

Paraguay



SUMMARY OF FINDINGS

1. Industry Participation in Policy Development

In 2024, Paraguay's Senate Health Commission reviewed several legislative proposals concerning public health and safety. The commission analyzed and recommended approval, with modifications, of a bill aimed at regulating electronic nicotine delivery systems, including those without nicotine. One member of the Senate's Public Health and Social Security Committee, who was a major shareholder of Mercury Tabacos S.A., relinquished their stake following pressure from the U.S. Department of the Treasury's Office of Foreign Assets Control due to involvement in the "A Ultranza Py" case.

No evidence was found of the participation of the tobacco industry (TI) in the development and formulation of public health policies.

2. Industry CSR Activities

In 2024, the National Blood Services Center publicly acknowledged a partnership with a tobacco company through a post on its official social media accounts, expressing appreciation for the collaboration. In 2025, the Secretariat for the Prevention of Money Laundering (SEPRELAD) disclosed the list of public and private entities that financed the GAFILAT 2024 event. This event brought together representatives from 18 Latin American countries to discuss strategies against money laundering and terrorism financing. The list of contributors released by SEPRELAD included a TI association.

3. Benefits to the Industry

The Paraguayan government has not increased tobacco tax since 2022. Paraguay continues to have one of the lowest tobacco tax rates in the region. This constitutes an incentive for both national and international companies that view Paraguay as favorable for tobacco production and distribution due to the fiscal advantages created by the low tax rate.

4. Unnecessary Interaction

The head of the National Directorate of Tax Revenue took part in a working breakfast organized by the Centro de Regulación, Normas y Estudios de la Comunicación (CERNECO) to discuss the institution's functions and its impact on the Paraguayan economy one year after its creation. CERNECO's main objectives include defending freedom of expression, particularly commercial expression, as well as promoting free competition. One of its members is a major tobacco company.

In August 2023, a prominent figure in the TI publicly praised the country's leadership, emphasizing strong governance and independence in decision-making while dismissing concerns about external influence from political actors. The individual also criticized the previous administration for allegedly manipulating institutions to target political opponents. Regarding fiscal policy, they cautioned against increasing tobacco taxes, arguing that higher rates could exacerbate smuggling and tax evasion by encouraging illegal trade and undermining legitimate businesses.

5. Transparency

A close relationship between the government and the TI is evident. The TI freely funds events of public and political interest, which necessarily requires prior interactions and agreements. These interactions are not officially recorded and proceed with a degree of secrecy.

More explicit evidence is the open support of government officials for the TI, publicly demonstrating their alignment with industry interests. These private meetings are neither reported nor disclosed by the government.

6. Conflict of Interest

A May 2022 investigation revealed that several former government officials transitioned into high-ranking positions within companies affiliated with a major business group after leaving public service. These individuals had access to strategic information during their tenure in government roles, and their subsequent appointments in related private sector positions raise concerns about potential conflicts of interest and the use of insider knowledge.

In response, a legislative proposal was introduced to prevent revolving door scenarios by prohibiting former public officials from joining private companies they previously regulated or directly dealt with for a period of two years after leaving office. This initiative seeks to address and mitigate corruption risks arising from the overlap between public duties and private sector interests.

7. Preventive Measures

The government has not put in place a procedure for disclosing records of interactions with the TI and its representatives, such as agendas, attendees, minutes, and outcomes. The government has not formulated, adopted, or implemented a code of conduct for public officials prescribing the standards with which they should comply in their interactions with the TI. The government does not have programs in any department for the implementation of Article 5.3 of the WHO FCTC.

RECOMMENDATIONS

1. Establish a public record of interactions with the TI, limiting engagement to only when strictly necessary for effective regulation of tobacco products.
2. Create a code of conduct for public officials to guide interactions with the TI only when strictly necessary. It should define strict protocols for such interactions and prohibit officials from accepting gifts, financing, or direct benefits, including contributions to political campaigns.
3. Implement regular training programs for government officials on Article 5.3 of the WHO FCTC, highlighting the risks of TI interference and promoting policies to prevent conflicts of interest.
4. Prohibit the TI's corporate social responsibility (CSR) activities, as these are often used to improve its public image, gain access to senior officials, and undermine tobacco control efforts.
5. Require the TI to disclose comprehensive information on its products, production, marketing, lobbying activities, and other relevant operations.