

FTAA - CONSULTATIVE GROUP ON SMALLER ECONOMIES

PARAGUAY

**REQUEST FOR FINANCIAL AND TECHNICAL ASSISTANCE UNDER THE HEMISPHERIC
COOPERATION PROGRAM – RELATED TO SERVICES**

Introduction

This project is related to Paraguay's needs in the area of services. It is in line with the objectives of the FTAA's Hemispheric Cooperation Program, which seeks to strengthen countries' capacities to implement the FTAA and to participate fully in it.

To participate in a beneficial and equitable manner in the FTAA's negotiations on services and assume its commitments, Paraguay requests support under the FTAA's Hemispheric Cooperation Program, in order to strengthen its statistical information systems, with an emphasis on surveying domestic supply and demand.

1. Project title

Strengthening Paraguay's negotiating capacity for the negotiations on services in the FTAA.

2. Background

Paraguay has participated actively in the NGSV. Thus far, the negotiations have mainly addressed the normative scope of the Chapter on Services.

As stipulated by the TNC, countries should present their offers between 15 December 2002 and 15 February 2003 (FTAA.TNC/20).

Paraguay has a statistical system based on balance-of-payments manuals. This system was developed by the country's Central Bank; nevertheless, since Paraguay does not possess any particular expertise in the area of trade negotiations, the manuals do not allow for an internal analysis of sensitive sectors that is crucial for formulating offers and requests., this is because of the lack of financial resources with which to implement and improve the statistical system and the lack of experience in quantifying trade in services.

Conditions stemming from the very nature of the provision of services and their intangible nature, the general absence of a physical transference across country borders that would allow services to be recorded in the way goods are recorded, and the lack of reliable international records for cross-checking are among the main difficulties in quantifying the commercial flow of services.

Some FTAA member countries have, however, made progress in developing statistics on services. Paraguay, for its part, has implemented a recording system with a view to initiating the development of a statistical system similar to those developed by these member countries.

3. Rationale

As the trade negotiations move forward, having regional and national statistics on trade in services is becoming increasingly important. To this end, Paraguay must gain familiarity with successful regional initiatives and replicate them or improve upon the corresponding national efforts.

The FTAA-level mandate for presenting an offer in services within such a short period of time, including vis-à-vis the World Trade Organization, requires having a reliable statistical system that enhances the predictability of assumed commitments and the impact of such commitments over time, allowing corrective steps to be taken, if necessary, through safeguard mechanisms.

Having such a mechanism will allow the FTAA countries, including Paraguay, to make offers that are farther reaching and more conducive to free trade.

4. Objectives of the project

- To develop a methodology for formulating statistics on trade in services, adapted to the needs of the relevant international trade negotiations.
- To develop mechanisms for coordination with other sources of statistics in the region.
- To train technical experts in developing statistics on trade in services.

5. Inputs¹

6. Expected results

- Once the project has been completed, we expect to have a methodology for developing statistics, a database, and trained personnel.
- In addition, we expect to have a reliable, comparable statistical system for trade in services that is operational and guaranteed to be sustainable.
- The establishment of statistical mechanisms to complement other regional centers that develop statistics on trade in services.

SERVICES

The scenario involving trade opening will necessitate not only an appropriate diagnostic of the different service sectors but, also, an adequate policy and regulatory bodies in these sectors. It is therefore necessary to formulate a policy for services, which involves an evaluation of the situation and the needs of the different service sectors, as well as the hiring of local and international consultants to prepare diagnostic assessments and regulations in accordance with the situation as identified. Specialized personnel capable of preparing and implementing the relevant regulations in each of the areas will also be required.

Also, the country's participation in the negotiation process requires support, not only with regard to attending meetings, but also in the training of technicians and the incorporation of information technology teams.

¹ See attached detail

Area	Item	Priority	Specific Needs
Support for formulating the services policy	Information on sectoral needs. (Detailed assessment of the situation)	3	<ul style="list-style-type: none"> • Advice on the assessment of sectors needing specific regulatory bodies. • Facilities for Services forum • Hiring of foreign consultant (USD 10,000) • Hiring of local consultant (USD 6,000) • Conducting forums and seminars throughout the country (Total 20 - 8 in Asunción, and 12 in cities in the interior USD 5,000)
	Hiring of sectoral specialists	3	Financial support for hiring sectoral specialists to analyze the implementation and monitoring of regulations, the liberalization of norms, and privatization, for needs identification. <ul style="list-style-type: none"> • Hiring of foreign consultant (USD 10,000) • Hiring of local consultant (USD 6,000)
	Regulation of service sectors	2	Technical advice (hiring of local and foreign technical experts) to evaluate the situation and formulate regulations in keeping with the needs detected. <ul style="list-style-type: none"> • Hiring of foreign consultant (USD 10,000) • Hiring of local consultant (USD 9,000)
Support for Training	Support for the training of technicians from the Directorate of Services and other organizations for the negotiation and formulation of lists of commitments. This training will be acquired through the participation of technicians in courses and seminars abroad, and through local courses and seminars given by international experts.	1	Training of technicians from the Directorate of Services for the negotiations <ul style="list-style-type: none"> • The participation of 4 government officials in courses and seminars abroad. Includes payment of accommodation and travel expenses • Organization of local seminars with the participation of international experts • Specialization courses abroad – 4 Courses • Seminars at the international level 4 seminars per year. • Seminars at the local level 6 seminars per year USD 25,000
Participation in negotiations	Support for participation in services meetings	1	Cost of airfare and accommodation for 6 days for an average of two experts and 5 meetings per year USD 23,000
Support for computerization	Support for office equipment and supplies		<ul style="list-style-type: none"> - 1 computer with CD drive and burner (USD 2,000) - 2 notebooks(USD 3,000) - 1 overhead projector (USD 1,600) - 2 printers (USD 350) - Toner for printers (USD 850) - Estimated Total USD 8,000