system | 12.7 | 11.7 | 11.7 | 11.2 | 11.2 | 11.1 |
| IIId. Credit Agency for Farm Equipment | | | | | | |
| Monetary reserves | 10.6 | 18.3 | 13.9 | 16.1 | 50.6 | 44.6 |
| Cash | 0.3 | 0.1 | 1.2 | 0.9 | 3.7 | 5.1 |
| Deposits with banking system | 10.3 | 18.2 | 12.8 | 15.2 | 46.9 | 39.5 |
| Net domestic assets | -1.4 | -15.8 | -11.0 | -13.4 | -45.0 | -38.9 |
| Official capital and reserves | -20.8 | -44.7 | -47.3 | -72.2 | -120.0 | -143.6 |
| Credit to private sector | 18.7 | 27.1 | 32.2 | 62.0 | 78.6 | 109.3 |
| Net unclassified assets | 0.7 | 1.8 | 4.1 | -3.2 | -3.6 | -4.6 |
| Medium- and long-term foreign liabilities | 6.8 | 1.3 | 1.1 | 1.1 | 2.2 | 2.2 |
| Liabilities to banking system | 2.4 | 1.2 | 1.8 | 1.6 | 3.5 | 3.5 |

Table 29. Paraguay: Accounts of the Financial System

(In billions of guaraníes)

| | End of Period | | | | | Prel. |
|---|---------------|-------|-------|--------|--------|--------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| IIIe. Bank Employees Pension Fund | | | | | | |
| Monetary reserves | 2.1 | 1.8 | 2.8 | 9.5 | 10.0 | 21.6 |
| Cash | 0.3 | 0.4 | 0.1 | 0.1 | 0.4 | 0.2 |
| Deposits with banking system | 1.7 | 1.4 | 2.6 | 9.3 | 9.5 | 21.4 |
| Net domestic assets | -2.1 | -1.8 | -2.8 | -9.5 | -10.0 | -21.6 |
| Credit to private sector | 55.0 | 75.9 | 104.1 | 133.7 | 176.5 | 222.0 |
| Official capital and reserves | -57.3 | -84.0 | -85.8 | -115.9 | -155.1 | -203.9 |
| Net unclassified assets | 0.2 | 6.3 | -21.1 | -27.3 | -31.4 | -39.8 |
| IIIff. Paraguayan Institute for Housing and Urbanization 4/ | | | | | | |
| Monetary reserves | 10.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deposits with banking system | 10.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net domestic assets | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to rest of public sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Credit to private sector | 17.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Official capital and reserves | -6.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net unclassified assets | -9.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Medium- and long-term foreign liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities to banking system | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liabilities to private sector | 11.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| IIIg. Finance Companies | | | | | | |
| Net international reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.4 |
| Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.4 |
| Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Monetary reserves | 7.0 | 12.0 | 16.2 | 31.2 | 48.1 | 53.0 |
| Cash | 0.0 | 0.0 | 2.3 | 7.1 | 7.8 | 8.4 |
| Deposits with banking system | 7.0 | 12.0 | 13.9 | 24.2 | 40.3 | 44.6 |
| Net domestic assets | 70.8 | 118.3 | 178.9 | 336.6 | 480.9 | 550.4 |
| Credit to private sector | 75.3 | 128.5 | 207.8 | 365.8 | 415.4 | 473.8 |
| Credit to rest of financial system | 0.6 | 0.4 | 0.4 | 1.3 | 4.2 | 6.6 |
| Net unclassified assets | -5.1 | -10.6 | -29.3 | -30.5 | 61.2 | 70.0 |
| Liabilities to banking system | 14.0 | 58.7 | 119.5 | 223.2 | 331.8 | 323.5 |
| Liabilities to rest of financial system | 0.2 | 0.5 | 1.4 | 2.2 | 0.0 | 0.0 |
| Liabilities to monetary authorities | 0.0 | 0.0 | 0.0 | 0.0 | 12.2 | 11.8 |
| Liabilities to the private sector | 63.6 | 71.1 | 74.2 | 142.4 | 185.6 | 269.4 |
| Certificates of Deposit | 32.9 | 25.5 | 9.3 | 6.0 | 16.7 | 60.9 |
| Savings Deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.6 |
| Time Deposit | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 | 0.8 |
| Foreign currency deposits | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 9.8 |
| Private capital and reserves | 30.7 | 45.5 | 64.9 | 136.5 | 165.2 | 193.4 |

Source: Central Bank of Paraguay.

1/ Includes bonds issued by commercial banks and the National Development Bank.

2/ Sale price of U.S. dollars in the interbank market on the last business day of the year.

3/ Figures include some public sector deposits.

4/ In March 1992 the Paraguayan Institute for Housing and Urbanization was abolished, with all its assets and liabilities passing to the National Housing Board, which subsequently was merged with the National Housing Bank.

5/ Commercial banks liabilities to monetary authorities do not include information about the four intervened banks at the end of 1995.

Table 30. Paraguay: Financial System Liabilities to the Private Sector

| | End of Period | | | | | Prel. |
|-----------------------------------|---------------|---------|----------|----------|----------|----------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| (In percent of GDP) | | | | | | |
| Total | 25.8 | 29.6 | 31.1 | 32.1 | 32.3 | 34.8 |
| By type of asset | | | | | | |
| Money | 7.5 | 8.3 | 8.0 | 8.4 | 8.6 | 7.8 |
| Currency | 4.6 | 5.4 | 5.2 | 5.2 | 5.3 | 4.7 |
| Demand deposits | 3.0 | 2.8 | 2.7 | 3.2 | 3.3 | 3.1 |
| Quasi-money | 7.3 | 7.6 | 6.7 | 7.8 | 9.2 | 10.3 |
| Savings and time deposits | 5.7 | 5.8 | 5.2 | 6.4 | 6.8 | 7.7 |
| Certificates of deposit | 1.6 | 1.8 | 1.5 | 1.4 | 2.3 | 2.6 |
| Foreign currency deposits | 5.7 | 7.9 | 9.9 | 9.0 | 7.8 | 9.6 |
| Trust funds 1/ | 2.1 | 2.2 | 2.1 | 1.3 | 1.0 | 0.7 |
| Other liabilities | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 |
| Capital and reserves | 3.0 | 3.6 | 4.3 | 5.4 | 5.6 | 6.1 |
| By institution | | | | | | |
| Banking system | 23.2 | 27.2 | 28.7 | 29.2 | 29.2 | 31.4 |
| Nonbank financial intermediaries | 2.5 | 2.4 | 2.3 | 2.8 | 3.1 | 3.4 |
| (In percent of total liabilities) | | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| By type of asset | | | | | | |
| Money | 29.2 | 27.9 | 25.6 | 26.2 | 26.5 | 22.3 |
| Currency | 17.7 | 18.4 | 16.9 | 16.4 | 16.3 | 13.5 |
| Demand deposits | 11.5 | 9.5 | 8.7 | 9.8 | 10.2 | 8.8 |
| Quasi-money | 28.4 | 25.6 | 21.6 | 24.3 | 28.5 | 29.6 |
| Time and savings deposits | 22.2 | 19.5 | 16.7 | 19.9 | 21.2 | 22.1 |
| Certificates of deposit | 6.2 | 6.1 | 4.9 | 4.4 | 7.2 | 7.5 |
| Foreign currency deposits | 22.3 | 26.7 | 31.9 | 28.0 | 24.1 | 27.7 |
| Trust funds 1/ | 8.1 | 7.3 | 6.7 | 4.0 | 3.2 | 2.0 |
| Other liabilities | 0.4 | 0.4 | 0.5 | 0.6 | 0.5 | 0.7 |
| Capital and reserves | 11.6 | 12.2 | 13.7 | 16.9 | 17.3 | 17.6 |
| By institution | | | | | | |
| Banking system | 90.1 | 91.9 | 92.6 | 91.2 | 90.4 | 90.3 |
| Nonbank financial intermediaries | 9.9 | 8.1 | 7.4 | 8.8 | 9.6 | 9.7 |
| Memorandum item | | | | | | |
| GDP | 8,280.8 | 9,670.8 | 11,991.7 | 14,960.1 | 17,698.6 | 19,905.3 |

Sources: Tables 7 and 29.

1/ Includes bonds issued by commercial banks and the National Development Bank.

Table 31. Paraguay: Changes in Credit Extended by the Financial System

| | End of period | | | | | Prel. |
|--|---------------|----------------|--------------|--------------|--------------|--------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| (In billion of guaraníes) | | | | | | |
| Total credit flows 1/ | 243.7 | 1,056.0 | 551.0 | 352.4 | 974.0 | 793.4 |
| By origin | | | | | | |
| Central Bank | -219.1 | 652.5 | 29.8 | -326.7 | 109.4 | -107.9 |
| Commercial banks | 374.0 | 293.1 | 422.8 | 583.6 | 698.7 | 824.6 |
| National development bank | 53.5 | 43.8 | -4.3 | -78.6 | -36.1 | -14.9 |
| Nonbank intermediaries | 35.3 | 66.6 | 102.7 | 174.1 | 202.1 | 91.5 |
| By destination | | | | | | |
| Public sector | -122.4 | 771.8 | 74.3 | -467.6 | -346.5 | -251.7 |
| Central Government (net) | -72.7 | 675.4 | 55.9 | -442.3 | -300.6 | -196.9 |
| Rest of public sector | -49.7 | 96.4 | 18.4 | -25.3 | -45.9 | -54.8 |
| Private sector | 560.6 | 574.2 | 783.3 | 1,100.2 | 763.7 | 1,041.5 |
| Other | -194.5 | -290.0 | -306.6 | -280.2 | 556.8 | 3.6 |
| Financing | | | | | | |
| Medium- and long-term foreign liabilities | 123.8 | 41.5 | 58.1 | -102.8 | 18.2 | -0.2 |
| Liabilities to private sector | 676.1 | 729.0 | 862.6 | 1,073.1 | 913.4 | 1,212.6 |
| Net international reserves | -503.6 | 220.1 | -407.7 | -668.4 | 36.0 | -296.5 |
| Intrasystem float | -52.6 | 65.4 | 38.0 | 50.5 | 6.4 | -122.5 |
| (Percentage change with respect to liabilities to private sector at beginning of year) | | | | | | |
| Total credit 1/ | 16.7 | 49.5 | 19.3 | 9.5 | 20.3 | 13.9 |
| By origin | | | | | | |
| Central Bank | -15.0 | 30.6 | 1.0 | -8.8 | 2.3 | -1.9 |
| Commercial banks | 25.7 | 13.7 | 14.8 | 15.7 | 14.6 | 14.4 |
| National development bank | 3.7 | 2.1 | -0.2 | -2.1 | -0.8 | -0.3 |
| Nonbank intermediaries | 2.4 | 3.1 | 3.6 | 4.7 | 4.2 | 1.6 |
| By destination | | | | | | |
| Public sector | -8.4 | 36.2 | 2.6 | -12.6 | -7.2 | -4.4 |
| Private sector | 38.5 | 26.9 | 27.4 | 29.5 | 15.9 | 18.2 |
| Other | -13.4 | -13.6 | -10.7 | -7.5 | 11.6 | 0.1 |
| (Annual percentage change) | | | | | | |
| Liabilities to private sector | 46.4 | 34.2 | 30.1 | 28.8 | 19.0 | 21.2 |
| Money | 28.6 | 28.4 | 19.4 | 31.9 | 20.6 | 2.0 |
| Currency | 28.4 | 39.7 | 19.5 | 24.9 | 18.7 | 0.5 |
| Demand deposits | 29.0 | 11.1 | 19.3 | 45.3 | 23.6 | 4.4 |
| Quasi-money | 48.6 | 20.9 | 9.9 | 44.6 | 39.0 | 0.0 |
| Time and savings deposits | 50.0 | 17.8 | 11.8 | 52.8 | 27.2 | 26.2 |
| Certificates of deposit | 43.9 | 31.7 | 3.9 | 16.8 | 95.3 | 26.5 |
| Foreign currency deposits | 60.2 | 60.3 | 55.7 | 13.2 | 2.1 | 39.5 |
| Trust funds | 85.7 | 20.0 | 19.3 | -22.2 | -6.6 | -21.9 |
| Other | 46.0 | 40.8 | 47.2 | 58.2 | 21.3 | 24.8 |

Source: Table 29.

1/ Excludes intrafinancial system credit and float.

Table 32. Paraguay: Composition of Credit

(In percent)

| | End of Period | | | | | Prel. |
|---|---------------|-------|-------|-------|-------|-------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| I. Total Domestic Credit 1/ | | | | | | |
| Total financial system | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Banking system | 70.4 | 84.2 | 83.5 | 79.2 | 79.2 | 80.9 |
| Central Bank | -78.7 | 4.6 | 4.8 | -8.0 | -2.9 | -4.8 |
| Commercial banks | 133.6 | 70.9 | 72.3 | 84.5 | 81.1 | 85.2 |
| National Development Bank | 15.4 | 8.7 | 6.5 | 2.7 | 1.0 | 0.5 |
| Other financial institutions | 29.6 | 15.8 | 16.5 | 20.8 | 20.8 | 19.1 |
| Savings and loans | 12.8 | 6.7 | 6.2 | 6.6 | 7.6 | 7.3 |
| Other | 16.8 | 9.1 | 10.3 | 14.2 | 13.2 | 11.9 |
| II. Credit to Private Sector | | | | | | |
| Total financial system | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Banking system | 78.8 | 79.9 | 79.6 | 78.7 | 78.1 | 78.9 |
| Central Bank | 0.4 | 0.3 | 0.2 | 0.2 | 0.1 | 0.2 |
| Commercial banks | 65.3 | 66.4 | 67.8 | 67.9 | 67.4 | 68.1 |
| National Development Bank | 13.0 | 13.2 | 11.6 | 10.7 | 10.6 | 10.6 |
| Other financial institutions | 21.2 | 20.1 | 20.4 | 21.3 | 21.9 | 21.1 |
| Savings and loans | 5.5 | 4.9 | 4.4 | 4.0 | 4.7 | 4.4 |
| Other | 15.7 | 15.1 | 16.1 | 17.3 | 17.2 | 16.7 |
| Memorandum item | | | | | | |
| End period exchange rate (guaranies per U.S. dollar) | 1,380 | 1,630 | 1,880 | 1,940 | 1,985 | 2,109 |

Source: Table 29.

1/ Excludes intrafinancial system credit and float.

Table 33. Paraguay: Banking System - Distribution of Credit to the Private Sector 1/ 2/

(In billion of guaraníes)

| | End of Period | | | | | Prel. 1996 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | |
| Total credit | 1,059.0 | 1,483.8 | 1,996.4 | 2,802.8 | 3,502.8 | 4,302.1 |
| National Development Bank | 205.9 | 284.9 | 339.9 | 413.3 | 504.4 | 608.5 |
| Agriculture | 166.7 | 229.9 | 259.7 | 276.9 | ... | 357.8 |
| Cattle | 5.1 | 5.9 | 13.0 | 24.4 | ... | 43.5 |
| Industry | 16.8 | 38.1 | 51.3 | 68.8 | ... | 134.4 |
| Commerce | 7.1 | 8.7 | 8.3 | 12.3 | ... | 35.4 |
| Exports | 8.9 | 0.9 | 5.6 | 28.8 | ... | 34.7 |
| Other | 1.3 | 1.4 | 2.0 | 2.1 | ... | 2.7 |
| Commercial banks | 853.1 | 1,198.9 | 1,656.5 | 2,389.5 | 2,998.4 | 3,693.6 |
| Agriculture | 133.4 | 165.1 | 216.6 | 235.2 | ... | 218.3 |
| Cattle | 31.9 | 44.4 | 49.4 | 80.5 | ... | 129.5 |
| Industry | 107.9 | 115.6 | 146.6 | 192.6 | ... | 409.0 |
| Commerce | 365.8 | 533.4 | 828.6 | 1,360.5 | ... | 1,847.0 |
| Exports | 119.0 | 156.7 | 205.9 | 211.7 | ... | 154.5 |
| Other | 95.1 | 183.7 | 209.4 | 309.0 | ... | 935.3 |
| Total credit | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| National Development Bank | 19.4 | 19.2 | 17.0 | 14.7 | 14.4 | 14.1 |
| Agriculture | 15.7 | 15.5 | 13.0 | 9.9 | ... | 8.3 |
| Cattle | 0.5 | 0.4 | 0.7 | 0.9 | ... | 1.0 |
| Industry | 1.6 | 2.6 | 2.6 | 2.5 | ... | 3.1 |
| Commerce | 0.7 | 0.6 | 0.4 | 0.4 | ... | 0.8 |
| Exports | 0.8 | 0.1 | 0.3 | 1.0 | ... | 0.8 |
| Other | 0.1 | 0.1 | 0.1 | 0.1 | ... | 0.1 |
| Commercial banks | 80.6 | 80.8 | 83.0 | 85.3 | 85.6 | 85.9 |
| Agriculture | 12.6 | 11.1 | 10.8 | 8.4 | ... | 5.1 |
| Cattle | 3.0 | 3.0 | 2.5 | 2.9 | ... | 3.0 |
| Industry | 10.2 | 7.8 | 7.3 | 6.9 | ... | 9.5 |
| Commerce | 34.5 | 35.9 | 41.5 | 48.5 | ... | 42.9 |
| Exports | 11.2 | 10.6 | 10.3 | 7.6 | ... | 3.6 |
| Other | 9.0 | 12.4 | 10.5 | 11.0 | ... | 21.7 |

Source: Central Bank of Paraguay.

1/ Excluding credit to the private sector from the Central Bank.

2/ Data in this table are not equal to the totals shown in Table 29 because of the use of different accounting exchange rates.

Table 34. Paraguay: Commercial Banks' Outstanding Credit
to the Private Sector and Nonperforming Loans 1/ 2/

(In billions of guaraníes)

| | End of Period | | | | | Prel. 1996 |
|---|---------------|---------|---------|---------|---------|---------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | |
| Credit to private sector | 1,059.2 | 1,483.7 | 1,996.4 | 2,802.7 | 3,651.9 | 4,596.5 |
| Nonperforming loans | 43.1 | 66.9 | 90.4 | 132.9 | 249.1 | 347.2 |
| Capital and reserves | 223.4 | 300.4 | 428.2 | 633.8 | 755.1 | 936.4 |
| Reserves against nonperforming loans | 18.8 | 28.0 | 40.2 | 76.5 | 67.9 | 173.9 |
| Memorandum items | | | | | | |
| Nonperforming loans as percent of credit to private sector | 4.1 | 4.5 | 4.5 | 4.7 | 6.8 | 7.6 |
| Nonperforming loans as percent of capital and reserves | 19.3 | 22.3 | 21.1 | 21.0 | 33.0 | 37.1 |
| Reserves against nonperforming loans as percent of nonperforming loans | 43.6 | 41.9 | 44.4 | 57.6 | 27.3 | 50.1 |

Source: Central Bank of Paraguay.

1/ Includes the National Development Bank.

2/ Date in this table are not equal to the totals shown in Table 29 because of the use of different accounting exchange rates.

Table 35. Paraguay: Interest Rate Structure 1/

| | End of Period | | | | | |
|---|---------------|------|------|------|------|------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| I. Lending Operations | | | | | | |
| Central Bank | | | | | | |
| Rediscount rates | | | | | | |
| Agriculture, industry and exports 2/ | 18 | 18 | 18 | ... | ... | ... |
| Special Development Fund Rural enterprise program | | | | | | |
| Productive credit guarantee program 3/ | 18 | 0 | 0 | ... | ... | ... |
| Industry and tourism program | 18 | 0 | 0 | ... | ... | ... |
| Loans | | | | | | |
| To National Development Bank (wheat program) | 18 | 18 | 18 | 20 | 0 | ... |
| To Credit Agency for farm equipment | 18 | 0 | 0 | 0 | 0 | ... |
| To autonomous agencies and public enterprises | 18 | 0 | 0 | 0 | 0 | ... |
| Banks | | | | | | |
| Commercial banks | | | | | | |
| Agriculture, industry, and exports | | | | | | |
| Up to 240 days | 26 | 29 | 28 | 27 | 30 | 26 |
| 241 days to 1 year | 26 | 29 | 28 | 27 | 30 | ... |
| Over 1 year | 26 | 29 | 28 | 27 | 30 | ... |
| Special Development Fund loans | | | | | | |
| Rural enterprises program | 26 | 0 | 0 | 0 | 0 | ... |
| Productive credit guarantee program 3/4/ | 26 | 0 | 0 | 0 | 0 | ... |
| Industry and tourism program | 26 | 0 | 0 | 0 | 0 | ... |
| Commercial | 27 | 30 | 32 | 33 | 31 | 27 |
| Personal | 33 | 31 | 35 | 37 | 30 | 36 |
| National Development Bank | | | | | | |
| Agriculture | 24 | 25 | 25 | 29 | 27 | 25 |
| Development | 24 | 25 | 25 | 29 | 27 | 25 |
| Commercial | 27 | 33 | 33 | 31 | 32 | 26 |
| Other institutions | | | | | | |
| Savings and loan associations 5/ | 29 | 29 | 33 | 32 | 34 | ... |
| Cattle Fund | 27 | 27 | 27 | 27 | 28 | 31 |
| Finance companies | 40 | 44 | 47 | 48 | 44 | 38 |
| Paraguayan Institute for Housing and Urbanization/National Housing Board 6/ | 22 | 17 | 17 | 17 | 17 | ... |
| Bank Employees' Pension Fund | 25 | 27 | 27 | 27 | 30 | 29 |
| Technical Execution Program Unit | 0 | 0 | 0 | 26 | 23 | 18 |
| II. Deposits and Other Obligations | | | | | | |
| Banks | | | | | | |
| Local currency deposits | | | | | | |
| Savings deposits | 12 | 10 | 11 | 11 | 10 | 9 |
| Fixed deposits | | | | | | |
| 60 days | 11 | 17 | 18 | 17 | 12 | 12 |
| 61 to 90 days | 13 | 17 | 18 | 15 | 15 | 12 |
| 91 to 180 days | 13 | 14 | 15 | 28 | 15 | 18 |
| Over 180 days | 14 | 14 | 12 | ... | 13 | 9 |
| Certificates of deposit 7/ | 18 | 20 | 23 | 23 | 20 | 16 |
| Foreign currency deposits | 6 | 6 | 5 | 8 | 6 | 6 |
| Savings and loan associations | | | | | | |
| Savings deposits | 11 | 10 | 9 | 11 | 10 | ... |
| Fixed deposits | | | | | | |
| 30 to 90 days | 17 | 19 | 19 | 20 | 19 | ... |
| 91 to 180 days | 24 | 23 | 21 | 24 | 26 | ... |
| Over 180 days | 26 | 28 | 21 | 18 | 25 | ... |
| Finance companies | | | | | | |
| Promissory notes | 25 | 26 | 28 | 27 | 26 | 21 |
| Certificates of deposit | 26 | 28 | 28 | 27 | 26 | 24 |

Source: Central Bank of Paraguay.

1/ The rates indicated are either the limits set by the Central Bank or the simple average of the most commonly quoted free market rates. Effective rates vary as the regulations do not specify if charges are payable in advance or at maturity. Annual percentage rates.

2/ Bank loans that qualify under minimum portfolio requirements for the development of agriculture, industry, and exports.

3/ Commission rates were applicable one time only.

4/ The Central Bank guarantees 75 percent of these bank loans.

5/ A maximum commission of 2 percent, chargeable only once, was instituted in June 1989.

6/ Maximum lending rate permissible is 22 percent, excluding commission. The Paraguayan Institute for Housing and Urbanization was legally abolished in March 1992, with all its assets and liabilities passing to the National Housing Board.

7/ Rates on six-month deposits.

Table 36. Paraguay: Balance of Payments

(In millions of U.S. dollars, unless otherwise specified)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| Current balance | -82 | -105 | -33 | -344 | -187 | -226 |
| Credit | 1,646 | 1,538 | 1,801 | 1,880 | 2,452 | 2,535 |
| Debit | 1,728 | 1,643 | 1,834 | 2,224 | 2,640 | 2,761 |
| Merchandise trade | -293 | -250 | -349 | -696 | -625 | -585 |
| Registered exports 1/ | 859 | 754 | 849 | 915 | 1,283 | 1,449 |
| Domestic imports 2/ | 1,152 | 1,004 | 1,198 | 1,611 | 1,908 | 2,035 |
| Services | -152 | -207 | -75 | -46 | -47 | -120 |
| Credit | 424 | 433 | 560 | 568 | 685 | 606 |
| Of which: Value-added on re-exports 3/ | 81 | 106 | 175 | 223 | 295 | 249 |
| Of which: Interest on reserves of banking system | 66 | 55 | 39 | 49 | 66 | 58 |
| Debit | 576 | 640 | 635 | 614 | 732 | 726 |
| Of which: Interest on public sector debt | 99 | 157 | 89 | 82 | 85 | 88 |
| Transfers (net) | 72 | 72 | 100 | 32 | 72 | 39 |
| Private | 7 | 3 | 5 | 5 | 1 | 5 |
| Public | 66 | 70 | 96 | 26 | 71 | 34 |
| Binational entities | 290 | 279 | 291 | 366 | 412 | 440 |
| Of which: Accrued royalties and compensation | 89 | 110 | 129 | 164 | 230 | 253 |
| Of which: Purchases of electricity | 0 | -37 | -41 | -52 | -72 | -73 |
| Capital balance | 90 | 91 | 205 | 322 | 354 | 169 |
| Public sector (net) | -36 | -30 | -33 | -3 | 98 | 54 |
| Net disbursements | -36 | -30 | -33 | -3 | 78 | 54 |
| Disbursements | 159 | 97 | 115 | 138 | 215 | 164 |
| Nonfinancial public sector | 99 | 82 | 100 | 134 | 193 | 152 |
| Financial public sector | 60 | 14 | 15 | 4 | 22 | 12 |
| Amortization | 195 | 127 | 148 | 140 | 137 | 111 |
| Nonfinancial public sector | 194 | 113 | 132 | 124 | 122 | 103 |
| Financial public sector | 1 | 15 | 16 | 16 | 16 | 8 |
| Privatization receipts | 0 | 0 | 0 | 0 | 20 | 0 |
| Private sector (net) | 99 | 134 | 154 | 164 | 151 | 209 |
| Direct investment (net) | 84 | 137 | 119 | 164 | 157 | 225 |
| Other (net) | 15 | -3 | 35 | 0 | -6 | -16 |
| Commercial banks (net) | 7 | -58 | -22 | 41 | 150 | -159 |
| Binational entities (net) | 20 | 46 | 107 | 119 | -45 | 66 |
| Errors and omissions | 227 | 3 | -76 | 329 | -145 | 71 |
| Overall balance | 234 | -12 | 95 | 307 | 21 | 14 |
| Financing | -234 | 12 | -95 | -307 | -21 | -14 |
| Exceptional financing | 69 | -340 | -9 | 6 | 20 | -8 |
| Change in arrears | 7 | -395 | -10 | 3 | -7 | -8 |
| Principal | 19 | -285 | 0 | 0 | 0 | 0 |
| Interest | -12 | -94 | 0 | 0 | 0 | 0 |
| Penalty interest | 0 | -15 | 0 | 0 | 0 | 0 |
| Refinancing (net) | 0 | 178 | 0 | 0 | 0 | 0 |
| Discount on debt buyback | 62 | 31 | 0 | 4 | 27 | 0 |
| Face value of buybacks | 113 | 72 | 2 | 19 | 146 | 0 |
| Cash value of buybacks | 51 | 41 | 2 | 15 | 119 | 0 |
| Change in official reserves | -300 | 364 | -87 | -346 | -62 | 44 |
| Valuation Adjustment IRs | -3 | -13 | 1 | 33 | 21 | -50 |
| Memorandum items | | | | | | |
| Current account surplus/deficit 4/ | -1.3 | -1.6 | -0.5 | -4.4 | -2.1 | -2.3 |
| Public sector debt outstanding 4/ | 28.1 | 19.3 | 17.7 | 15.9 | 14.7 | 13.8 |
| Gross official reserves | 975 | 611 | 698 | 1,044 | 1,106 | 1,062 |
| Outstanding public external debt | 1,758 | 1,249 | 1,217 | 1,241 | 1,328 | 1,336 |
| External payments arrears | 417 | 22 | 13 | 15 | 8 | 0 |
| Public sector debt service payments 5/ | 225 | 624 | 286 | 223 | 230 | 199 |
| Public sector debt service ratio 6/ | 16.4 | 49.4 | 18.8 | 14.5 | 11.6 | 9.6 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

1/ Paraguay's exports as reported by trading partners in *Direction of Trade Statistics*, IMF.

2/ Registered and unregistered imports with final destination in Paraguay (i.e., excluding estimated re-exports). Unregistered imports are estimated as the difference between exports to Paraguay as reported by trading partners in *Direction of Trade Statistics* and registered imports.

3/ Includes value-added on re-export of unregistered imports.

4/ As a percentage of GDP.

5/ Cash. Includes changes in arrears on debt service.

6/ Cash in relation to exports of goods and nonfactor services.

Table 37. Paraguay: Composition of Registered Exports (f.o.b)

(Value in millions of U.S. dollars; volume in thousands of metric tons;
average price in U.S. dollars per metric ton)

| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 1/ |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Total | 737.1 | 656.6 | 725.2 | 816.8 | 919.3 | 1043.4 |
| Livestock products (value) | 83.9 | 85.4 | 101.5 | 119.3 | 113.4 | 88.8 |
| Of which: | | | | | | |
| Processed meat | 55.2 | 47.5 | 47.1 | 55.4 | 48.1 | 44.2 |
| Volume | 42.6 | 30.8 | 30.0 | 32.4 | 25.7 | 23.5 |
| Price | 1,297 | 1,544 | 1,568 | 1,712 | 1,872 | 1,885 |
| Hides | 28.3 | 37.5 | 53.9 | 63.0 | 56.7 | 39.5 |
| Volume | 6.1 | 8.2 | 13.6 | 11.8 | 11.7 | 10.5 |
| Price | 4,618 | 4,544 | 3,966 | 5,332 | 4,831 | 3,768 |
| Agricultural products (value) | 535.1 | 417.5 | 434.9 | 435.9 | 550.5 | 673.6 |
| Of which: | | | | | | |
| Tobacco | 7.7 | 6.9 | 7.0 | 6.9 | 6.8 | 8.8 |
| Volume | 6.3 | 6.2 | 6.5 | 6.5 | 5.9 | 6.2 |
| Price | 1,223 | 1,107 | 1,074 | 1,063 | 1,153 | 1,428 |
| Cotton fibers | 318.9 | 209.4 | 164.9 | 170.9 | 296.0 | 216.5 |
| Volume | 217.0 | 185.1 | 138.7 | 115.1 | 149.9 | 128.6 |
| Price | 1,469 | 1,131 | 1,189 | 1,485 | 1,976 | 1,684 |
| Oil cakes and expellers | 31.3 | 54.4 | 30.1 | 4.0 | 31.7 | 85.1 |
| Volume | 311.9 | 393.5 | 233.2 | 41.7 | 232.8 | 520.5 |
| Price | 100 | 138 | 129 | 97 | 136 | 164 |
| Soybean seeds | 157.1 | 137.2 | 223.7 | 222.3 | 175.9 | 324.2 |
| Volume | 1,029.2 | 857.5 | 1,360.4 | 1,186.5 | 1,074.1 | 1,456.7 |
| Price | 153 | 160 | 164 | 187 | 164 | 223 |
| Forestry products (value) | 49.1 | 57.2 | 67.2 | 84.2 | 89.5 | 94.1 |
| Of which: | | | | | | |
| Lumber | 44.4 | 53.3 | 63.8 | 78.6 | 89.5 | 94.0 |
| Volume | 304.5 | 306.3 | 292.6 | 297.2 | 354.2 | 429.1 |
| Price | 146 | 174 | 218 | 264 | 253 | 219 |
| Industrial products (value) | 69.1 | 96.5 | 121.5 | 177.4 | 166.0 | 187.0 |
| Of which: | | | | | | |
| Soybean oil | 10.0 | 32.0 | 32.0 | 51.6 | 57.8 | 58.1 |
| Volume | 29.0 | 79.8 | 72.4 | 115.3 | 204.1 | 112.8 |
| Price | 346 | 401 | 442 | 447 | 283 | 516 |
| Coconut oil | 2.7 | 2.4 | 2.5 | 3.0 | 0.4 | 2.3 |
| Volume | 4.3 | 4.1 | 3.5 | 4.4 | 0.5 | 2.8 |
| Price | 611 | 597 | 704 | 683 | 0.0 | 835 |
| Tung oil | 8.4 | 6.1 | 4.1 | 4.6 | 4.0 | 3.4 |
| Volume | 9.0 | 4.2 | 2.3 | 4.6 | 4.6 | 3.2 |
| Price | 932 | 1,456 | 1,771 | 999 | 869 | 1,070 |
| Oil essences | 19.4 | 14.7 | 8.2 | 10.2 | 10.9 | 13.4 |
| Volume | 1.5 | 1.3 | 0.9 | 0.8 | 0.8 | 0.864 |
| Price | 13,300 | 11,764 | 9,533 | 12,588 | 13,965 | 15,495 |
| Other industrial products | 28.6 | 41.1 | 74.8 | 108.0 | 92.9 | 109.7 |

Source: Central Bank of Paraguay.

1/ Preliminary data subject to variations.

Table 38. Paraguay: Composition of Registered Imports (f.o.b.)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| (In millions of U.S. dollars) | | | | | | |
| Total | 1,275.4 | 1,237.1 | 1,477.5 | 2,140.4 | 2,782.2 | 2,850.5 |
| Foodstuffs, beverages and tobacco | 149.9 | 170.0 | 178.6 | 278.1 | 470.1 | 573.7 |
| Wheat and by-products | 2.1 | 5.3 | 10.2 | 0.8 | 6.4 | 18.8 |
| Whiskey | 50.5 | 48.3 | 39.1 | 50.5 | 81.6 | 60.7 |
| Cigarettes | 42.7 | 44.3 | 44.7 | 75.2 | 176.2 | 259.2 |
| Other | 54.6 | 72.1 | 84.5 | 151.5 | 205.9 | 235.1 |
| Foodstuffs | 36.3 | 53.0 | 56.2 | 98.2 | 138.4 | 153.3 |
| Beverages and tobacco | 18.3 | 19.1 | 28.3 | 53.3 | 67.6 | 81.8 |
| Other consumer goods | 341.1 | 346.1 | 461.9 | 655.1 | 788.0 | 807.3 |
| Automobiles | 56.2 | 66.2 | 72.7 | 87.2 | 123.2 | 125.2 |
| Auto parts and tires | 46.3 | 37.5 | 47.8 | 67.4 | 79.1 | 73.4 |
| Textiles | 32.3 | 26.8 | 44.4 | 72.7 | 80.6 | 67.5 |
| Paper products | 26.5 | 30.2 | 37.7 | 52.4 | 72.2 | 71.1 |
| Other | 179.8 | 203.4 | 259.2 | 375.4 | 432.8 | 595.3 |
| Raw materials and intermediate goods | 165.2 | 206.2 | 248.7 | 424.2 | 522.6 | 440.2 |
| Iron, steel and metals | 65.2 | 63.4 | 72.8 | 118.2 | 127.5 | 125.1 |
| Chemicals, pharmaceuticals | 79.4 | 84.2 | 100.2 | 145.0 | 146.0 | 190.0 |
| Other | 20.6 | 58.6 | 75.7 | 161.0 | 249.2 | 125.1 |
| Fuels and lubricants | 129.7 | 145.0 | 147.2 | 159.4 | 191.6 | 235.4 |
| Crude petroleum | 46.9 | 39.4 | 30.8 | 129.2 | 30.5 | 24.6 |
| Other | 82.8 | 105.6 | 116.4 | 30.2 | 161.1 | 210.8 |
| Capital goods | 489.5 | 351.9 | 441.1 | 623.6 | 809.9 | 793.8 |
| Agricultural machinery | 12.0 | 11.3 | 15.5 | 25.2 | 24.6 | 36.8 |
| Transportation equipment | 50.5 | 71.6 | 86.2 | 122.2 | 155.9 | 131.3 |
| Equipment, machinery and tools | 426.9 | 269.0 | 339.4 | 476.2 | 629.4 | 625.7 |
| (In percent) | | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Foodstuffs, beverages and tobacco | 11.8 | 13.7 | 12.1 | 13.0 | 16.9 | 20.1 |
| Other consumer goods | 26.7 | 29.4 | 31.3 | 30.6 | 28.3 | 28.3 |
| Raw materials and intermediate goods | 13.0 | 16.7 | 16.8 | 19.8 | 18.8 | 15.4 |
| Fuels and lubricants | 10.2 | 11.7 | 10.0 | 7.4 | 6.9 | 8.3 |
| Capital goods | 38.4 | 28.4 | 29.9 | 29.1 | 29.1 | 27.8 |

Source: Central Bank of Paraguay.

Table 39. Paraguay: Direction of Trade Structure

(In percent)

| | Exports | | | | | | Imports | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Western Hemisphere | 47.7 | 55.5 | 59.4 | 65.2 | 65.6 | 78.9 | 60.8 | 67.5 | 71.4 | 69.3 | 68.8 | 71.0 |
| United States | 5.5 | 5.1 | 6.4 | 9.2 | 4.7 | 3.7 | 20.2 | 21.5 | 19.2 | 22.4 | 22.2 | 21.4 |
| Argentina | 4.7 | 8.6 | 8.6 | 7.8 | 10.9 | 14.6 | 9.6 | 14.1 | 13.2 | 14.0 | 14.1 | 13.9 |
| Brazil | 26.0 | 24.9 | 32.5 | 38.5 | 40.0 | 48.8 | 26.7 | 28.2 | 35.3 | 29.7 | 29.1 | 31.6 |
| Chile | 6.9 | 8.1 | 8.0 | 6.1 | 4.5 | 5.6 | 2.0 | 2.1 | 1.8 | 1.6 | 1.7 | 1.6 |
| Uruguay | 1.2 | 1.4 | 0.8 | 0.9 | 1.1 | 2.0 | 0.6 | 0.5 | 0.6 | 0.7 | 0.6 | 1.2 |
| Other | 3.4 | 7.4 | 3.1 | 2.6 | 4.4 | 4.1 | 1.8 | 1.1 | 1.3 | 0.9 | 1.1 | 1.4 |
| Europe | 43.4 | 32.3 | 34.2 | 28.4 | 23.6 | 13.9 | 11.7 | 10.9 | 8.5 | 9.4 | 9.7 | 10.3 |
| Belgium-Luxembourg | 4.2 | 2.6 | 7.0 | 6.5 | 3.4 | 0.7 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| France | 2.9 | 4.5 | 2.2 | 2.0 | 1.6 | 1.4 | 1.5 | 1.3 | 1.0 | 1.3 | 0.9 | 0.9 |
| Germany | 7.8 | 3.7 | 3.9 | 3.0 | 7.4 | 1.6 | 2.5 | 2.3 | 2.2 | 2.4 | 2.3 | 2.6 |
| Greece | 0.7 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Italy | 8.9 | 7.3 | 5.9 | 3.5 | 3.1 | 2.8 | 1.3 | 1.7 | 1.1 | 1.3 | 1.7 | 2.5 |
| Netherlands | 7.1 | 4.4 | 3.8 | 5.7 | 3.4 | 3.5 | 0.6 | 0.4 | 0.6 | 0.5 | 0.4 | 0.4 |
| Portugal | 3.1 | 4.4 | 0.5 | 1.6 | 1.2 | 1.3 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Spain | 6.5 | 3.4 | 9.8 | 4.0 | 2.5 | 1.9 | 0.5 | 0.5 | 0.5 | 0.3 | 0.7 | 0.8 |
| Switzerland | 1.0 | 0.5 | 0.2 | 0.4 | 0.3 | 0.2 | 0.6 | 0.7 | 0.5 | 0.7 | 0.6 | 0.6 |
| United Kingdom | 0.3 | 0.6 | 0.6 | 0.6 | 0.4 | 0.4 | 3.6 | 3.2 | 2.0 | 2.1 | 2.4 | 2.1 |
| Other | 1.0 | 0.6 | 0.3 | 1.2 | 0.4 | 0.1 | 0.7 | 0.7 | 0.5 | 0.5 | 0.5 | 0.3 |
| Asia | 8.5 | 10.9 | 6.0 | 5.0 | 10.0 | 6.5 | 25.4 | 20.1 | 18.2 | 20.1 | 21.0 | 18.2 |
| Hong Kong | 0.1 | 0.3 | 0.1 | 0.2 | 0.5 | 0.2 | 9.2 | 6.3 | 6.5 | 8.7 | 9.4 | 7.3 |
| Japan | 1.1 | 2.3 | 4.4 | 3.3 | 2.9 | 3.1 | 8.0 | 7.6 | 7.1 | 4.8 | 4.6 | 2.3 |
| Other | 7.2 | 8.3 | 1.6 | 1.5 | 6.6 | 3.1 | 8.3 | 6.2 | 4.6 | 6.5 | 7.0 | 8.5 |
| Africa | 0.3 | 1.2 | 0.4 | 0.5 | 0.5 | 0.5 | 2.1 | 1.4 | 1.9 | 1.2 | 0.5 | 0.4 |
| Algeria | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.0 | 1.2 | 1.7 | 0.8 | 0.4 | 0.2 |
| Other | 0.3 | 1.2 | 0.4 | 0.5 | 0.5 | 0.5 | 0.1 | 0.2 | 0.1 | 0.4 | 0.2 | 0.2 |
| Other | 0.2 | 0.1 | 0.0 | 0.8 | 0.3 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

Source: Direction of Trade Statistics, IMF.

Table 40. Paraguay: External Trade Indices

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|------|-------|------|------|------|---------------|
| Exports f.o.b. 1/ | | | | | | |
| Value | 2.8 | 2.5 | 2.8 | 3.0 | 4.2 | 4.8 |
| (percent change) | -2.5 | -12.3 | 12.5 | 7.8 | 40.2 | 13.0 |
| Volume | 2.0 | 1.9 | 2.0 | 1.9 | 2.6 | 2.8 |
| (percent change) | -2.2 | -8.7 | 8.1 | -5.1 | 38.7 | 8.1 |
| Unit price 2/ | 1.4 | 1.3 | 1.4 | 1.6 | 1.6 | 1.7 |
| (percent change) | -0.3 | -3.9 | 4.1 | 13.6 | 1.0 | 4.5 |
| Domestic Exports include VA on Re-Exp. | | | | | | |
| Volume | 2.1 | 2.0 | 2.3 | 2.3 | 3.1 | 3.2 |
| (percent change) | -0.7 | -5.4 | 14.4 | -0.5 | 36.8 | 3.3 |
| Unit price 2/ | 1.4 | 1.3 | 1.4 | 1.5 | 1.6 | 1.6 |
| (percent change) | 0.0 | -3.3 | 4.0 | 11.7 | 1.3 | 4.2 |
| Imports f.o.b. 3/ | | | | | | |
| Value | 2.4 | 2.1 | 2.5 | 3.3 | 3.9 | 4.2 |
| (percent change) | 4.1 | -12.9 | 19.4 | 34.4 | 18.5 | 6.6 |
| Volume | 2.1 | 1.8 | 2.1 | 2.7 | 3.2 | 3.2 |
| (percent change) | 1.2 | -14.5 | 17.5 | 30.4 | 15.8 | 2.0 |
| Unit price 4/ | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.3 |
| (percent change) | 2.9 | 1.8 | 1.6 | 3.1 | 2.3 | 4.6 |
| Terms of trade | 1.2 | 1.1 | 1.2 | 1.3 | 1.3 | 1.3 |
| (percent change) | -2.8 | -5.0 | 2.3 | 8.4 | -0.9 | -0.4 |

Sources: Central Bank of Paraguay; and Fund estimates.

1/ Excludes exports that originate in other countries and the value-added on entrepot trade.

2/ Weighted average of registered export prices and an index of industrial trading partners prices.

3/ Includes only imports with final destination in Paraguay, including those that are unregistered. Excludes imports destined for re-export.

4/ Based on *World Economic Outlook* data for partner countries' prices.

Table 41. Paraguay: Value-added on Re-export Trade and Trade Adjustments

(In millions of U.S. dollars, unless otherwise specified)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Total imports (f.o.b., DOT) 1/ | 1,860 | 1,930 | 2,718 | 3,550 | 4,471 | 4,196 |
| (1) Registered imports | 1,275 | 1,237 | 1,478 | 2,140 | 2,782 | 2,831 |
| (2) Unregistered imports | 585 | 692 | 1,240 | 1,410 | 1,689 | 1,365 |
| Re-exports of unregistered imports | | | | | | |
| (3) Domestic consumption 2/ | 72 | 76 | 82 | 87 | 95 | 99 |
| (4) Re-exports (f.o.b.) | 513 | 617 | 1,158 | 1,322 | 1,594 | 1,266 |
| = (2)-(3) | | | | | | |
| Re-exports of registered imports | | | | | | |
| (5) Re-exportable items 3/ | 332 | 454 | 519 | 785 | 1,152 | 1,086 |
| (6) Domestic consumption 4/ | 137 | 145 | 158 | 168 | 183 | 191 |
| (7) Re-exports (f.o.b.) | 195 | 309 | 362 | 617 | 969 | 895 |
| = (5)-(6) | | | | | | |
| Total re-exports (c.i.f.) 5/ | | | | | | |
| = ((4)+(7))*1.15 | 814 | 1,065 | 1,748 | 2,230 | 2,947 | 2,485 |
| Value-added on re-exports 6/ | 81 | 106 | 175 | 223 | 295 | 249 |
| Domestic imports 7/ | 1,152 | 1,004 | 1,198 | 1,611 | 1,908 | 2,035 |
| = (1)+(3)-(7) | | | | | | |
| Memorandum items | | | | | | |
| Real GDP growth (percent) | 2.5 | 1.8 | 4.1 | 3.1 | 4.7 | 1.3 |
| World inflation | | | | | | |
| (U.S. dollars, percent change) | 4.2 | 3.3 | 3.0 | 2.4 | 2.6 | 2.7 |

Source: Central Bank of Paraguay.

1/ As reported by trading partners in the *Direction of Trade Statistics*, IMF.

2/ Assumes that 25 percent of unregistered imports were consumed domestically in the base year (1985) and an income elasticity of 1.5 in calculating domestic consumption in later years.

3/ Consists of alcoholic beverages, cigarettes, sweets and other food items, perfumes, cotton and synthetic textiles, electronic goods, office equipment, and other consumer items.

4/ Assumes that 80 percent of these re-exportable items were consumed domestically until 1989 and an income elasticity of 1.3 in calculating domestic consumption in later years.

5/ Assumes freight and insurance costs are equal to 15 percent of f.o.b. value of imports, which was the average for registered imports between 1985 and 1992.

6/ Assumes value added on entrepot trade is 10 percent of the c.i.f. value of imports.

7/ Total imports with final destination in Paraguay.

Table 42. Paraguay: International Reserves of the Banking System

(In millions of U.S. dollars)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|--|--------------|------------|------------|--------------|--------------|---------------|
| Total net reserves | 1,113 | 807 | 916 | 1,221 | 1,164 | 1,249 |
| Central Bank | 975 | 611 | 698 | 1,044 | 1,106 | 1,062 |
| Assets | 975 | 611 | 698 | 1,044 | 1,106 | 1,062 |
| Gold | 13 | 12 | 14 | 13 | 14 | 13 |
| IMF reserve position | 16 | 23 | 23 | 21 | 22 | 19 |
| SDRs | 84 | 85 | 89 | 99 | 107 | 105 |
| U.S. dollars | 463 | 330 | 416 | 569 | 595 | 415 |
| Other currencies | 238 | 123 | 102 | 327 | 378 | 327 |
| ALADI float (net) | 162 | 38 | 15 | 15 | -9 | 40 |
| Other | 0 | 0 | 39 | 0 | 0 | 142 |
| Liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Use of Fund resources | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial banks 1/ | 138 | 196 | 219 | 177 | 27 | 187 |
| Assets | 158 | 240 | 300 | 302 | 416 | 353 |
| Liabilities | 20 | 44 | 81 | 125 | 389 | 167 |
| Memorandum items | | | | | | |
| Valuation change on central bank reserves | -3 | -13 | 1 | 33 | 21 | -50 |
| Gross official reserves in months of domestic imports | 9 | 6 | 6 | 7 | 6 | 6 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

1/ Includes the National Development Bank.

Table 43. Paraguay: Outstanding Medium- and Long-Term External Public Debt

(In millions of U.S. dollars)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Prel. 1996 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Public sector and officially guaranteed debt outstanding at end of period 1/ | 1,637 | 1,249 | 1,217 | 1,241 | 1,328 | 1,336 |
| By debtor: | | | | | | |
| Central Administration | 718 | 529 | 530 | 568 | 715 | 780 |
| Public enterprises | 721 | 482 | 461 | 471 | 417 | 378 |
| Rest of public sector | 197 | 237 | 226 | 202 | 196 | 178 |
| By creditor: | | | | | | |
| International organizations | 637 | 633 | 627 | 612 | 700 | 774 |
| IBRD | 200 | 181 | 150 | 121 | 129 | 134 |
| IDB | 390 | 403 | 429 | 446 | 514 | 572 |
| Other | 47 | 49 | 48 | 45 | 57 | 68 |
| Official bilateral creditors | 902 | 590 | 567 | 603 | 606 | 541 |
| Brazil | 0 | 0 | 0 | 0 | 0 | 0 |
| France | 249 | 91 | 63 | 59 | 40 | 36 |
| Germany | 177 | 152 | 135 | 138 | 131 | 88 |
| Japan | 227 | 214 | 260 | 323 | 331 | 305 |
| Other | 249 | 133 | 109 | 83 | 104 | 112 |
| Commercial banks and other creditors | 97 | 26 | 24 | 25 | 22 | 21 |
| Scheduled public and officially guaranteed debt service ratio 2/ | 21.4 | 22.5 | 15.6 | 14.5 | 11.2 | 9.6 |
| Ratio of total public and officially guaranteed debt to GDP | 28.1 | 19.3 | 17.7 | 15.8 | 14.7 | 13.8 |
| Memorandum items | | | | | | |
| Public sector and officially guaranteed debt service payments (cash, in millions of U.S. dollars) | 225 | 624 | 286 | 223 | 230 | 199 |
| Public sector and officially guaranteed debt service ratio (cash, in percent) 2/3/ | 16.4 | 49.4 | 18.8 | 14.5 | 11.6 | 9.6 |

Sources: Central Bank of Paraguay; and Fund staff estimates.

1/ Includes outstanding arrears.

2/ In relation to exports of goods and nonfactor services.

3/ Includes cash outlays for debt buybacks.

Paraguay: Summary of Tax System as of July 10, 1997

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|---|--|--|
| A. Central Government | | |
| 1. Taxes on income and profits | | |
| <p>1.1. Income tax (Impuesto a la Renta) on enterprises engaged in commercial, industrial, and service activities. 1/</p> <p>Laws 125/91 and 210/93. Tax on Paraguayan source income; foreign source income is not taxed. Levied on all classes of public and private enterprises, resident and nonresident, except those indicated in section 1.3 or those providing services of a personal nature. Income is defined as gross income less operating and depreciation expenses. In the absence of proper accounting procedures, the tax authorities may impute a net income for tax purposes. Nonresident firms may opt instead to determine net income as a percentage of gross income. The percentage is specified by the law and varies by activity, ranging from 10 percent to 100 percent. Estimated tax, based on the amount paid in the preceding year, is paid in four quarterly installments, with an adjustment at the end of the tax year.</p> | <p>Exemptions: 1) Revenue: income of nonprofit organizations; dividends received by resident firms; and interest from public debt instruments; 2) Institutions: all state entities, labor unions, employees associations, mutual fund societies, welfare, cultural or sports organizations, schools, political parties, and nonprofit, educational and religious organizations. Under Law 438/94 all the Cooperatives are exempted of tax.</p> <p>Deductions: (1) ordinary business expenses, including the value added tax in the case of an enterprise producing for export; (2) extraordinary losses not covered by insurance or by other compensation; (3) donations to the State and municipalities, and to religious and charitable organizations. Losses may be carried over for a maximum period of three years; (4) capital actualization and annual depreciation by inflation for financial institutions under Law 861/96 (General Banking Law).</p> | <p>(a) The general tax rate is 30 percent.</p> <p>(b) The rate is 15 percent for firms under Law 210/93 which issue shares on the stock exchange, provided their issued share capital increases by 10 percent per year or by 50 percent over the initial (1993) amount. This is a temporary rate for the period 1993-97. Same criteria for enterprises under Law 548/95 for the next 10 years and with a tax rate of 10 percent.</p> <p>(c) Reinvested profits are taxed at 10 percent.</p> <p>(d) An additional tax of 5 percent is levied on profits accredited to partner companies abroad, unless they are reinvested in Paraguay, and on dividends paid to nonresident firms and individuals.</p> |
| <p>1.2. Income tax (Impuesto a la Renta) on enterprises engaged in agricultural and cattle activities. 2/</p> <p>Law 125/91. This tax is similar to the one described in section 1.1, except that net income is determined on a presumptive basis. The gross income of each rural property, including idle land, is assessed at 12 percent of the fiscal value of the property. Operating and other business expenses are then imputed at 40 percent of gross income if the taxpayer owns</p> | <p>Exemptions: properties less than 20 hectares in size, or 20 hectares on properties less than 100 hectares; parklands and lands occupied by permanent lakes or lagoons.</p> <p>Deductions: (1) ordinary business expenses, including any value added tax paid; this deduction is limited to 30 percent of gross income in any year. Where the tax exceeds this amount, the excess may be deducted against income in subsequent years.</p> | <p>25 percent of net income.</p> |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaranies, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|--|--|--|
| <p>the property and 45 percent if he does not. The fiscal value of properties is determined by the National Cadastral Service (Servicio Nacional de Catastro) on the basis of land area, crop yields, and average market prices in the 12 months prior to November 1 of the tax year. The fiscal value is to be updated annually, and excludes the value of improvements or buildings on the property. A National Cadastral survey is currently being undertaken to divide the country in rural zones and determine fiscal values.</p> | <p>(2) Extraordinary losses by natural disasters, not covered by insurance or by other compensation. The tax authorities shall determine the percentage of gross income to be deducted for extraordinary losses.</p> | |
| <p>1.3. Small business turnover tax (Tributo Unico) on sole proprietorships in commercial, industrial, and services activities.</p> | <p>Deductions: 50 percent of any value added tax paid provided that the deduction cannot exceed the amount of tax liability.</p> | <p>3 percent of gross income was established in the Decree 13817/92. <u>3/</u></p> |
| <p>Law 125/91. Tax on sole proprietors, except those providing services of a personal nature, whose accrued gross income in the tax year does not exceed 37,208,310 guaranies. <u>4/</u> Gross income may be imputed by the tax authorities on the basis of such criteria as expenses on wages and salaries, utilities, goods and services, and property taxes. The ceiling is to be updated annually in accordance with the movement in the consumer price index in the 12 months preceding November 1 of the tax year.</p> | | |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|--|--|---|
| 2. Social security contributions | | |
| 2.1 Contributions to the Social Security Institute (Contribuciones al Instituto de Previsión Social). Under Law 98 of December 31, 1992; was established the unified regime in accordance to the articles of this law, the Decree Law 1860/50 accepted in the Law 375/56, 430/73 and complementary laws. Annual contributions of employees to the Social Security Institute are withheld at source. Employers must also insure apprentices not receiving wages. | Exemptions: 1) Government employees, 2) Public and private banks employees, 3) Military and police forces members, 4) Railway "Carlos Antonio Lopez" employees if they are in an independent Social Security System, 5) Local and regional employees. | Employees: 9.5 percent of payroll Employers: 16.5 percent of payroll Government: 1.5 percent of payroll <u>5/</u> |
| 2.2 Contributions to the Government Pensions Scheme (Contribuciones a la Caja Fiscal de Jubilaciones y Pensiones del Ministerio de Hacienda). Covers Central Government employees and Chaco War veterans. Law 186 of July 19, 1993 incorporated to the Government Pension Scheme the transit employees category. By Law 197/93 was established the assessment of the Public Administration and its actualization. | None | Government employees: 14 percent of payroll. Pensioned employees: 7 percent of payroll |
| 2.3 Contribution to the Municipalities Pensions Scheme (Contribuciones a la Caja de Jubilaciones y Pensiones del personal municipal) Law 122 of January 5, 1993 established a unified system to Municipalities employees. | None | Employees: 10 percent of payroll. Municipalities: 10 percent of wages and salaries paid. |
| 2.4 Other contributions To the National Service for Professional Promotion (SNPP) To the National Service for the Eradication of Malaria (SENEPA) To the National Workers' Bank (BNT) | | 1.0 percent of payroll 1.5 percent of payroll 0.5 percent of payroll |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|---|--|--|
| 3. Domestic taxes on goods and services | | |
| 3.1. Value added tax (Impuesto al Valor Agregado) Law 125/91. Levied on (a) individuals employed in the provision of personal services and whose gross income in the tax year exceeds 17,509,793 guaraníes (this amount is updated annually as explained in section 1.3); (b) public and private enterprises, whether resident or nonresident, engaged in commercial, industrial, or service activities, except those subject to the gross income tax on sole proprietorships (section 1.3); and importers not already included in category (b) above. In all cases the tax base includes other indirect taxes. Individuals and firms deduct any value added tax paid to suppliers of goods and services to determine their net tax liability in any month. Where the difference is negative, it may be carried forward to offset future obligations or used to reduce other obligations such as the net income tax. | Exemptions: (1) Sales: exports sales, including freight and insurance; sale or transfer of agricultural products in their natural state, foreign currency, stocks and bonds; fixed property; tickets of games of chance; petroleum products; inherited goods; credits; (2) Services: personal services (excluding professional services) rendered under a relationship of dependence, which is defined to exist when the people involved pay social securities contribution, interest on public and private securities; rental of fixed property; most financial intermediation activities; (3) Importation of: crude oil; goods the domestic sale of which is exempt; accompanying luggage of travellers; goods by members of the diplomatic corps and staff of international organizations; and movable goods used directly in the agricultural and industrial production cycle during the initial installation process, provided such goods are not produced locally; and (4) Institutions: political parties and nonprofit, educational and religious organizations (on domestic purchases only). | (a) 10 percent (b) An effective rate of 1.5 percent is levied on a published list of goods of tourist consumption. (c) An effective rate of 6 percent is levied on cigarettes. |
| 3.2. Excise taxes (Impuesto Selectivo al Consumo) Law 125/91 and Decrees 13946/92, 16141/93 and 7302/95. Tax on domestic sale and import of tobacco and tobacco products, carbonated and alcoholic beverages, alcohol, and petroleum products. The tax base is generally the ex-factory price or foreign currency value of imports as established by | Exemptions: export sales, including freight and insurance. | a. Tobacco and tobacco products: three rates, 4, 6 and 7 percent. b. Carbonated and alcoholic beverages: five rates ranging from 3 to 10 percent. c. Alcohol: two rates, 5 and 10 percent. d. Petroleum products: Motor fuel and alcohol fuel 45 percent Super gasoline 50 percent Aviation fuel 20 percent |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates | | | | | | | | | | | | |
|---|--|---|--------------------------------------|------------|---------------|-------------|----------------------------|------------|--------------------|------------|---|------------|---|------------|
| <p>customs authorities, exclusive of value added tax but, in the case of imports, inclusive of tariffs. In the case of petroleum products whose prices are controlled, the tax base is the sales price fixed by the Economic Cabinet. Petroleum tax revenues are transferred to the Treasury weekly; all others are transferred monthly.</p> | | <table> <tr> <td>Kerosene</td> <td>10 percent</td> </tr> <tr> <td>Diesel</td> <td>5.5 percent</td> </tr> <tr> <td>Fuel oil and liquified gas</td> <td>10 percent</td> </tr> <tr> <td>Lead-free gasoline</td> <td>50 percent</td> </tr> <tr> <td>Turbo fuel</td> <td>1 percent</td> </tr> </table> | Kerosene | 10 percent | Diesel | 5.5 percent | Fuel oil and liquified gas | 10 percent | Lead-free gasoline | 50 percent | Turbo fuel | 1 percent | | |
| Kerosene | 10 percent | | | | | | | | | | | | | |
| Diesel | 5.5 percent | | | | | | | | | | | | | |
| Fuel oil and liquified gas | 10 percent | | | | | | | | | | | | | |
| Lead-free gasoline | 50 percent | | | | | | | | | | | | | |
| Turbo fuel | 1 percent | | | | | | | | | | | | | |
| <p>4. Taxes on international transactions</p> | | | | | | | | | | | | | | |
| <p>4.1. Customs duties (Gravamen Aduanero sobre las Importaciones) 6/</p> <p>The Southern Cone Common Market (MERCOSUR) was established on November 29, 1991 which imposes a common external tariff (CET) on imports from non-MERCOSUR countries and a zero tariff on intra-MERCOSUR trade.</p> <p>Classification of goods for customs purposes is based on the nomenclature of the Council of Customs Cooperation.</p> | <p>Paraguay is allowed exemptions from the CET for capital goods, telecommunications products, automotive products and 399 other selected items, consisting mostly of inputs to production and goods destined for the tourist industry. There are also 427 exceptions to the agreement for duty free intra-MERCOSUR trade. These exemptions are to be phased-out gradually by January 2006 and January 2001, respectively.</p> | <p>MERCOSUR (<u>CET rates</u>) 0-20 percent</p> <p><u>Typical rates</u></p> <table> <tr> <td>Raw materials and intermediate goods</td> <td>0 percent</td> </tr> <tr> <td>Capital goods</td> <td>5 percent</td> </tr> <tr> <td>Items for tourism</td> <td>6 percent</td> </tr> <tr> <td>Consumer goods</td> <td>10 percent</td> </tr> <tr> <td>Vehicles whose CIF value exceeds US\$10,000</td> <td>15 percent</td> </tr> <tr> <td>Vehicles whose CIF value exceeds US\$20,000</td> <td>20 percent</td> </tr> </table> <p>Special rates (on exemptions from free trade agreement) 3-35 percent</p> | Raw materials and intermediate goods | 0 percent | Capital goods | 5 percent | Items for tourism | 6 percent | Consumer goods | 10 percent | Vehicles whose CIF value exceeds US\$10,000 | 15 percent | Vehicles whose CIF value exceeds US\$20,000 | 20 percent |
| Raw materials and intermediate goods | 0 percent | | | | | | | | | | | | | |
| Capital goods | 5 percent | | | | | | | | | | | | | |
| Items for tourism | 6 percent | | | | | | | | | | | | | |
| Consumer goods | 10 percent | | | | | | | | | | | | | |
| Vehicles whose CIF value exceeds US\$10,000 | 15 percent | | | | | | | | | | | | | |
| Vehicles whose CIF value exceeds US\$20,000 | 20 percent | | | | | | | | | | | | | |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|--|---|---|
| 5. Other taxes | | |
| 5.1 Documents tax (Impuesto a los Actos y Documentos) Laws 125/91 and Decree 14001/92. Tax on any obligation, deed or contract whose existence is supported by a document. The tax law lists 34 taxable transactions. The tax on 30 of these automatically was abolished from July 1, 1994, two years after the value added tax was implemented. The four items permanently taxed are: credit transactions (loans and advances) by financial institutions, domestic transfers of funds through instruments such as money orders and letters of credit, foreign transfers of funds, and exportation of agricultural and cattle products in their natural state. The tax is a combination ad valorem and specific taxes. Ad valorem transaction or amount specified in the rates are applied to the value of the document. | Exemptions: 1) Documents: Those relating to raffles and lotteries by nonprofit organizations, donations to the State, Municipalities, Universities, and welfare agencies, compulsory military service, declarations concerning payment of taxes, receipts not constituting payment instrument, classification or rectifications, where the amount of tax is not affected, certain financial and legal transactions, and stock exchange transactions. 2) Institutions: all state entities, political parties, mutual fund societies, labor unions and employees associations, welfare, cultural or sport organizations, school, agricultural productions cooperatives, the Institute of Rural Welfare (Instituto de Bienestar Rural), Agricultural Credit Agency (Credito de Agricola de Habilitación), and agricultural and industrial development loans not exceeding 36,846,695 guaraníes (updated annually as explained in section 1.3). | Specific rates: abolished. Ad valorem rates: Law 125/91 set a rate of 12 percent on the exportation of agricultural and cattle products in their natural state, but Decree 14001/92 subsequently reduced the rate to zero. The rates on the permanently taxed items are as follows: (a) credit transactions of financial institutions 1.74 percent (b) domestic transfers of funds 1.00 percent (c) foreign transfers of funds 1.50 percent The rate in (a) is an annual rate. For loans less than one year in maturity, the rate is reduced proportionately. |
| 5.2 Race course tax (Impuesto sobre las entradas al Hipódromo) Established in Law 35/54. | None. | 10 percent |
| 5.3 Tax on income from gambling (Impuesto sobre las ganancias de juegos de azar) Established in Law 431/71. | Exemptions: All income up to Gs.5,000. Deductions: 10 percent of gross amount considered ordinary business expenses. | 10 percent |

Paraguay: Summary of Tax System as of July 10, 1997 (Continued)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates |
|--|--|--|
| B. Municipal Governments | | |
| 1. Taxes on property | | |
| 1.1. Property tax (Impuesto Inmobiliario) | <p>Exemptions: 1) Total: Central and Municipal governments, and decentralized agencies not engaged in commercial activities, religious and charitable organizations, national historic monuments, institutions such as orphanages and hospitals offering services to the public free of charge, property of foreign governments used for diplomatic purposes, political parties, education, cultural social and sport institutions, labor unions, mutual self-help societies, private property used free of charge by religious organizations, schools, libraries and foreign governments used for diplomatic purposes, Chaco War veterans and their widows, property belonging to the Institute of Rural Welfare (Instituto de Bienestar Rural) distributed to the farmers, national parks and lands reserved for indigenous people. Property awarded to individuals in settlements established by the Institute of Rural Welfare is exempt for a period of five years.</p> <p>2) Partial: the tax liability may be reduced by 50 percent if the property suffers damage because of natural disasters.</p> | <p>a) 1 percent</p> <p>b) 0.5 percent, in the case of rural properties of less than 5 hectares used for farming or cattle.</p> |
| <p>Law 125/91. Annual tax on property owned by individuals, enterprises, or entities in general, whether resident or nonresident. The tax base is the fiscal value of the property as established by the National Cadastral Service. The fiscal value excludes improvements to the property or buildings. The fiscal value shall be adjusted annually over a period of not less than five years from the date of implementation of the tax, until it reaches the market value of the property.^{7/} The annual adjustment shall not exceed the percentage increased in the consumer price index in the 12 months preceding November 1 of every year. The market value shall be adjusted annually by a maximum of 15 percent.</p> | | |

Paraguay: Summary of Tax System as of July 10, 1997 (Concluded)

(All amounts in guaraníes, unless otherwise indicated)

| Nature of Tax | Exemptions and Deductions | Rates | |
|--|---|---|-------------------------|
| 1.2. Additional tax on idle urban land (Impuesto Adicional a los Baldíos) Law 125/91. Idle land is defined as that on which there are no buildings or improvements. This tax is paid in addition to the property tax. The tax base is the fiscal value of the property. | <u>Exemptions:</u> The Economic Cabinet may establish zones on the outskirts of the capital and interior cities which shall be exempt from this additional tax. | In the capital: | 0.4 percent |
| | | In Municipalities of the Interior: | 0.1 percent |
| 1.3. Additional tax on large rural land holdings and estates (Impuesto Adicional al Inmueble de Gran Extensión y a los Latifundios) Law 125/91. For the purpose of this tax, the areas of noncontiguous parcels of land belonging to the same owner are summed and considered as one piece of land. This tax is paid in addition to the property tax. The tax base is the fiscal value of the property. | None. | a) on large land holdings: | |
| | | Eastern Region | Tax rate Western Region |
| | | Area in hectares | (%) Area in hectares |
| | | Up to 10,000 | 0.0 Up to 20,000 |
| | | 10,001-15,000 | 0.5 20,001-30,000 |
| | | 15,001-20,000 | 0.7 30,001-40,000 |
| | | 20,001-25,000 | 0.8 40,001-50,000 |
| | | 25,001-30,000 | 0.9 50,001-60,000 |
| | | 30,001 and over | 1.0 60,001 and over |
| | | b) On large estates (Latifundios): | |
| | | A surcharge of 50 percent on the above rates. | |

Source: Ministry of Finance.

1/ This tax was implemented on January 1, 1992.

2/ This tax was implemented on January 1, 1995.

3/ Law 125/91 sets a tax rate in the range 1-4 percent.

4/ US\$17,469 at end-December 1996 exchange rate.

5/ The Government does not pay its contribution.

6/ MERCOSUR was created by the Asunción Treaty on March 26, 1991. Member countries are Argentina, Brazil, Paraguay, and Uruguay.

7/ The property tax was implemented on January 1, 1992.