



Magazin za kulturu, umjetnost, nauku i obrazovanje / Magazine for culture, art, science and education

**Peter Tase and Sabahudin Hadžialić**

### **DIOGEN focus: Paraguay**

#### **President Cartes' government to invest US\$1.5 billion in Sustainable Rural Projects**

Jorge Gattini, the Paraguayan Minister of Agriculture and Livestock, announced Monday in the Presidential Palace that his ministry will invest more than US\$ 1.5 Billion towards the development of agricultural and livestock production in the nation. These investments will take place in the technological innovation sector of agricultural production and is part of the overall national plan of investment that reaches over 16 Billion US Dollars.

According to Minister Jorge Gattini, these expenses “will go towards the betterment of technological equipments, cutting edge innovation tools in the rural areas, including a vast system of irrigation, construction of greenhouses as well as provide a sustainable system of production for Summer time. Another important objective is the improvement of soil quality and its output. This visionary project has the support of multilateral organizations as well as the national public – private associations, it will also receive funding from the national treasure.”

According to Minister Gattini, the Ministry of Agriculture and Livestock will begin to develop irrigation systems for 30 thousand acres in the next five years, and will build 5,000 greenhouses in order to secure a constant agricultural production throughout the year; this will have a great impact towards maintaining a more stable price in the markets of agricultural products and increase domestic consumption in national markets as well as encourage exports in the neighboring countries.

## **Soybean Production Will Break Another Record in 2014**

According to the soybean production levels of 2013 and positive prospects for this year, Paraguay is expected to remain one of the largest food producing nations in the world. Under the leadership of President Horacio Cartes, Paraguay's organic agricultural products will increase their presence in the international markets and expectations are high as the potential income generated by exports will help lower the poverty levels and improve the living standards at home. In the same token, the Republic of Turkey will continue to expand its commercial ties with Paraguay as well as increase the level of imported agricultural products from the landlocked country, primarily organic sugar, soybean and its derivatives.

Soybean production has earned a special place in the list of Paraguayan commodities – in addition to organic sugar, manioc starch, corn, rice and high quality beef – which are traditionally exported abroad, the plantation fields for this highly demanded crop have doubled in the last few years and production levels have multiplied seven times in less than a decade, thanks to the application of a cutting edge technology which requires substantial and long term investments from producers.

During the current year, the prospects for soy bean production are very promising, it is estimated to reach over 10 million tons, a mile stone that will be another record in Paraguay's list of accomplishments in addition to recovering its global status of being considered as the world's bread basket.

According to Mr. Rolando Segovia, a Paraguayan expert in International Trade: "Paraguayan soybean production received special attention, thanks to its high quality and growing demand in international markets, in the first Forum of Agriculture of South America, held in November 22, 2013, in Foz de Iguazu." Paraguay has the potential to produce more than 9 million tons of soybeans in a surface of more the 3.2 million acres. According to Benjamin Fernandez Bogado of Diario 5 Dias in Asuncion, "growth and cultivation efficiency have ranked Paraguay as the sixth largest exporter of soybeans and oil seed products in the world. Only last year it has generated a revenue that reaches US\$ 4.9 billion equivalent to more than 9 million tons of production." Agriculture in Paraguay represents over 18 percent of the Gross Domestic Product as well as soybean exports have reached more than 50 percent of the foreign currency that has entered the country.

In 2014 are expected similar conditions, price of commodities will have a slight decrease even though a large factory of soy processing is built in Paraguay and that will bring an added value to nation in order to reach suitable prices, while reaching a higher revenue than 2013.

Soybean production in the other South American Countries will continue to increase, it is expected to reach 160 million tons. From this amount 90 million tons of soy will be produced by Brazil, this represents an increase of 8 million tons. On the other hand 77 million tons of corn are expected to be exported by Brazil during this year. Good weather conditions favor a regional cultivation of soy which is estimated to exceed 160 million tons.

According to Mr. Peter Tase, a research scholar of Paraguayan studies, "the Paraguayan economy will enjoy a robust growth of well above average during this year. Private companies and economists predict a splendid performance of Paraguayan economy, this is due to the growth of a labor friendly sector which will generate new employment and provide a more sustainable growth if compared to previous years."

Paraguay is positioning itself as a country with a greater political stability, robust financial and economic growth and is becoming a more inclusive society. At the same time Asuncion is starting to establish a reputation in the global markets, with its high quality agricultural products, as well as its admirable economic growth of over 13 per cent (in 2013). This country could emerge as an engine of development in the region and beyond.

According to Diario 5 Dias, a national daily newspaper focused on Paraguay's economy and its contribution and significant role in international markets: "the Public Private Alliance which combines public and private capital will further strengthen the banking sector, bring greater flexibility in monetary policy as well as avoid a heavy burden that affects the most vulnerable sectors of society. Agricultural production has generated a great level of trust towards foreign investors who are planning to establish their factories, invest large amounts of capital and start new corporations in various sectors. All these positive elements could bring a successful year ahead of us."

The agricultural systems' modernization initiative is one of many projects that are taken by the government of President Horacio Cartes at the national level, in order to reduce poverty and increase the standards of living conditions throughout Paraguay. Under the leadership of President Cartes, another ambitious plan is taking place in the area of infrastructure and public works, which will allow agricultural producers to better commute with regional city – markets and provide better quality products.

## **Making Headway in International Trade**

In 2011, Paraguay was the World's 9th exporter of Boneless meat, Menthol, Essential oils and citrus fruits. The country experienced an increase in beef exports immediately after the season of cattle disease outbreak which occurred between September 2011 and January 2012.

Of the total amount of exported beef, 21,000 kilograms consisted of edible internal organs, which brought in 2012 an additional profit for Paraguayan beef exporters, reaching more than \$87 million.

Russia is in the first place among the 23 countries importing edible internal organs, from Asuncion. The Asian giant is followed by Hong Kong, Gabon, Angola, Vietnam and Democratic Republic of Congo.

In the course of this year, the main destination for Paraguayan beef products remains Russia, with 70% of the total amount exported, Brazil is in the second place with 14% and Angola and Israel are in the third and fourth places, respectively.

Paraguay's international market share of beef exports is on the rise; its cattle are considered to have a tender flavor and taste which is different from beef products exported by Argentina and Brazil.

Paraguay's industry of cattle grazing is fully dependent on organically grown food fed to the animals, which has been cited as the reason why countries such as Russia and even Brazil, prefer to import beef from this landlocked country which is thought to have a potential of providing food for the whole world.

According to Dr. Blas Oddone, DVM, a local expert in Paraguay's current exporting capacity of beef, "In 2012, the Mediterranean country, experienced a substantial growth in beef exports despite many animal health issues faced by the cattle ranchers. Last year Paraguay exported a total of 186,289,829 kilograms of beef, reaching more than \$903 million in value, and securing more than \$105 million dollars revenue growth when compared to the balance of 2011."

Panama is another important trading partners of Paraguay. Both countries celebrated their 20th anniversary of the beginning of bilateral cooperation, which has grown substantially in the last years, mainly in the sectors of trade, tourism and cooperation in the war against organized crime and extradition of inmates. Paraguay's friendly relations with Panama have made possible COPA's, Panama's airlines' service flagship, with direct flights between Asuncion and Panama City, since 2007.

Paraguayan authorities are highly engaged and constantly share valuable information and expertise with their Panamanian counterparts, especially in areas such as: hydroelectric production and its latest applied technology, bilingual training programs for the armed forces and assistance in improving the performance of public health projects.

On the other hand, Panama City shares its successful and long experience with Asuncion, particularly in the shipment and cargo management, port administration, treatment of tropical disease, financial systems reform, and social housing programs.

In late 2012, the ministries of Panama and Paraguay signed a bilateral agreement that would further stimulate and promote bilateral trade. The extensive partnership and cooperation between Asuncion and Panama City, is additionally based in another important pillar that of bilateral trade exchange.

In 2010, the capacity of Paraguay's exported products to Panama was doubled consisting in more than USD 13.7 million as compared to the previous year which consisted in only USD 6 million. In 2011, Paraguayan exports reached a monetary value of more than USD 6.8 million and imported products from Panama totaled USD 3.9 million.

Bilateral trade relations have been predominantly in favor of Paraguay even though the latter is not an „ocean born nation“. There are great opportunity for both countries to rekindle their respective strategies towards maximizing the use of Paraguay's wealth of natural resources and Panama's favorable geographic position, such characteristics that would immensely help and reinvigorate the economies of both nations.

PR

DIOGEN pro kultura  
<http://www.diogenpro.com>

20.5.2014