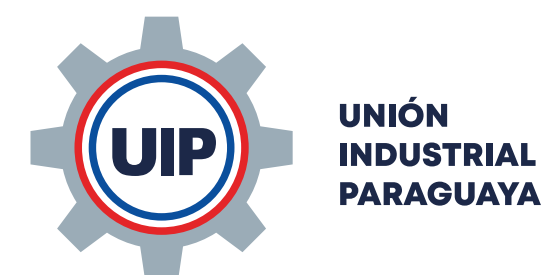




PARAGUAY

Investor guide



UNIÓN
INDUSTRIAL
PARAGUAYA



Centro de
Estudios
Económicos



CENTRO DE
PROMOCIÓN
INTERNACIONAL



Introduction to the

Investor Guide

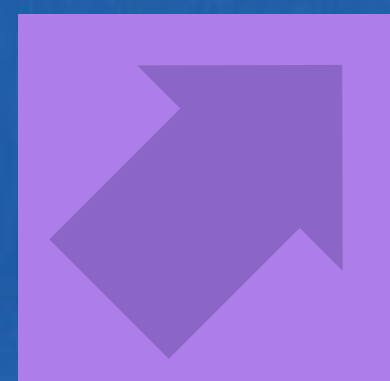
This presentation provides an overview of Paraguay's economic environment, highlighting its sustained growth, macroeconomic stability and competitive advantages for investment.

Key indicators are used to present strategic sectors, fiscal and monetary policy, the labor market, and investment incentives.

With a privileged location in Mercosur, low-cost renewable energy and a favorable legal framework, Paraguay is positioned as an attractive destination for national and international investors.

This guide, prepared by the Center for Economic Studies of the Paraguayan Industrial Union (UIP), provides essential information for strategic decision-making.





Economic data about the country

GROSS DOMESTIC PRODUCT (GDP)

GDP GROWTH
IN 2024

4,2%

GROWTH PROJECTIONS
FOR 2025

4,4%

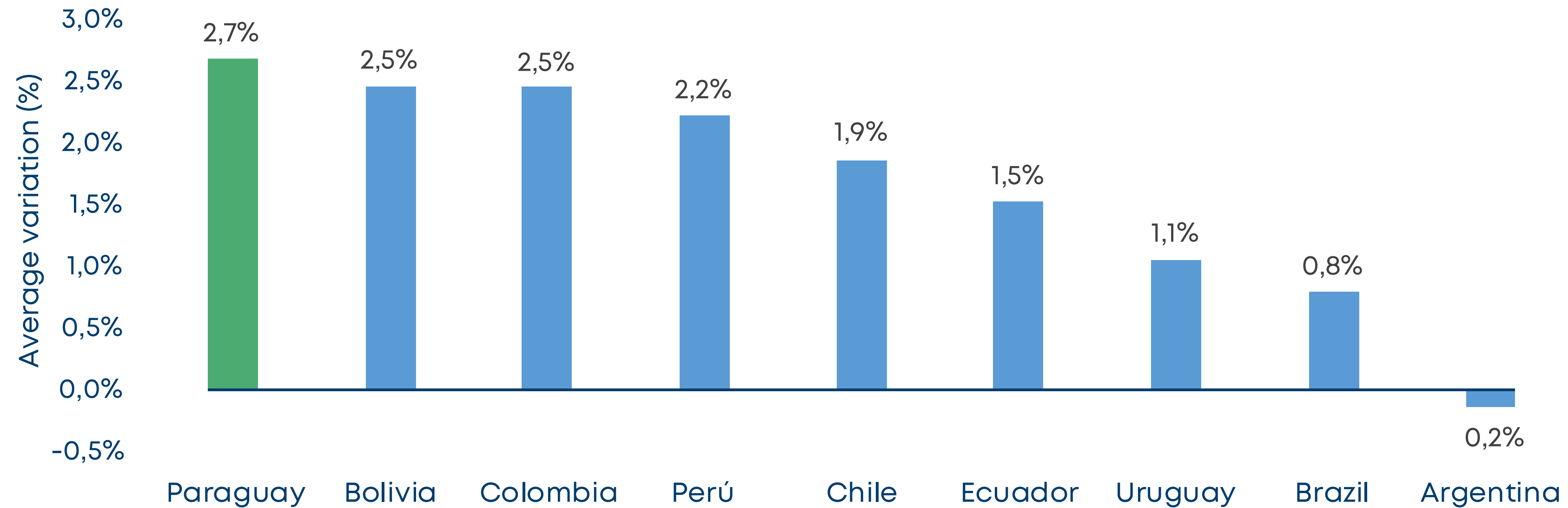
*Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP),
based on data from the Paraguay Central Bank.*



GDP GROWTH

PARAGUAY IS THE SOUTH AMERICAN COUNTRY THAT HAS GROWN THE MOST IN THE LAST DECADE

Average annual real GDP growth 2015–2024 – South America



Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP)
based on data from the Economic Commission for Latin America and the Caribbean (ECLAC/ CEPAL)

SECTOR CONTRIBUTION TO GDP (EXCLUDING TAXES)

SERVICES SECTOR 53,4%	COMMERCE 12,2%	FINANCIAL INTERMEDIATION 6,3%	TELECOM 3,7%
	GOVERNMENT SERVICES 9,6%	HOUSEHOLD SERVICES 5,3%	RESTAURANTS AND HOTELS 2,8%
	REAL ESTATE SERVICES 6,7%	TRANSPORTATION 4,0%	BUSINESS SERVICES 2,7%
SECONDARY SECTOR 35,6%	MANUFACTURING 21,1%	ELECTRICITY AND WATER 7,5%	CONSTRUCTION 7,0%
PRIMARY SECTOR 11%	AGRICULTURE 7,5%	LIVESTOCK 2,4%	OTHER* 1,1%

**Includes forestry, mining, and fishing.*

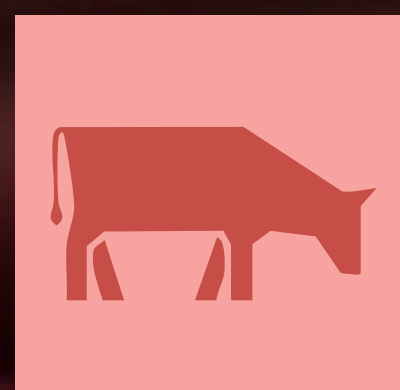
Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP), based on data from the Paraguay Central Bank.



**Main
economic
activities**

SOYBEANS

Sixth largest producer worldwide (11.2 million MT) and third largest exporter worldwide (7.3 million MT) of this commodity.



Main economic activities

BEEF

In 2024, Paraguay ranked as the tenth largest beef exporter in the world, with 470,000 tons exported that year. Its main export markets are Chile, Taiwan, Brazil, Israel, and the United States.



**Main
economic
activities**

ELECTRICITY

Largest producer of renewable energy per capita in the world. Itaipú Binacional holds the record for the dam with the highest cumulative production in history (3,000 TWh).



Main economic activities

AGROINDUSTRY AND FOOD

Major exporter of organic sugar. Producer and exporter of ethanol for biofuels. Sixth largest exporter of rice in Latin America. Largest exporter of chia worldwide.



Industrial manufactured goods are experiencing significant growth, driven mainly by investments through the maquila regime.

**IN 2024, THEY REPRESENTED 30%
OF MANUFACTURING EXPORTS.**



Some of the most notable categories are:

AUTOPARTS, CABLES & CONDUCTORS

Wires, cables, and conductors account for 20% of Paraguay's industrial exports. In 2024, the sector exported USD 300 million and employs 9,000 technically skilled workers driving innovation and precision manufacturing.



Some of the most notable categories are:

METAL PRODUCTS

Metal-based products and raw materials—such as aluminum, gold, lead, tubes, and bars—represent 23% of Paraguay’s industrial exports. In 2024, the sector reached USD 350 million in exports, led by aluminum products and crown and screw caps for packaging.



Some of the most notable categories are:

TEXTILES AND CLOTHING

Clothing is the sixth largest industrial export. Products related to textiles, fabrics, clothing, and footwear represent 22% of industrial exports.



Some of the most notable categories are:

CHEMICAL AND PHARMACEUTICAL INDUSTRY

Pharmaceutical products, including medicines for human use, are the fifth largest industrial export product. Over the last decade, they have consolidated their position in the local pharmaceutical market in relation to imported medicines. On the other hand, chemical products such as insecticides, fungicides, and herbicides are among the most exported (3rd) in the same category.

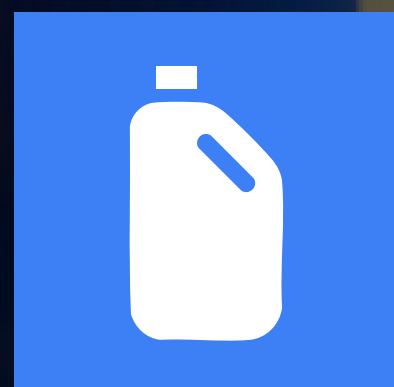


Some of the most notable categories are:

FORESTRY, WOOD AND PAPER PRODUCTS SECTOR

Huge investments are currently being made in the forestry industry and cellulose production. In addition, significant growth is projected for the coming years, with the furniture industry also standing out. Furniture is currently exported to various countries, with premium markets such as the United States of America leading the way.

The forestry industry (primary forestry sector, wood products and paper industry) represents 12% of the added value of the manufacturing industry and accounts for 2.3% of the total Gross Domestic Product (GDP). In 2025, shipments from this industry represented 5% of industrial exports.



Some of the most notable categories are:

PLASTICS INDUSTRY

Plastics and plastic products have experienced significant growth in recent years. They currently represent 6.5% of all industrial manufacturing shipments, with plastic transport and packaging items leading the way.

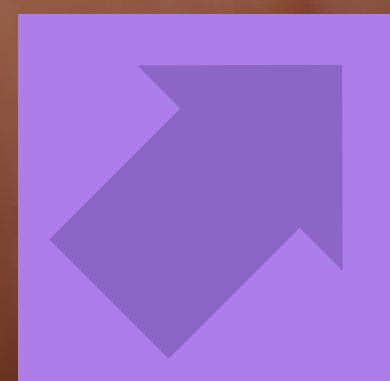


Some of the most notable categories are:

BIOENERGY

Bioenergy, especially the production of liquid biofuels, has become a fast-growing industry over the last 20 years. The sector has been driven mainly by bioethanol production, which has increased twelvefold since 2004 and doubled in the last seven years. Paraguay is currently the fifteenth largest exporter of ethanol in the world.

Currently, 87% of biofuel production is bioethanol, with the remaining 13% being biodiesel. The latter, a younger industry, is following in the footsteps of ethanol. In 2024, 88 million liters were produced, and exports are constantly growing, targeting competitive markets such as the Netherlands and the United Kingdom. Several investments have recently been made, with more expected in the coming years.



Monetary policy



Paraguay stands out for its strong monetary policy, which has managed to keep inflation low and stable in recent times.

INFLATION 2024

3,8%

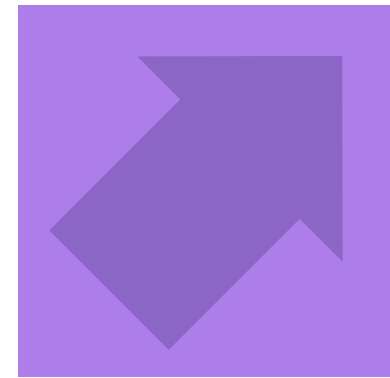
AVERAGE INFLATION
2015-2014

4,2%

FORECAST FOR 2025

3,7%

Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP), based on data from the Paraguay Central Bank.

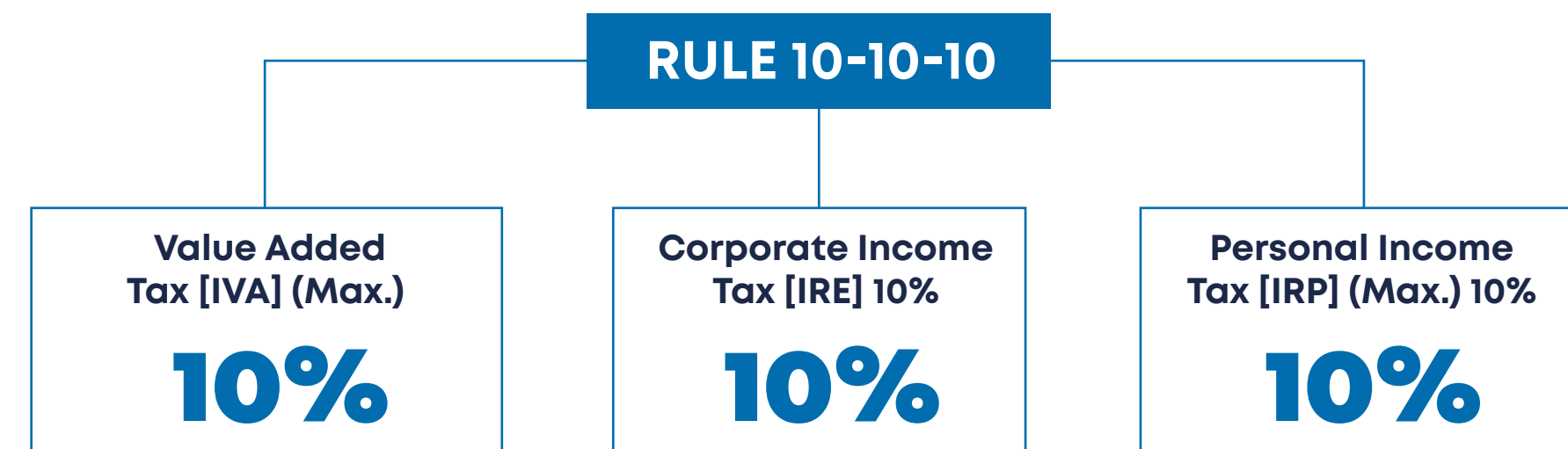


Fiscal policy

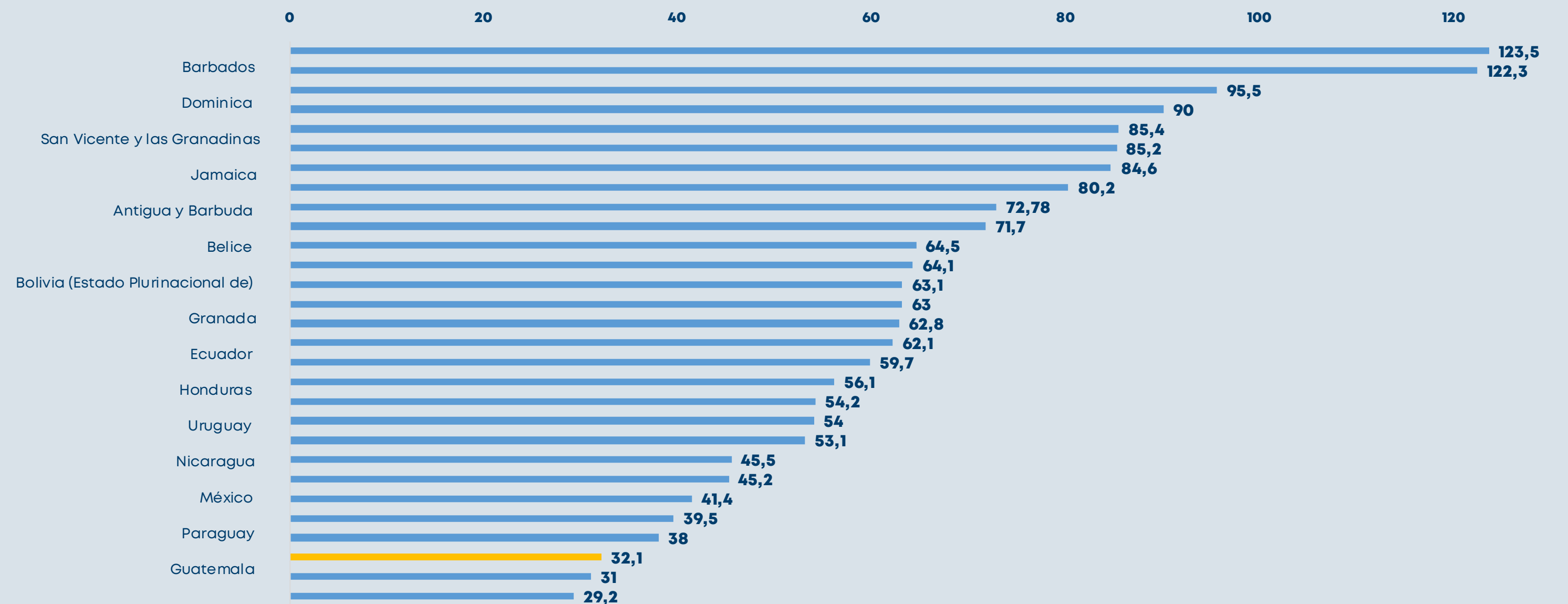
Paraguay is among the countries with the lowest public debt in Latin America and the Caribbean, mainly due to the implementation of the Fiscal Responsibility Law (LRF), which limits the public deficit ceiling to 1.5% of GDP.

Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP) based on data from the Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL).

PARAGUAY HAS THE LOWEST TAX RATE IN SOUTH AMERICA



Central government debt relative to GDP/PIB - Latin America and the Caribbean Percentage (%)



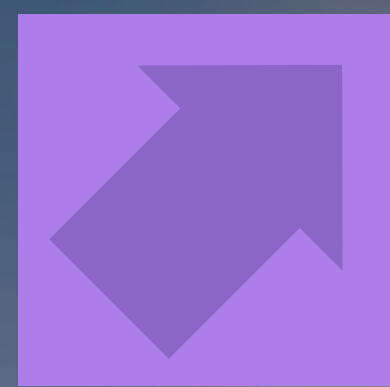


Competitive advantages



STRATEGIC LOCATION

It borders Argentina and Brazil, the two largest markets in South America, and, together with Uruguay, forms part of the Mercosur customs union.

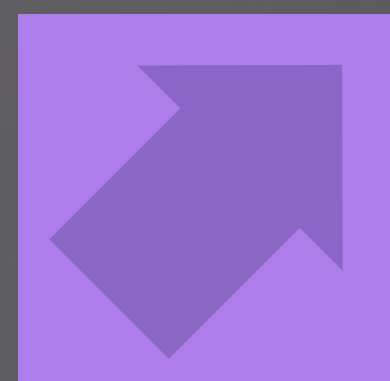


Competitive advantages

DOUBLE INVESTMENT RATE

Awarded by Moody's and Standard & Poor's



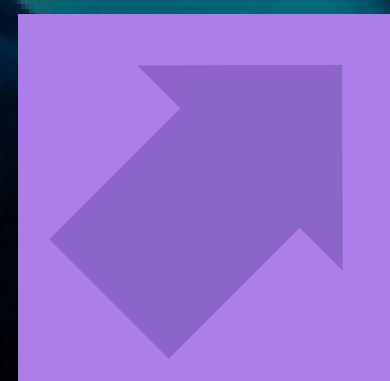


Competitive advantages

INVESTMENT INCENTIVES

Laws such as the Tax Incentive Regime and the Maquila Law offer significant tax benefits for national and foreign investors.

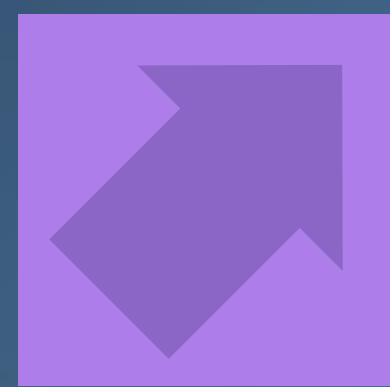




**Competitive
advantages**

**TOP BUSINESS
CLIMATE**

Leader in Latin America's Economic Climate
Index (Getulio Vargas Foundation).



Competitive advantages



LOW-COST ENERGY

One of the countries with the lowest electricity costs in the world (USD 0.052 per kWh).



Competitive advantages

LOGISTIC POWER

Paraguay is emerging as the logistics hub of the heart of South America: 2,500 barges (the 3rd largest river fleet in the world), over 45 ports, and a waterway that connects the region to the world. By 2040, the fleet is expected to reach nearly 5,000 barges.

Investment incentives

LAW NO. 7548/25

ESTABLISHING THE NEW REGIME OF FISCAL INCENTIVES FOR NATIONAL AND FOREIGN INVESTMENT

- **Exemption from Value Added Tax (VAT)** on the import and local acquisition of capital goods intended for industrial or agricultural projects.
- **Exemption from customs duties** on the import of machinery, equipment, and capital goods required for projects covered under this law.
- **Exemption from the Tax on Dividends and Profits (IDU)** for a period of up to 10 years for investments equal to or exceeding the minimum amount established by law (USD 13,000,000). This applies to both domestic and foreign capital.
- **Exemption from the tax on interest remittances** arising from financing related to the project, when the investment equals or exceeds the thresholds set by the regulations (USD 13,000,000).
- **Exemption from customs duties and VAT** on the import of capital goods for investment projects aimed at large-scale tourism and entertainment services, provided the investment amounts to at least USD 20,000,000.

Investment incentives

LAW NO. 7547/25 "ON THE MAQUILA REGIME"

- **Single Tax Rate:** A single tax of 1% on the value added within the national territory or on the export invoice value, whichever is higher.
- **Suspension of Import Duties:** The importation of raw materials, inputs, parts, components, machinery, equipment, and tools intended for maquila production is suspended from import duties.
- **Exemption from Customs Service Fees:** Import and re-export operations under the maquila regime are exempt from the payment of all national taxes other than the 1% tax, except for service fees corresponding to services actually rendered.
- **Value Added Tax (VAT) Recovery:** VAT paid on the acquisition of goods or services from local suppliers may be recovered by the maquiladora company through the issuance of a Tax Credit Certificate (TCC).
- **Sales to the Domestic Market:** Maquiladora companies may sell up to 10% of their export volume within the domestic market, once the goods are nationalized and the applicable taxes are paid. Such sales must also comply with the same control and quality standards applied to their export products.

Investment incentives

LAW NO. 7546/25

“ESTABLISHING THE NATIONAL POLICY FOR THE PRODUCTION AND ASSEMBLY OF ELECTRICAL, ELECTRONIC, ELECTROMECHANICAL, AND DIGITAL EQUIPMENT”

- Exemptions provided for under the Tax Incentive Regime for Domestic and Foreign Capital Investment, in accordance with the law on the Tax Incentive Regime for Domestic and Foreign Capital Investment, for the importation of capital goods and local purchases from domestic manufacturers.
- Exemption from customs duties, except for fees corresponding to services actually rendered, for the importation of materials.
- The VAT tax base on imported materials shall be 15% of the equivalent of the customs value expressed in foreign currency. The applicable VAT rate shall be 10%.
- The VAT tax base on locally purchased materials shall be 15% of their value. The applicable VAT rate will be 10%.
- The VAT tax base on the sale of goods produced and assembled under this regime will be 45% of their price. The applicable VAT rate will be 10%.

Investment incentives

SPECIAL REGIME FOR THE IMPORTATION OF RAW MATERIALS AND INPUTS - DECREE NO. 11,771/2000

- 0% customs duty on imports of raw materials, as long as it can be shown that they are used in production processes and there is no local production of the same.

Investment incentives

LAW 523/95

"AUTHORIZING AND ESTABLISHING THE FREE TRADE ZONE REGIME"

- Importation of raw materials or goods at a rate of 0%.
- Value Added Tax (VAT/IVA) of 0%.
- Services and trade between Free Trade Zone users 0% tax.
- Exports to third countries at 0.5% of the invoice value.
- Customs Administration (DNA), located in the concession area to streamline transit, entry, import, and export procedures.
- Real estate infrastructure available for all activities.
- High availability of quality electricity at a competitive cost.
- Low operating costs for manufacturing and selling to customers in Paraguay or neighboring countries.
- No loss of origin for products introduced into the free trade zone.
- Granting of tax incentives under Law No. 60/90.

Investment incentives

LAW 4838/2012

"ESTABLISHING THE NATIONAL AUTOMOTIVE POLICY"

- Tariff for the importation of capital goods (machinery and equipment), raw materials, components, kits, parts, pieces, and supplies: 0%.
- Taxable base for Value Added Tax (VAT) on imports: 20% of the customs value in foreign currency of imported capital goods (machinery and equipment), raw materials, components, kits, parts, pieces and supplies, except for item 87.11 of the NCM, whose taxable base is 100% of the customs value.
- Taxable base for Value Added Tax (VAT/IVA) on sales: 20% of the net price accrued on goods produced and/or assembled, except for item 87.11 of the NCM, whose taxable base is 100% of the net price accrued.
- Price preference margin in bidding processes and acquisition of goods by the State: 20%.

CORPORATE REGIME COMPARATIVE TABLE

Feature	Stock Corporation (S.A.)	Simplified Joint Stock Company (E.A.S.)
Recommended type of company	Medium and large companies	Entrepreneurs, small businesses, and startups
Minimum number of partners	2 shareholders	1 shareholder
Maximum number of partners	Unlimited	Unlimited
Types of partners allowed	Individuals or legal entities, national or foreign	Individuals or legal entities, national or foreign
Liability of partners	Limited to the amount of your contributions	Limited to the amount of your contributions
Share capital	No maximum or minimum limit. There is no deadline for members' contributions.	Represented by registered shares. If it exceeds 1.200 minimum wages, 20% must be deposited in the BNF.

CORPORATE REGIME COMPARATIVE TABLE

Feature	Stock Corporation (S.A.)	Simplified Joint Stock Company (E.A.S.)
Transfer of shares	By private contract. No notary public required.	Permitted in accordance with the terms established by the partners
Highest governing body	Shareholders' meeting.	Partners' meeting
Administration	Board of directors. Minimum of one director, member or non-member.	Administrative body. At least one administrator, partner or non-partner
Internal oversight	Mandatory (trustee appointed by the shareholders' meeting).	Not mandatory, may be appointed optionally
Registration	General Directorate of Public Registries + publications in newspapers.	Through the SUACE system (entirely online, except for in-person procedures before the DNIT)
Possibility of listing on the stock exchange	Yes (public limited company, regulated by the CNV).	No











Trademark registration

Trademark registration in Paraguay is regulated by Law No. 1.294/98 “On Trademarks” and is administered by the National Directorate of Intellectual Property (DINAPI). The process begins with the filing of an application at DINAPI, including the applicant's details and the class of goods or services according to the Nice Classification. Then, the official fees are paid, and the application is published in the DINAPI's official journal (REDPI). Following this publication, third parties may file oppositions within a period of 60 days in accordance with current law.

Once this stage is complete, DINAPI assesses compliance with the legal requirements and issues a resolution which, if favorable, allows the process to continue until the trademark is effectively granted. For greater legal certainty, it is recommended to seek legal advice or an agent specializing in intellectual property.



MIGRATION REGIME - COMPARATIVE TABLE STATISTICS 2024

COUNTRIES	RESIDENTS	PERCENTAGE %
 Brazil	17.139	60.21
 Argentina	4.121	14.48
 Germany	1.071	3.76
 Bolivia	794	2.79
 Spain	466	1.64
 USA	416	1.46
 Russia	416	1.46
 Venezuela	382	1.34
 Uruguay	358	1.26
 Netherlands	267	0.94

Source:

<https://migraciones.gov.py/2024-en-numeros-presentamos-los-datos-mas-resaltantes-sobre-la-migracion-y-documentacion-de-extranjeros-en-paraguay/>

Residency is the authorization granted by the National Immigration Office to a foreigner to settle in Paraguay and carry out activities depending on the type of residency applied for.

THE THREE MAIN CATEGORIES OF RESIDENCY ARE:

**TEMPORARY
RESIDENCY**

Valid for 2 years.

Renewable for one additional period.

You must enter the country at least once a year.

**PERMANENT
RESIDENCY**

Valid for an indefinite period.

Proof of financial solvency is required.

You must enter the country at least once

**PERMANENT RESIDENCY
AS INVESTOR**

Valid for an indefinite period.

Commitment to set up a company, contribute USD 70,000, and create five jobs (investment project).

You must enter the country at least once every three years.

Advantages of being a Paraguayan resident

TAXES

IDU Non-residents: 15%
IDU Residents: 8%

* IDU: Tax on profit distribution.

OPERATIVES

Possibility of becoming a member of the board of directors and/or legal representative in companies.

FINANCIAL

Possibility of opening bank accounts.



Labor Market

Paraguay is currently experiencing a demographic bonus, with a high proportion of its population of working age, which represents a strategic advantage for economic development.

Currently, there are two active persons for every dependent person, with 40.7% of the population between the ages of 15 and 39, ensuring a young, dynamic workforce with long-term potential.

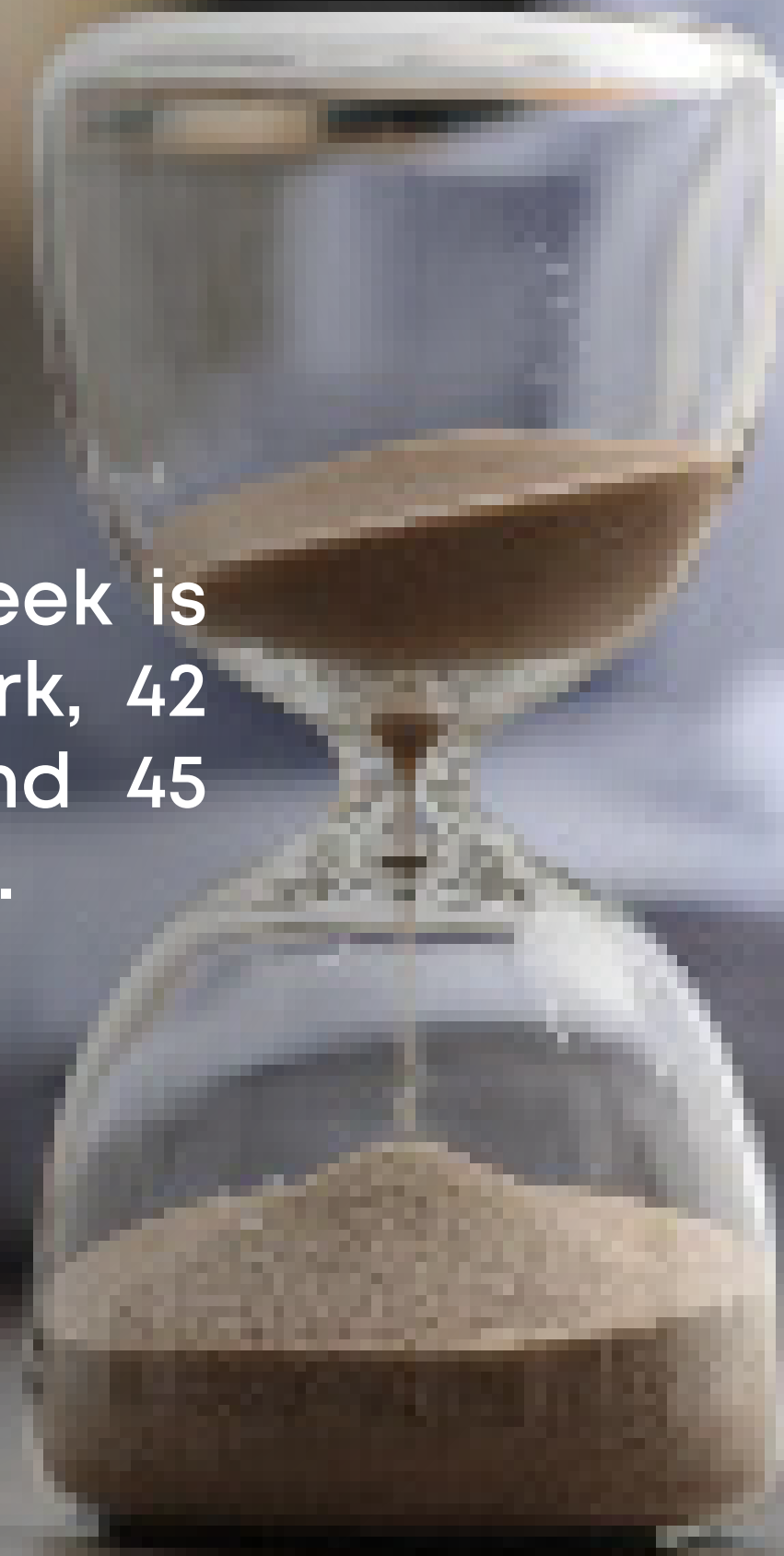
Source: Center for Economic Studies (CEE) of the Paraguayan Industrial Union (UIP) based on data from the National Institute of Statistics.



Workplace

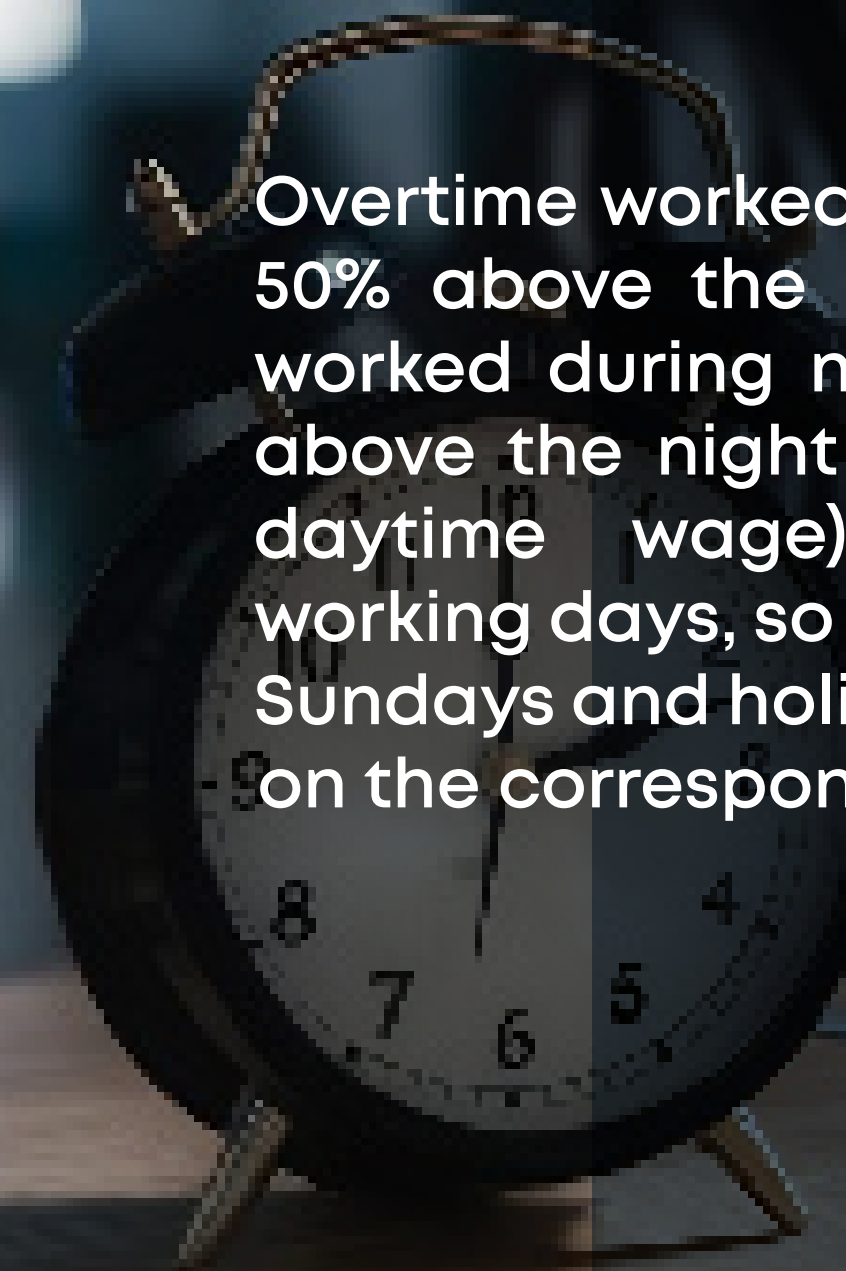
WORKING HOURS

The maximum working week is 48 hours for daytime work, 42 hours for night work, and 45 hours for mixed shifts.



OVERTIME

Overtime worked during daytime hours is paid at 50% above the daytime hourly wage; overtime worked during night time hours is paid at 100% above the night time wage (30% more than the daytime wage). Saturdays are considered working days, so these same rules apply. However, Sundays and holidays are paid at a 100% premium on the corresponding regular wage (day or night).



Workplace

JOB STABILITY

Workers acquire job stability after 10 years with the same employer.

MINIMUM WAGE

The minimum wage is updated by decree by the Executive Branch, based on the recommendation of the National Minimum Wage Council, composed of the Government (Ministry of Labor, Employment, and Social Security), employer representatives, and worker representatives. It is reviewed once a year, but the adjustment is not automatic; rather, it depends, among other factors, on cumulative inflation.

On the other hand, under the Mipymes Law, micro and small enterprises may pay wages of no less than 80% of the legal minimum for various unspecified activities after 36 months from the date of obtaining the Mipymes certificate. Today, the minimum wage is 3.044.000 GS., approximately USD 500.

Workplace

VACATION

Employees with 1 to 5 years of service are entitled to 12 consecutive working days of vacation; those with 5 to 10 years of service are entitled to 18 consecutive working days; and employees with more than 10 years of service are entitled to 30 consecutive working days of vacation.

SOCIAL SECURITY

Workers have access to medical coverage and retirement insurance through the Social Security Institute (IPS). The employer contribution is 16.5% of the gross monthly salary and the worker contribution is 9% of the same salary, making the total contribution to the IPS 25.5%.

SKILLED WORKFORCE

In 2024, over 2,600 professionals graduated in high-demand technical fields such as IT, systems, mechatronics, electricity, electromechanics, automotive, and industrial technologies—powering the next wave of industrial and technological growth.

Ámbito laboral

BONUS

This payment corresponds to the thirteenth month's salary and is paid by December 31 of each year. It is calculated as the average of the accrued salaries. It is equal to the total remuneration accrued during the year divided by 12.

PROTECTION AGAINST UNFAIR DISMISSAL

An employee is entitled to severance pay proportional to the number of years of service in the event of dismissal without just cause. This severance pay is equal to fifteen days' wages for each full year worked, or any fraction of a year exceeding six months. The calculation is based on the average of the regular wages earned during the last six months of employment, excluding extraordinary or irregular payments.

SUMMARY OF EMPLOYER LABOR COSTS

12 months of work (minimum wage)

Concept	Amount (Gs.)	Amount (USD)	Comments
Monthly salary	3.044.000	500	Legal minimum wage
Employer contribution	502.260	82	Contribution to IPS (16.5% of monthly salary)
Total monthly cost (salary + contribution)	3.546.260	582	Recurring monthly expense for the employer
Annual bonus	3.044.000	500	Equivalent to one month's salary
Compensation for unfair dismissal	1.522.000	250	Corresponds to half the salary for each year worked. Based on the average salary for the last 6 months
Estimated total annual cost	44.427.084	7.483	12 months of salary + Christmas bonus + severance pay
Estimated total annual cost including compensation	47.121.120	7.733	12 months of costs + Christmas bonus + severance pay

*USD at the June 2026 benchmark exchange rate (6,094 Gs/USD) BCP.

More than stability and competitive advantages, Paraguay offers fertile ground for transforming vision into results. With a solid macroeconomic environment, a favorable tax regime, and privileged access to Mercosur, it is an ideal platform for companies seeking efficiency and sustainable growth.

In addition, it has a young and skilled workforce, along with a government approach aligned with productive development and competitiveness.

In a challenging regional environment, Paraguay stands out for offering predictability, legal certainty, and a long-term vision.



**Where investment
finds stability,
growth and vision.**



CENTRO DE
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CEE

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