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Paraguay: In Brief

June S. Beittel

Analyst in Latin American Affairs

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Summary

Paraguay is a South American country wedged between Bolivia, Argentina, and Brazil. It is about the size of California but has a population of less than 7 million. The country is known for its rather homogenous culture—a mix of Latin and Guarani influences, with 90% of the population speaking Guarani, a pre-Columbian language, in addition to Spanish. The Paraguayan economy is one of the most agriculturally dependent in the hemisphere and is largely shaped by the country's production of cattle, soybeans, and other crops. In 2016, Paraguay grew by 4.1%; it is projected to sustain about 4.3% growth in 2017.

Since his election in 2013, President Horacio Cartes of the long-dominant Colorado Party (also known as the *Asociación Nacional Republicana* [ANC]), has moved the country toward a more open economy, deepening private investment and increasing public-private partnerships to promote growth. Despite steady growth, Paraguay has a high degree of inequality and, although poverty levels have declined, rural poverty is severe and widespread.

Following Paraguay's 35-year military dictatorship in the 20th century (1954-1989), many citizens remain cautious about the nation's democracy and fearful of a return of patronage and corruption. In March 2016, a legislative initiative to allow a referendum to reelect President Cartes (reelection is forbidden by the 1992 constitution) sparked large protests. Paraguayans rioted, and the parliament building in the capital city of Asunción was partially burned. In response to the effort to change the Paraguayan Constitution to allow for presidential reelection, which included a secret vote in Paraguay's Senate, the U.S. Embassy in Asunción declared that constitutional revisions should be done transparently and called on all parties to work together to resolve issues sparking the disturbances. In April 2017, President Cartes announced that he would not run in the 2018 elections, and subsequently the initiative to enable reelection was withdrawn.

U.S.-Paraguayan relations have been close for decades. The U.S. government has provided development assistance to Paraguay, and the two governments have collaborated on security, counternarcotics, and efforts to promote and strengthen democracy. In July 2017, Paraguay hosted the annual multinational special operations competition held in the region, known as Fuerzas Comando. At the time, Admiral Tidd, commander of the U.S. Southern Command, held meetings with President Cartes and Paraguay's military leadership focused on U.S.-Paraguayan bilateral relations in security cooperation, humanitarian aid, fighting transnational crime, and counterterrorism. In addition, the Peace Corps has had a significant presence in Paraguay, with more than 200 volunteers in recent years. In FY2017, the program in Paraguay is estimated at nearly \$5 million and is proposed to remain at the same level in FY2018.

The Trump Administration's FY2018 foreign aid request for Paraguay would reduce U.S. assistance to \$400,000, a 95% cut compared to FY2016, concentrating on military training and eliminating traditional development programs. Congress may wish to consider if the long-term U.S. focus on strengthening democracy and promoting development in Paraguay remains relevant.

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Political Conditions

Paraguay is a landlocked country in South America bordered by Argentina, Bolivia, and Brazil, with a population of close to 7 million. The country has experienced a turbulent political history marked by authoritarian leadership and corruption.

Paraguay's current political environment was shaped by the country's chaotic history. In the War of the Triple Alliance (1864-1870), Paraguay lost one-quarter of its original territory to its opponents—Argentina, Brazil, and Uruguay—and more than half of its population died. Political instability followed for several decades, including three civil wars in the first half of the 20th century. The nation had a military dictatorship under General Alfredo Stroessner for 35 years ending in the late 1980s and has long been dominated by a single political party, the conservative Colorado Party (*Partido Colorado*).¹

In 2008, Fernando Lugo, a former Roman Catholic Bishop, was elected from a coalition of centrist and leftist opposition parties, including the Authentic Radical Liberal Party (*Partido Liberal Radical Auténtico*, or PLRA) and several smaller parties. Lugo's election was widely seen as an important step in Paraguay's democratic development, as it was the first time in the country's history that one party, the dominant Colorado Party, had peacefully transferred power to another.

Many observers, however, saw Lugo as a political neophyte who was unable to govern in a way that delivered on his promises to address Paraguay's long-standing socioeconomic challenges. His handling of a violent clash between landless farmers and the police in June 2012 sparked a successful effort to impeach him, cutting short Lugo's five-year term in office.

Lugo's impeachment trial, which lasted less than 24 hours and ended on June 22, 2012, was viewed with skepticism by many countries in the region. Lugo was succeeded by his vice president, Frederico Franco, who finished Lugo's term. Lugo's ouster led to Paraguay's suspension from its main trading bloc, the Common Market of the South (Mercosur), and other regional groups.

In April 2013, Horacio Cartes of the Colorado Party was elected president with nearly 46% of the vote. A multimillionaire tobacco magnate, Cartes was a relative newcomer to politics and not a long-standing member of the Colorado Party. In legislative elections held simultaneously with the presidential vote, the Colorado Party won a majority of the 80 seats in the lower house, the Chamber of Deputies, but fell short of a majority in Paraguay's powerful Senate, winning 19 of 45 seats.

Paraguay at a Glance

Population: 6.7 million (2016, WB); Predominantly mestizo (95%), a blend of Spanish and the indigenous culture, Guaraní

Area: 406,752 sq. km. (slightly smaller than California)

Capital: Asunción

GDP: \$27.4 billion (2016 current U.S. \$, WB)

Poverty: 22.6% below poverty line (2014, WB)

Life Expectancy: 77 years (2016, WB)

Leadership: President Horacio Cartes; Vice President Juan Afara Maciel; Minister of Foreign Affairs Eladio Loizaga; Minister of Interior Lorenzo Lezcano; Minister of Finance Santiago Peña, who stepped down in May 2017 to run in the 2018 presidential elections and was replaced by Lea Gimenez, the first woman in Paraguay to hold the post

Sources: World Bank (WB); Central Intelligence Agency, *The World Fact Book* (CIA), International Monetary Fund (IMF)

¹ The Colorado Party is also known as the National Republican Association (*Asociación Nacional Republicana*, or ANR).

Under Cartes, Paraguay was readmitted to Mercosur and another regional organization, the Union of South American Nations (UNASUR), from which it also has been temporarily suspended for its perceived undemocratic impeachment of President Lugo. President Cartes has taken steps to follow through on a campaign commitment to address poverty by expanding a conditional cash transfer program to poor families who demonstrate that they regularly attend medical appointments and can certify that their children attend school. Specifically, there are some newer programs that build on Paraguay's largest program, translated as "sowing opportunities," and these provide assistance for income generation and ways to legally acquire the property on which poor families live.²

However, Cartes has experienced political resistance from both opposition parties and his now-fractured party. Leftist parties have opposed his public-private partnership (PPP) legislation, which they have alleged is a covert effort to privatize government-run utilities and infrastructure. Late in 2013, nevertheless, Paraguay passed a law on PPPs that aimed to facilitate and promote private investment in upgrading highways, ports, airports, waterways, social infrastructure, and electricity transmission. President Cartes has heavily advocated PPPs as a means to attract foreign investment to boost Paraguay's long-term growth. Within the president's own Colorado Party, a large faction of legislators opposes several of Cartes's policies and his appointment of mainly technocrats rather than Colorado Party loyalists to his Cabinet. In municipal and local elections in November 2015, the Colorado Party lost five city mayoralities, including the important capital city of Asunción. The party continues to be divided in its support for President Cartes, who campaigned for several of the losing candidates.

Some observers note that factionalism in Cartes's own Colorado Party—between traditionalists who wish to defend the party's long-standing patronage practices and those who have sided with the more technocratic approach adopted by President Cartes, called *Cartistas*—has served to undermine some of the president's initiatives. For example, implementation of the PPP law has become subject to oversight by the Congress of Paraguay. Each new infrastructure contract is separately reviewed, significantly slowing approval. This practice has stalled plans to streamline a notoriously inefficient public sector and to open some state enterprises up to private participation.³ In May 2017, one of the largest PPP projects, the modernization of the capital's international airport, was halted by the Paraguayan comptroller-general, who requested that the contract be ended with the Spanish company Sacyr. Reportedly, the Spanish company was not vetted adequately. Other large contracts involving PPPs for infrastructure in Asunción, where a large percentage of Paraguayans live, also are under scrutiny by the current comptroller.⁴

However, the economic growth spurred by low-tax policies, other financial-stabilization efforts, and booming soybean and cattle exports achieved during the Cartes Administration has been lauded by some of Cartes's colleagues in the Colorado Party. They have formed a coalition within the party that supports the president (referred to as the Honor Colorado faction, or *Cartistas*). Although reelection is prohibited by Paraguay's 1992 constitution, this group urged President Cartes to run for reelection anyway. *Cartistas*, who supported altering the constitution so Cartes could run for reelection in the April 2018 general election, approached the left-wing coalition of former president Fernando Lugo, Frente Guasu, to suggest that both groups push a reform as an

² International Monetary Fund, *Paraguay: Staff Report for the 2016 Article IV Consultation*, Country Report No. 16/116, May 11, 2016.

³ Economist Intelligence Unit (EIU), "Country Report 1st Quarter 2016: Paraguay," February 2016.

⁴ EIU, "PPP Project to Modernise the Capital's Airport Halted," May 9, 2017.

amendment through Congress to allow for reelection, making both Cartes and Lugo eligible for the 2018 presidential race.

In late 2016, the initiative to pursue reelection, which was not endorsed by Cartes, resulted in a petition drive to bring the matter to a congressional vote (although about a fifth of the signatures were subsequently alleged to be invalid). In March 2017, Cartes had successfully convinced both a dissident faction of the largest opposition party in Paraguay, the PLRA, and the Frente Guasu to support a reelection amendment. Some members of the Senate, including pro-Cartes senators and senators representing factions of the PLRA and Frente Guasu, held a secret vote in favor of the initiative. This act sparked severe rioting in Asunción and the burning of parts of the parliament building. A young man from the opposition liberal party was shot in the back and killed during police efforts to quell the rioting inside PLRA headquarters.⁵ From the Vatican, Pope Francis called for violence to be avoided. In addition, the Paraguayan Catholic Church convened a dialogue. The U.S. Embassy declared that the situation should be handled not in a secret vote but transparently. Eventually, President Cartes announced that he would not seek reelection. The Chamber of Deputies rejected the bill to amend the constitution on April 26, 2017.

In late May 2017, Finance Minister Santiago Peña and the governor of the Itapúa department (the term for a state in Paraguay) announced their intention to run for the ticket of the Colorado Party when primaries are held in December 2017 ahead of the 2018 general elections. It appears that President Cartes will endorse this ticket if it is victorious in the December 2017 primary (when all the parties will select their candidates). Both former president Lugo and President Cartes have indicated that they may seek Senate seats in the 2018 legislative elections, which is an avenue that former leaders in some nations, such as Colombia, have used to retain influence.

The rejection of the referendum to permit reelection leaves questions about the strength and prospects for the Cartista wing of the Colorado Party in the 2018 presidential race, especially as tensions in the Colorado Party remain and a unified ticket may not emerge.⁶ However, the PLRA, historically known as the Liberal Party, also is suffering divisions and appears likely to remain divided going into the 2018 national elections. In addition, the country is experiencing division outside the realm of formal politics, as rural and urban disparities are revealing strains and occasionally sparking protest and a generation born after the years of the Stroessner dictatorship is beginning to become politically active.

Economic Conditions

Paraguay's small but open economy depends heavily on commodities. Its export-oriented agricultural sector accounts for about 20% of the country's gross domestic product (GDP). Traditional exports include soybeans, cotton, and meat. The economy's susceptibility to the vagaries of weather conditions and fluctuations in world prices for commodities and other variables was evident in 2012, when economic growth contracted by 1.2% as a result of a severe drought and an outbreak of foot-and-mouth disease harming cattle exports. In 2013, partially due to a full recovery from the drought and favorable weather conditions, Paraguay's GDP grew by 14.2%, the highest growth rate in Latin America. According to the Economic Intelligence Unit (EIU), the Paraguayan economy grew by 4.7% in 2014, slowed to 3% in 2015, and accelerated to

⁵ Laurence Blair, "Paraguay's Re-Election Crisis is Over—For Now," *World Politics Review*, May 8, 2017.

⁶ In late June 2017, a faction opposed to President Cartes inside the Colorado Party that had rejected reelection efforts and disapproved of the president's push for encouraging foreign investment as insufficiently nationalist appeared likely to challenge the Cartes-backed ticket in the Colorado primaries. Economist Intelligence Unit, "Partido Colorado Primary Race Begins to Take Shape," May 17, 2017.

4% in 2016.⁷ EIU also forecasts that growth likely will remain between 3.2% and 4% in coming years, which is strong by regional standards.⁸ In addition to a dominant agricultural sector, Paraguay has a struggling industrial or manufacturing sector and a large informal economy. The slowdown of the economies of Brazil, China, and Russia has resulted in lower demand for Paraguay's exports from these important trade partners.⁹

Figure I. Map of Paraguay



Source: Congressional Research Service.

⁷ EIU, "Paraguay: Country Report," 3rd Quarter, August 2017.

⁸ *Ibid.*

⁹ Russian demand for Paraguayan meat declined sharply in 2015. Brazil is the source of much of Paraguay's trade and a large portion of its foreign investment.

Paraguay has a rich natural resource base, and the current government has plans to tap the country's large, underutilized electricity resources, such as hydropower from two massive dams co-built with Brazil and Argentina, to develop its industrial sector. Despite Paraguay's abundance of renewable energy (mostly hydro, biofuel, and solar), it currently imports oil. Some oil exploration is beginning, with six oil firms reporting plans to drill wells in 2016, but the low oil price has delayed these efforts.¹⁰

Paraguay remains a relatively poor country, but it has grown more prosperous and resilient. In 2001, the poverty rate nationally was about 60% and the indigence rate was 31%. By 2014, the World Bank found that poverty levels had declined significantly to 22.6%.¹¹ The World Bank characterizes Paraguay as an upper-middle-income country. Nevertheless, Paraguay suffers from high income inequality and highly concentrated land distribution, leaving rural areas the most poverty-stricken.

The Cartes government is open to foreign investment and has sought to modernize and improve the nation's failing infrastructure. As part of Paraguay's efforts to attract more outside investment and diversify its trade, the country has pursued full membership in the free-trade-oriented Pacific Alliance originally formed by Colombia, Chile, Mexico, and Peru. As part of President Cartes's approach to expand economic opportunities and increase international trade, he won favorable terms in a new trade deal between Paraguay and Taiwan on July 12, 2017. The deal, which some analysts maintain is one of the most favorable ever struck by Taiwan with another country, was signed during a visit by President Cartes to celebrate 60 years of bilateral ties between Paraguay and Taiwan. Paraguay and the United States signed a trade and investment agreement in January 2017, which has been under review by the Paraguayan Congress.

Trade in counterfeit goods and smuggling remain prevalent in Paraguay's weakly governed border regions, particularly the tri-border area (TBA) where Brazil, Argentina, and Paraguay meet. Some see the TBA as a potential source of funding for terrorist groups, such as the Lebanon-based Islamic group Hezbollah.

Notably, Paraguay has made some progress in combating corruption. Its ranking in Transparency International's 2015 Corruption Perceptions Index improved by 20 places above its ranking in 2014, and in the index ranking for 2016, Paraguay is tied with Honduras in the position of 123 out of 176.¹² As in much of Latin America, there is a growing intolerance of corruption. Anti-corruption protests have emerged, led by university students, farmers, and trade unionists in response to scandals related to nepotistic practices and mismanagement. In 2016, the Paraguayan attorney general opened a case against former President Franco (2012-2013) concerning allegations of money laundering and illicit enrichment.¹³

Climate issues and the vagaries of commodity markets likely will remain variables for the Paraguayan economy in the future. In December 2014 and January 2015, severe flooding, at least in part caused by the weather phenomenon known as El Niño, displaced 40,000 people in

¹⁰ "Paraguay: Six Oil Firms Plan to Drill Five Wells in 2016," *Esmerk Latin American News*, January 27, 2016.

¹¹ The World Bank data: <http://data.worldbank.org/country/paraguay>. However, the Economic Commission for Latin America and the Caribbean has estimated the poverty level in 2014 was higher, with 42% of Paraguay's population in poverty and approximately 21% in extreme poverty or indigence. See database with data on poverty levels for 2014 at http://estadisticas.cepal.org/cepalstat/Perfil_Nacional_Social.html?pais=PRY&idioma=spanish.

¹² Transparency International, Corruption Perceptions Indexes by year, at <https://www.transparency.org>.

¹³ EIU, "Latin America: Anti-corruption Backlash Grows," November 13, 2015; Laurence Blair, "Paraguay's Re-Election Crisis Is Over—For Now," *World Politics Review*, May 2, 2017.

Asunción. In both 2016 and 2017, severe wind storms and reported tornadoes continue to plague various parts of the country.

U.S.-Paraguayan Relations

Paraguay traditionally has had friendly relations with the United States, and the United States has supported the consolidation of Paraguay's democracy and its continued modernization and economic reforms. For its part, the Paraguayan government has cooperated closely with the United States on counterterrorism and counternarcotics efforts.

Foreign Assistance

Congress appropriated \$8.6 million in U.S. foreign assistance for Paraguay in 2016, with almost all of the support for development assistance through the U.S. Agency for International Development. The development program focused on democracy and governance aid to assist Paraguay in combating favoritism, corruption, impunity, and limited management capacity and fostered sustainable agricultural practices. In the Trump Administration's congressional budget request for FY2018, however, the development assistance component was zeroed out. The request for Paraguay declined to \$400,000 to assist in the professionalization of the Paraguayan military, including in the area of human rights, and to help strengthen the military's ability to protect Paraguay's borders from transnational threats.

In addition, Paraguay hosts a large Peace Corps program. In FY2016, Peace Corps had 220 volunteers stationed in Paraguay. It is projected to decline slightly to 210 volunteers with a proposed budget of \$4.9 million in each of FY2017 and FY2018, according to the Peace Corps' congressional budget justification.¹⁴

Security Cooperation

Over the past several years, the United States has been concerned about illegal activities in the TBA, such as money laundering, drug and arms trafficking, and trade in counterfeit and contraband goods. Challenges include official corruption and poor interagency cooperation among security, border control, and judicial institutions. Paraguay continues to participate in the U.S. State Department's Antiterrorism Assistance program, which is focused on helping Paraguay achieve more effective border control to prevent the transit of terrorists and illicit material. In 2016, Paraguay became the 11th partner of U.S. Southern Command's Human Rights Initiative. U.S. support and training has been provided to Paraguay to implement drug seizures, arrests, and effective prosecution of cases and to bolster weapons tracing.

In the State Department's *2015 Country Reports on Terrorism* (issued in June 2016), the State Department maintained that Paraguay faces greater threats from established smuggling routes, limited law enforcement capabilities, and porous borders than from terrorism. According to the report, Paraguay is particularly vulnerable to criminality based in the TBA. Although U.S. officials have previously expressed concerns over the activities of radical groups in the TBA, specifically those traced to Hezbollah, experts suggest that terrorism in Paraguay is largely domestic. The Paraguayan People's Army (*Ejército del Pueblo Paraguayo*, EPP) and more recently a tiny splinter group called the Armed Peasant Association (*Asociación Campesina*

¹⁴ For specifics on the Paraguay program in FY2018, see Peace Corps, *The Peace Corps' Congressional Budget Justification, Fiscal Year 2018*.

Armada), estimated to number less than 25 individuals in both groups, have been the primary perpetrators of terrorism in the country. Both groups are based in the northern department of Concepción and have been targeted by Paraguay's anti-guerrilla unit and the country's anti-drug agency.

The 2016 terrorism report, published by the State Department in July 2017, continues to identify significant challenges in the TBA with Brazil and Argentina, although it cites the continued cooperation on counterterrorism with the United States. The EPP and its offshoot group's activities have centered on killings, kidnapping, and extortion of ranchers in Paraguay's northeast, including members of the Mennonite community and destruction of equipment. Weakly controlled borders, poor coordination, and corruption continue to hamper law enforcement.¹⁵

According to the State Department, Paraguay is a major transit country for illegal drugs destined primarily for neighboring countries in South America, Europe, and other overseas markets. Paraguay grows and exports more marijuana than any other country in Latin America except Mexico, and it is a significant transshipment point for Andean cocaine.¹⁶ Drug traffickers from Brazil and elsewhere exploit the country's porous borders and extensive waterways. Although widespread corruption and limited resources threaten the judicial sector and law enforcement, Paraguay has increased its capacity to interdict drugs and conduct drug-eradication and demand-reduction activities. The Cartes Administration and the Paraguayan Congress have supported cooperation on counternarcotics efforts. The Paraguayan Congress approved budget increases for the country's primary counternarcotics agency of more than 21% in 2014 and nearly 3% in 2015.¹⁷ In 2016, authorities captured members of Mexican drug organizations, such as the Sinaloa cartel, attempting to set up trafficking routes for Colombian-sourced cocaine through Paraguay. A major trafficker named Jorge Rafaat Toumania, alias Sadam, who was born in Brazil but moved to Paraguay in 1987, was killed in mid-2016. He left behind a marijuana and cocaine trafficking network that has increased concern among Paraguayan authorities.¹⁸

According to the State Department, the U.S. government sponsored several training events in 2016 to assist Paraguay with combating money laundering associated with the drug trade, terrorist financing, and arms trafficking. Nevertheless, Paraguay's progress is marred by continued challenges, such as weak financial controls, porous borders, continued use of bearer bonds and unregulated exchange houses, and official corruption. Between 2015 and 2016, Paraguay did make some progress in combatting these challenges by increasing the number of convictions in prosecutions related to money laundering.¹⁹ To counter a legacy of counterfeit merchandise and products, President Cartes has adopted a more aggressive approach to intellectual property enforcement.

Several recent incidents have called into question the Cartes government's ability to combat illegality. In late April 2017, in Paraguay's Ciudad del Este (the country's third-largest city), 60 armed men blasted their way into a Spanish security firm and stole \$40 million dollars from a vault, which resulted in President Cartes calling on Paraguay's military to respond after federal

¹⁵ U.S. State Department, *Country Reports on Terrorism 2016*, July 19, 2017, at <https://www.state.gov/j/ct/rls/crt/2016/index.htm>.

¹⁶ Globally, Paraguay is the fourth-largest producer of marijuana (nearly all for export) after Mexico, the United States, and Nigeria, according to seizure data reported to the United Nations Office of Drugs and Crime. Max Radwin, "Drug Production Is Booming in Paraguay, and So Is Drug Violence," *Washington Post*, August 17, 2017.

¹⁷ U.S. State Department, *2015 International Narcotics Control Strategy Report*, March 2015.

¹⁸ Op. cit, Max Radwin, August 17, 2017.

¹⁹ U.S. State Department, *2017 International Narcotics Control Strategy Report*, vol 1 and 2, March 2017.

police were clearly outgunned. The robbery was blamed on the largest Brazilian criminal gang, First Capital Command. Although some of the money was retrieved and some alleged perpetrators were arrested (others fled to neighboring countries), the open criminality of the porous border area of the TBA—where Ciudad del Este is located—suggests to some that the present government does not have sufficient capacity to combat illegality, including official corruption. Due to significant disparities in taxation between Brazil and Paraguay, the incentive to sell cigarettes on the black market in Brazil is enormous. A recent study estimates that only 10% of the cigarettes produced in Paraguay are sold on the legal market domestically or internationally and the rest are sold illegally as contraband.²⁰

In June 2017, a Paraguayan man was charged in federal court in Miami with conspiring to smuggle cocaine through the Ciudad del Este airport with the intent to sell it in the United States. The individual charged had been extradited to the United States by the Paraguayan government on suspicion of using drug trafficking to raise funds for a Hezbollah network.²¹ According to the State Department's *Trafficking in Persons Report 2017*, published in June 2017, Paraguay remains a "Tier 2" country and is a source, destination, and transit country for men, women, and children subjected to sex trafficking and forced labor.²² It has been ranked a Tier 2 country for seven years, making significant efforts to reduce trafficking but not fully meeting the standards or reaching compliance.

Outlook

Although the Cartes Administration has encountered fervent opposition at times—such as during recent, atypical political violence in response to the effort to push through presidential reelection—it generally has promoted policies to encourage foreign investment and promote greater economic stability while countering corruption and seeking to increase transparency. Historically, Paraguay has boasted the lowest tax burden in the region. Many analysts maintain that due to highly concentrated property ownership, continued struggle over land reform, and protests that include land invasions by landless peasants, political stability remains uncertain. According to the International Monetary Fund, the Paraguayan economy is projected to grow by 4.3% in 2017; if so, it would be a standout in South America.²³ Economic policies that have encouraged investment are not likely to change significantly whether a Colorado Party ticket or an opposition party candidate wins in the April 2018 presidential race.

²⁰ For more on the large illicit trade in cigarettes, see James Bargent, "Report Breaks Down Paraguay to Brazil Cigarette Smuggling Trail," *InSight Crime*, August 22, 2017. The article describes the report of a Brazilian news site (Nós) that identifies one of the sources for illegal cigarettes to Brazil as President Cartes's family-owned company, Tabesa.

²¹ Jay Weaver, "Paraguayan Man Linked to Hezbollah Faces Drug Charges in Miami," *Miami Herald*, June 26, 2017.

²² U.S. State Department, *Trafficking in Persons Report*, June 2017, at <https://www.state.gov/documents/organization/271339.pdf>. See country narrative on Paraguay.

²³ International Monetary Fund, *IMF Staff Completes 2017 Article IV Mission to Paraguay*, press release, June 2, 2017.

Author Contact Information

June S. Beittel
Analyst in Latin American Affairs
jbeittel@crs.loc.gov, 7-7613