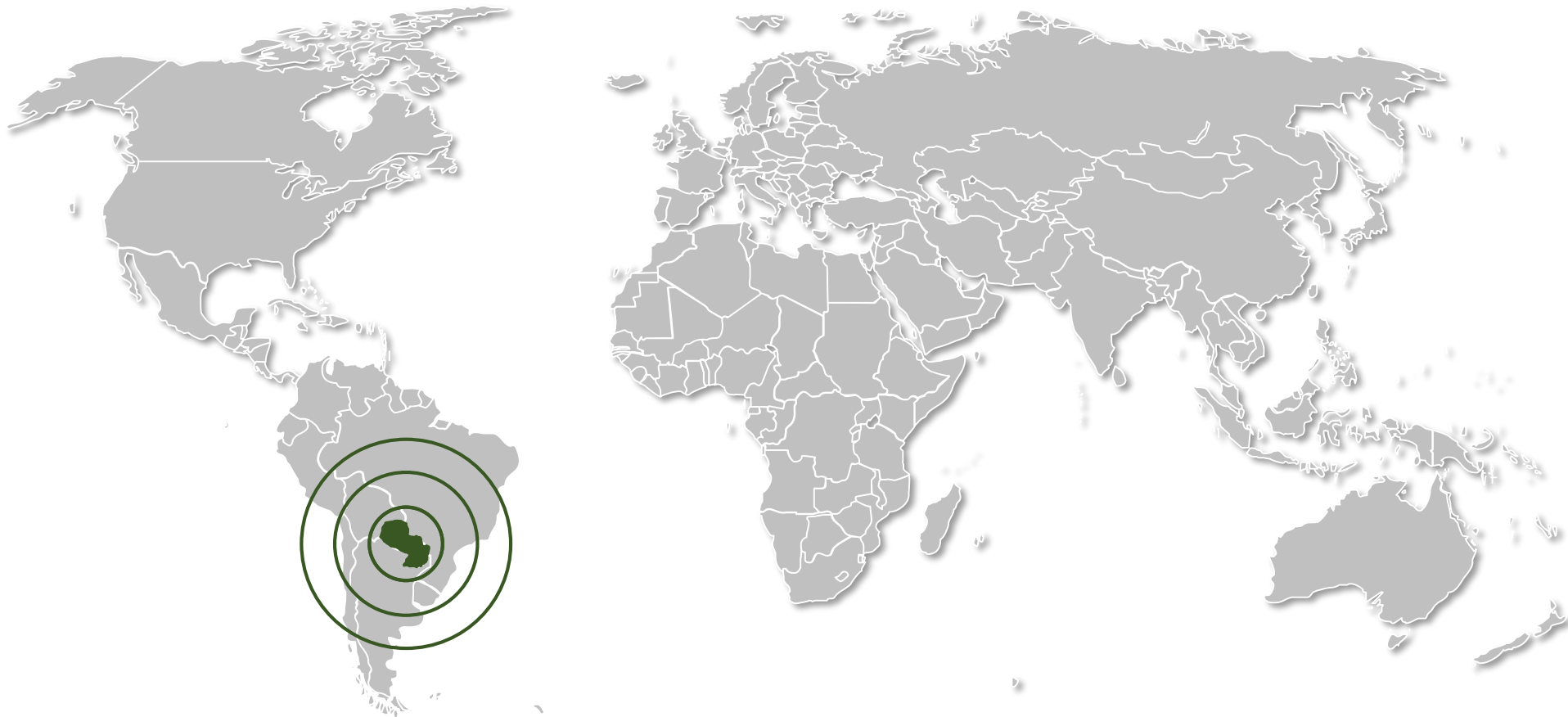


# Paraguay

Land of opportunities



# PARAGUAY IS IN THE CENTER OF SOUTH AMERICA



# Connectivity Map

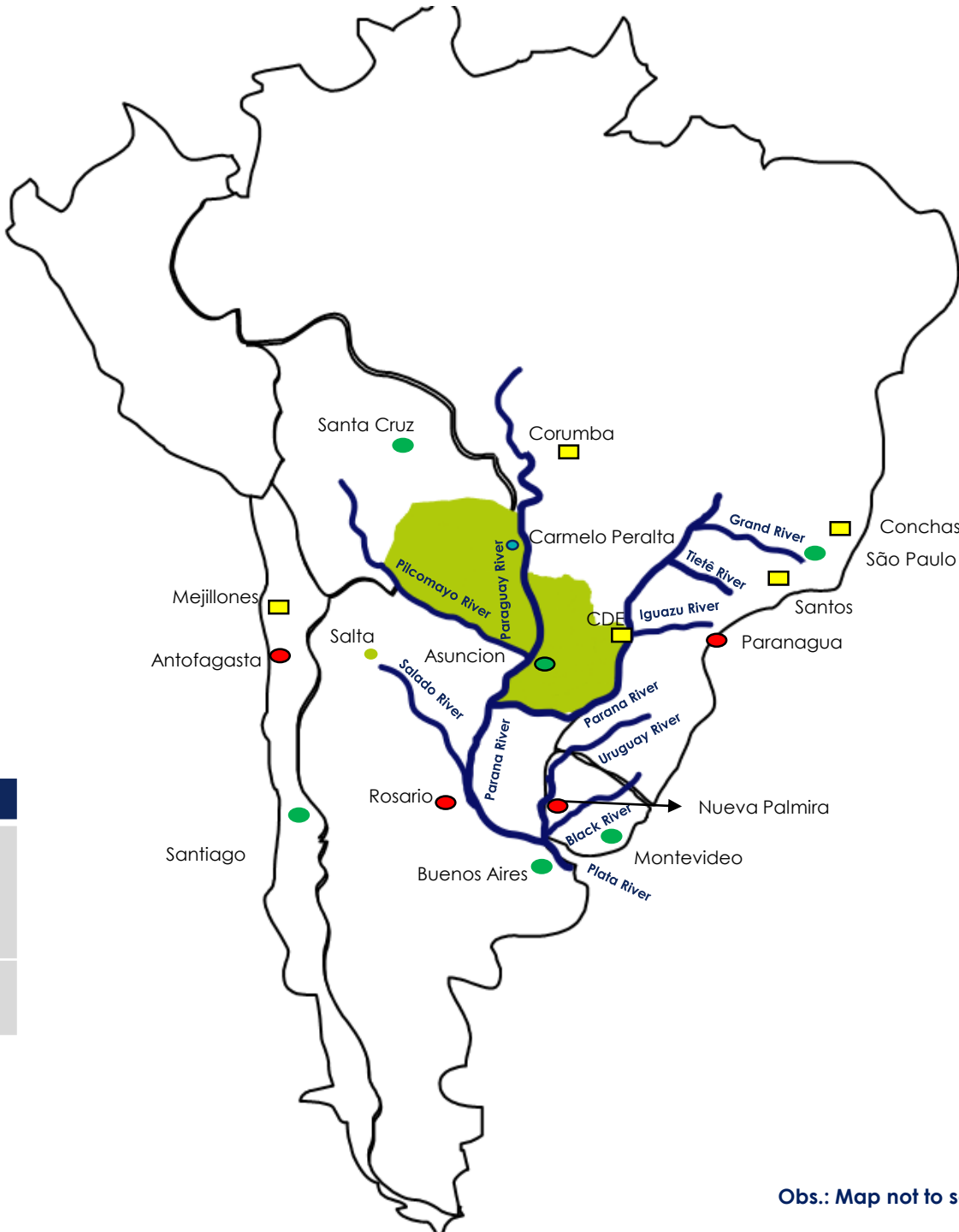


From Carmelo Peralta to	Kilometer
Curitiba	1,643
Santos	2,374
Valparaíso	2,800
Antofagasta	1,842
Iquique	2,000
Buenos Aires	1,904
Montevideo	1,989

# Waterway Connectivity

- Main Ports
- Paraguayan Free Ports
- Regional Ports

Waterway	Lenght (Km)	Conexions
Paraguay – Paraná – Uruguay	2.770	Bolivia Paraguay Argentina Uruguay
Tietê – Paraná	2.400	Brasil Paraguay



Obs.: Map not to scale

# COUNTRY PROFILE



OFFICIAL NAME

**Republic of Paraguay**

SURFACE

**406,752 km2**

PRESIDENT

**Santiago Peña  
(2023-2028)**

OFFICIAL LANGUAGES

**Spanish and Guarani**

URBANIZATION RATE

**63%**

CAPITAL

**Asuncion**

GOVERNMENT SYSTEM

**Presidential Republic**

POPULATION (2022)

**7,453,695**

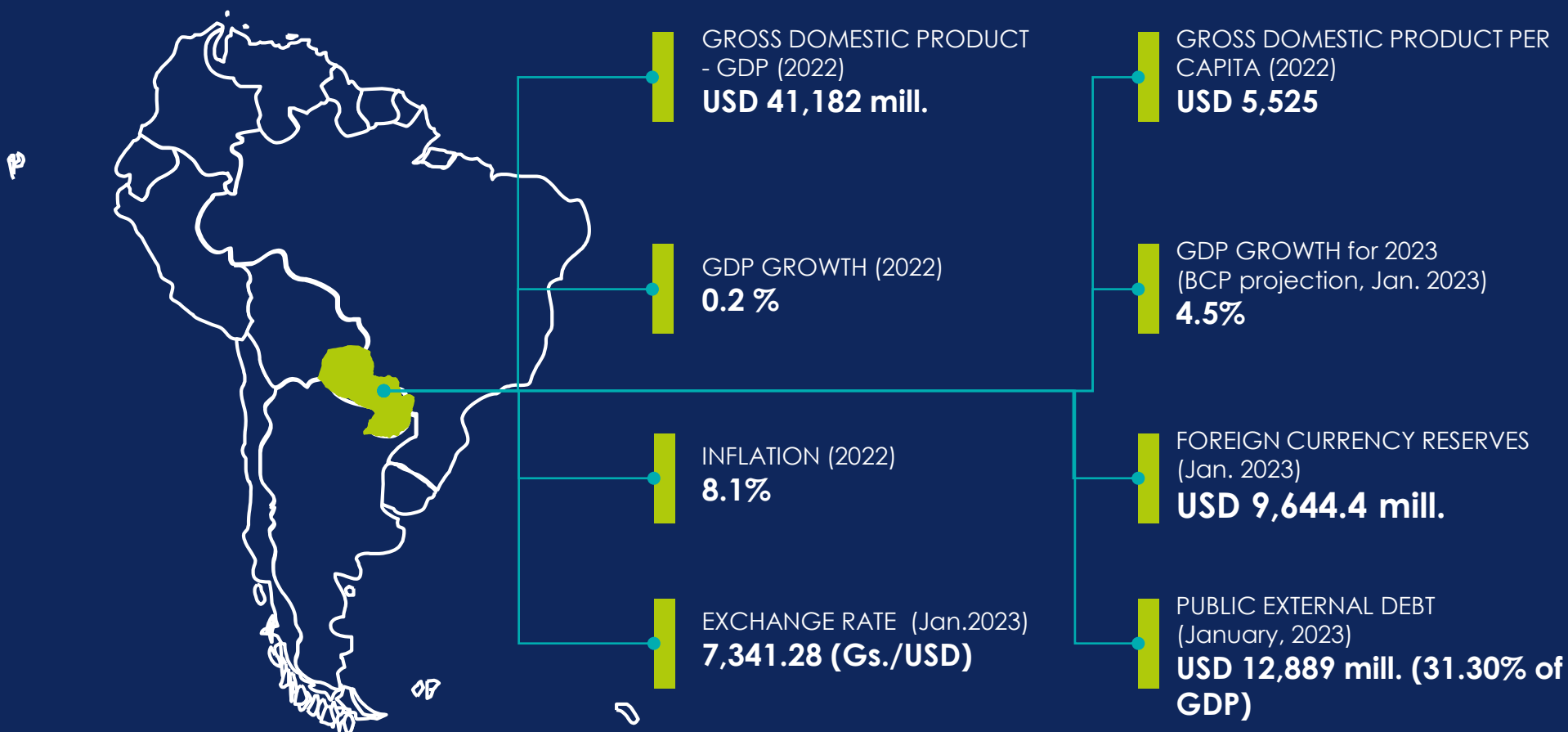
LITERACY RATE

**95%**

CURRENCY

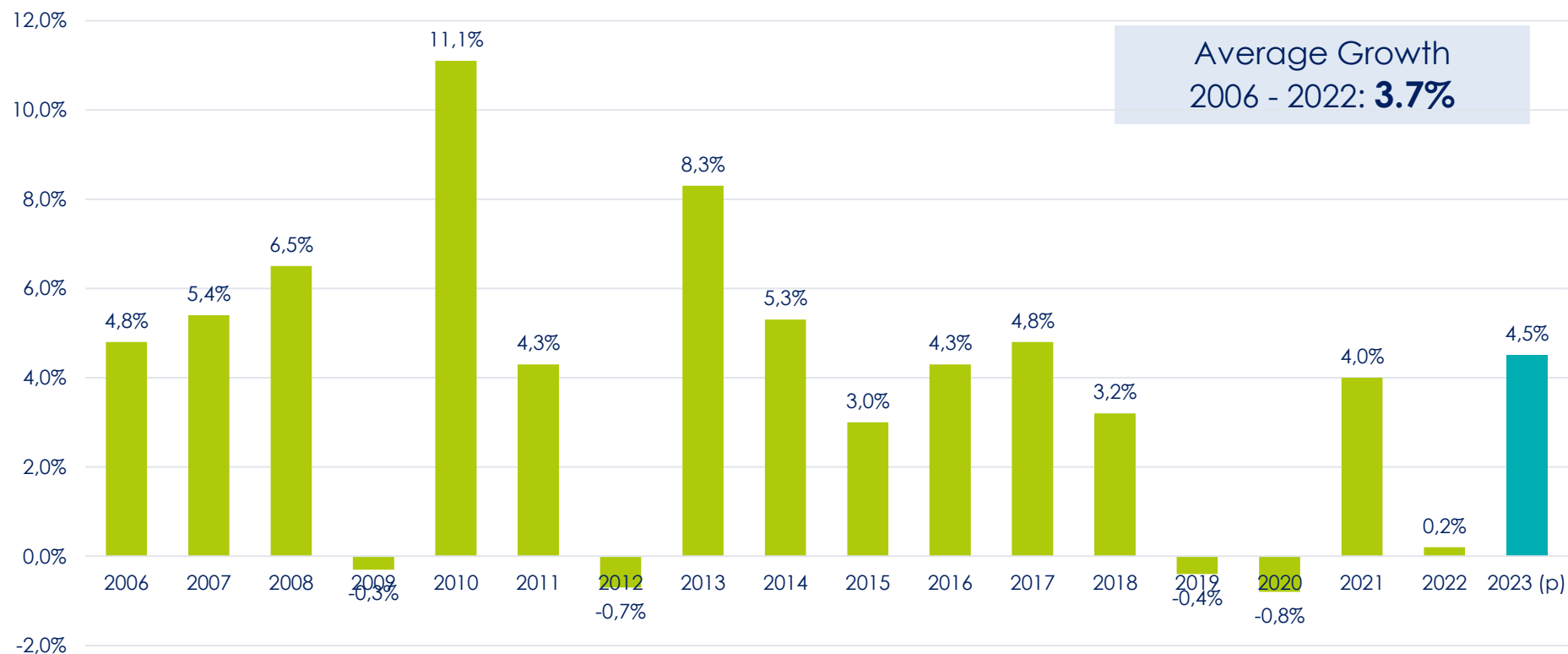
**Guarani (PYG)**

# MAIN ECONOMIC INDICATORS



SOURCES: BCP, DGEEC, FMI

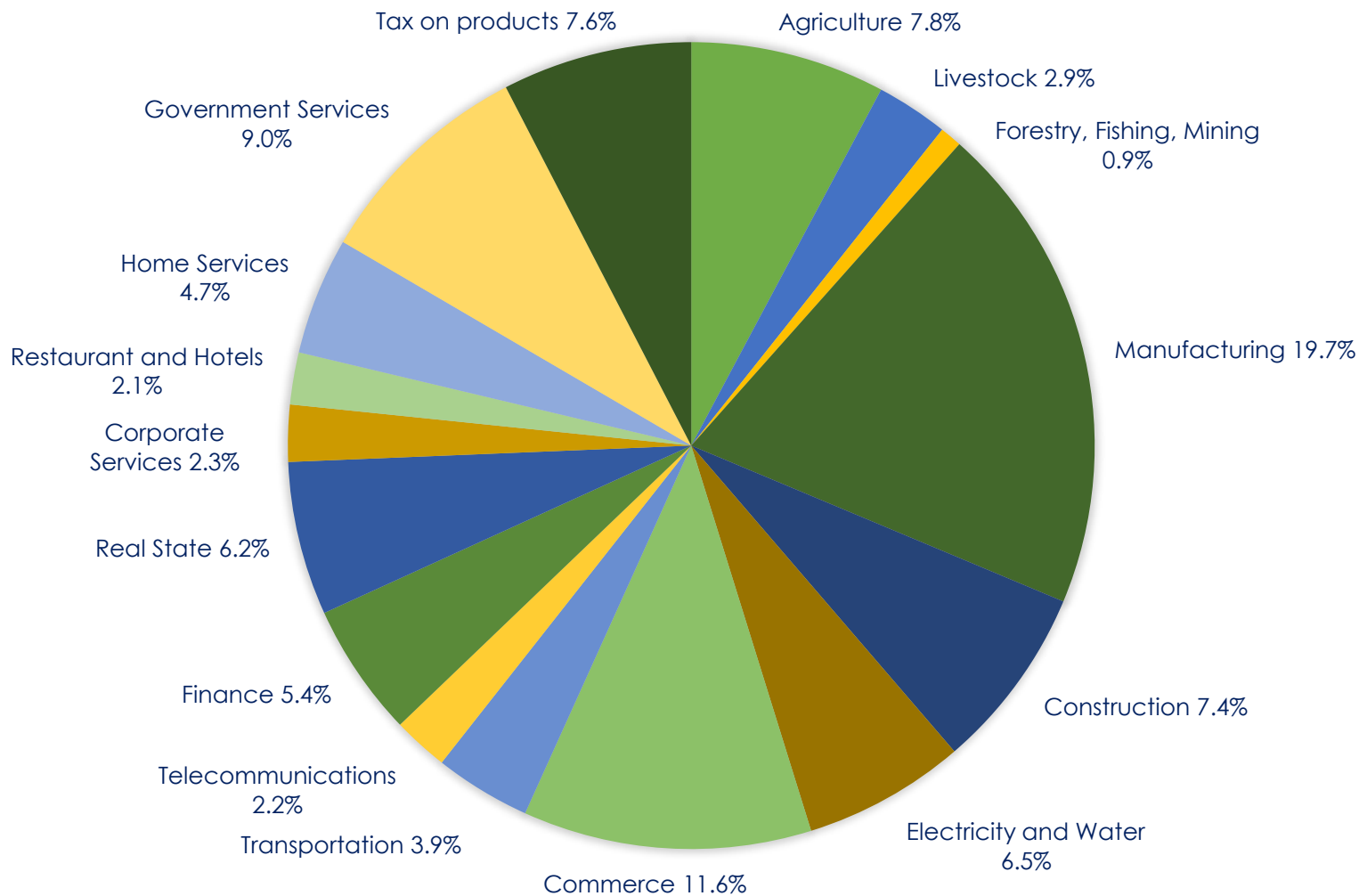
# VARIATION OF PARAGUAYAN GDP



In recent years Paraguay maintained positive average growth, despite the volatility of its main trading partners. In 2020 and 2021, remained as the least affected country in the region by the COVID-19 Pandemic.

SOURCE: BCP – 2022 “BCP projection”

# GDP COMPOSITION



SOURCE: BCP- base year: 2022



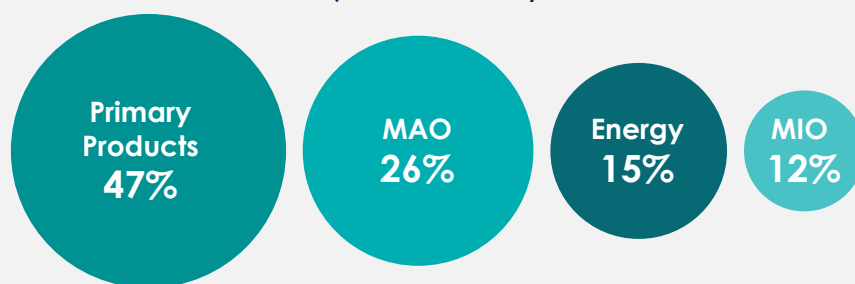
# EXPORT COMPOSITION

## VALUE AND COMPOSITION OF EXPORTS

USD 2,500 millions / 2003



USD 10,547 millions / 2021

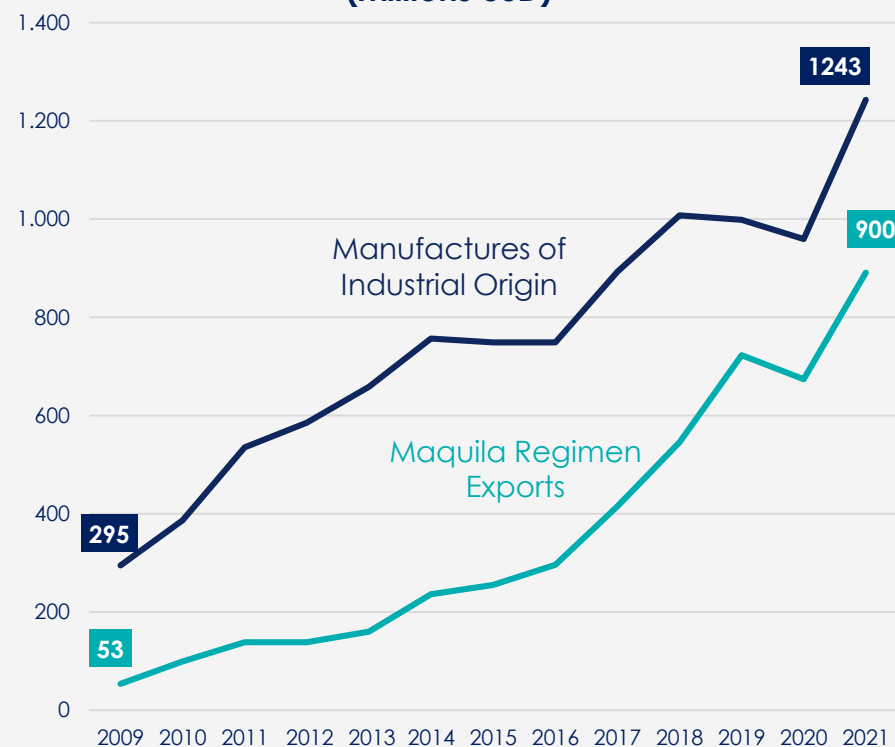


**MAO:** Manufactures of Agrarian Origin

**MIO:** Manufactures of Industrial Origin

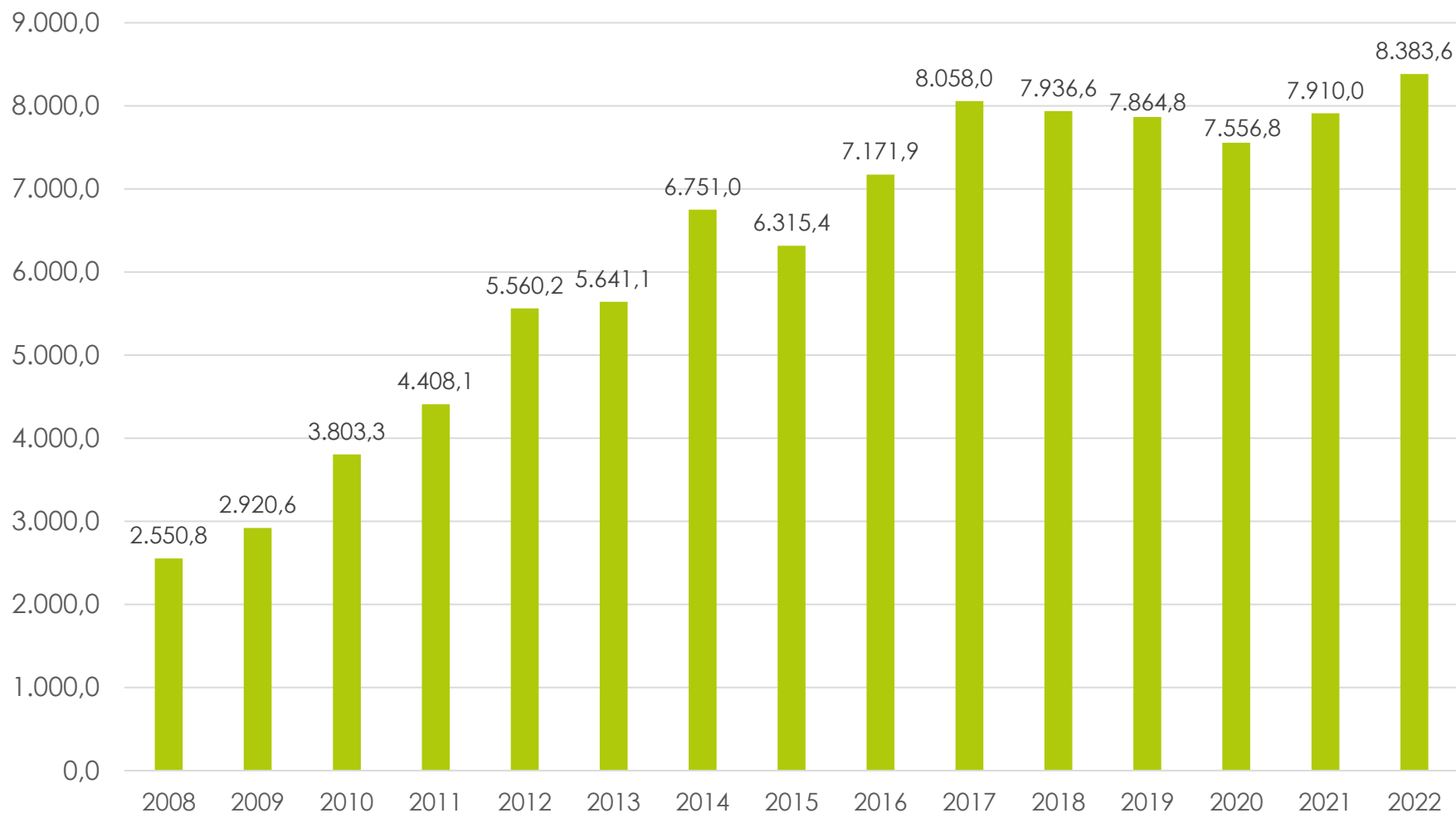
SOURCE: BCP

## EXPORTS WITH ADDED VALUE (Millions USD)



# FOREIGN DIRECT INVESTMENT (FDI) IN THE ECONOMY

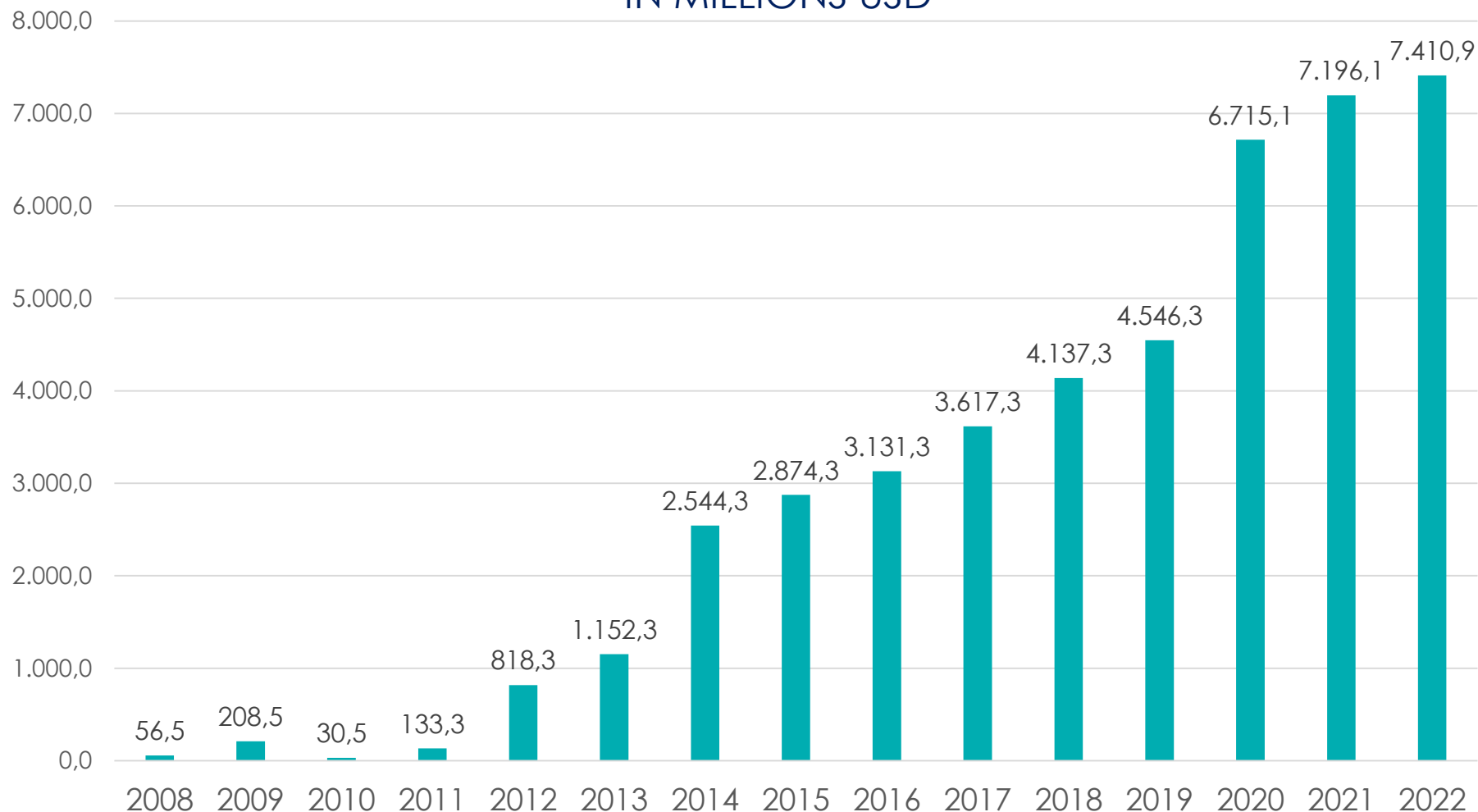
FDI STOCK IN MILLIONS USD



SOURCE: BCP

# PORTFOLIO INVESTMENT

IN MILLIONS USD

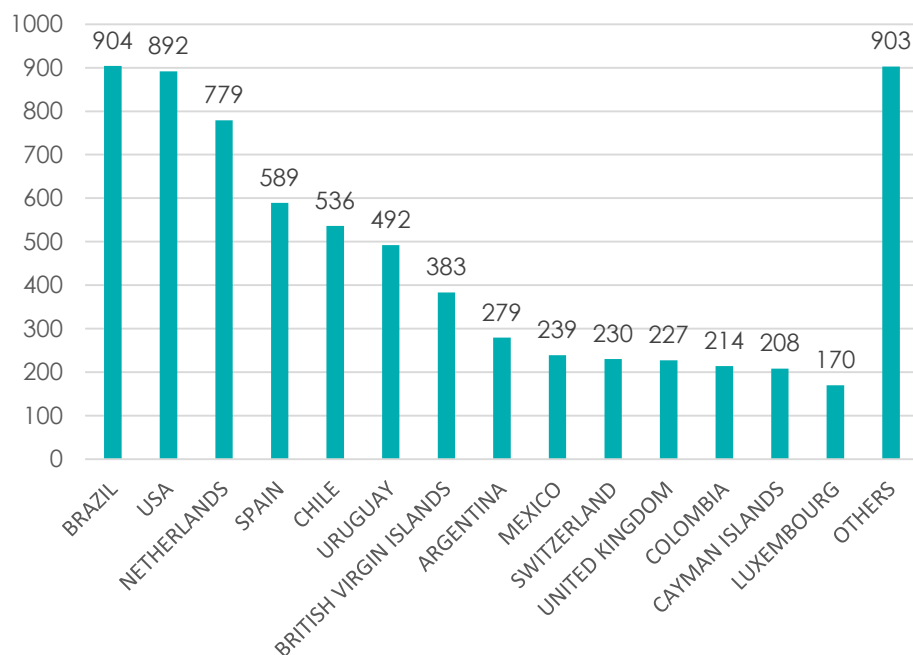


SOURCE: BCP

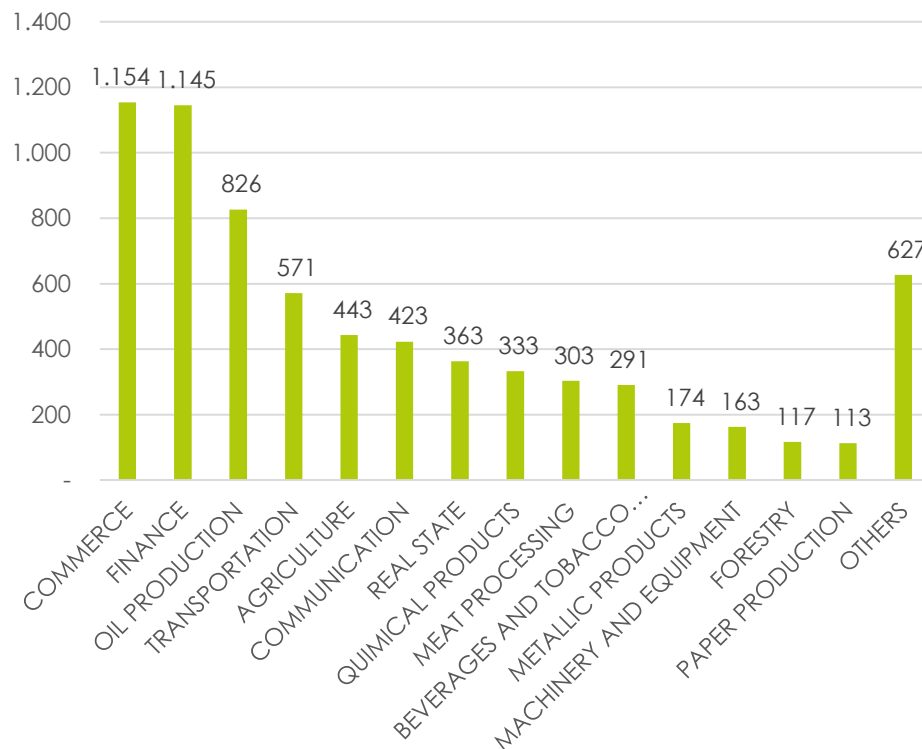
# FOREIGN DIRECT INVESTMENT (FDI) COMPOSITION

BALANCE OF FDI IN MILLIONS USD AT THE END OF 2021

## MAIN COUNTRIES OF ORIGIN

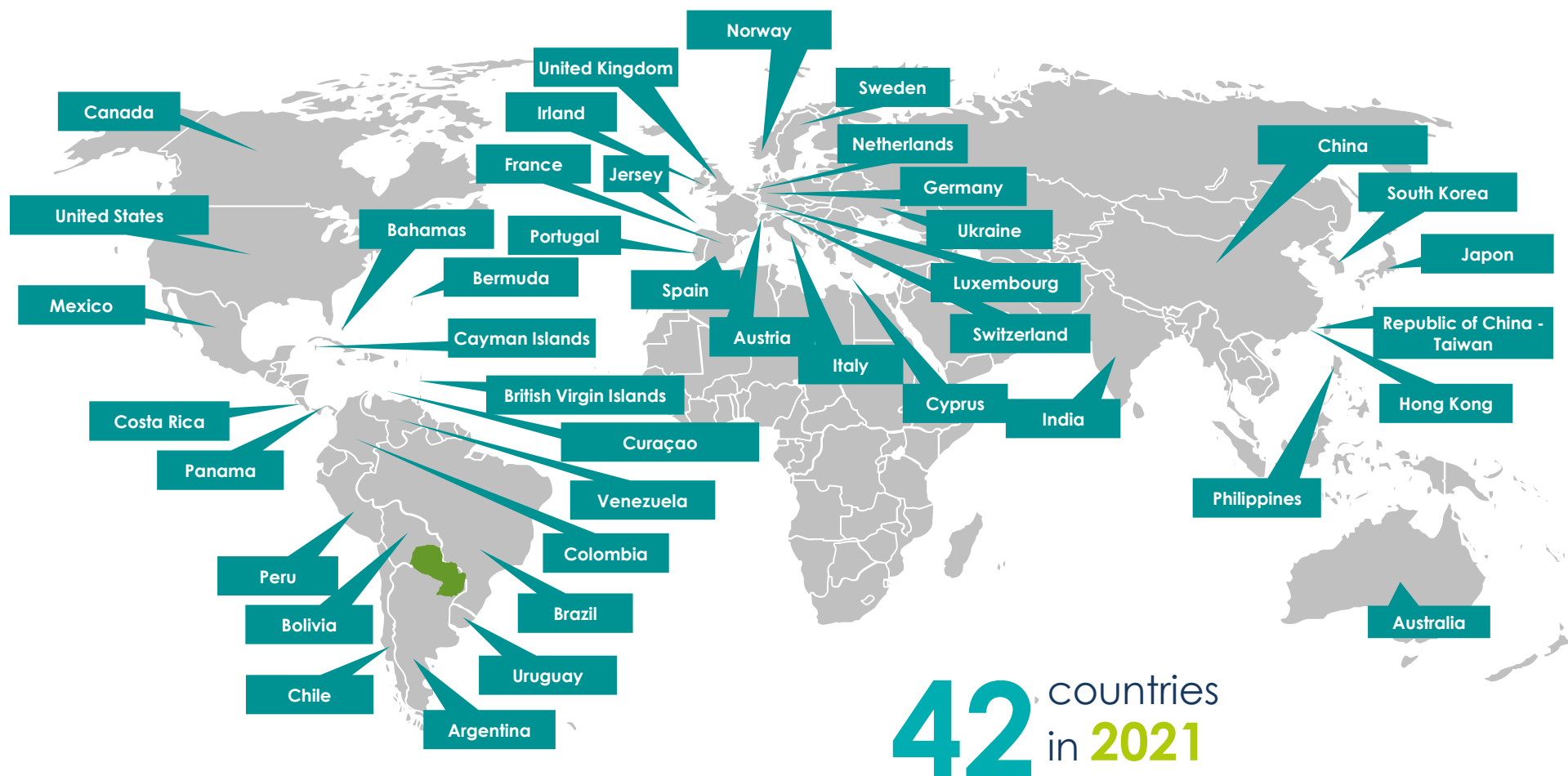


## MAIN INVESTMENT SECTORS



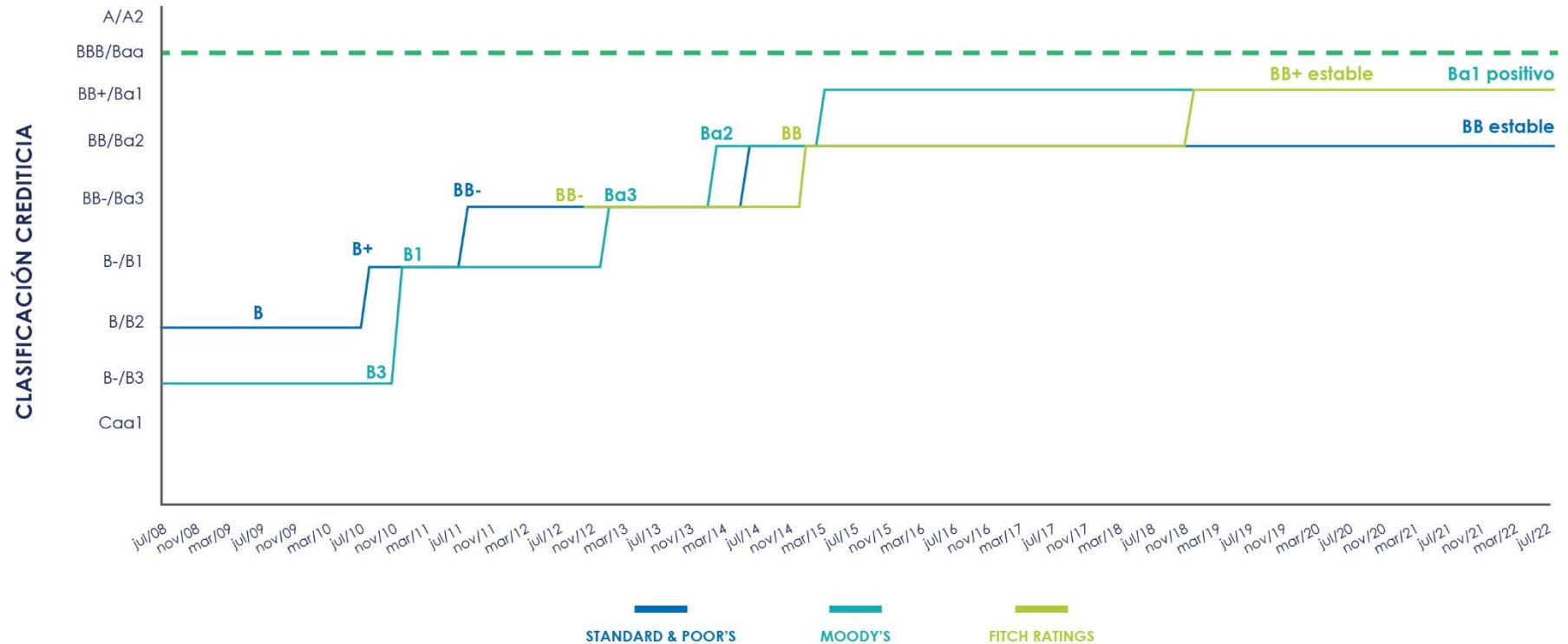
SOURCE: BCP

# TRUSTWORTHY FOR FOREIGN INVESTMENTS



# COUNTRY RISK RATING

## LÍMITE DEL GRADO DE INVERSIÓN



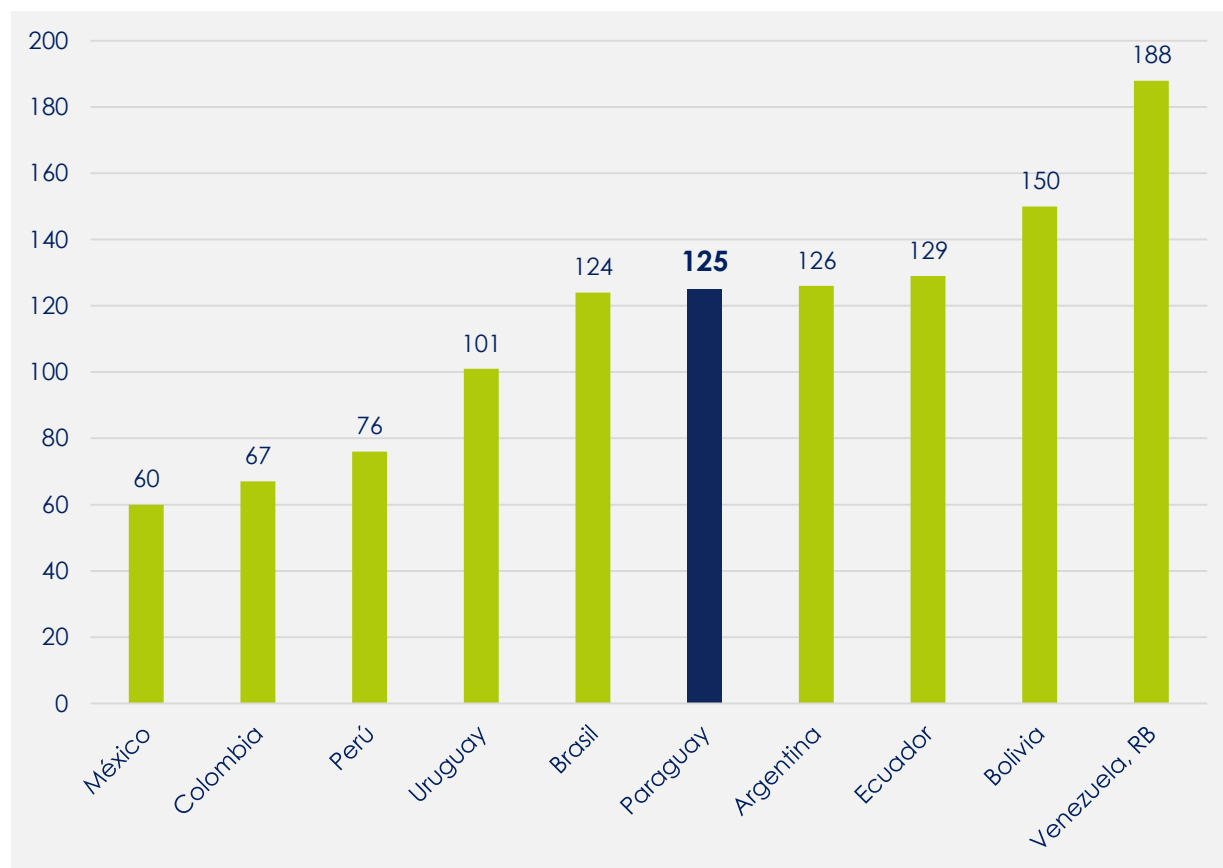
SOURCES: Standard and Poor's, Moody's, Fitch Ratings

# LEADER IN FAVORABLE BUSINESS CLIMATE

## BUSINESS CLIMATE INDEX

Ranking	Country	Score
1	Paraguay	139.9
2do	Uruguay	119.4
3ro	México	85.7
4to	Perú	83.5
6to	Chile	61.2
7mo	Brasil	58.8
8vo	Colombia	58.7
9no	Ecuador	41.7
10mo	Bolivia	19.2
11vo	Argentina	7.0

## INDEX OF EASE OF DOING BUSINESS/ RANKING



\*Index of ease of doing business, 2019

SOURCE: Foundation Getulio Vargas 2022

SOURCE: World Bank

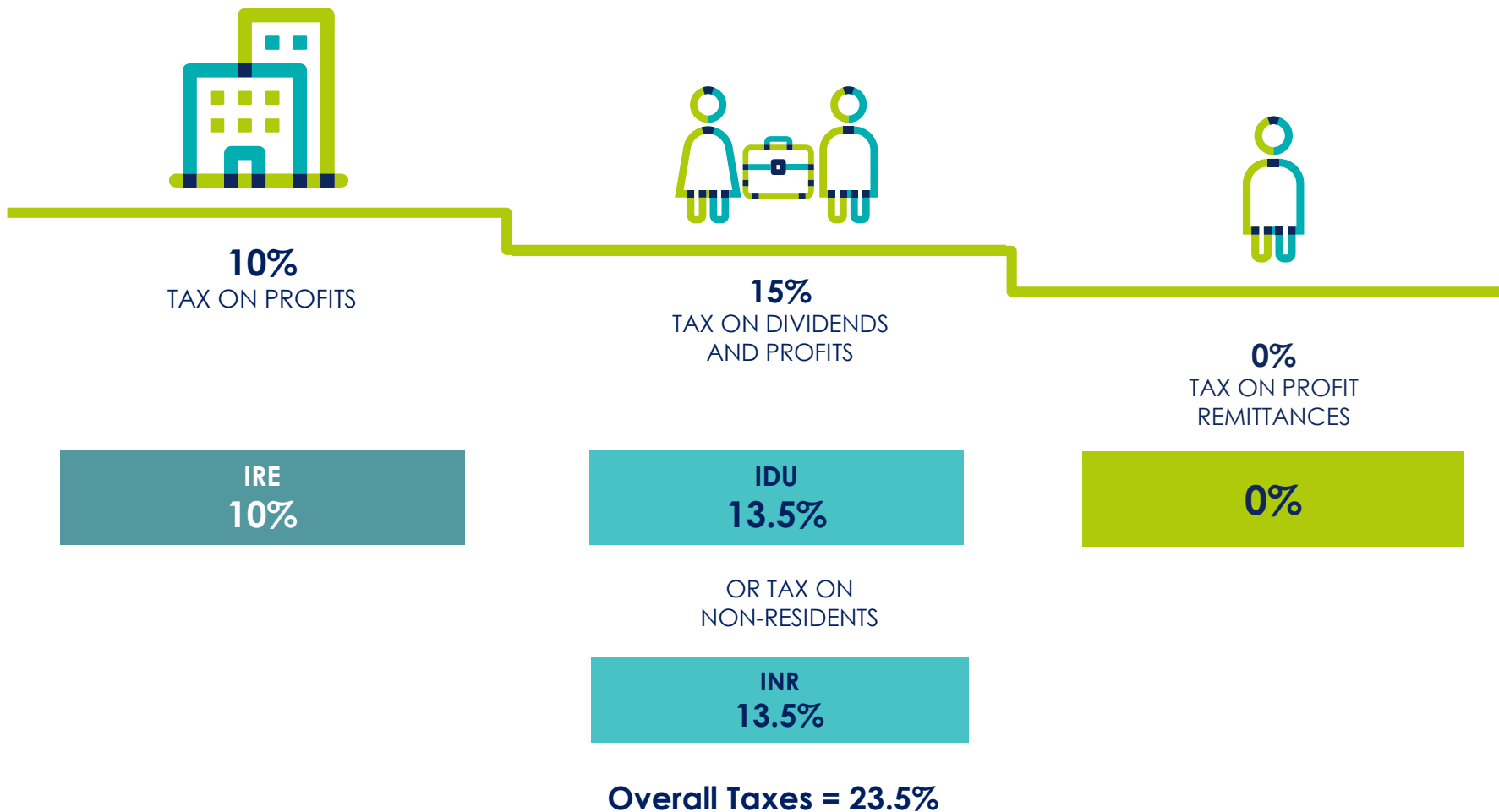
# THE MOST SIMPLE AND COMPETITIVE TAX SCHEME

TAXES					
Maximum rate for corporate income tax	10%*	30%	25%	34%	10%
Maximum rate for personal income tax	10%	35%	36%	28%	27%
Common indirect tax rate (e.g. VAT)	10%	21%	22%	17%	19%
<b>Total referential of taxes and social contributions (according to the World Bank)</b>	<b>35%</b>	<b>106%</b>	<b>42%</b>	<b>65%</b>	<b>84%</b>
<p>* In the case of distributing dividends, an additional tax of 15% is applied to net income. The two taxes together reach a maximum of 23.5%.</p>					



# TAX REFORM

## TAX EFFECTIVE CHARGE IMPACT ON FOREIGN COMPANIES



SOURCE: Ministry of Finance

# LABOR REGIME

In accordance to the current Paraguayan Labor legislation  
(Law 213/93 and amendments)

## PAID HOLIDAYS

SENIORITY	PAID HOLIDAYS
0 to 5 years	12 working days
More than 5 to 10 years	18 working days
More than 10 years	30 working days

## OTHER IMPORTANT DATA

- **WORKING HOURS:** 48 per week
- **13TH SALARY:** paid at the end of the year (equal to 1/12 of the yearly earned salary)
- **LEGAL MINIMUM WAGE (07/2023):** Gs. 2,680,373 (USD 365)
- Maternity Leave and nursing time

## Social Security (IPS)

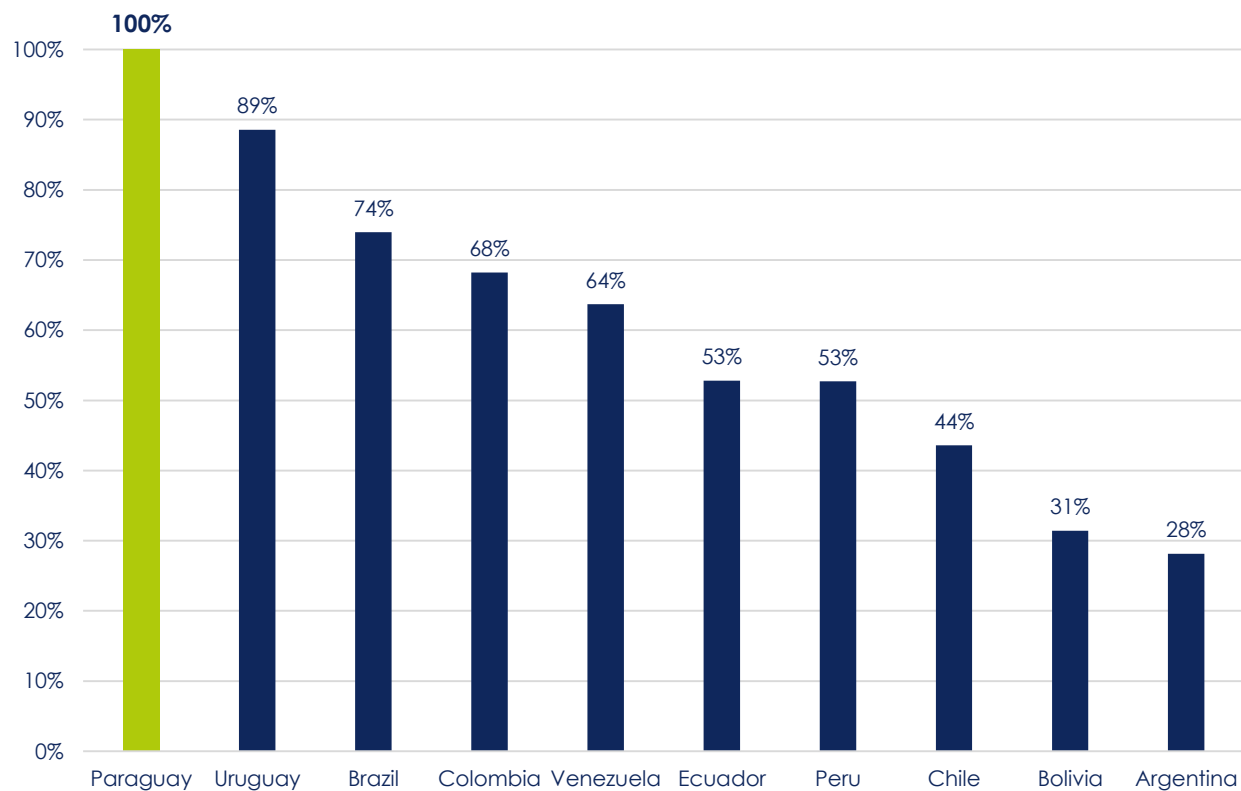
Employer: **16.5%**      Employee: **9%**

\* For further information about the labor legislation, see the Law 213/93 (Labor Code), and their amendments and implementation rules.

# LEADER IN THE GENERATION OF RENEWABLE ENERGY



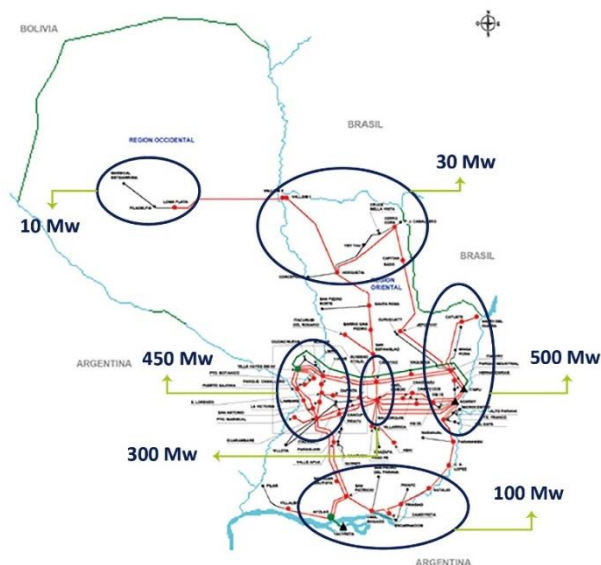
GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES  
(% OF TOTAL)



SOURCE: World Bank / FDI Intelligence

# ENERGY

REPUBLIC OF PARAGUAY / ELECTRIC MAP  
POTENCY (MVA) 220 KV

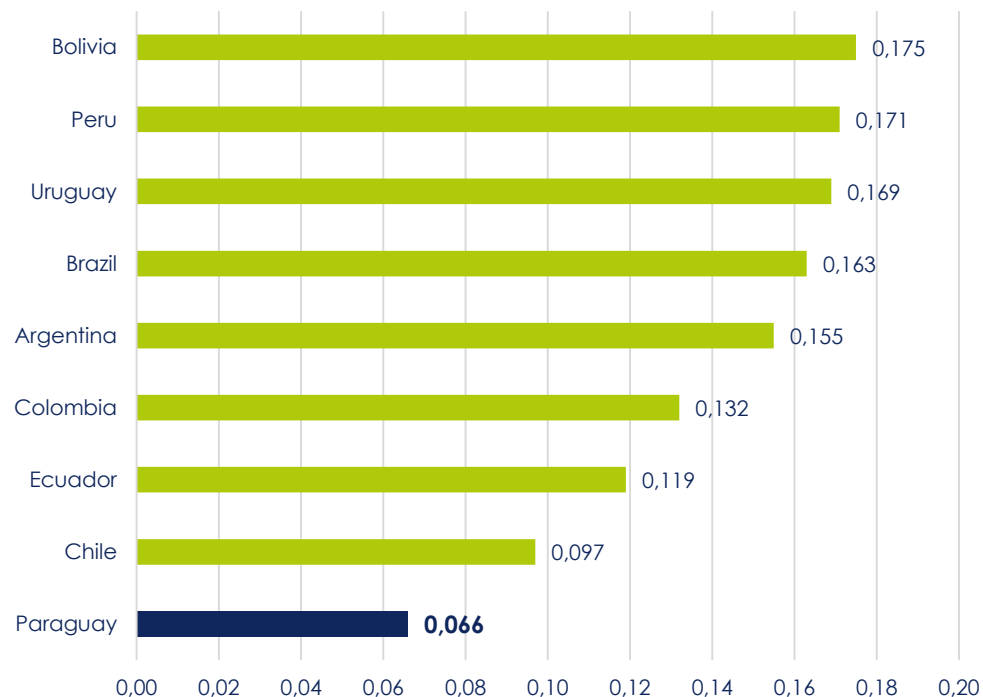


The surplus of electricity produced by the Itaipú and Yacyretá hydroelectric plants, corresponding to Paraguay, is exported to Brazil (78%) and Argentina (22%).

With this, Paraguay is one of the largest producers and exporters of renewable energy in the world.

Electric power is currently the second export product in the country.

COST IN CENTS OF USD PER KWH (2020)  
MEDIUM INDUSTRIAL TENSION



In July 2019, the National Congress approved a new program to strengthen the transmission of electric energy, including two new 500 kV lines, in addition to the expansion and improvement of the distribution system; this will allow full supply of energy for large parts of the national territory.

# Incentives for **national** and **international** investments





# KEY FACTS FOR INVESTMENT IN PARAGUAY

**Greater projected economic growth** in Latin America between 2020 and 2024 (according to IMF)

**Lowest indirect tax rate in the region**

**Lowest corporate tax rate in the region**

**Lowest energy costs in the region**

**Economic resilience to external factors** (crisis in Argentina and Brazil)

**Growing economic diversification**

**Macroeconomic discipline**

**Low public debt**

**The National Government's structural reforms are underway.**

**Youngest population in the region**

# MAQUILA REGIME

Regime for the production of goods and services for export

- **TAX OF 1%** on the final value of the produced goods/ services.
- Suspension of import taxes for materials, machinery and other necessary supplies.
- VAT returns on the purchase of goods and services, as a tax credit.
- Tax Exemption on income and dividends remittances.



## 60/90 Investment Incentive Law

Import tax on Capital Goods  
(Machinery and Equipment)

0%

Value Added Tax (VAT) on Capital Goods  
(Local or foreign acquisition)

0%

**DEBT:** Tax applied on remittances and payments of  
Interests (for investments equal or higher than USD 13  
million)

0%

**PROFITS:** Tax applied on remittances dividends and  
utilities (for 10 years for investments equal or higher than  
USD 13 million)

0%





## OTHER INCENTIVES

### RAW MATERIAL REGIME

Benefits on the imports of raw material and implements with a **0% customs tax**, provided proof it is used in their own production process, and there is no national production for them

### PRODUCT AND NATIONAL EMPLOYMENT REGIME

Law **4558/11** grants a margin of preference for Paraguayan products and services in public purchases.

### BENEFICIARIES:

“Each industry of the country, registered at the Ministry of Industry and Commerce.”

# OTHER INCENTIVES AND THE AUTOMOTIVE REGIME



## FISCAL ADVANTAGES

- Exemption of customs tax
- VAT on import is calculated on 20% on the actual customs value

## DEVELOPMENT OF THE MOTORCYCLE PARTS SECTOR

Currently, there are 25 companies registered in this sector.

- Plastic parts
- Suspension parts
- Metal parts
- Rubber parts

# OTHER INCENTIVES / LAW 5542 INVESTMENT GUARANTEE

## MAIN BENEFITS

- **Invariability of the tax rate of the corporate tax for companies** for a period of **up to 10 years**, counted from its start, with the possibility of extending the deadline for exceptional projects \*
- **Special regime for exports** of part or all of the goods produced. Companies may maintain a percentage of foreign currency abroad, when these are necessary for the payment of obligations; or compliance with the remittance of the profits that the investments generate.

\* Up to 15 years for investments between USD 50 MILLION and USD 100 MILLION; up to 20 years for investments in industrial projects of an amount equal to or greater than USD 100 MILLION.





## OTHER INCENTIVES / PPP LAW

By this law, rules and mechanisms to promote the public sector-related investments by the public-private partnership are established.

### Eligible projects are:

Road, railway, port  
and airport projects

Waterway projects,  
riverway dredge  
and navigability  
maintain projects

Social infrastructure

Electrical  
infrastructure

Urban  
improvement,  
equipment and  
development  
projects

Drinking water  
supply and sewage  
disposal

Other infrastructure  
investment and  
public services  
interest projects

# FREE TRADE ZONES

Under the Free Zone regime, as long as it meets the origin requirements, the products can benefit from the tariff preferences agreed in the respective international agreements for exports to extra-zone. However, this currently does not imply benefits to exports to MERCOSUR

**Goods and  
Services**

**Exemption of all  
types of  
departmental and  
municipal fees**

**Single tax of 0.5%  
on the invoice of  
sales to third  
countries**

**Real estate  
infrastructure for  
different types of  
activities**

**Maintenance of the  
origin of the products  
introduced in the Free  
Trade Zone, if there is  
no change in the tariff  
line (Law 523/95, Art.  
20; Decree 7068/2006  
and Decree  
1933/2019)**

**Environmental  
license**

**Specific protection  
measures for their  
products, such as a  
differentiated import  
fee, prior import  
licenses, among  
others**

**Agile customs  
processing**

# EXPANDED MARKET AND NETWORK OF COMMERCIAL AGREEMENTS

- Paraguay as a Mercosur State Party has access to a market of more than **295 million inhabitants (Source: Mercosur.int)**.
- Paraguay receives special and differentiated treatment in the following areas:
  - Preferential rules of origin: 40% regional content and 60% extrazone (until 2032) for a majority of the products.
  - Positive concessions for Paraguay in external negotiations
  - National List of Exceptions to the Common External Tariff of Mercosur of 649 tariff items.
  - Special regimes for the import of raw materials, agricultural inputs and capital goods and computer and telecommunications.

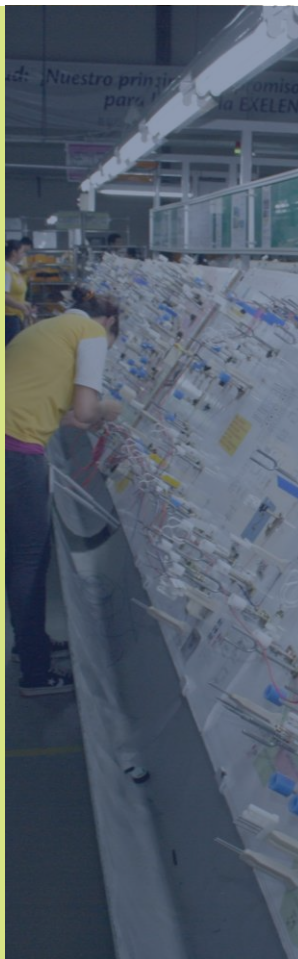




# THE NEW AUTOMOTIVE SECTOR AGREEMENTS AND THEIR GREAT POTENTIAL



- **Vehicles and auto parts** with a regional content index (ICR) of **50%** will enter the signatory countries **cleared of customs duties**
- **Auto parts manufactured** in one country that have **40% of ICR** will have access, in the other country, with zero tariff up to an amount of **US \$ 35 million** (gradual increase of amounts and ICR until 2026)

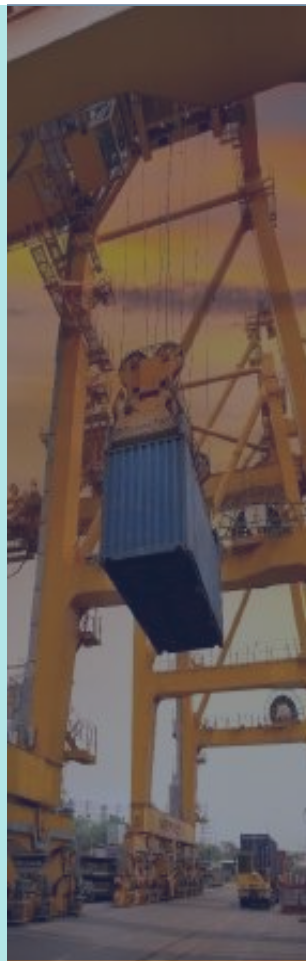


- The incorporation of opportunities for **the development of vehicles with new engines** (electric, hybrid, gas, hydrogen, etc.), starting with a Regional Content Index (ICR) of **30%**.
- Preferential access for **maquila products with ICR less than 50%**, starting with **USD 350 million** and an **ICR of 40%** to reach **USD 750 million and ICR 50%** in 2027
- Preferential access for both countries for **1,000 vehicle units** of people with a **reduced ICR (30% ICR for Paraguay and 35% for Brazil)**

# PARAGUAY WILL BE THE COUNTRY MOST BENEFITED WITH THESE NEW AGREEMENTS



- Agreement reached in June, **2019** after **20 years of negotiation**.
- One of the **most important trade agreements**, at global level.
- The agreement **eliminates tariffs for 93% of Mercosur exports** and grant **preferential treatment for almost all the remaining 7%**.
- The **EU liberalizes 99% of Mercosur's agricultural exports**. For **81.7%** it will eliminate **import tariffs** and for the remaining **17.3%** it will offer **preferential import quotas**.
- **Commercial opportunities** in the sectors of **organic sugar, bovine meat, poultry meat, rice, corn, honey and ethanol from Paraguay**



- Negotiations concluded in August, **2019**
- **Preferential access** for almost **97% of Mercosur's export offer**
- For first time, **Switzerland and Norway** established **preferential quotas** for **Mercosur** countries
- Main **beneficiary export products** for Mercosur are bovine meat, poultry meat, corn, vegetal oils, among others.



# NETWORK OF COMMERCIAL MULTILATERAL AGREEMENTS

## AGREEMENTS IN NEGOTIATION OF MERCOSUR WITH:



Canada



South Korea



Lebanon



Indonesia

## MERCOSUR MAINTAINS DIALOGUES FOR NEGOTIATIONS WITH:



The Association  
of Southeast  
Asian Nations



Gulf  
Cooperation  
Council



Eurasian  
Economic Union



Australia



Japan



El Salvador



Morocco



Pakistan



Tunisia



Türkiye



Vietnam

As a member of Mercosur, Paraguay is part of a network of commercial agreements.

## AGREEMENTS OF PARTIAL SCOPE OF ECONOMIC COMPLEMENTATION OF MERCOSUR WITH:



Bolivia



Chile



Colombia



Cuba



Mexico



Peru



Andean  
Community of  
Nations

## Other Commercial Agreements of Mercosur with:



India



Israel



Palestine State



South Africa  
Customs Union



Singapore



EFTA



European Union



Egypt

# BILATERAL COMMERCIAL AGREEMENT NETWORK

Paraguay has Investment Agreements with the following countries:

	Germany		El Salvador		Peru
	Austria		United Arab Emirates		Portugal
	Belgium-Luxembourg		Spain		Czech Republic
	Chile		France		Romania
	South Korea		Great Britain		South Africa
	Costa Rica		Hungary		Switzerland
	Cuba		Italy		Taiwan
	United States of America		Netherlands		Venezuela
					Qatar

In addition, Paraguay has agreements to avoid double taxation with **Chile, the United Arab Emirates, Taiwan, Qatar and Uruguay.**

# HIGH LEVELS OF PRODUCTION AND EXPORT CAPACITY

1°

Net Exporter of  
Clean Energy in  
the World



2°

Stevia  
Producer in  
the World



3°

Mate tea  
Exporter in the  
World



4°

Corn and  
Chia Exporter  
in the World



6°

Soybean oil  
Exporter in the  
World



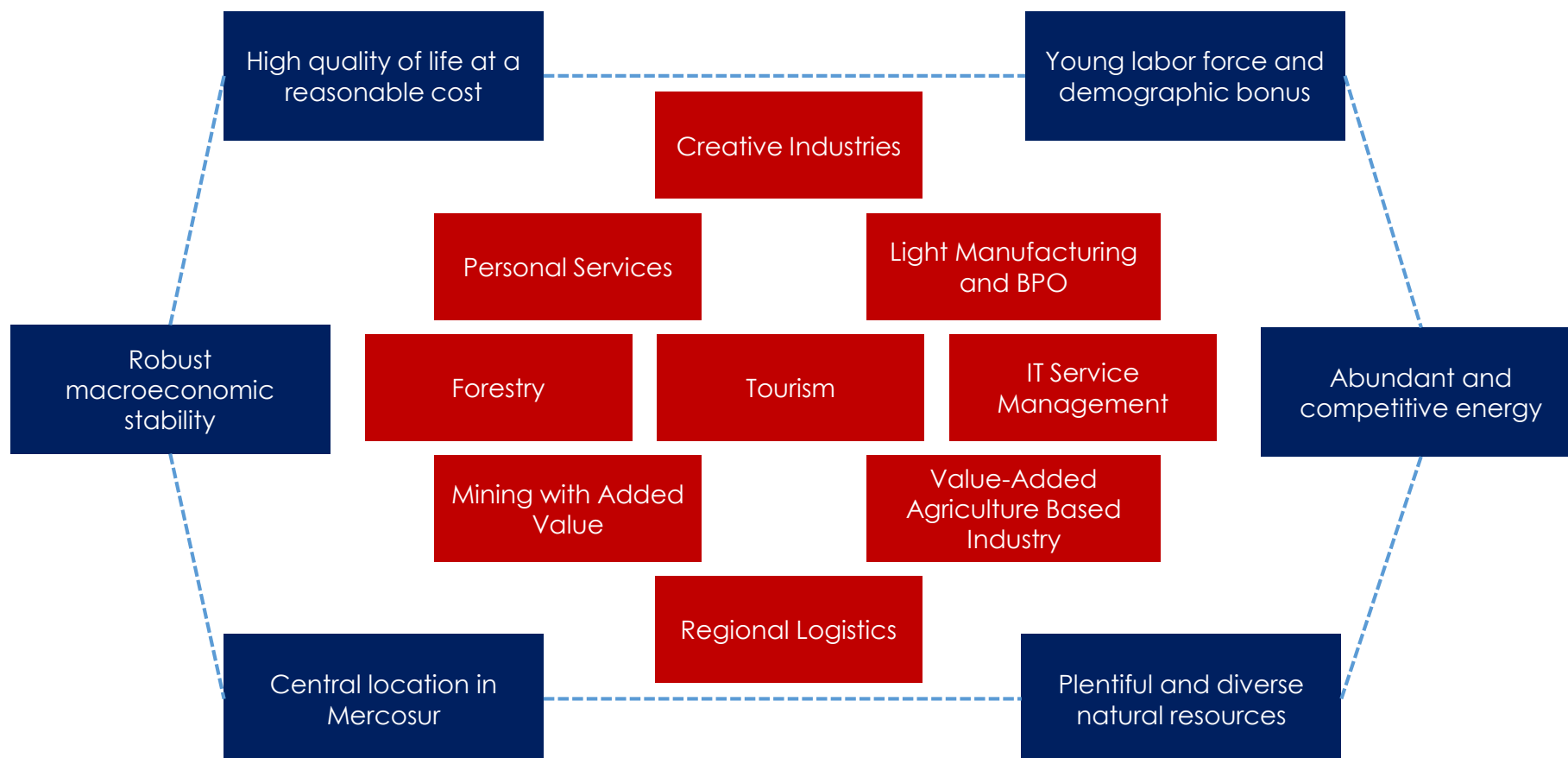
8°

Meat Exporter in  
the World



# POST-PANDEMIC ECONOMIC MOTORS

## PRIORITIZED SECTORS



SOURCE: Paraguay Post Covid-19, Roberto Artavia, 2020

# COUNTRY BRAND



**1**  
**STRATEGIC  
COMPETITION  
TOOL**

**2**  
**ASSOCIATED  
WITH QUALITY  
PRODUCTION**

**3**  
**PROMOTES  
TOURISM AND  
CULTURE**

**4**  
**HIGHLIGHTS  
PARAGUAY'S BEST  
QUALITIES**

## PRIORITY SECTORS

- Exports
- Foreign Direct Investment
- Tourism
- Culture
- Creative Industries

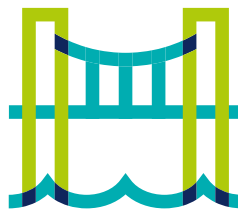
## CONCEPTS THAT SELL

- Paraguay as an energy producer
- Water, as an element of connection with the world, culture, commerce, business and tourism
- Young and growing country, with natural resources and plentiful opportunities.

# SUSTAINABLE BUSINESS OPPORTUNITIES IN PARAGUAY



FOOD AND DRINKS



INFRASTRUCTURE



FINANCING



HEALTH CARE



EDUCATION



RENEWABLE RESOURCES AND  
ALTERNATIVE ENERGIES



TECHNOLOGY AND  
COMMUNICATIONS

# THANK YOU!



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