

## **SECTION 306**

### **PARAGUAY**

In 2007 the United States will continue to monitor Paraguay under Section 306. USTR identified Paraguay as a Priority Foreign Country in January 1998 as part of a Special 301 Out-of-Cycle Review. The subsequent Special 301 investigation terminated with the signing of a comprehensive Memorandum of Understanding (MOU) on the protection of intellectual property in 1998. Paraguay has been under Section 306 monitoring since the signing of the MOU, and the current MOU between the United States and Paraguay will expire at the end of 2007. The United States notes that Paraguay has made efforts to improve the protection of intellectual property, particularly by increasing the number of raids and seizures of pirated and counterfeit goods (by the IPR investigative unit in particular). Paraguay continues, however, to have problems providing effective IPR protection due to porous borders, ineffective prosecutions for IPR infringements, and the lack of consistent deterrent sentences, including imprisonment, in court cases. The United States also has concerns about the inadequate protection against unfair commercial use for data generated to obtain marketing approval, as well as the passage in 2005 of a bill that weakens patent protection. The United States will continue to work with Paraguay to address these IPR concerns during the coming year, in particular through the Joint Commission on Trade and Investment. This dialogue will include consideration of mechanisms to ensure continued progress following expiration of the current MOU.