



Doing Business with Paraguay

Swiss Paraguayan Chamber of Commerce
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CÁMARA DE COMERCIO PARAGUAYO-SUIZA
SCHWEIZERISCH-PARAGUAYISCHE HANDELSKAMMER



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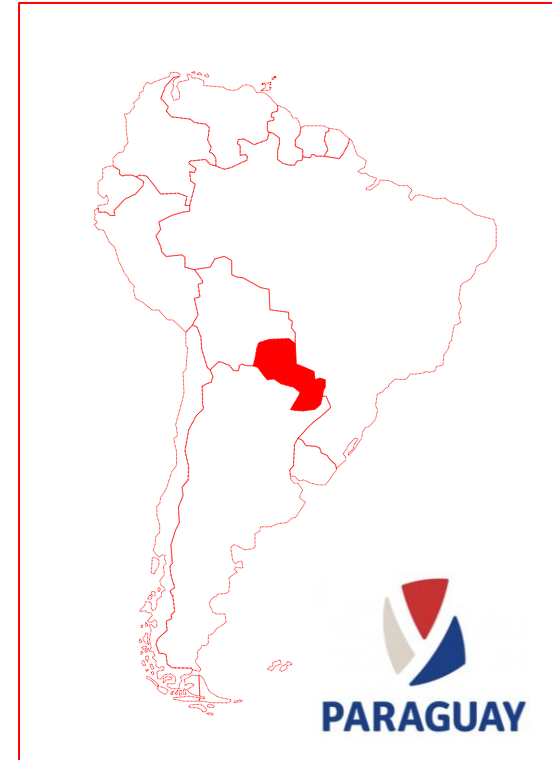


SCHWEIZERISCH-PARAGUAYISCHE
HANDELSKAMMER

CÁMARA DE COMERCIO
PARAGUAYO-SUIZA

Paraguay Fact Sheet

- Official name: Republic of Paraguay
- Surface: 406,752km²
- Urbanization rate: 60%
- Government System: Presidential Republic
- President: Mario Abdo Benítez, “right-centered” (2018 – 2023)
- Languages: Spanish, Guaraní
- Literacy rate: 94,3%
- Currency: Guaraní (PYG)





Paraguay Fact Sheet

- Capital: Asunción (0,6m); other main cities are Ciudad del Este (0,2m) and Pedro Juan Caballero (0,1m)
- Population: 7.3Mio (2020)
- Ethnic Groups : 5% Indigenous (mainly Guaraníes), 95% White & Mixed-Race (Mestizo)
- Borders: Argentina, Brazil and Bolivia

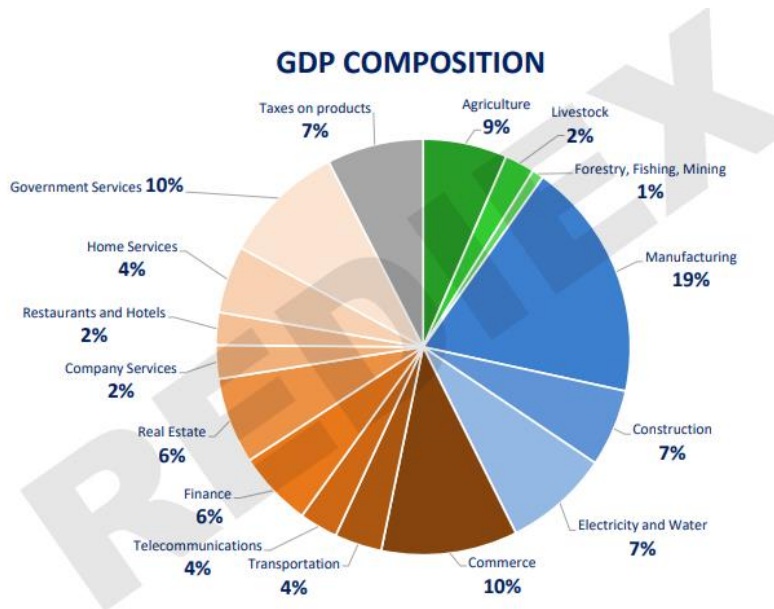


← Main Economic Indicators



- GDP* (2020): USD 36.049 mill.
- GDP Growth (2020): -0,6%
- Inflation (2020): 2,2%
- Exchange rate (October 2021): 6.902 (G/USD)

- GDP per Capita (2020): USD 4.970
- GDP Growth for 2021 (BCP projection, May 2021): 3,5%
- Foreign currency reserves (April 2021): USD 10.170 mill.
- Public External Debt (March 2021): USD 9.961 mill. (27,6% of GDP)

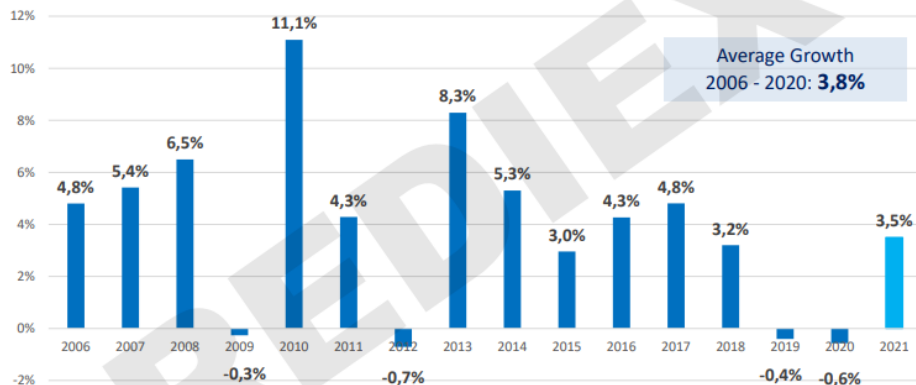


GDP Composition

19% Manufacturing
10% Commerce
10% Government Services
9% Agriculture
7% Electricity and Water
7% Taxes on Products
7% Construction



Variation of Paraguayan GDP and the most simple and competitive tax scheme



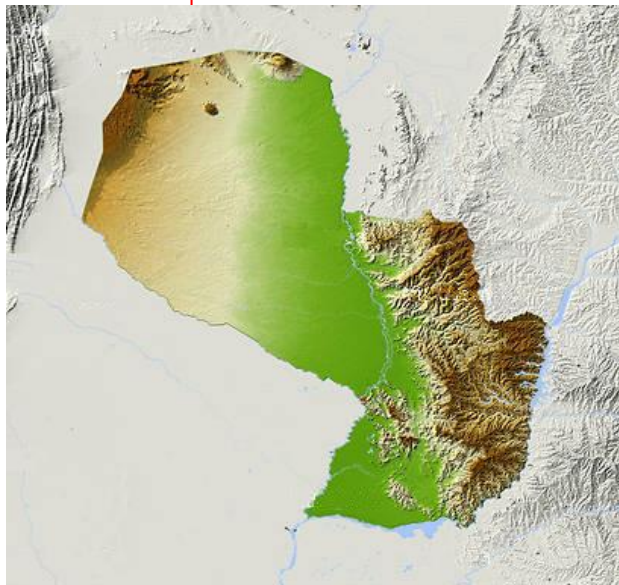
TAXES					
Maximum rate for corporate income tax	10%*	30%	25%	34%	25%
Maximum rate for personal income tax	10%	35%	36%	28%	13%
Common indirect tax rate (e.g. VAT)	10%	21%	22%	17%	13%
Total referential of taxes and social contributions (according to the World Bank)	35%	106%	42%	65%	84%



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



Geography and Climate



Subtropical country with very long summer from Nov to March (hot & Humid).
Western side region of Paraguay ("Chaco") is mostly desert and arid.



Main Economic drivers



Cattle Raising



ARP 2018: 14.3 mio cattle herd (2 cows per habitant)

Agriculture



2017: Soybean production 10 mio tons (5th of the world). Soy is the largest agricultural product export, representing 59.4% of total agricultural production.

Itaipú Hydroelectric



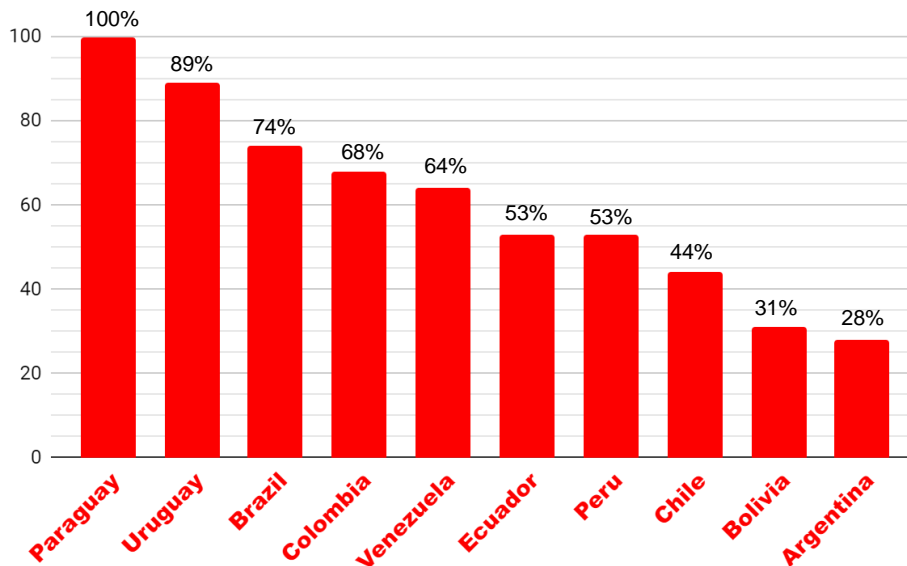
Biggest hydro station of the world. Annual Production 96.3 mio Mwh



Leader in the generation of renewable energy



Generation of electricity from renewable sources (% of total)





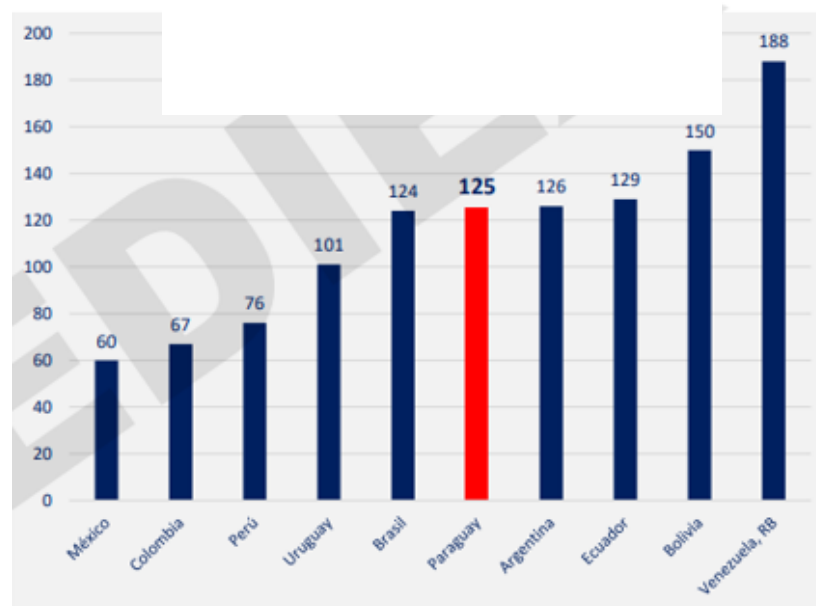
Leader in favorable business climate



Business Climate Index

COUNTRY	RANKING
Paraguay	1
Colombia	2
Chile	3
Peru	4
Uruguay	5
Brazil	6
Bolivia	7
Argentina	8
Mexico	9
Ecuador	10
Venezuela	11

Index of ease to doing business / ranking



Thank you

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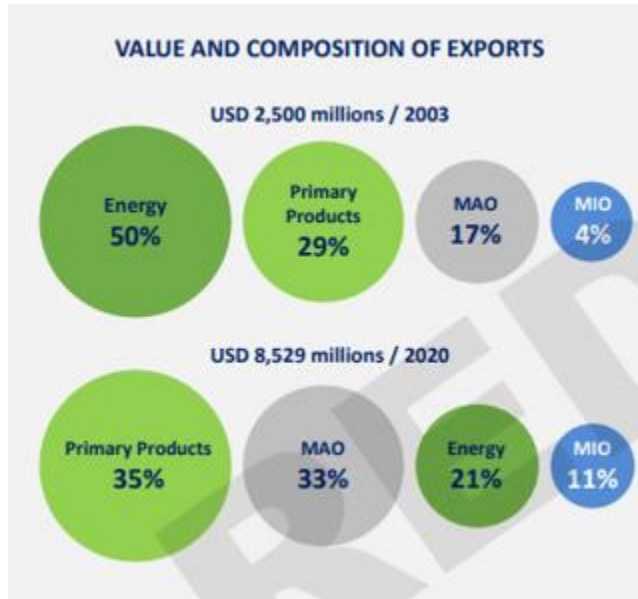
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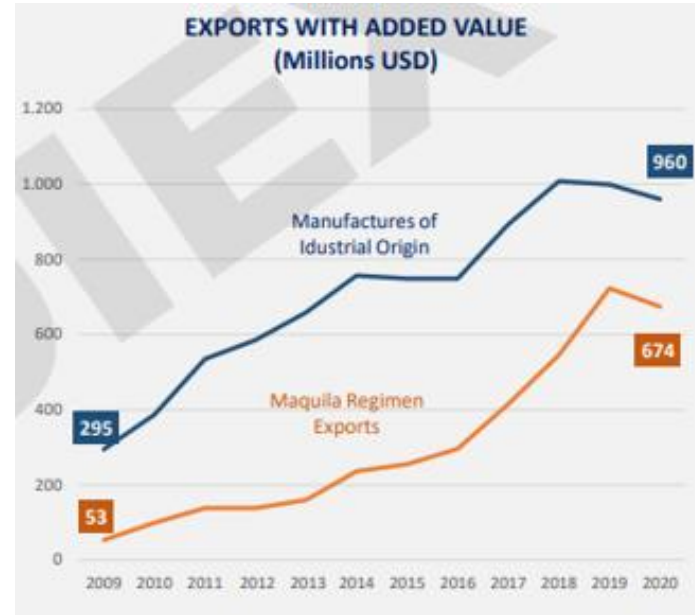
Export Composition



Value en Composition of exports



Exports with added value





Energy Cost



Paraguay has the lowest electricity tariffs in the region

Energía Eléctrica		
País	Industrial Media Tensión (USD/MWh)	Residencial (USD/MWh)
Uruguay	115	248
Chile	129	193
Brasil	91	152
Argentina	53	65
Paraguay	41	59

Enero 2021



Maquila Regime



Regime for 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.

MERCOSUR investment's regimes are periodically reviewed. Next revision will be in 2023.





Expanded market and network of commercial agreements



Paraguay as a Mercosur State Party to Mercosur has access to a market of more than 260 million inhabitants.

Paraguay receives special and differentiated treatment in the following areas:

- Preferential rules of origin: 40% regional content and 60% extrazone for a majority of the products.
- Positive concessions for Paraguay in external negotiations o 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.





Mercosur-European Free Trade Association (EFTA)



Commercial
Agreement



COMMERCIAL RELATIONS
**MERCOSUR
EFTA***

*European Free Trade Association

Importations

**US\$ 3.641
billions**

Products that MERCOSUR
imports from EFTA:

-  Pharmaceutical products
-  Organic chemicals
-  Mineral fuels
-  Machines and their parts

Exportations

**US\$ 3.166
billions**

Products that MERCOSUR
exports to EFTA:

-  Gemstones
-  Inorganic chemicals
-  Oleaginous fruits and seeds
-  Planes

Data: SECEM (<https://estadisticas.mercosur.int>)





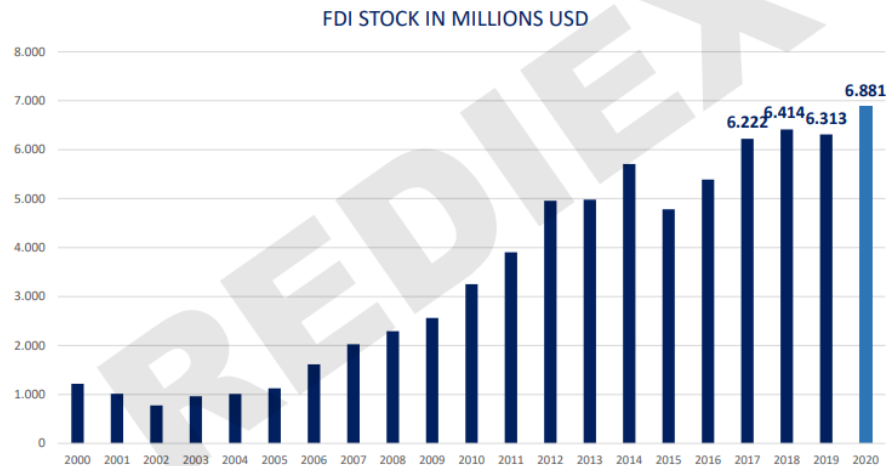
Foreign Investment



Trustworthy for foreign investments



Foreign direct investment (FDI) evolution





Free trade zones



Good and Services

Exception of all types
of departmental and
municipal fees

Single tax of 0,5% on
the invoice of sales to
third countries

Real estate
infraestructura 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)

Environmental license

Specific protection
measures for their
products, such as a
differentiated import
fee, prior import
licenses, etc.

Agile customs
processing

Law 523/95, Art.20; Decree 7068/2006
and Decree 1933/2019)



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 Bilateral Agreements



Agreement in negotiation of Mercosur with:



Canadá



Corea del Sur



Singapur

Mercosur maintains dialogues for negotiation with:



Association of
Southeast Asian
Nations (ASEAN)



Gulf
Cooperation
Council (GCC)



Eurasian
Economic
Union (EAEU)



Australia



Japan



Lebanon



Morocco



Pakistan



Tunisia



Turkey

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

Agreement of partial scope of economic complementation of Mercosur with:



Bolivia



Chile



Colombia



Cuba



México



Peru



COMUNIDAD
ANDINA
Andean Nations
Community

Other commercial agreements of Mercosur with:



India



Israel



Palestina



South Africa
Customs Union



Bilateral Commercial Agreement Network



Paraguay has investment agreements with the following countries:



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

Thank you

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