



LABOR OBSERVATORY OF THE AMERICAS



Country Profile Paraguay

2021



Total Area:

406.752 km²



Population (last official census 2012):

6'461.041
people¹



Population estimated 2021:

7'353.038
people

Population composition:

49,6% (3'650.757) women
50,4% (3'702.281) men

125.000

indigenous people

belonging to:

ethnicities **19** language families **5**

AFRO-PARAGUAYAN POPULATION:

3.867
people
(According to
2012 census)

+7.000
people
(current
estimate)



Economically active population:

(3rd Quarter 2021)

3'718.022
personas

2'159.667 men
1'558.355 women



Gross Domestic Product (GDP) in 2020:

35.65 billion
US dollars²



GDP in 2021:

The Central Bank of
Paraguay forecasts
an annual growth
of 4.5%³.

¹ Los datos estadísticos aquí presentados han sido obtenidos del Instituto Nacional de Estadística (INE) de Paraguay de 2020, y sus más recientes informes trimestrales publicados y verificados de 2021.

² <https://statistics.cepal.org/portal/cepalstat/perfil-nacional.html?theme=2&country=pry&lang=es>

³ <https://www.ip.gov.py/ip/banco-central-eleva-proyecciones-de-crecimiento-del-pib-al-45-para-este-ano/>



Analysis of socio-economic situation

Employment.

There were 3,475,116 people employed in the July – September 2021 Quarter (employment rate: 66.7%); 2,040,394 men and 1,434,722 women, demonstrating a wide gender gap. The employment rate grew by 1.8 percentage points compared with the same period in 2020, with 156,195 new jobs.

Economically Inactive population

There were 1,489,675 people who were economically inactive in the Third Quarter of 2021.

Informal employment.

There were 1,793,840 people working in non-agricultural informal employment conditions. Job growth during 2021 took place primarily in the informal sector.

Unemployment.

There were 242,906 unemployed people in the Third Quarter of 2021 (unemployment rate: 6.5%); 119,273 (49%) men and 123,633 (51%) women.

Poverty.

The monetary poverty rate in 2020 was 26.9% (1,921,721 people) and the extreme poverty rate was 3.9% (279,609 people).

According to the report of the Multidimensional Poverty Index (IPM for its acronym in Spanish)⁴, in 2020, 24.9% of the population (1,782,840 people) lived in multidimensional poverty. This means that they experienced four or more types of deprivation related to access to work and social security, housing and services, health and environment, and education. Multidimensional poverty stood at 13.28% (595,835 people) in urban areas and 44.56% (1,187,005 people) in rural areas.

⁴ https://www.ine.gov.py/Publicaciones/Biblioteca/documento/8e39_BOLETIN_TECNICO_IPM_2020.pdf

Context Highlights 2021

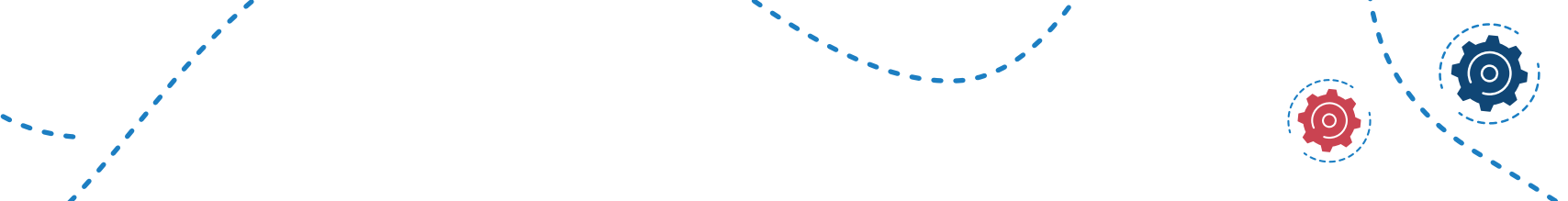
The year 2021 began with a political and social crisis exacerbated by the poor management of Mario Abdo's right-wing government in relation to the pandemic. A weakened healthcare system enabled an increase in the number of infections, which, together with a lack of supplies and intensive care units, led a group of medical workers to mobilize in response to the health crisis that began in 2020.

A large part of the Paraguayan population joined the mobilization days when it came to light that, despite the government increasing the foreign debt to respond to the pandemic, there was a shortage of vaccines and an increase in poverty, informality, and unemployment. Protesters united to demand the resignation of president Mario Abdo.

Although the mobilizations gradually subsided without reaching the level of social unrest seen in other countries in the region, the force of the protests led to the resignation of the Minister of Health, Julio Mazzoleni – after the Senate asked him to leave office. Three other cabinet members were also dismissed, including Minister of Education Eduardo Petta and Chief of Staff Juan Ernesto Villamayor. These measures have not been enough to appease social discontent, nor have they stopped the growing negative image of the president: 8 out of 10 Paraguayans disapprove of the government's economic management.⁵

The increase in public debt in 2021 was not a minor issue; in 2019, before the pandemic, debt represented 22.9% of the GDP, but this increased by more than 10 percentage points between 2020 and

⁵ <https://www.celag.org/encuesta-paraguay-agosto-2021/#>



2021. The debt represented 34.6% of the GDP in 2021, amounting to \$13.31 billion US dollars. This demonstrates the State's limited capacity to generate resources for its financing; 85.2% of the total debt is foreign.

Additionally, in September 2021, the executive branch enacted Law 6830, which increases by 10 years the penalties for occupying private lands in Paraguay. The purpose of the law is to protect the private ownership of "ill-gotten" lands and to stop the recovery of lands that were improperly handed over during Alfredo Stroessner's dictatorship – under the guise of agrarian reform – to members of the military, politicians, and businessmen linked to the dictatorship. The law is the government's response to the discussions that had

been taking place for the recovery of almost 8 million hectares of land. This is at the heart of the conflict of peasants and indigenous peoples with the private capital of the agro-export model that produces terrible impacts, mainly associated with deforestation, and that advances the environmental deterioration of the country.



Actions/Denunciations (national and international) by Trade Unions and other social sector

Social sectors linked to environmentalism, peasants, and trade unions have denounced that during 2021 the agro-industrial model has expanded the deforestation of the country, promoted land dispossession, and produced all kinds of economic, environmental, and social consequences.

In relation to the above-mentioned denunciations, the trade union movement has raised its voice in the face of State and governmental abandonment of the peasantry and the country's indigenous population, which violates their collective rights to land and territory. As a result of the dispossession policies imposed, they are expelled from the places where they live and must migrate to the cities in total abandonment, thus increasing the cycles of poverty and misery.

The Paraguayan trade union movement denounced that – as a direct consequence of the pande-

mic – in 2021, there was an increase in informal employment linked to so-called entrepreneurship, with the fallacies of self-employment, in precarious conditions where 60% of those employed do not earn the minimum wage. Workers in the gig/platform economy are not registered in the social security system, and more than 50% suffer work-related accidents. In addition, questions have been raised about whether this type of work is mostly led or conducted by young people, since at least half of the passenger transport drivers and delivery drivers are over 30 years of age, many of them with tertiary education. The Ministry of Labor is denounced for being absent in addressing the phenomenon of contemporary slavery imposed by the gig/platform economy.

Trade union proposals and initiatives

Among the main trade union proposals is continuing the unity construction of the National Trade Union Roundtable, with the support of TUCA, and the development of a Labor Program for the country.

Additionally, the Paraguayan trade union movement gives high priority to the creation of an inter-union working commission to develop a positioning regarding social protection, and to strengthen the existing spaces in which the affiliates can debate social security reform. Another priority is for school and labor training programs to include necessary aspects in order to understand the importance of working to secure the guarantee of social security in the country. In addition, due to the global importance of the issue, the Paraguayan trade union movement considers the exchange of experiences with other trade union movements in the region to be of central importance.

In view of the difficulties that the indigenous and peasant sectors are experiencing, we propose the creation of strategic social alliances to develop a joint platform of demands between the National Trade Union Roundtable and the country's main peasant and agricultural organizations. The possibility of carrying out a comprehensive agrarian reform process and modify the agrarian statute could contribute significantly to addressing the food crisis that affects the whole country, including workers and the most neglected urban and rural population.

Through the National Trade Union Roundtable, we can advance in envisioning the type of State we want to defend and in articulating the possibility of contributing to a reform that favors the peoples, outlining a new relationship between the State, society, work, and the environment. This requires a

permanent political formation of trade unionists. For this reason, we propose building an approach to union formation and education that is oriented towards class consciousness and related to the values of peace, solidarity, defense of democracy, and social justice. This requires exchanging experiences with TUCA regarding the path it has taken in the construction of the Development Platform of the Americas (PLADA for its acronym in Spanish).

Building a national PLADA is another short and medium-term proposal of the trade union movement, with TUCA's accompaniment.

In the area of energy sovereignty, the Paraguayan trade union movement has warned about the debate over Annex C of the Itaipu Treaty, which will define energy costs and administration. We propose to accompany the Federation of Energy Workers in developing this agenda, which they have already discussed.

Among other proposals, the Paraguayan trade union movement insists on the promotion and encouragement of collective bargaining as a tool for improving working conditions, and the struggle for the freedom to form unions so that workers can improve their conditions and promote the welfare of the community, thus contributing to the sustainable development of society as a whole. The affiliated unions are working on a joint position in relation to the Administrative Authority on Labor (AAT for its acronym in Spanish), to urge it to desist from persecuting trade unions and to promote collective bargaining and the freedom to form unions.



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