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The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') assessment of Paraguay covering the period 2016 - 2017

Accompanying the document

Report from the Commission to the European Parliament and the Council

Report on the Generalised Scheme of Preferences during the period 2016 - 2017

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Paraguay GSP+ Assessment

1. Country Overview

Paraguay has been a working democracy since 1992. It has made efforts to reduce poverty and inequality, notably in addressing the country's large disparities in wealth distribution – affecting particularly rural areas and indigenous communities. Nevertheless, despite Paraguay's average growth in the last 3 years being among the highest in the region, this has not been sufficiently reflected in the country's fight against poverty, though there have been improvements.

On human rights, Paraguay's achievements need to be acknowledged. The Paraguayan monitoring system (SIMORE), which allows assessing and monitoring the implementation of recommendations made by human rights mechanisms, is not only being applied in Paraguay but also being exported to other countries and becoming a reference for survey and monitoring purposes. Examples of positive progress are: Paraguay's membership of the UN Human Rights Council for the period 2015-17, the adoption of the Law on Free Citizen Access to Public Information and Transparency, the National Action Plan for the Rights of Persons with Disabilities and its implementation, the adoption of legislation to protect women's rights and to combat violence against women, and sustained steps to combat trafficking in human beings. Furthermore, Paraguay has announced its candidature for membership to the UN Human Rights Council for the period 2020-2023.

Political ethics and the institutional capacity of all Paraguayan State powers (and their representatives) need to be enhanced, in particular that of the judiciary. Persisting institutional weaknesses adversely affect democracy, human rights and enforcement of rule of law, and erode the citizens' confidence in the system.

Paraguay, having been classified by the World Bank as upper-middle income country for three consecutive years, is scheduled to leave the GSP+ arrangement on 1 January 2019.

2. Compliance with GSP+ Obligations

2.1. UN Human Rights Conventions (Conventions 1-7)

Status of ratification and reporting

Paraguay has maintained the ratification of the seven GSP+ related UN human rights conventions with no reservations.

Paraguay complies with all its reporting obligations to monitoring bodies, with the exception of the Convention on Civil and Political Rights (latest report was due in March 2017).

Status of implementation of the conventions

International Convention on the Elimination of All Forms of Racial Discrimination (CERD)

In 2016, the Committee on the Elimination of Racial Discrimination issued Concluding Observations in response to the 4th to 6th periodic reports submitted by Paraguay. The positive

aspects highlighted by the Committee included the adoption of an Act on Indigenous Peoples Health promulgated in September 2015, which established the National Directorate for Indigenous Peoples Health, the National Council for Indigenous Peoples Health, and the National Council for Indigenous Peoples Education in July 2016. It also created a system in 2014 for monitoring the implementation of international recommendations issued by human rights bodies.

Some issues of concern outlined by the Committee included the existing discrimination against indigenous peoples. The Committee also indicated that no steps have been taken to ensure proper representation of indigenous peoples in the National Institute of Indigenous Affairs or to strengthen that body's institutional autonomy. The Committee noted with concern that further measures for promoting participation by indigenous peoples in public decision-making processes remain necessary. As a response, Paraguay has carried out a number of measures to tackle discrimination of indigenous communities, and in particular indigenous women. The Paraguayan authorities are well aware that these communities continue to suffer from acute socioeconomic disparities, discrimination, and limited access to land and natural resources. In order to tackle the discrimination of indigenous women, the Ministry of Women and the Paraguayan Institute for Indigenous People (INDI) concluded a cooperation agreement and are in the process of implementing it.

During 2016, the judiciary promoted initiatives such as a programme to ensure access to justice for all citizens, without any distinction of age, ethnic origin, race, social condition, identity, origin, nationality and physical condition – for example, by sensitising the main actors of the justice system and developing the necessary protocols. In this context, the Action Protocol for Intercultural Justice has been prepared. It includes a number of dispositions for the handling of judicial processes involving indigenous peoples.

In order to reduce the socioeconomic disparities affecting indigenous populations, the Paraguayan authorities are implementing the care protocol for indigenous communities adopted in 2015, which foresees consultation and inclusion of these communities in programmes and projects. Indigenous communities benefit from the Government initiatives to correct socio-economic disparities and support the less favoured sectors of the population (the *Tekoporá y Sembrando Oportunidades* Programmes). The authorities continue with their workshops and other actions in the field of education as well as activities aiming at informing indigenous communities of their electoral rights and obligations.

To implement the judgements of the Inter-American Court of Human Rights (IACHR) on restitution of ancestral lands to originating peoples, Paraguay has legislation in place for the return of traditional land to the Sawhoyamaxa community. The IACHR undertook a visit to Paraguay in October 2017 to review these judgments. Restitution of land to other communities, such as the Yakye Axa and Xakmok Kasek is on-going but concrete progress has been limited since the 2016 GSP Report[1].

Despite the steps undertaken, more determined efforts are necessary to properly address shortcomings as regards the legal protection for indigenous peoples' rights over their lands

[1] https://eeas.europa.eu/sites/eeas/files/european_commission._2016._report_on_the_generalised_scheme_of_preferences_during_the_period_2014-2015.pdf

and resources, as well as widespread poverty and socio-economic exclusion of this population.

International Covenant on Civil and Political Rights (CCPR)

Paraguay has implemented measures to facilitate voting by people with disabilities, such as registration campaigns, the possibility to vote at home for citizens with a severe disability, training of election civil servants to register and assist disabled voters, and dedicated conferences and seminars. It is actively preparing improved implementation in the context of the 2018 General Elections. A care protocol for access to justice of people with psychosocial disabilities has been adopted and the authorities have organised capacity building to facilitate proper implementation.

The Government has continued to work towards the identification of victims of the 1954-1989 dictatorship. However, the pace of investigations and possible compensations has overall been slow and the proceedings rather erratic. There are justified concerns that relevant judicial investigations – involving many cases of disappearances, torture, extrajudicial executions and illegal detentions – have not received adequate attention. While freedom of press and opinion is generally respected in the country – as there is neither evident censorship nor action by the authorities against journalists – investigative journalists run certain risks when working on sensitive issues such as drugs trafficking, 'narco-politics', money laundering or corruption cases involving powerful/influential individuals. In this context, Paraguay has adhered to the UN Action Plan on the Security of Journalists and has announced its intention to work towards a mechanism to enhance journalists' security in the country.

The Human Rights Council recommended that Paraguay combats impunity for all violations against human rights defenders, investigates allegations of abusive practices by security and law enforcement forces and prosecutes those found responsible.

Further steps have been taken to combat trafficking in human beings, notably through prevention campaigns on sexual exploitation of children and adolescents and the adoption of a National Plan to prevent trafficking in human beings.

Despite the sustained efforts carried out by the authorities since the 2016 GSP Report, the issues identified in the framework of CCPR remain valid and require continued further attention, notably the trafficking of women and children, especially for purposes of sexual exploitation or child labour, poor prosecution of such crimes and impunity of perpetrators, the high proportion of inmates in pre-trial detention, as well as overcrowding and deplorable living conditions in prisons, the difficulties of detainees in having access to legal assistance and the overall functioning of justice, and the insufficient investigation and prosecution of the assaults and killings of *campesinos* and indigenous defenders/leaders that occurred in the past.

International Covenant on Economic, Social and Cultural Rights (CESCR)

In 2015, the Committee on Economic, Social and Cultural Rights called on Paraguay to take measures to involve indigenous peoples in any decision making related to their economic, social and cultural rights, to adopt measures to avoid forced evictions of indigenous peoples, to increase investments in social policies through a more efficient fiscal system, to undertake efforts to fight corruption, to ensure independence of judicial civil servants, to promote non-discrimination through the adoption of a law on this issue, and to promote gender equality.

Other recommendations were made on, *inter alia*, minimum wage, trade unions, forced labour, social security, child labour, and the right to food. While Paraguay has taken some steps to address these issues, determined action over the medium term remains necessary to achieve the expected results. One positive aspect has been the appointment of a new Ombudsman. This opens a window of hope regarding the performance of the institution. The Ombudsman Office and the last Ombudsman were criticised during years by local and international observers because of their lack of efficiency.

However, the concerns identified in 2015 regarding the implementation of CESCR still require continued attention, in particular as regards the establishment of a legal mechanism to ensure that prior, free and informed consent is obtained from indigenous people in relation to decisions, which may affect the exercise of their economic, social, and cultural rights. Many indigenous persons lack legal recognition for their land, and there is a high number of forced evictions. According to the 2008 census, 80% of agricultural land is held by 1.6% of landowners. The Constitution stipulates that indigenous people, representing 1.7% of the total population, are entitled to the ownership of their ancestral land. Yet, it is estimated that only half of the indigenous communities own their land.

In addition, the capacity of public institutions should be increased to ensure compliance with laws and public policies for the promotion and protection of economic, social and cultural rights. Furthermore, anti-corruption measures should be strengthened, as corruption undermines the proper implementation of economic and social rights. Further efforts to combat discrimination of members of indigenous peoples, disabled persons, LGBTQ persons by, *inter alia*, providing an adequate legal framework, are needed. Poverty, which especially affects indigenous people and people living in rural areas, also needs to be further addressed.

Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)

In December 2016, Paraguay adopted the law on Comprehensive Protection of Women Against all Forms of Violence. It established feminicide as a specific criminal offense, with penalties ranging from 10 to 30 years. It also includes guidelines for the comprehensive protection of the victim and her family.

A law on democratic parity was submitted to Parliament in March 2016 to achieve parity in elective offices, as well as in agencies of the public sector and in the political parties. At the time of writing, the law was expected to be adopted in the course of 2017 and implemented for the 2018 general elections.

The main implementation shortcomings with regard to CEDAW remain the persistence of unpaid domestic labour of young girls (child labour), the vulnerable situation of indigenous women, in particular with regard to access to adequate food and safe drinking water, the low participation of women in decision-making bodies and public life, wage gaps between men and women and a high illiteracy rate among women, especially in rural areas. Preventive action against domestic violence should be stepped up, as domestic and gender-related violence remains an issue. Sexual education of young girls needs to be enhanced. Another shortcoming is that abortion remains criminalised in all circumstances (including in cases of abuse, rape or serious danger for mother/child). Furthermore, a general anti-discrimination law has not yet been passed.

Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)

Paraguay's National Mechanism of Prevention of Torture (NMPT) continues to be a key element in the country's efforts to prevent torture and other cruel, inhuman or degrading treatment or punishment. The mechanism has continued to disseminate best practices and to alert the national authorities to cases of abuse and mistreatment.

The implementation of the legislation regulating the duties and powers of enforcement bodies remains a challenge for the justice system.

The authorities and civil society organisations have promoted successful initiatives to help the well-being and future reintegration of incarcerated women.

Key implementation concerns relate to the widespread use of pre-trial detention, poor conditions in prisons, abuses of detainees under police custody, and limited prosecution of officers committing abuse and/or torture.

Convention on the Rights of the Child (CRC)

The Paraguayan authorities are implementing various programmes to promote and protect the rights of children and adolescents, in particular the *Abrazo* programme, aiming to eliminate the worst forms of child labour and the *Painac* programme, aiming to decrease the number of street children.

The national strategy on the Eradication of Child Labour and Protection of Adolescent Workers targets *criadazgo* (children working as domestic servants) and qualifies it as one of the worst forms of child labour. The National Plan for the Prevention and Eradication of Sexual Exploitation of Children and Adolescents is under implementation. At legislative level, a draft law on the *criadazgo* and hazardous work for children has been prepared and is under parliamentary scrutiny. Efforts are being undertaken to reinforce child-related statistics (with regards to abuse and labour). Intervention protocols regarding children's rights and sexual and reproductive rights have been issued in May 2016. A guide on the inter-institutional intervention of workers below 18 has been published. Dialogue has been established with the indigenous communities to prevent child labour and to encourage schooling and education of these children.

However, further steps are needed. Statistical data on issues such as birth certificates, child abuse and child labour need to be improved. Issues such as the discrimination of children of indigenous communities, the persistence of *criadazgo*, the still high number of working children among indigenous communities and high rates of child pregnancy are matters that deserve further attention.

Future actions and priorities

Following its membership of the UN Human Rights Council (HRC) in 2015-2017, Paraguay wishes to assume responsibility for a new term (2020-2023) in the HRC framework.

Various initiatives to combat discrimination of indigenous peoples are part of Paraguay's future actions. The implementation of the Action Protocol for Intercultural Justice including

dispositions for the handling of judicial processes involving indigenous peoples is underway. Workshops to inform indigenous communities of their electoral rights and obligations will be continued. The restitution of land to indigenous communities, such as to the Yakye Axa and Xakmok Kasek communities is on-going, though progress so far has been slow. Also part of Paraguay's future actions is the implementation of the cooperation agreement between the Ministry of Women and the Paraguayan Institute for Indigenous People (INDI), which aims to tackle the discrimination of indigenous women.

In view of the 2018 general elections, Paraguay is actively implementing measures to facilitate voting by people with disabilities. A law on parity democracy is expected to be implemented for the 2018 general elections.

The Paraguayan authorities will continue implementing various programmes to promote and protect the rights of children and adolescents. In addition, Paraguay will further implement the National Plan for the prevention and eradication of sexual exploitation of children and adolescents. Legislative initiatives are also underway, in particular the draft law on *criadazgo* and dangerous works by children. Efforts are being undertaken to reinforce statistics on child abuse and child labour.

Paraguay has also announced its intention to work towards a mechanism to enhance journalists' security in the country.

Conclusions

Paraguay has made further progress in effectively implementing human rights commitments in 2016-2017, taking into account its overall socioeconomic situation and institutional resources. In particular, Paraguay has made efforts to fight discrimination and promote and protect the rights of children, adolescents and persons with disabilities. Awareness of human rights obligations has increased, partly as a result of the membership of the UN Human Rights Council in 2015-2017. At the end of 2016, Paraguay adopted the law on Comprehensive Protection of Women Against all Forms of Violence.

Sustained action for effective and systematic implementation of human rights commitments remains nonetheless necessary. Further attention is needed, in particular with regard to the rights of indigenous peoples, violence and discrimination against women, child labour, discrimination against LGBT persons as well as the overall functioning of the justice system, including conditions in prisons and pre-trial detention. More determined efforts remain necessary regarding Paraguay's fight against widespread poverty and inequality.

Efforts to increase transparency and fight corruption are expected to have a positive impact on the protection of human rights, provided that they are sustained and carried out with the necessary determination.

The issue of access to land and land ownership should be properly addressed.

2.2. ILO Labour Rights Conventions (Conventions 8-15)

Status of ratification and reporting

Over the reporting period, Paraguay has maintained the ratification of the eight ILO fundamental conventions relevant to GSP+ and has complied with all its reporting obligations. However, Paraguay has not always provided the detailed information required by the ILO supervisory system and the GSP+ monitoring process.

In an on-going project funded by the EU, Paraguay is being assisted by the ILO in the effective implementation of the ILO standards and in its compliance with its reporting obligations. This project is foreseen to run until August 2018.

Status of implementation of the conventions

Freedom of Association and Collective Bargaining (Conventions 87 and 98)

There has been limited progress in the area of freedom of association and collective bargaining. As in previous years, the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has repeated its request to Paraguay to address the incompatibility of national legislation with ILO Convention 87. The main concerns relate to the excessive requirement of the number of workers needed to establish a branch trade union, the prohibition to join more than one trade union, the excessive conditions applied on membership in trade union executive boards, and the requirement that a strike is directly linked to the occupational interests of workers. The CEACR also repeated its request to repeal certain sections of the Code of Labour Procedure in order to respect the referral of collective disputes to compulsory arbitration.

Furthermore, Paraguay continues to be under scrutiny as a country case by the Committee on Freedom of Association. In this regard, Paraguay has demonstrated willingness to cooperate by sending two reports to the ILO responding to the allegations from local trade unions. These allegations referred to deficiencies in sanctions procedures of the labour inspectorate related to corruption practices, barriers to the creation of trade unions, obstacles to collective bargaining and anti-union discrimination. The issues raised in the case remain however unsolved and will require further efforts from the Government to engage in discussions with social partners to address them.

As regards the implementation of ILO Convention 98, Paraguay was also requested to take the necessary legislative steps to establish adequate protection against anti-union acts and to prevent discrimination against workers, civil servants and public employees because of their affiliation to trade unions. Measures should include penalties against violations of the provisions set out in ILO Convention 98. In April 2017, Paraguay requested ILO support to address, at least partly, the above mentioned challenges, in particular through the amendment of the relevant sections of the Labour Code.

Abolition of Forced Labour (Conventions 29 and 105)

Over the years the CEACR has repeatedly pointed to the situation of the many indigenous workers in agricultural ranches in the Paraguayan Chaco, who continue to be exposed to bondage labour. Labour exploitation of indigenous workers in several regions of the country persists and is particularly concentrated in the agricultural sector. In particular, in a 2017

individual case, the CEACR invited Paraguay to allocate sufficient material and human resources to the Ministry of Labour offices in the Chaco region for receiving workers' complaints and reports on forced labour. Paraguay was also requested to ensure that judicial proceedings are launched against persons exacting forced labour in the form of debt bondage, and to continue strengthening the capacity of labour inspectors. Finally, the CEACR invited Paraguay to ensure that the national criminal law contains sufficiently specific provisions to enable the competent authorities to initiate criminal proceedings against the perpetrators of these practices. To address this issue, Paraguay has taken a number of measures including awareness-raising activities, trainings of magistrates and labour inspectors, vocational training for young workers in the Chaco communities, the creation within the Labour Inspectorate of a technical unit for the prevention and eradication of forced labour, and the establishment of the Directorate for Indigenous Labour within the Ministry. However, these measures will need to be stepped up in order to curb the problem in the country.

The 2016-2020 National Strategy for the Prevention of Forced Labour was adopted with the participation of workers' and employers' organisations and in consultation with indigenous peoples. Furthermore, Paraguay has requested ILO support for the implementation of some of the actions requested by the CEACR, namely workshops to raise awareness on forced labour, proper strategic planning of activities for forced labour prevention, and the production of an Intervention Guide for forced labour cases. In 2016, the CEACR pointed out that Paraguay should intensify efforts to effectively implement the strategy, particularly in regions with weak State presence and where forced labour indicators have been identified. This could be achieved by adopting regional action plans. Paraguay was also asked to indicate the priority actions of the strategy.

Minimum Age for Work and Worst Forms of Child Labour (Conventions 138 and 182)

The CEACR regularly encourages the Government to intensify its efforts to improve the situation regarding child labour in the country. More specifically, it asks Paraguay to, *inter alia*, address capacities of the labour inspection and law enforcement bodies, ensure proper implementation of the Labour Code, address worst forms of child labour by prosecuting perpetrators, combat the *criadazgo* system and protect street and indigenous children.

National Plans for the Prevention and Eradication of Child Labour and for the Prevention and Eradication of Sexual Exploitation of Children are in place and being implemented.

Improvements registered in recent years concern child labour. In 2010, the percentage of working children between 10 and 14 was 14.4% (23.3% in rural areas, 6.6% in urban areas). However, figures in 2016 showed a significant reduction, bringing the percentage of working children between 10 and 14 to 8.1% (11.3% in rural areas, 5.3% in urban areas). Almost half of the children work in agriculture, stockbreeding, hunting and fishing. The vast majority of children and young persons who are engaged in child labour perform hazardous work (approximately 90.3 % of the 5-13 age group and 91.1 % of the 14-17 age group). The CEACR noted the Government's efforts to increase the school attendance rate and to reduce school drop-outs, and encouraged the Government to intensify its efforts in this respect to ensure that at least all children under 14 years of age have access to basic compulsory education.

At the regulatory level, Paraguay has taken a number of steps: a draft law against the worst forms of child labour (including *criadazgo*) is currently under parliamentary scrutiny, as well as a draft law to take into account ILO provisions regarding night work by minors. A Protocol of Intervention as regards *criadazgo* cases has been published with ILO support. Workshops against child labour and *criadazgo* are being organised in order to familiarise society, the judiciary and other administrations about the phenomenon and to help preventing it.

Despite improvements and initiatives, the large number of children and young persons who are engaged in an economic activity below the minimum age for admission to employment and/or in hazardous work remains a matter of concern. Paraguay needs to continue its efforts in this regard. Paraguay should provide statistics on the real nature and extent of child labour in the country and should make the findings of the survey on child labour in rural areas public. Further efforts are needed to protect street children. Investigations and effective prosecution of trafficking in children remain priority measures. There is still an urgent need to strengthen the capacities of law enforcement bodies, particularly the police, the justice system and customs officials, in order to improve their capacity to identify cases of trafficking and sexual exploitation of children.

Elimination of Discrimination (Conventions 100 and 111)

Many of the issues raised by the CEACR remain unresolved. Pay differentials remain one of the most persistent forms of inequality between women and men and are a consequence of occupational segregation. Proactive measures are needed to raise awareness, evaluate, and promote and enforce the application of the principle of equal remuneration for men and women for work of equal value and to improve the access of women to a broader range of employment opportunities at all levels and in all sectors.

However, in some areas the Government has demonstrated efforts towards improvement. For example, Paraguay underlines the actions taken by the Ministry of Labour, Employment and Social Security, in the field of gender equality such as: free legal advice for women; training sessions conducted in coordination with the National Vocational Promotion Service and the National System of Education and Training Labour; awareness campaigns to promote equal work opportunities and treatment for men and women; and protection of the right to breast feed. In relation to actions against discrimination, Paraguay has approved a National Plan for the Rights of People with Disabilities (2015-2030). Authorities and civil society organisations have jointly launched a number of initiatives in 2016 and 2017 aiming at promoting effective opportunities for disabled people. Moreover, a department has been established in 2017 at the Ministry of Labour to address labour issues of indigenous peoples.

The CEACR has also been referring repeatedly to the need for Paraguay to adopt provisions on sexual harassment at work, as the existing legal provisions are insufficient. Addressing sexual harassment only through criminal proceedings is inadequate, as behaviour that constitutes sexual harassment in employment and occupation is not fully taken into account.

Future actions and priorities

Paraguay does not have a general strategy to ensure an effective implementation of the ILO fundamental conventions, but is developing a series of measures and tools to do so. Among them are the National Plan for Prevention and Eradication of Child Labour and Protection of Adolescents' Work, the National Plan for Prevention and Eradication of Sexual Exploitation

of Children and Adolescents, the Strategy for the Prevention of Forced Labour; the National Policy to Prevent and Combat Trafficking in Human Beings. These measures are expected to contribute to improved implementation and concrete progress. The 2016-2020 National Strategy for the Prevention of Forced Labour was adopted and implementation should be followed-up.

Conclusions

There has been some progress in the implementation of the ILO fundamental conventions. However, the administrative structures are still weak and awareness among the population and social and economic actors on labour rights is limited. Moreover, Paraguay does not engage sufficiently with social partners. Sustained efforts in the long term will be necessary to achieve concrete and generalised results as regards the effective implementation of the ILO fundamental conventions.

Shortcomings have been identified in terms of legislative alignment and enforcement, in particular in the areas of discrimination in employment, minimum age for work and worst forms of child labour. Recommendations made by the CEACR on these issues are progressively being taken into account, in particular with regard to actual implementation and results.

The elimination of child labour, the combat against trafficking in human beings and equal labour conditions for men and women are issues that require further attention.

2.3. UN Conventions on Environmental Protection and Climate Change (Conventions 16-23)

Status of ratification and reporting

Paraguay has maintained the ratification of all conventions relevant to the GSP+ on environmental protection and climate change.

Paraguay has not met all of its reporting obligations under the conventions. Information provided regarding the implementation of the conventions has been limited so far.

Status of implementation of the conventions

Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)

In relation to the CITES Convention, a significant step forward since the 2016 GSP Report is that Paraguay has achieved category 1 status.[2] Paraguay strengthened its legislation according to CITES recommendations, including the penalisation and confiscation provisions and now meets all requirements for the implementation of the convention.

Nonetheless, Paraguay's resources to respond to the reporting demands remain very limited. It continues to underline that, under the present circumstances, the control and supervision of CITES implementation on the ground is its first priority. Consequently, it submitted the annual reports for 2014 in 2015, but the biennial report for 2013-2014 is still due.

Basel Convention

Paraguay is not yet fully compliant with the reporting requirements of the Basel Convention. It argues that this is due to limited human resources, but assures that reporting will be gradually fulfilled. The latest report submitted was from 2015. On implementation, little information was available.

Convention on Biological Diversity (CBD)

Over the years, both the economic structure (livestock and agriculture) and the energy matrix have had a considerable impact on the country's forests (high deforestation rate). Wetlands, which cover between 15% and 20% of the country's surface, remain areas particularly vulnerable to exploitation. After drainage, they become adequate areas for economic activities. This has significantly harmed the country's biological diversity. National budgetary allocations for the management of protected wilderness areas have declined. Biodiversity loss is thus still a fact and concrete measures to implement the convention remain necessary.

In 2016, Paraguay submitted the 5th national report as well as a revised National Biodiversity Strategy and Action Plan (NBSAP).

Stockholm Convention on Persistent Organic Pollutants

Paraguay submitted the 3rd national report in 2016. Paraguay has started a process to revise and update its National Plan for the implementation of the Stockholm Convention. At the time of writing, this update was expected to be completed by the end of 2017. However, no information has been provided so far on measures taken to effectively implement the regulation.

[2] Category 1: legislation that is believed generally to meet all requirements for effective implementation of CITES. Source: https://cites.org/eng/legislation/National_Legislation_Project

Cartagena Protocol on Biosafety

Paraguay ratified the Cartagena Protocol on Biosafety in 2004. It submitted its 2nd national report due in 2011. The 3rd National Report, providing data on the current situation regarding the implementation of the Protocol, was submitted in December 2016.

Conventions on Climate Change

Paraguay is party to all climate change-related conventions, and has no salient shortcomings.

As for the Montreal Protocol, Paraguay is up to date regarding reporting requirements. It has ensured the annual submission of statistical data on the production, import and export of controlled ozone depleting substances (ODS). It has also ensured the annual submission of statistical data on the production, imports, exports and consumption (use) by sector of all controlled substances. The latest reports have been submitted in February 2017. However, no information has been provided on national action plans. Details on the implementation of the Protocol are lacking as well.

Paraguay submitted its 3rd National Communication to the UN Framework Convention on Climate Change (UNFCCC) in September 2017 and its 1st Biennial Update Report in December 2015. The 2015 National Strategy for Reducing Emissions from deforestation and forest degradation, as well as the 2015 National Adaptation Strategy and Action Plan, are also in the phase of preparation and validation respectively. The priority sectors in the National Adaptation Strategy and Action Plan are water resources, forests, agricultural and livestock production, land management, energy, infrastructure, health and sanitation, risk management and natural disasters and early warning systems.

On 1 October 2015, Paraguay submitted its Intended Nationally Determined Contribution (INDC) to the UNFCCC Secretariat. Paraguay's INDC envisages a reduction of emissions equivalent to 10% compared to business-as-usual by 2030 and a conditional reduction of 20%. The INDC focuses on land use change, reduction of biomass as energy source for agricultural production, improvements in transportation, limitations placed on the import of used cars, and how to take further advantage of the fact that clean energy from hydro-electrical sources is plentiful in the country.

Conclusions

Deforestation, water pollution, waste disposal and loss of wetlands are key environmental challenges that the country is facing.

Furthermore, Paraguay needs to provide information about how it intends to improve reporting and implement its obligations under the conventions on environmental protection.

This requires both institutional strengthening and a medium to long term strategy for addressing environment issues, clearly detailing the steps towards the conventions' proper implementation.

On Climate Change, the National Strategy for Reducing Emissions and Deforestation and the National Adaptation Strategy also need to be finalised. Clear steps for the implementation of the actions outlined in its INDC should also be enumerated, enacted and implemented.

2.4. UN Conventions on Good Governance (Conventions 24-27)

Status of ratification and reporting

Paraguay maintained ratification of the UN Single Convention on Narcotics Drugs, the UN Convention on Psychotropic Substances and the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Paraguay complies with the reporting requests from the monitoring body of the three core UN conventions on fighting illegal drugs (the International Narcotic Control Board — INCB).

Paraguay ratified the UN Convention against Corruption in 2005, and has complied with all requests for information. Monitoring is carried out by the UNCAC's Implementation Review Group, which last reviewed Paraguay in 2014. The executive summary of this review is available to the public since September 2014, but the full country report, which had been expected to be released in early 2016, was not yet available at the time of writing.

Status of implementation of the conventions

UN Conventions Fighting Illegal Drugs

As reported in 2016, Paraguay is South America's main cannabis producer and an important transit country for cannabis and cocaine. The main shortcoming identified by the INCB has been the need to address the illicit cannabis cultivation as well as cannabis and cocaine cross-border trafficking.

The Paraguayan National Anti-Drug Secretariat (SENAD) undertakes actions against marihuana production and considers the elimination of the trafficking of cocaine paste as one of its national priorities. In this regard, joint actions with Brazil in 2017 have led to improved results. Paraguay is updating its strategic plan tackling illegal drugs to cover the period 2018-2022. Understanding and institutional support for demand reduction has increased. Paraguay is now taking measures to enhance its capacities to treat drug dependence and to make rehabilitation centres available.

The cooperation between the EU and Latin America, including through programmes such as COPOLAD, has contributed to the improvement of Paraguay's coherence, balance and impact of policies on drugs. The exchange of best practices and experiences, increased bi-regional coordination and the promotion of multi-sectorial, comprehensive and coordinated responses have been particularly useful.

International cooperation has also encouraged improved coordination and dialogue between the country's various institutions, and better identification of the priorities. In this context, Paraguay is implementing its National Integrated Plan (NIP) seeking to develop a cross-cutting approach among the various institutions responsible for organised crime, illicit trafficking and drug demand reduction and treatment.

Despite Paraguay's sustained efforts, the drug issue remains a serious problem in the country. It has led in recent months to very violent events in certain areas of the country (often bordering Brazil) with increased gang fighting. The drug business continues to permeate the State institutions and to contaminate politics and the economy, including political party financing. It may become a serious threat for the stability and the sound social and economic development of the country.

UN Convention against Corruption (UNCAC)

Paraguay has struggled to fight systemic corruption in all sectors of the Government. The executive summary of the latest UNCAC Implementation Review, publicly available since September 2014, identifies various shortcomings. Neither active nor passive bribery of foreign public officials and officials of public international organisations is criminalised. The same was found as regards bribery in the private sector and abuse of functions. UNCAC also identified the lack of independence and clear roles of institutions, the lack of an anti-corruption strategy and the need for training and increased cooperation with civil society as issues to be addressed. So far, limited progress has been made as regards these specific recommendations.

Since 2013, the Government of President Cartes has been taking measures attempting to improve governance, reduce corruption, increase transparency of public institutions and make information more easily accessible to the public. Legislation promoting all these aspects has been enacted and implementation has started. Specific webpages to denounce corruption in State bodies and to give easy access to public information have been created. Public institutions have been compelled to publish a list of their employees and their salaries. Public Information Offices have been established in a number of public institutions. A National Plan for the Prevention of Corruption has been prepared. Procedures have been introduced to ensure that the recruitment of civil servants and the judiciary is based on merit. Ministries have been compelled to publish tenders for public procurement online and the Ministry of Finance ensures regular reports on the execution of the budget.

Further steps are necessary to complete and implement the legislation on money laundering and asset recovery. A calendar of activities for the full implementation of the UNCAC recommendations remains under preparation. The draft organic law of the national anti-corruption secretariat has not yet been adopted.

Regulations on the protection of whistle blowers, witnesses and victims have not been reviewed and no programmes to ensure effective protection measures have been developed. A regulatory practice striking a balance between privileges or immunities and the ability to investigate effectively needs to be implemented.

The lack of independence and the poor definition of the institutions' roles remain an issue. There is room for improvement regarding training and cooperation with civil society in relation to anticorruption. No specific legislation on extradition and mutual legal assistance has been enacted and deadlines to facilitate extradition have not been shortened.

While the number of corruption cases identified has increased significantly due to the transparency policy and the active role played by the media, investigation and prosecution have not been effective and many of the culprits manage to avoid justice.

Although corruption remains a serious concern with important shortcomings, it is worth noting that international indexes on perception of corruption are slowly improving. According to the 2016 Corruption Perceptions Index reported by Transparency International, Paraguay is now the 123rd least corrupt nation out of 175 countries, improving its record for the first time since 2012.

Conclusions

Paraguay is South America's main cannabis producer and a transit country for cannabis and other drugs (mainly cocaine). As a result, Paraguay faces various challenges in its efforts to reduce narcotics trafficking and production. Paraguay has continued implementing measures to tackle drug-related concerns in the country (cannabis production, trafficking of cannabis and cocaine, increasing drug-consumption, limitations as regards rehabilitation of drug users), but more determination, additional resources and significant institutional strengthening are needed. The proper implementation of the National Integrated Plan to tackle illegal drugs has to be ensured.

The last five years have seen a rise of laws and institutions aimed at fighting corruption. These initiatives have been praised internationally. Actions to increase transparency and to uncover corruption cases are indeed encouraging. Public awareness has increased, access to information on the use of public money has improved and a significant number of corruption activities are now publicly criticised. However, efforts need to be sustained over time and reinforced, inter alia, through the progressive implementation of the UNCAC recommendations and by actual prosecution of corruption-related crimes.

3. Trade and Economy

3.1. Trade Picture

Paraguay's economy grew by about 4% in 2015 and 2016, despite a rather complex regional situation and with a drop in the prices of its key exports.

Paraguay's macroeconomic fundamentals remain good. Inflation is relatively low, as are public debt and deficit levels. Official reserves are high. The World Bank has classified Paraguay as upper-middle income country for three years in a row. Thus Paraguay will leave the GSP+ arrangement on 1 January 2019.

In 2016, the EU was Paraguay's fourth most important trading partner, behind Brazil, China and Argentina. Paraguay runs a trade deficit with China and Argentina, but a surplus with the EU and Brazil. Brazil (35%) and the EU (14%) are Paraguay's most important export partners.

In 2016, Paraguay's exports to the EU were worth nearly EUR 1.1 billion and its imports from the EU were worth EUR 0.7 billion. Imports from the EU include vehicles and machinery, while soybeans (and other seeds) continue to dominate Paraguay's exports to the EU.

Paraguay's main imports from Mercosur countries are oils, machinery and equipment, and motor vehicles. Its main export to its neighbours is hydro-power. Paraguay is the world's sixth-biggest meat exporter, notably exporting meat to non-Mercosur Latin American countries. Additionally, Paraguay earns significant foreign currency revenue, including from retail services and tourism.

3.2. GSP+ Statistics

Figure 1 to Figure 3 below describe Paraguay's utilisation of GSP+ in the context of its overall imports to the EU. Paraguay is the only Mercosur member that benefits from GSP+ with zero tariffs on 91% of products, offering potential scope for future diversification. GSP+ preferences continue to have little impact on Paraguay's exports as soybeans and their residues benefit from zero MFN tariffs. Roughly 3.4% of Paraguay's exports to the EU benefit from GSP+ currently. Soybean oil is an important potential growth area, in which Paraguay can benefit from tariff exemption under GSP+.

Source for all statistics: Eurostat data as of September 2017.

Figure 1

Paraguay - Imports to the EU, 2014-2017

Figures in thousand EUR	2014	2015	2016	2017 (Q1-2)	Trend 2014-2016
Total imports to EU	1,098,733	1,057,067	1,074,715	472,908	-2.2%
GSP+ eligible imports	72,824	46,567	41,912	24,500	-42.4%
GSP+ preferential imports	69,349	42,275	36,736	22,256	-47.0%
GSP+ utilisation rate	95.2%	90.8%	87.7%	90.8%	-8.0%

Figure 2

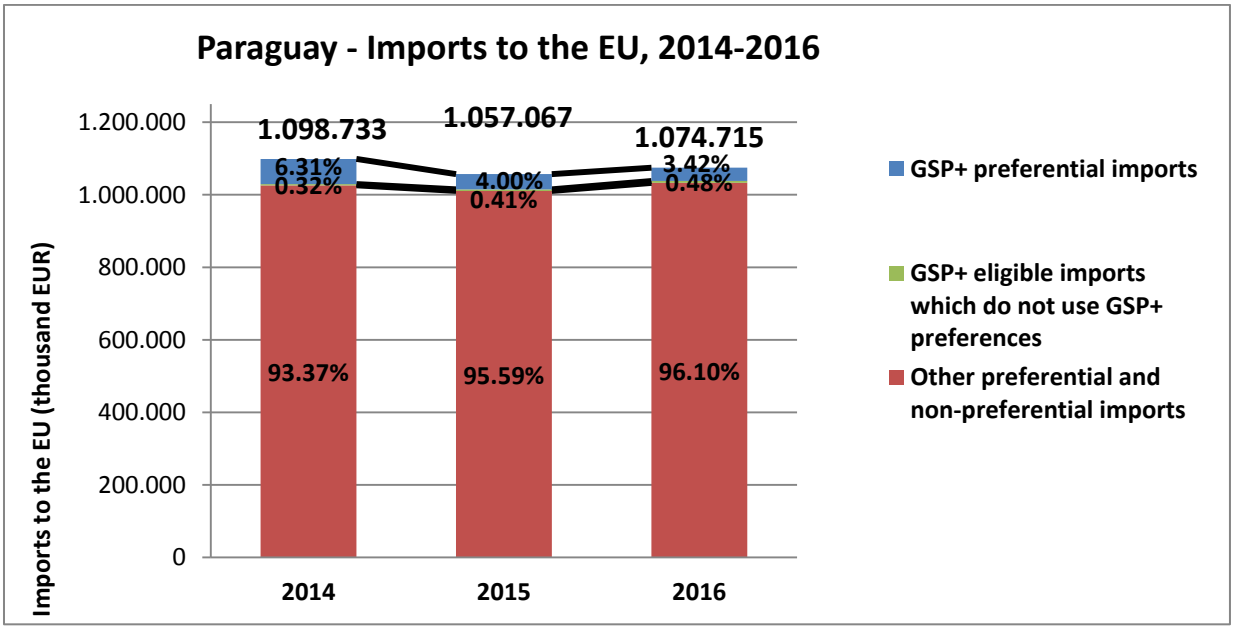
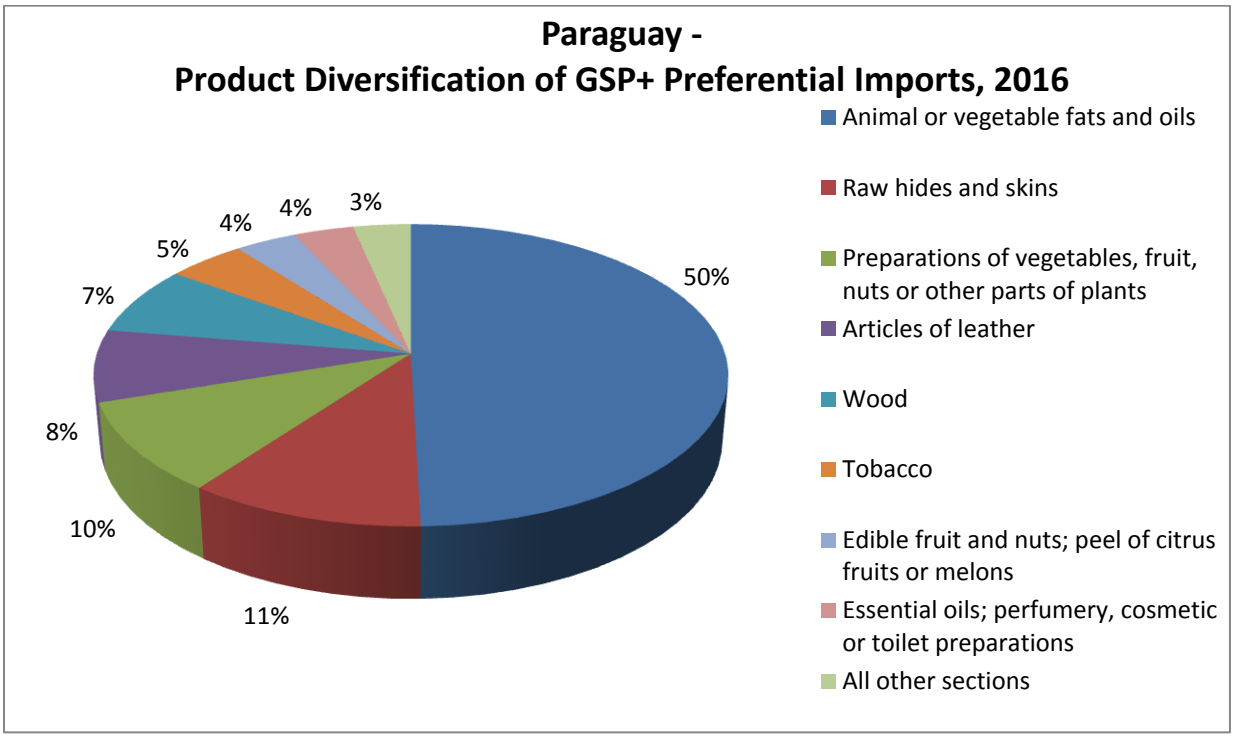


Figure 3


Paraguay -
Product Diversification of GSP+ Preferential Imports, 2016
50%
11%
10%
8%
7%
5%
4%
4%
3%
Animal or vegetable fats and oils
Raw hides and skins
Preparations of vegetables, fruit, nuts or other parts of plants
Articles of leather
Wood
Tobacco
Edible fruit and nuts; peel of citrus fruits or melons
Essential oils; perfumery, cosmetic or toilet preparations
All other sections

ANNEX

Paraguay – Treaty Ratification and Reporting

Convention	Status of ratification / reservations[3]	Compliance with reporting obligations to monitoring bodies
1. Convention on the Prevention and Punishment of the Crime of Genocide	Ratified: 14.06.2005 No reservations	**No reporting obligations**
2. International Convention on the Elimination of All Forms of Racial Discrimination	Ratified: 18.08.2003 No reservations	**Compliant with reporting obligations** Last report submitted on 20.10.2015.
3. International Covenant on Civil and Political Rights	Ratified: 10.06.1992 No reservations	**Lack of compliance with reporting obligations** Last report submitted on 31.12.2010. Latest report was due on 30.03.2017.
4. International Covenant on Economic, Social and Cultural Rights	Ratified: 10.06.1992 No reservations	**Compliant with reporting obligations** Last report submitted on 06.10.2011. Next report due on 30.03.2020.
5. Convention on the Elimination of All Forms of Discrimination against Women	Ratified: 06.05.1987 No reservations	**Compliant with reporting obligations** Last report submitted on 12.11.2015.
6. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	Ratified: 12.03.1990 No reservations	**Lack of compliance with reporting obligations** Latest report submitted on 19.01.2016.
7. Convention on the Rights of the Child	Ratified: 25.09.1990 No reservations	**Compliant with reporting obligations** Last report submitted on 20.03.2008. Next report due on 01.10.2017.
8. Convention concerning Forced or Compulsory Labour, No. 29	Ratification: 1967	**Compliant with reporting obligations** Latest CEACR comments: Observation 2014; Direct Request 2014.
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87	Ratification: 1962	**Compliant with reporting obligations** Latest CEACR comments: Observation 2015.
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No. 98	Ratification: 1966	**Compliant with reporting obligations** Latest CEACR comments: Observation 2015, Direct Request 2015.

[3] Reservations do not apply in the ILO system, so there is no relevance to providing information on reservations under each of these conventions.

11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100	Ratification: 1964	**Compliant with reporting obligations** Latest CEACR comments: Direct Request 2015.
12. Convention concerning the Abolition of Forced Labour, No. 105	Ratification: 1968	**Compliant with reporting obligations** Latest CEACR comments: Direct Request 2007.
13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Ratification: 1967	**Compliant with reporting obligations** Latest CEACR comments: Direct Request 2015.
14. Convention concerning Minimum Age for Admission to Employment, No. 138	Ratification: 2004 Minimum age specified: 14 years	**Compliant with reporting obligations** Latest CEACR comments: Observation 2016; Direct Request 2016.
15. Convention concerning Minimum Age for Admission to Employment, No. 182	Ratification: 2001	**Compliant with reporting obligations** Latest CEACR comments: Observation 2016; Direct Request 2016.
16. CITES	Ratification: 15.11.1976 No reservations	**Lack of compliance with reporting obligations** Last Annual Report (2016) submitted on 22.06.2017. Biennial Report for 2013-14 and 2015-2016 are due.
17. Montreal Protocol	Accession: 03.12.1992 No reservations	**Compliant with reporting obligations** Most recent data for 2016 was submitted.
18. Basel Convention	Ratification: 28.09.1995 No reservations	**Lack of compliance with reporting obligations** Annual Reports for 2007, 2008, 2009, and 2013 are overdue. The Annual Report for 2015 was submitted on 02.12.2016.
19. Convention on Biological Diversity	Ratification: 24.02.1994 No reservations	**Lack of compliance with reporting obligations** Last report submitted on 16.08.2016 (Fifth National Report). Revised National Biodiversity Strategy and Action Plan (NBSAP) submitted on 22.11.2016. First (1998), Third (2006), Fourth (2010) National Reports are due. The Sixth National Report is due on 31.12.2018.
20. UN Framework Convention on Climate Change	Ratification: February 1994 No reservations	**Compliant with reporting obligations** First National Communication submitted on 10.04.2002. Second National Communication submitted on 08.12.2011. Third National Communication submitted on 15.09.2017. First Biennial Report was submitted on 30.12.2015.
21. Cartagena Protocol on Biosafety	Ratification: 10.03.2004 No reservations	**Lack of compliance with reporting obligations** Latest report submitted on 14.12.2016 (Third National

		Report). Interim National Report (2005) and First National Report (2007) are overdue.
22. Stockholm Convention	Ratification: 01.04.2004 No reservations	**Lack of compliance with reporting obligations** Latest report submitted on 01.05.2016 (Third National Report). First Round (2006) National Report (not submitted) was due 31.07.2007.
23. Kyoto Protocol	Ratification: 27.08.1999 No reservations	**No reporting obligations**
24. UN Single Convention on Narcotic Drugs	Ratification: 03.02.1972 No reservations	**Reviewing is fulfilled by the International Narcotics Control Board (INCB).**
25. UN Convention on Psychotropic Substances	Ratification: 03.02.1972 No reservations	
26. UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	Ratification: 23.08.1990 No reservations	
27. UN Convention against Corruption	Ratification: 01.06.2005	**Reviewing is fulfilled by the UN Office on Drugs and Crime (UNODC).** The Executive Summary of the 2014 review has been published.