Paraguay Starts 4th Year of Fiscal Deficit

Asunción, January 13 (teleSUR-RHC)-- A Paraguayan economist warned that the country's growing deficit is concerning, with fixed public spending set to absorb 97 percent of tax revenue.

He affirmed that the risk was real that the government would be "forced to issue more treasury bonds in order to comply with past commitments, which will imply paying expensive interest rates in absolute terms."

The deficit, which currently represents 3.4 percent of the Gross Domestic Product (GDP), has to be reduced to 1.5 percent, according to the national budget approved by the congress for 2015. This is a difficult goal to reach, warned the economist in an article published by the Center of Analysis and Diffusion of Paraguayan Economy.

Two farm taxes passed by the current government only represent 2 percent of Paraguay's total tax income and is unusual in a country where agricultural production represents about 22 percent of GDP.

Over the past year, small farmers have repeatedly protested against the governmental strategy of favoring agribusiness and big exporters of transgenic soy, corn and cotton, at their expense. In November, they blocked important roads and paralyzed a whole region in the north of the country, demanding the cancellation of their debts, in vain. At the same time, Paraguayans have been denouncing the government policy of privatizing many public services.

Paraguay is reported to be among the most unequal countries of the region in terms of land distribution, and small farmers are systematically criminalized if they mobilize for the implementation of the agrarian law. President Cartes was elected after the parliamentary coup against Fernando Lugo, the only progressive president in the country's history.

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