



Investment Opportunities in Paraguay

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MINISTERIO
DE INDUSTRIA
Y COMERCIO
Ministerio del Desarrollo



REDIEX
RED DE INVERSIONES Y EXPORTACIONES



UNION
INDUSTRIAL
PARAGUAYA

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General Information

Country Overview

➤ Paraguay is a South American landlocked country, bordering Argentina, Brazil, and Bolivia.

Criteria	Contents
Area (km ²)	406,752
Languages	Spanish and Guaraní
Currency	Guaraní (Since 1943)
Exchange rate	1 US\$ = 3,950 G
Population (2010)	6,381,940
*Nominal Gross Domestic Product – GDP (2010)	17.8 billions (US\$)
*Nominal <u>Per Capita</u> Gross Domestic Product (2010)	2,733 (US\$)
Nominal <u>Per Capita</u> Gross Domestic Product in PPP (2010)	4,915 (US\$)
Country's Capital	Asunción
Working Age Population – WAP (2010)	3,094,307
Unemployment rate (2010)	5.7%




*Base Yr. 1994

Rankings – Economic Freedom

Año 2011

➤ Great Economic Freedom

–Economic freedom is a term used in economic and policy debates. Today, the term is most commonly associated with a free market viewpoint. It is defined as the freedom to produce, trade, and consume any goods and services acquired without the use of force, fraud or theft.

Country	Ranking	Freedom Score
Chile	11	77.4
Uruguay	33	70.0
Peru	41	68.6
Columbia	45	68.0
 Paraguay	77	62.3
Brazil	113	56.3
Argentina	138	51.7
Bolivia	147	50.0
Ecuador	158	47.1
Venezuela	175	37.6

- Source: <http://www.heritage.org/index/>

Rankings – Fiscal Responsibility- Debt

Yr. 2010

Rank	Central Govt. debt as percentage of GDP	
1	Chile	7.0%
 2	Paraguay	14.4%
3	Venezuela	18.7%
4	Ecuador	18.8%
5	Peru	20.8%
6	Guatemala	22.9%
7	Honduras	24.6%
8	Dominican Republic	26.4%
9	Brazil	27.0%
10	Costa Rica	27.2%
11	México	27.4%
12	Haití	31.0%
13	Columbia	34.5%
14	Bolivia	35.0%

➤ Second-lowest public debt rate

–The Paraguayan Government has the second-lowest debt rate in Latin America.

- Source: ECLAC / CEPAL

Rankings – Country Risk

➤ **Paraguay ranks 9th in Country risk ranking among Latin American countries**

- This overall score is based on several indicators, including the political risk, economic performance, structural reforms, debt Indicators, credit rating, and access to bank finance/ capital markets.

Yr. 2010

Rank	Country	Overall Score
1	Chile	82.43
2	Brazil	69.57
3	Mexico	68.56
4	Peru	64.59
5	Columbia	63.97
6	Uruguay	60.31
7	Panama	58.47
8	Costa Rica	52.78
 9	Paraguay	50.24
10	El Salvador	50.19
11	Argentina	47.77

Source: <http://www.euromoney.com/Article/2675660/Country-risk-Full-results.html>

Rankings – Business Environment

July / 2011

Ranking	Country	BEI*
1	Uruguay	7.5
2	Columbia	7.4
3	Chile	7.3
 4	Paraguay	6.7
5	Peru	6.1
6	Argentina	5.9
7	Brazil	5.8
8	Ecuador	5.6
9	Mexico	5.2
10	Bolivia	4.6
11	Venezuela	4.0

➤ Favorable Business Environment for Investment

- Paraguay ranks Fourth according to the Business Environment Index of the **FGV** in Latin America.

**Business Environment Index
Source: Getulio Vargas Foundation of Brazil (FGV) &
University of Munich, Germany*

Rankings – Commodity

Yr. 2010

➤ Paraguay's export ranking in the world by commodity

- This represents the rank of the country amongst all other countries for each agricultural commodity for Yr. 2010.

Rank	Commodities
4	Soybean seed
4	Yerba mate
5	Charcoal
7	Soybean oil
8	Frozen meat of bovine animal
8	Soybean oil-cake
10	Railway sleepers
10	Citrus fruit and mellon peel
11	Meat of bovine animal, fresh or chilled
11	Corn
11	Silk yarn (other than yarn spun from silk waste)
14	Leather of bovine/equine animal
14	Bovine, sheep & goat fats
16	Oil seeds
16	Starches (Yuca)
17	Wheat

Source: <http://faostat.fao.org>
Trade Map

Rankings – Global Peace Index

➤ Global Peace Index (GPI)

- GPI gauges ongoing domestic and international conflict, safety and security both in society and militarization in 149 countries.

Latin America

Yr. 2010

Country	Overall Rank	Regional Rank
Uruguay	24	1
Costa Rica	26	2
Chile	28	3
Panama	61	4
Nicaragua	64	5
Argentina	71	6
Cuba	72	7
 Paraguay	78	8
Bolivia	81	9
Brazil	83	10
Peru	89	11

Source: <http://www.visionofhumanity.org>

Rankings – Human Development Index

➤ Human Development Index (HDI)

- The HDI examines national quality of life and doesn't merely focus on per-capita income. It takes into account information on life expectancy, educational achievement, and national per capita income.
- Paraguay's rank is 96 in the world.

	Yr. 2010	
Country	2010	Rank
Chile	0.783	45
Argentina	0.775	46
Uruguay	0.765	52
Peru	0.723	63
Brazil	0.699	73
Columbia	0.689	79
El Salvador	0.659	90
Bolivia	0.643	95
 Paraguay	0.640	96
Honduras	0.604	106
Nicaragua	0.565	115

Source: <http://hdr.undp.org/en/statistics/hdi/>

Rankings – Environmental Performance Index

Yr. 2010

➤ Environmental Performance Index (EPI)

- The 2010 EPI ranks 163 countries on 25 performance indicators tracked across ten policy categories covering both environmental public health and ecosystem vitality. These indicators provide a gauge at a national government scale of how close countries are to established environmental policy goals.
- Paraguay's rank is 60 out of 163 countries.

Country	Rank
Costa Rica	3
Cuba	9
Colombia	10
Chile	16
Panama	24
Belize	26
Ecuador	30
Peru	31
El Salvador	34
Dominican Republic	36
Mexico	43
 Paraguay	60
Brazil	62
Venezuela	64
Argentina	70

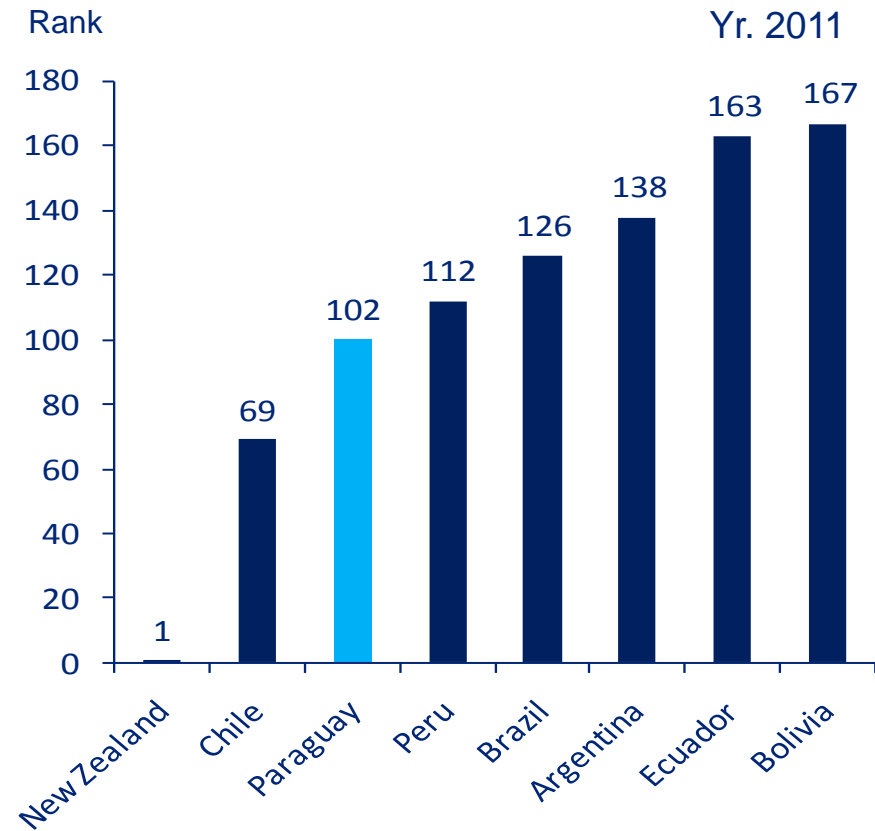
Source: <http://www.ciesin.columbia.edu/>

Rankings – Starting New Business

- Paraguay is ranked 102 overall for “Starting a New Business” of *Doing Business 2011*

Methodology

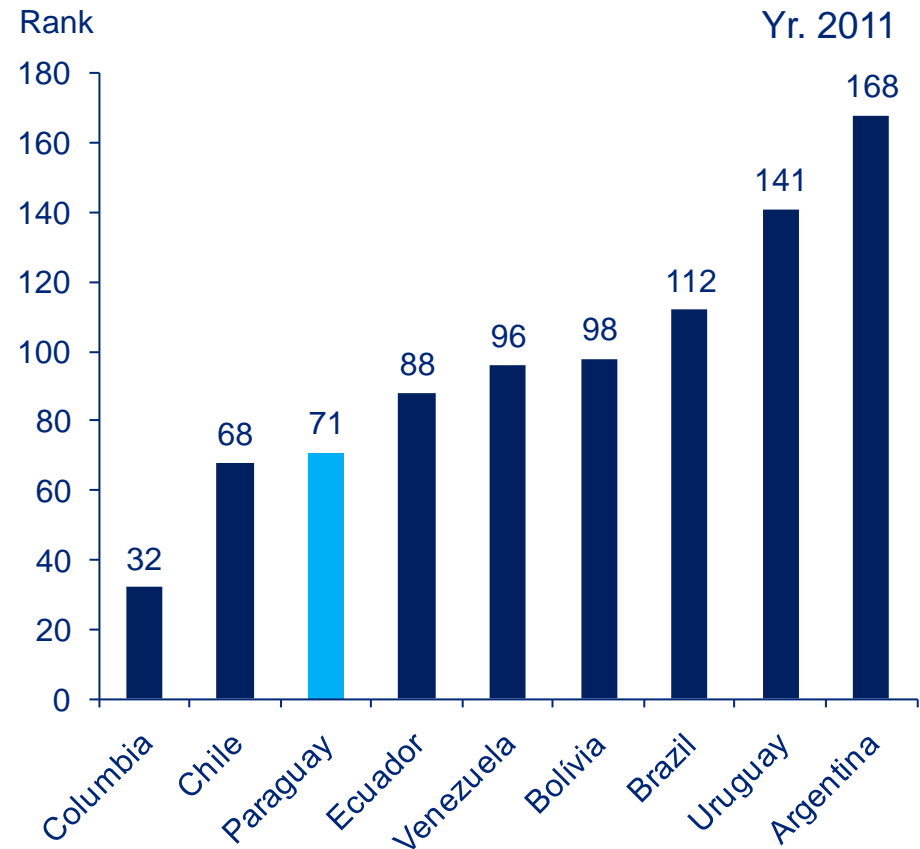
- The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium size company needs to complete to start operations legally. This includes obtaining all necessary permits and licenses; and completing all required inscriptions/verifications/notifications with authorities to enable the company to formally operate.



Source: <http://www.doingbusiness.org/rankings>

Rankings – Dealing with Construction Permits

- **Paraguay is ranked 71 overall for “Dealing with Construction Permits” of *Doing Business 2011***
- Paraguay stood out as the second country in the world who have most improved this indicator.



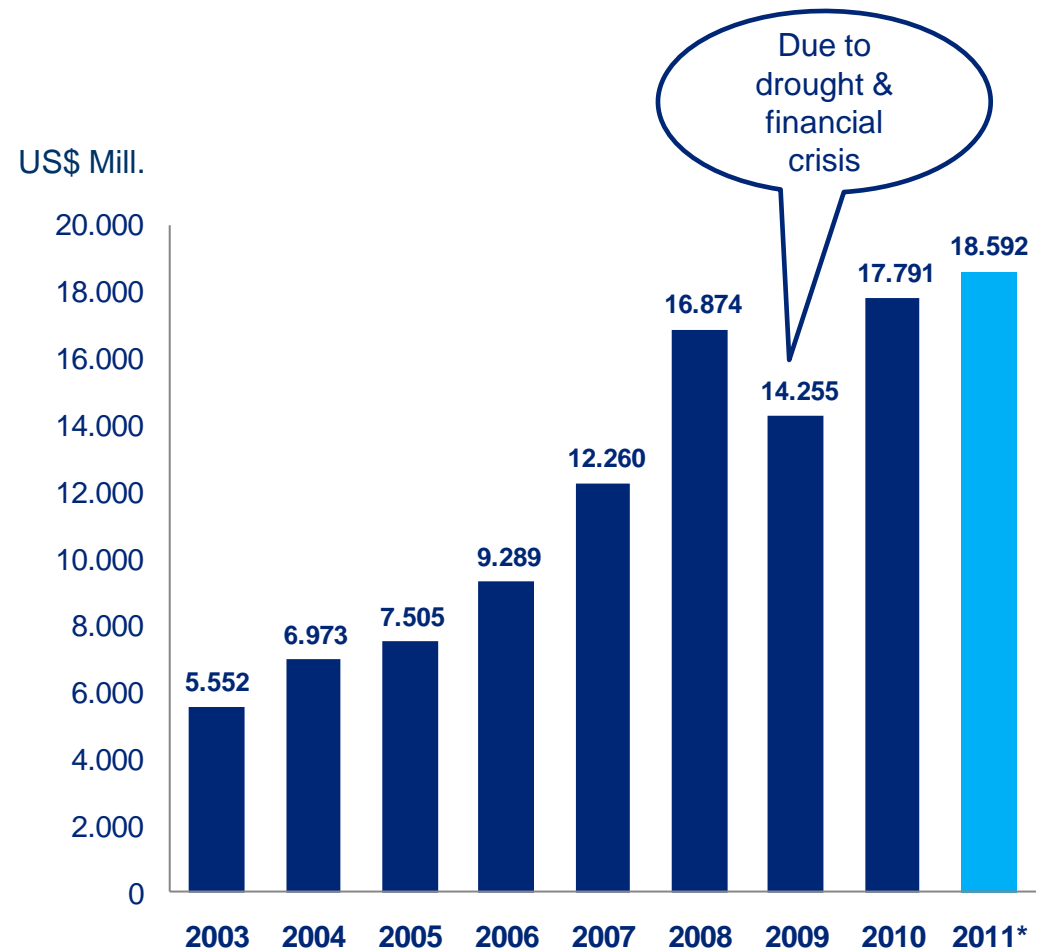
Source: <http://www.doingbusiness.org/rankings>

Economics & Policies

Macroeconomics - GDP

➤ General explanation

- Although GDP dropped significantly in 2009 due to international financial crisis. The GDP of 2010 has had a growth of **15%** and is estimated to be ***4.6%** for 2011.

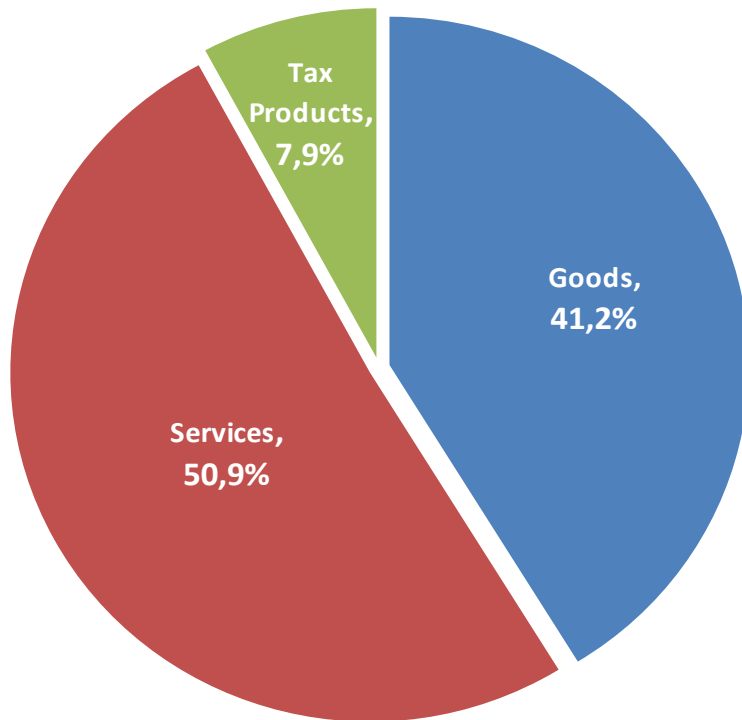


Source: Banco Central del Paraguay - www.bcp.gov.py

* Projection for 2011. according to preliminary data of the BCP

Macroeconomics - Share of GDP

➤ Share of GDP by Sector



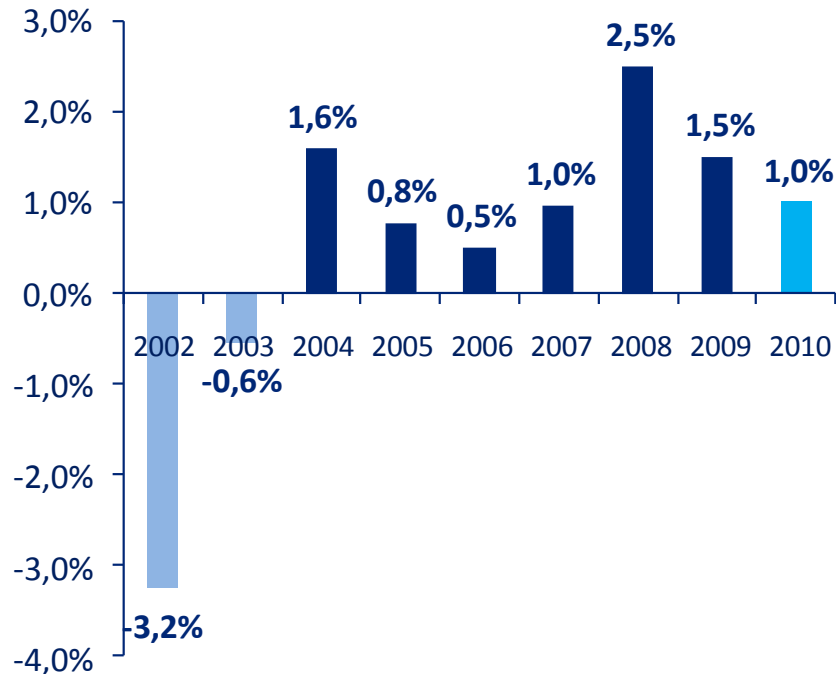
■ Goods ■ Services ■ Tax Products

Types	Sectors	%
Goods	Agriculture	15.7%
	Livestock	6.4%
	Industry	13.0%
	Construction	4.1%
	Others	2.0%
	Total Production of Goods	41.2%
Services	Communications	4.4%
	Trade	18.2%
	Finance	2.6%
	Household services	6.1%
	General Government	8.0%
	Others	11.6%
	Total Production of Services	50.9%
	Tax Products	7.9%

Source: Banco Central del Paraguay - www.bcp.gov.py

Macroeconomics - Fiscal Balance & Inflation

- **Fiscal Balance/GDP** was **1%** in Yr.2010.
-Paraguay enjoys a surplus fiscal position.



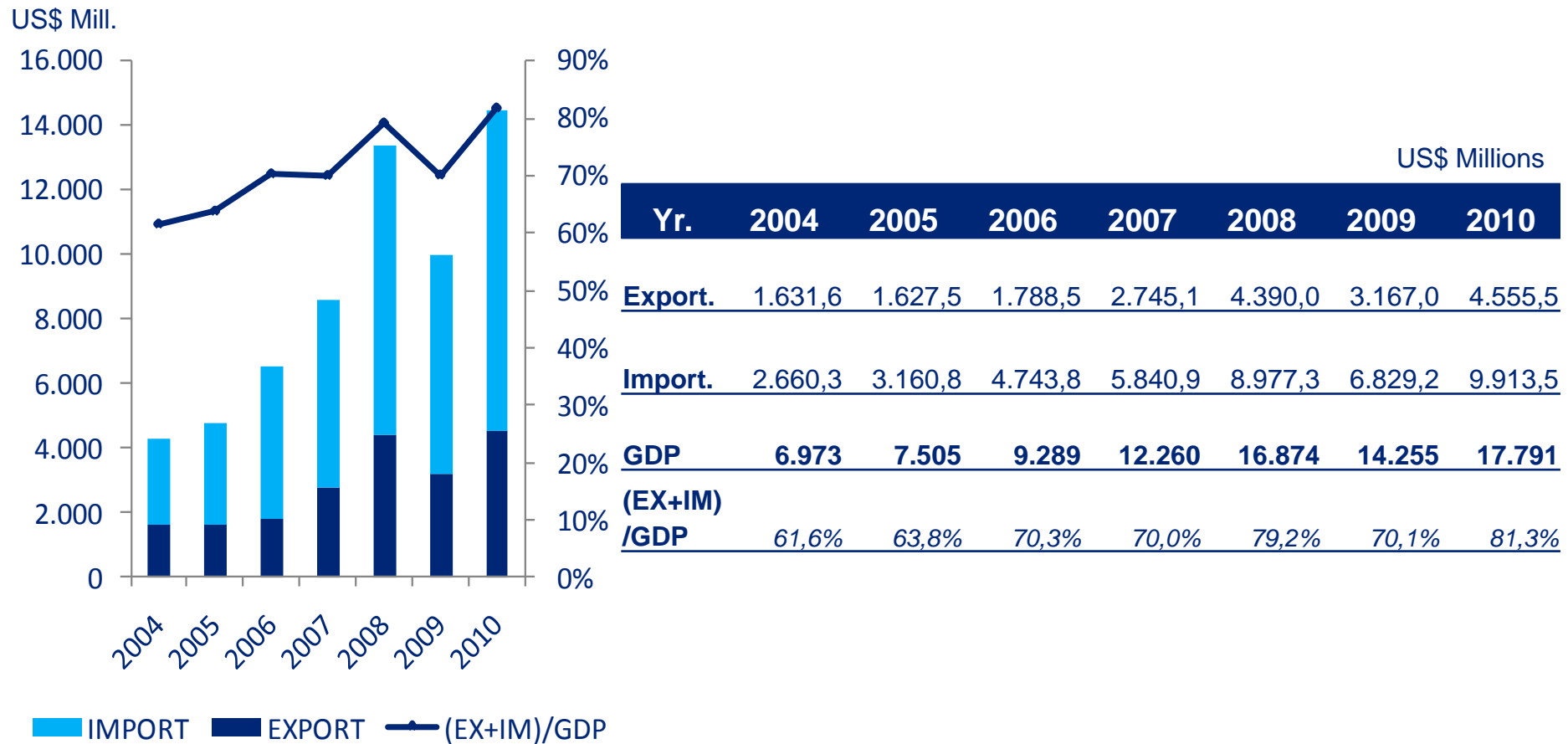
- **Inflation Rate** in Yr. 2010 was **7.2%**. The Central Bank of Paraguay is committed to maintain a low and stable inflation. The projection for Yr. 2011 is **6.3%**.



Source: Banco Central del Paraguay - www.bcp.gov.py

Macroeconomics- International Trading-Paraguay

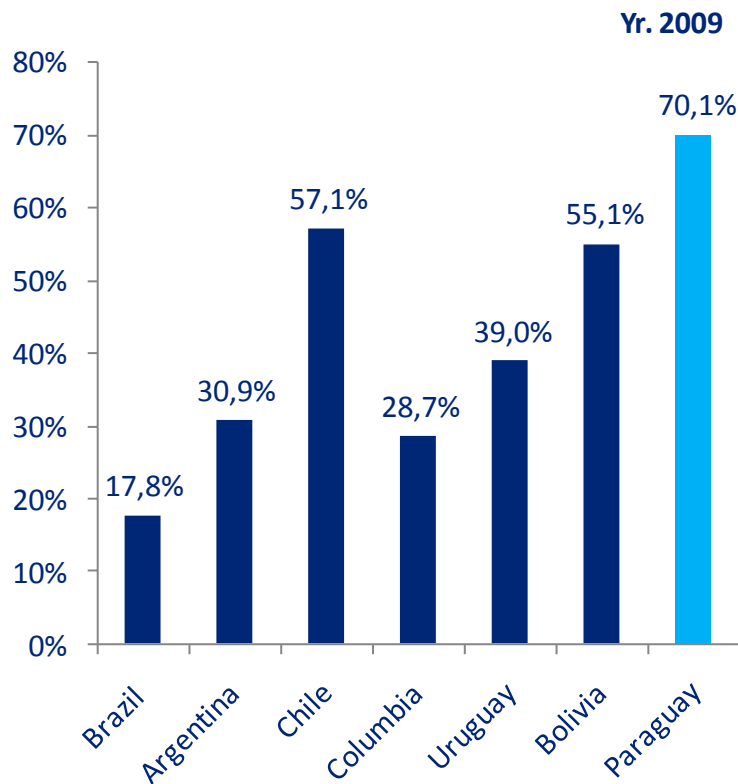
- Paraguay's Import and Export amount increased rapidly until Yr.2008 (the amount dropped due to financial crisis & drought in Yr.2009).




Source: Banco Central del Paraguay - www.bcp.gov.py

Macroeconomics- International Trading

- Paraguay's high % of (export+import)/GDP ratio shows its economic openness with respect to other countries of the region.



´000 US\$

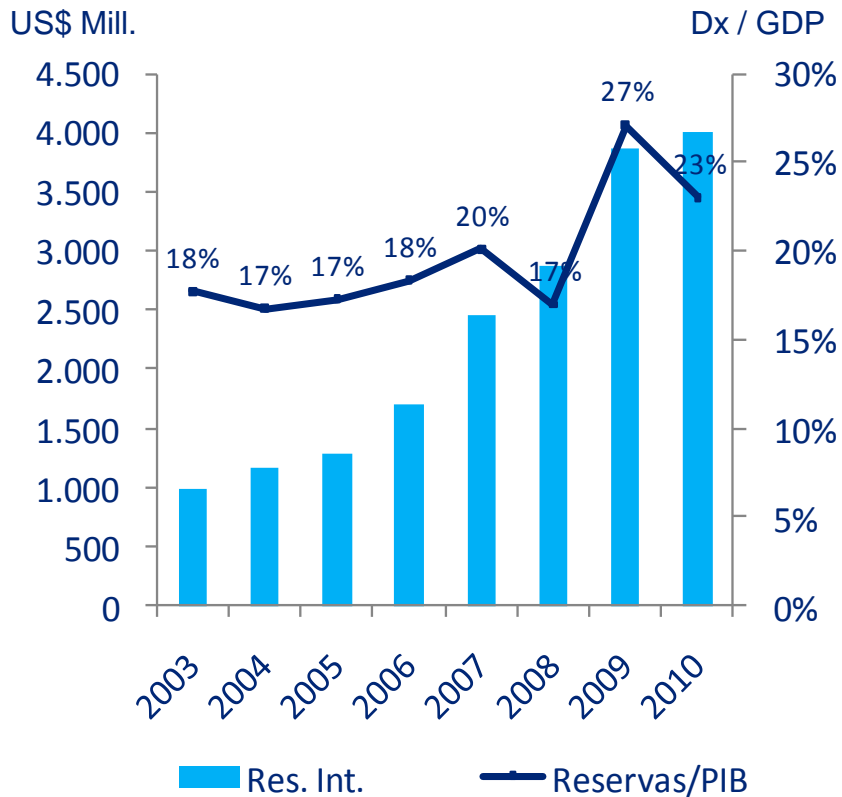
Country	2002	2003	2004	2005	2006	2007	2008	2009
Brazil	21.3%	22.0%	24.0%	21.8%	21.0%	20.6%	22.7%	17.8%
Argentina	33.7%	33.8%	37.2%	37.6%	37.7%	38.3%	38.8%	30.9%
Chile	48.8%	50.6%	55.7%	57.9%	61.7%	66.0%	74.5%	57.1%
Columbia	27.0%	29.4%	29.7%	29.3%	31.1%	30.2%	32.2%	28.7%
Uruguay	28.5%	36.4%	44.0%	41.7%	44.1%	42.3%	48.2%	39.0%
Bolivia	39.7%	41.2%	47.0%	53.7%	61.1%	62.7%	71.7%	55.1%
 Paraguay	51.6%	62.3%	61,6%	63,8%	70,3%	70,0%	79,2%	70,1%

Source: Banco Central del Paraguay - www.bcp.gov.py

Macroeconomics - IR & External Debt

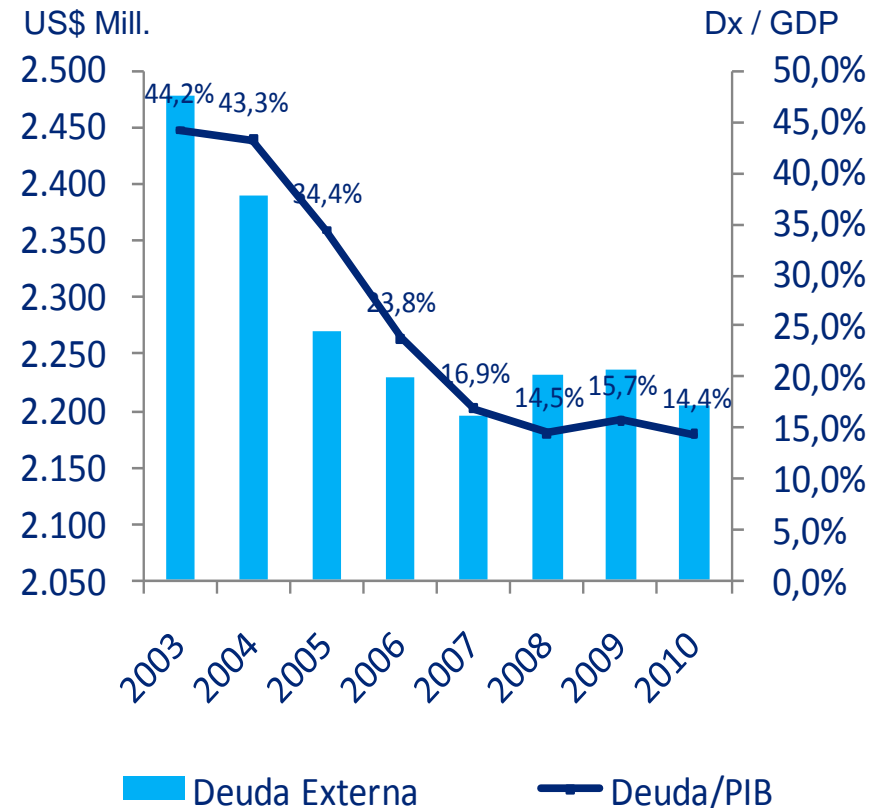
- International Reserve (IR) has increased.
- IR represents around 23% of GDP.

International Reserve



- External Debt/GDP is expected to be 13% in Yr. 2010.

International Debt



Source: Banco Central del Paraguay - www.bcp.gov.py

Policy – Energy

- Paraguay produces the world's highest per-capita surplus on electricity.
- Paraguay is the world's 5th per-capita producer of renewable electricity.
- 100% of our electricity production proceeds from hydroelectric power plants.

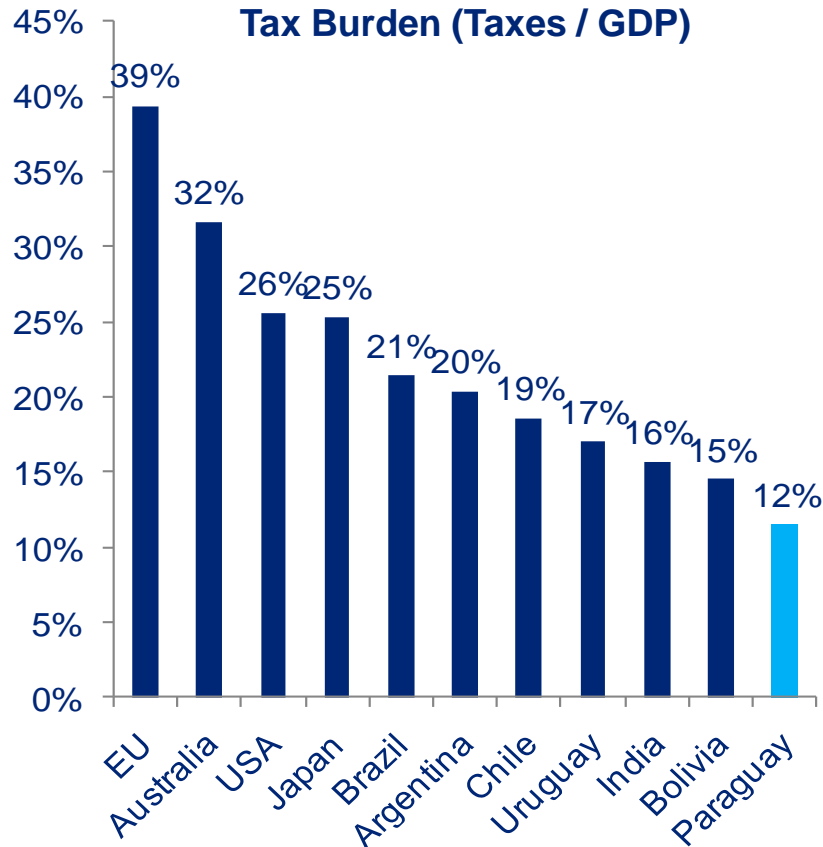
Rank	Per-capita electricity surplus (kWh)	
1	Paraguay	6,388
2	Montenegro	4,233
3	Norway	2,982
4	Estonia	2,904
5	Canada	2,526

2009 Electricity Balance of Paraguay (Million kWh)		
Production	Consumption	Surplus
53,190	8,500	44,690

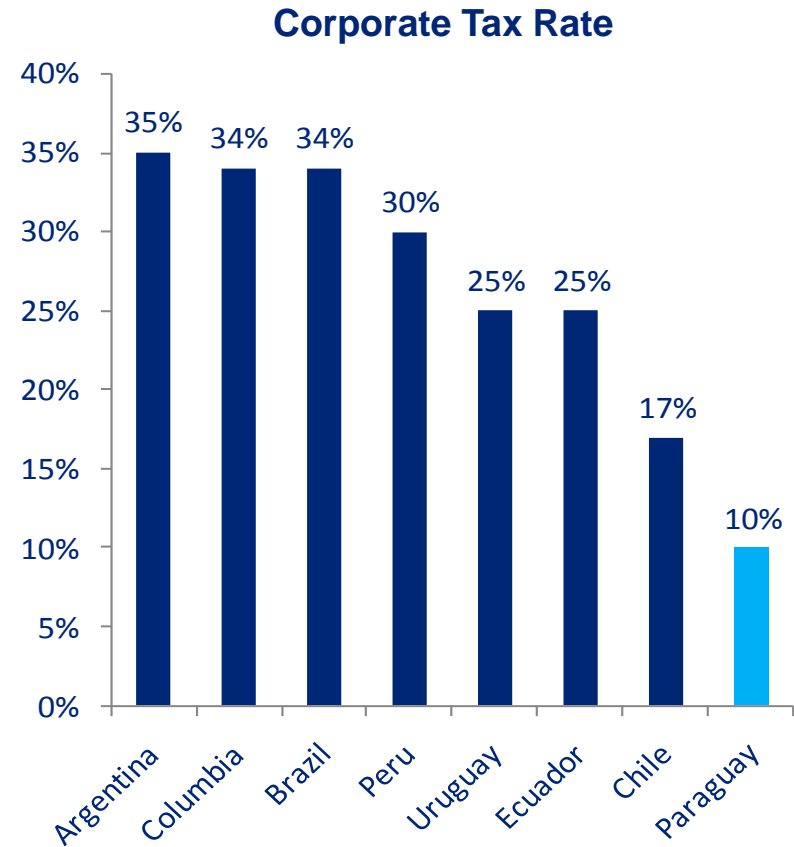
Rank	Per-capita renewable electricity production (kWh)	
1	Iceland	31,696
2	Norway	25,583
3	Canada	10,825
4	Sweden	7,829
5	Paraguay	7,611

Policy - Low Tax Burden & Corporate Tax

- Paraguay has one of the lowest tax burdens in the world.



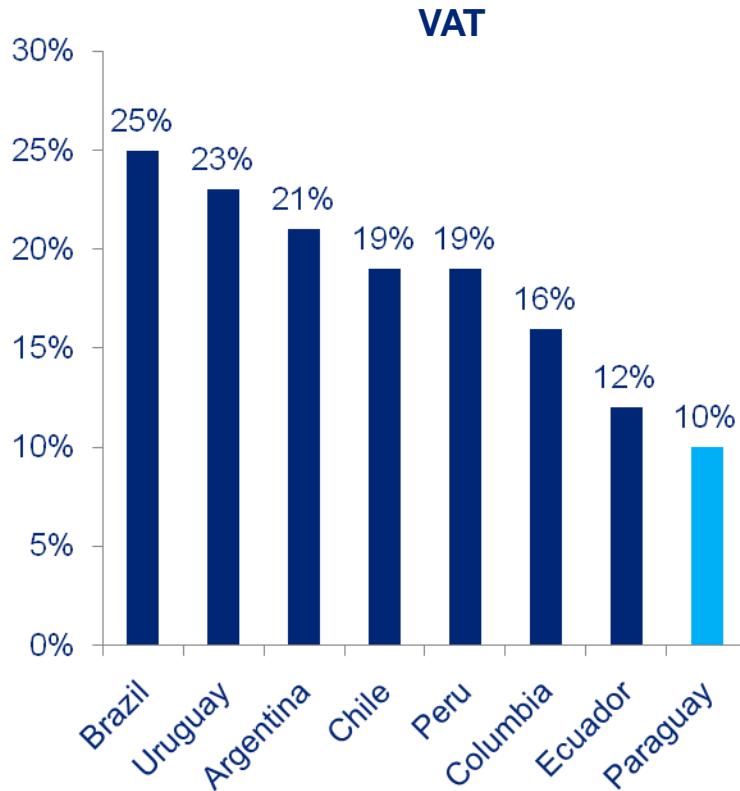
- The corporate tax rate has been decreased by 66% in '04 (from 30% to 10%).



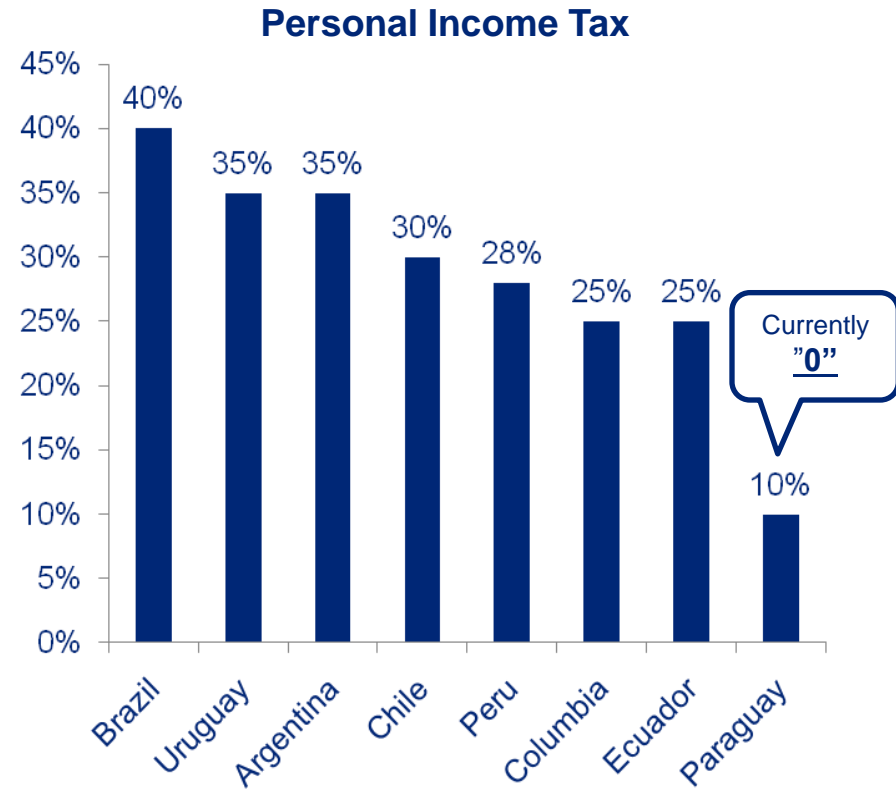
Sources: Organization for Economic Co-operation and Development (www.oecd.org)
 Dirección Nacional de Estadísticas. Encuestas y Censos (www.dgeec.gov.py)

Policy - Low VAT & Personal Income Tax

- Paraguay has one of the lowest **VAT** rates in the world (as Yr.2011).



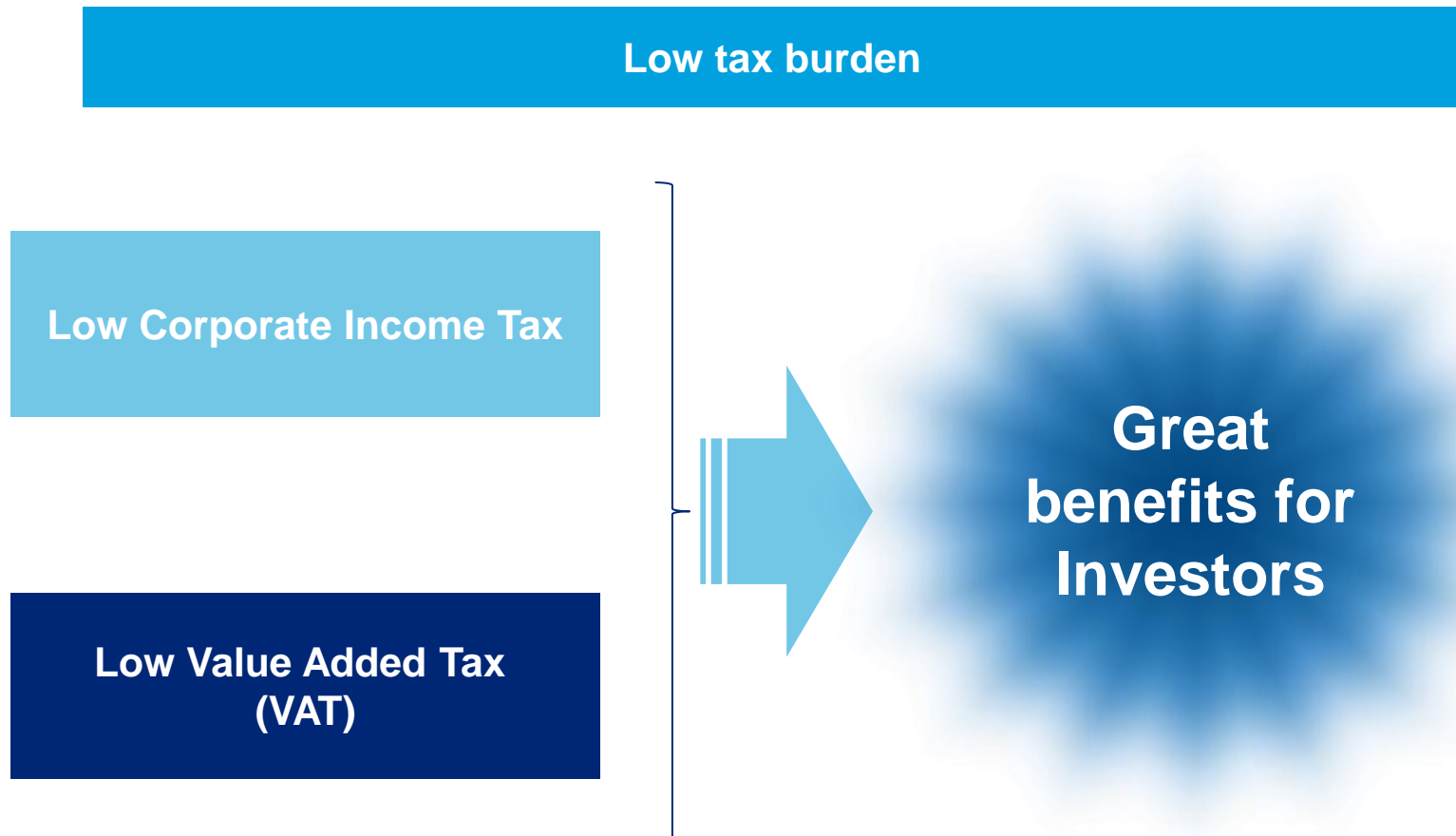
- Paraguay's current **Personal Income Tax** is **0%** but it is expected to be changed to "**10%**" in Yr. 2014.



Sources: Organization for Economic Co-operation and Development (www.oecd.org)
& Dirección Nacional de Estadísticas. Encuestas y Censos (www.dgeec.gov.py)

Policy - Summary

- Paraguay's low tax burdens, corporate income tax rate, and VAT rate can give great benefit to investors.



Policy - 60/90 Investment Law

Import tariff of Capital Goods
(machinery, equipment) **raw materials**
& other inputs



Value Added Taxes (VAT)
On import & (local) acquisition
of Capital Goods



Taxes on remittances and
payments made abroad in terms of
capital, interests and commissions.
(applied for investments of more than US\$ 5 Mill.)



Taxes on dividends & delivery of profits
abroad
(applied for investments of more than US\$ 5 Mill.
for 10 years)



0%

Policy – Law 1.064/97: Maquila Regime

“Regime of subcontracting for the productive processing and re-export of goods & services”

**HEAD
OFFICE**



Contract

**MAQUILA
ENTERPRISE**

**SUB MAQUILA
ENTERPRISE**

TO PRODUCE:

- ✓ **GOODS**
- ✓ **SERVICES**

“FOR EXPORTS”

**1% Single Tax Rate
(over invoicing)**

Policy – Law 1.064/97: Maquila Regime

➤ How does it work?

1. Tariff and taxes suspension over temporary import of Capital Goods, Raw Materials, Parts and Components.
2. 1% Overall Tax paid on the basis of the added value through the operations in Paraguay.

• Example

100,000 Teddy Bears / year	USD
Imported Raw materials from extra-zone	500,000
Value added in Paraguay (local raw materials, labor, electric energy, etc.)	200,000
Logistic and commercial costs to reach clients	100,000
Final Cost	800,000

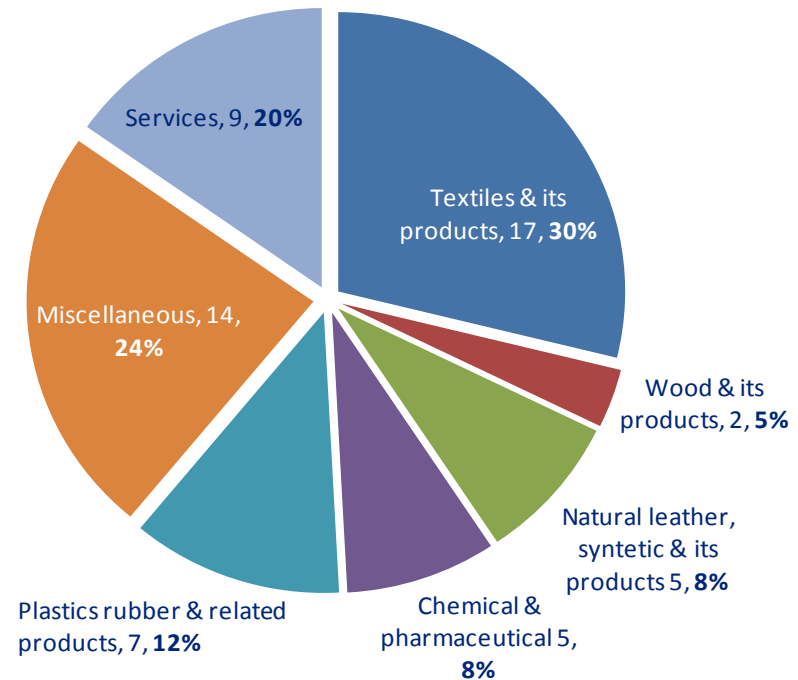
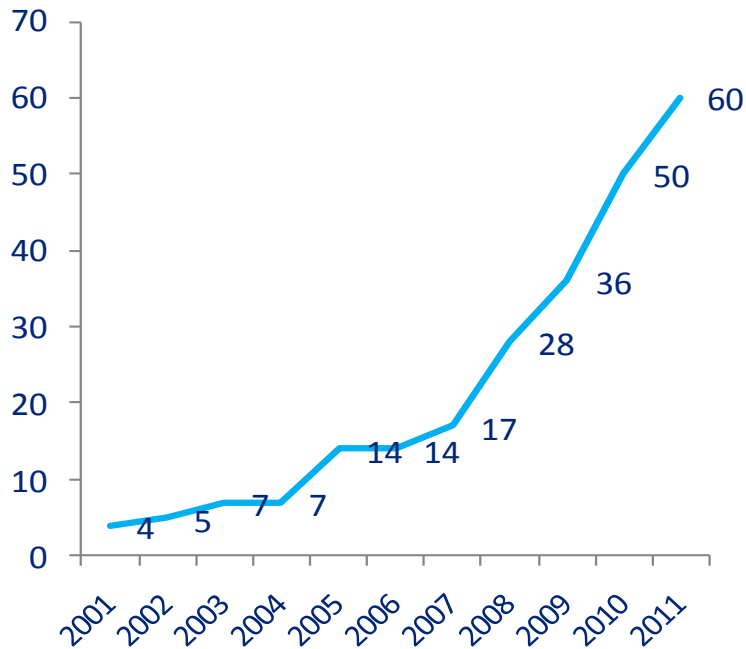
$$200,000 \times \underline{1\%} = \underline{2,000 \text{ (US\$)}}$$

Source: CNIME & Ministry Of Industry & Commerce

Policy – Law 1.064/97: Maquila Regime

➤ Number of companies involved in Maquila Regime has been increased since Yr.2001.

Number of Companies

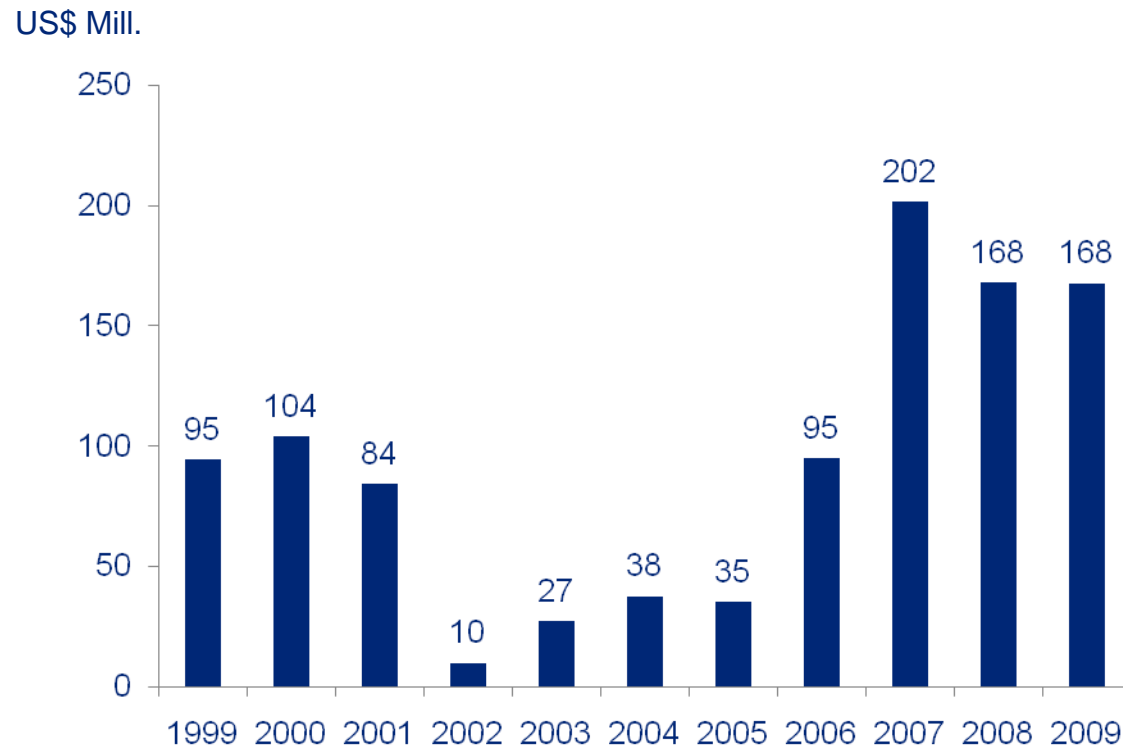


Source: CNIME & Ministry of Industry & Commerce

Policy- Foreign Direct Investment (FDI)

- There are 116 Foreign Companies operating in Paraguay. The stock of FDI represents around 16% of GDP.

Flow of FDI



Source: Banco Central del Paraguay - www.bcp.gov.py

Stock of FDI In USD Million in Yr. 2009

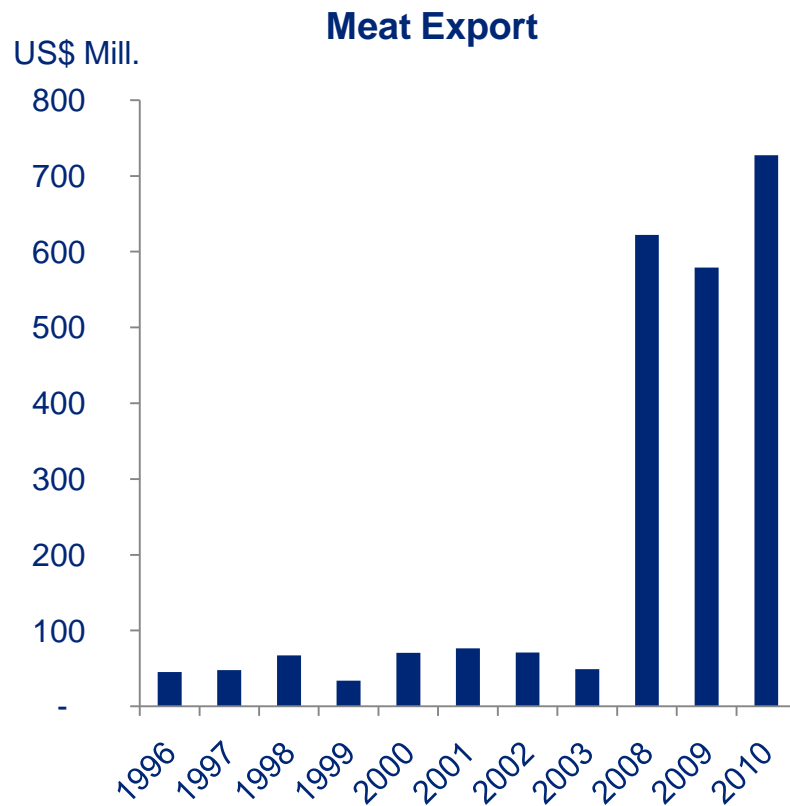
Country	FDI \$
USA	1,268
Brazil	339
Argentina	165
Spain	153
Luxemburg	138
UK	113
Holland	108
Portugal	68
Italy	51
Hong Kong	50
Switzerland	40
Uruguay	35
Panama	28
Germany	21
Others	40
Total	2,616

 Investment Opportunities
by Sectors

Sector – Meat

➤ Meat Export

- Meat is one of the most competitive sectors in Paraguay, reaching to diverse international markets.



Source: SENACSA

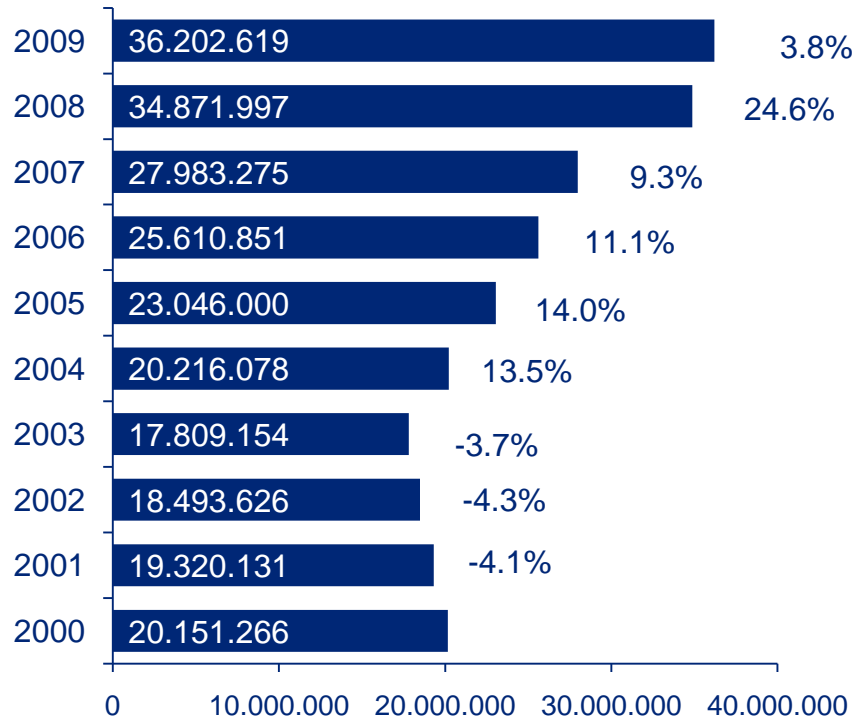
Sector – Poultry

➤ Poultry Consumption and Production

- The potential of investment in this sector is very important due to its low cost in production and the expansion of local consumption.

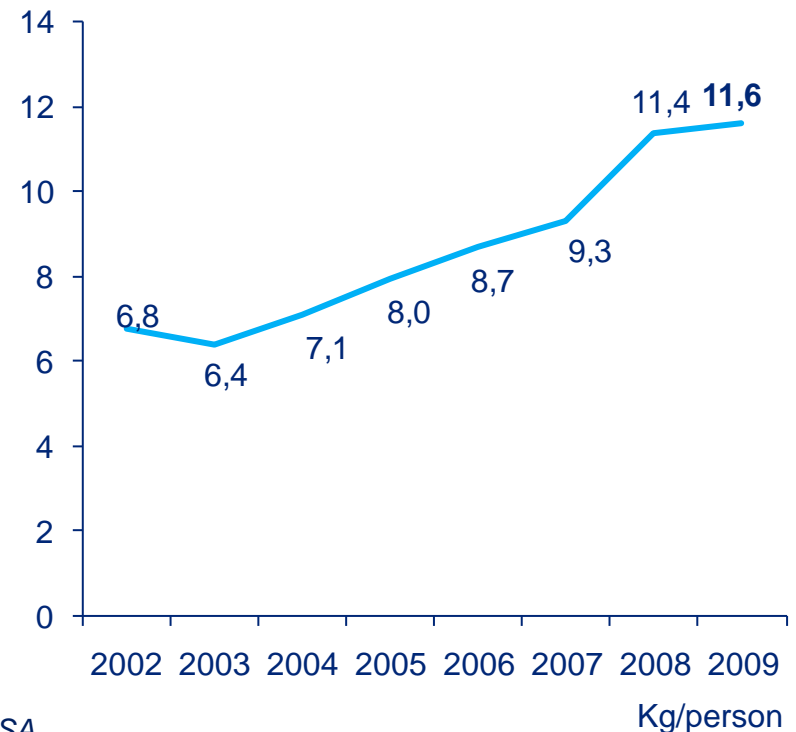
Poultry Production and Growth

Units of Head



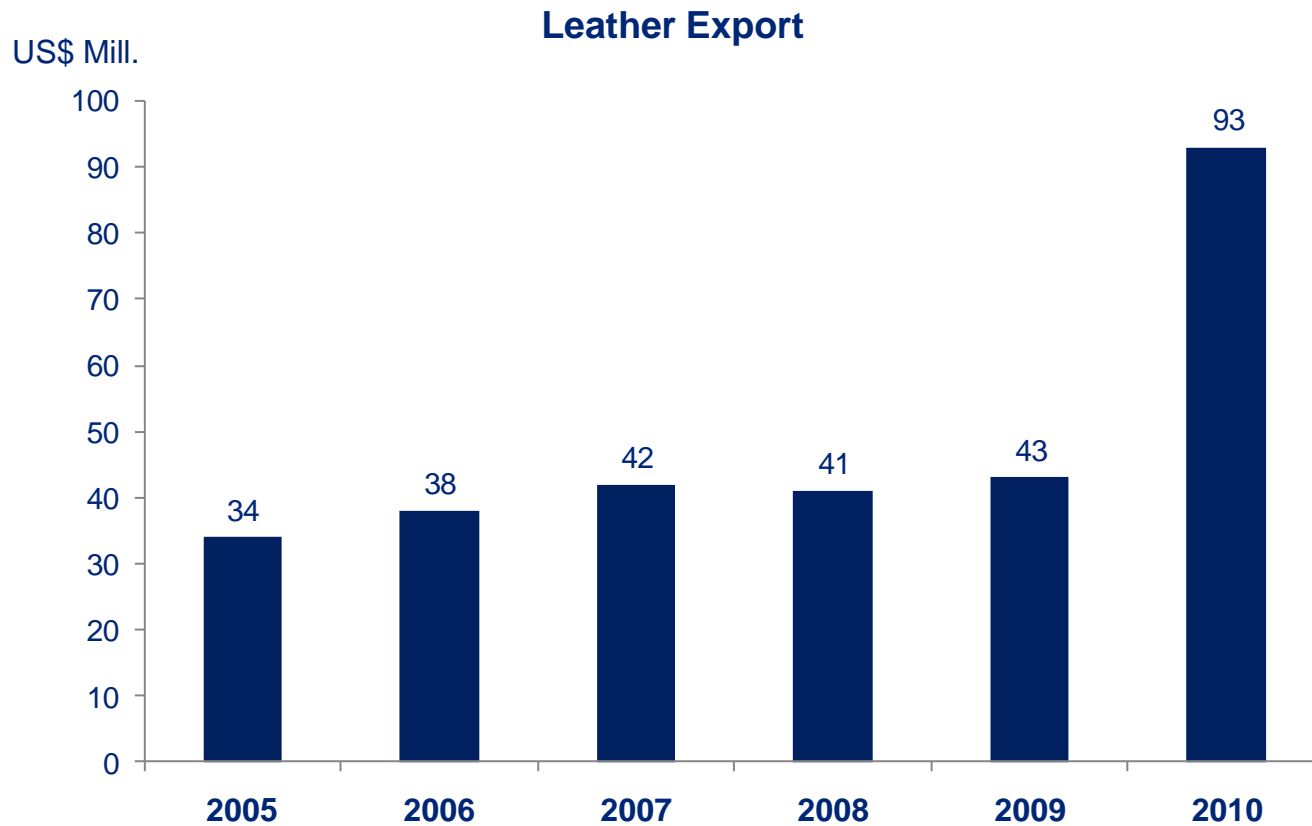
Source: SENACSA

Annual Consumption of Poultry



Sector – Leather

- Leather is the 7th main export item in Paraguay



Source: Banco Central del Paraguay - www.bcp.gov.py

Sector – Leather

➤ Strengths

- Paraguay has abundant livestock resources - a) suitable areas for grazing and b) good organization both in private and government sectors, contributing to the development of the industry.
- Various Usage - leather is a product that is used in various sectors (e.g., production of clothing, footwear, furniture, etc.).
- Also, during the process food animals; chemicals for cosmetics and photographic; and fertilizers are obtained.

➤ Weaknesses

- Internal factors
 - a) Inadequate process in the stage of early animal skinning -some oversights cause quality devaluing.
 - b) Lack of training system – currently the training system is not built up well.
- External factors
 - a) Preferences of the international market.
 - b) High freight cost and long travel time.

Sector –Leather

➤Risk

Less Variety

- Due to little investment in machinery, only limited colors and texture are available

Limited capacity

- Due to lack of finished leather stocks, many manufacturing companies import the raw material

More Competition

- Over the past three decades, China has more competitiveness in this sector focusing on low labor cost advantage. Also, Uruguay, Brazil and Argentina are becoming strong competitors with their improved quality of products.

➤Risk Control

•New Group Implementation:

- Ministry of Industry and Commerce is boosting up the leather sector through establishment of the Bureau of Meat & Leather from the Investment and Export Network (REDIEX)

•New Policy Implementation & More Meetings

- Clearer policy definition on shipping rates has been implemented.
- More participation in fairs.
- The Chamber of Industries has been founded to promote activities that help develop the sector and increase the potential of export.

Sector – Tourism

➤ Strengths

➤ Weaknesses

- 1 Strategic location in South America
- 2 Wealth of natural and cultural resources (Itaipu and Yacyreta)
- 3 Proximity to a global tourism icon (Iguazu Falls)
- 4 Jesuit Missions (Two of the seven have been declared Cultural Heritage of Humanity)
- 5 Strong potential for tourism, convention, shopping, and entertainment in Asuncion and Ciudad del Este

- 1 Incipient public-private facilities or programs for tourism promotion
- 2 Deficit of information sources related to tourism. Need more accessible database
- 3 Problems of accessibility to the country
- 4 Low and intermediate quality of existing tourist facilities

Sector – Tourism

➤ Opportunities

- Increasing demand of not massive tourisms linked to nature, ethnography and new experiences.
- Universal awareness movement on environmental issues as favoring destinations with higher state natural resources conservation.
- **MERCOSUR**-centered location.
 - Continuous improvement in transportation
 - Proliferation of low-cost transportations.
- New information technologies allow access to markets and market tourism products regardless of their location.

➤ Challenges

- Existence of competing destinations with tourism worldwide.
- Worldwide trend of reducing the average stay and average spending per tourist.
- Increased fuel prices with a consequent impact on the price of transport.

Sector – Tourism

➤ Number of visitors in Paraguay and revenue created by them

	2007	2008	2009	2018 (Expected)
No. Tourists	415,702	428,215	439,246	995,000
No. Hikers	2,588,559	2,690,162	2,743,953	3,583,000
Income / Tourists(US\$ millon)	87.5	93.6	218.6	477.8
Income / Hikers (US\$ million)	14.5	15.7	15.9	20.06
Total Income	102	109.3	234.5	497.86

Note : Tourist: Overnight involves at least one day. Hiker: no overnight

Source : COIN Survey. proyect REDIEX. año 2008-2009

Sector – Fruits & Vegetables

➤ General Overview

- Fruit & vegetable sector is one of the largest generators of employment, mainly at the level of small producers in Paraguay.

➤ Strengths

- Price: Great production in bananas, pineapples and watermelons (Average quality).

➤ Risks & Risk Controls

	Weaknesses & Risks	Risk Controls
<i>Quality</i>	Quality of the fruits and vegetables are positioned as average. Still need more improvement in quality	Conduct sharing sessions with other countries (e.g., Peru, Ecuador) to improve quality of the products
<i>Technology</i>	Farmers lost around 50% of watermelon in Yr.2010 due to the weather issue (Limited technical skills)	Itaipu Binacional is helping farmers with hot water treatment (hidrothermical) technology for fruit bugs (mosca de la fruta)
<i>Certification</i>	Need to get certifications that corresponds with Global GAP for easier and more export	REDIEX is promoting to get Global GAP certification for good agriculture practice

Sector – Forest Products

➤ General Overview

- Paraguay has a comparative advantage in forest production. This sector has been one of the most important sectors in development of the country . Paraguay has many incentives as follows.

1

Know-how of the business

Paraguay's know-how of the forest industry (especially in wood flooring.)

2

Unique species of wood materials

Paraguay has unique wood material (e.g.: tadj - *Tabebuia Hephapylla*, yvyraro - *Pterogyne nitens*, ybyrapyta - *Peltophorum dubium*, kurupay - *Piptadenia macrocarda*, etc.)

3

Short payback period

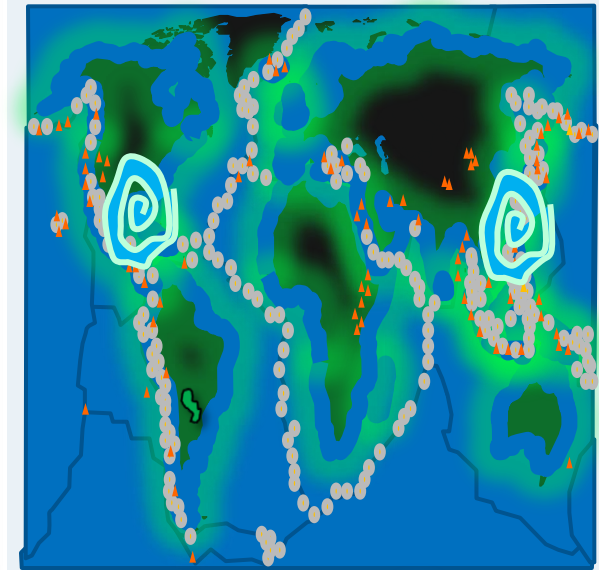
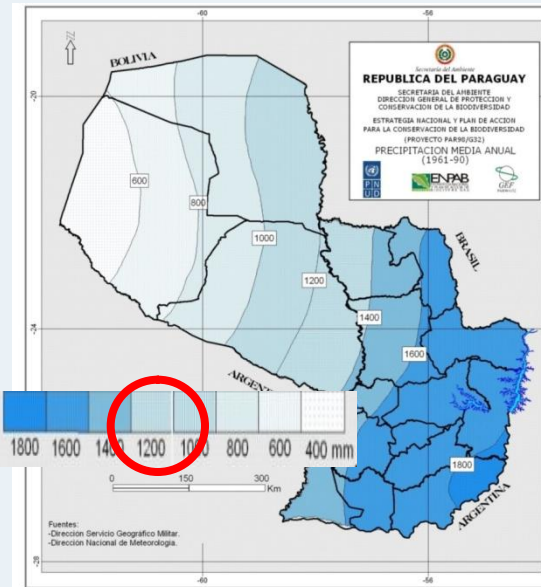
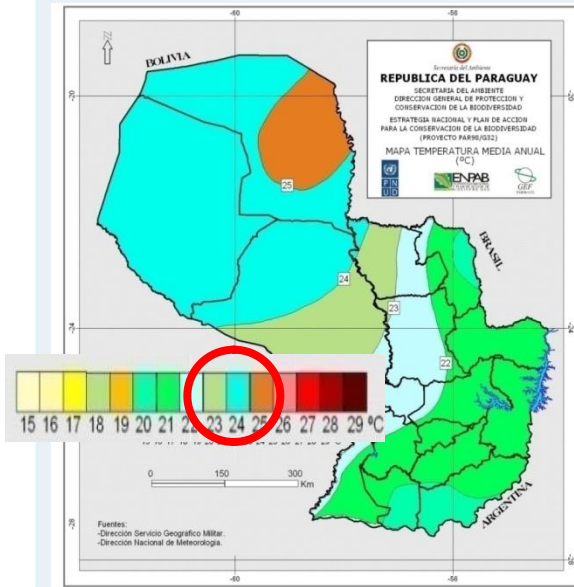
Paraguay's pay back period in this wood industry is only 12 years (In general, it takes over 40 years in other countries.)

Sector – Forest Products

4

Ideal Natural Conditions

- Ideal temperatures and high precipitation regime makes Paraguay an excellent location for agriculture and forestry.
 - Average yearly temperature is 24 degrees Celsius.
 - Average yearly rainfall is 1,200 mm.
 - Lower Risk of Natural Disasters (i.e., volcano eruption risk, earthquake risk, Tsunami risk, etc.)



Sector – Forest Products

➤ Weaknesses & Risks

• High Start-up Cost

High start up cost is a barrier for access into this industry

• Lack of Investment

Due to low level of investment, there is not enough budget for promoting this sector.

Incipient financial loans to forest sector.

➤ Risk Controls

• Reimbursement for High Start-up Cost.

REDIEX announced that 75% of start-up cost will be reimbursed.

• New projects

1) Investigation on the Chaco Region

Chaco region has lots of potentials so REDIEX tries to promote more studies regarding new species for the sector.

2) Implementing New Technology

Try to find better way to implement more advanced technology for wood flooring (e.g., use most expensive wood for the surfaces only for cheaper price and efficiency).

Sector – Technology & Service

➤ **General Overview:**

- **New Industry:** Technology sector is one of the new industries in Paraguay.
- **Fast Developing Sector:** Among the most developed sectors in Paraguay and categorized in 3 groups: Software, hardware & contact center.

➤ **Strengths:**

- **Fast growing.**
- **Young labor and low cost** (see the next page for detail) – Great opportunity for running world wide contact centers.

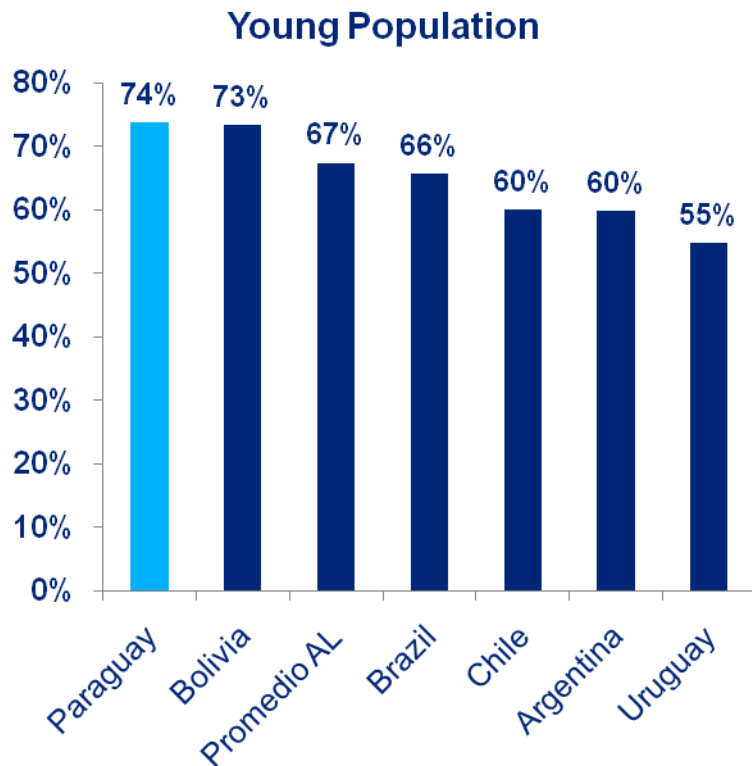
Sector – Technology & Service

➤ Risks & Risk Controls

	Weaknesses & Risks	Risk Controls
<i>Education & Training</i>	<p>•Losing experts Since it takes 5-6 years for students to receive a degree. many experts leave the school and join corporations</p>	<ul style="list-style-type: none"> • Attempt to unify the education system of Technology • Co-work with corporations to offer part time jobs so that students can work and study at the same time
<i>System</i>	<p>•Unstable System The government's system has not been established well for the sector - Hard to track record of software /intangible selling</p>	<ul style="list-style-type: none"> • Effort to build innovative research development center

Sector – Technology & Service-Advantages

- One of the **youngest populations** in Latin American countries.



Sources: Dirección Nacional de Estadísticas. Encuestas y Censos (www.dgeec.gov.py) & Worldmapper www.worldmapper.net

- One of the **lowest costs of life** in the world.

Capital Cities	Ranking
Managua	1
La Paz	2
Asunción	3
Quito	4
San José	5
Guatemala	6
México D.F.	7
Kingston	8
Buenos Aires	9
Panamá	10
Santiago	11
Caracas	12
Toronto	13
Bogotá	14
Havana	15

Source: Mercer Consulting Group 2010 (www.mercer.com)

Sector – Biofuels

➤ General Overview:

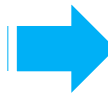
- Paraguay is in a great position for biofuel production due to its rich soil, abundant fresh water availability, favorable climate, and geographical situation. Bio energy is good for environment and also can help reducing Paraguay's petroleum import dependency on other countries.

Strengths

- Growing Business
- Stable Production: Only two companies in PY are involved.

Weaknesses & Risks

- Low production per acre
- A higher expected level of Competition in the future.
- Over the past three decades, China has more competitiveness in this sector, focusing on low labor cost advantage. Also, Uruguay, Brazil, and Argentina are strong competitors with their improved quality of products.

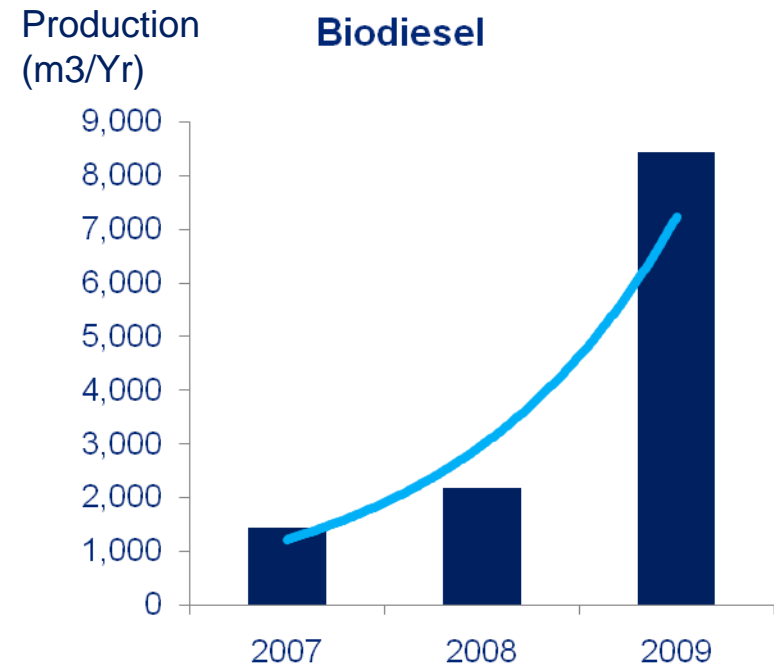


Risk Control

- **Alternative crops:** Paraguay is trying to use alternative crops (sugar cane → soy beans)
- **Create several technical studies:** studies regarding sugar cane are conducted and meetings for technical assistance are made.

Sector – Biofuels

➤ Bio Energy sector is a growing business.



Source: PETROPAR

Sector – Infrastructure- Incentives

Easy Access to Attractive Markets

- The best access gate to the **MERCOSUR** markets.
- Almost half of South America's income is generated by countries that surrounds Paraguay's boundaries. i.e., south of Brazil, Argentina's center-north area, south part of Bolivia, and Uruguay.



	S.America (100%)	Mercosur (100%)	Paraguay + 1.300 km
Population (MM people)	360	250	120
GDP Mill USD	2875	1948	927
GDP per capita (USD)	7986	7792	7725

- **33%** of South America's GDP
- **33%** of South America's Population
- **96%** of South America's average per capita Income

Investment Process

Starting Business in PY and its General Steps

- It requires 7 procedures and takes 35 days to start a business in Paraguay.
- Today, this process takes place in a single window (Unified System for Opening Business – **SUAE**)

List of Procedures

- 1) Check the uniqueness of the company's proposed name.
- 2) Draft the company's deeds, signed by an attorney.
- 3) Notarize the company's deeds.
- 4) Buy the company's commercial books.
- 5) Submit registration documents at the single window access (**SUAE**).
- 6) Publication of an extract of the bylaws in the Official Gazette and a newspaper.
- 7) Municipality conducts an on site inspection.

Starting Business in PY – Historical data

➤ Following table shows historical data regarding starting a business in Paraguay.

Starting a Business	Doing Business 08	Doing Business 09	Doing Business 10
Rank	-	89	100
Procedures(Number)	7	7	7
Time (Days)	35	35	35
Cost (% of income/Capita)	77.6	67.9	56.7
Min. Capital (% of income/Capita)	0.0	0.0	0.0

Source: <http://www.doingbusiness.org>
World Bank Group

Challenges

Challenges

➤ Paraguay continues to face important social and economic challenges.

1. Economic Area - Direct Foreign Investment

Direct Foreign Investment

- In the economic area, the main challenge is to expand the capital base. Direct net foreign investment, which reached **US\$ 281** million in 2009 is **still meager and remains below the level of remittances received from abroad.**

Infrastructure

- Given that Paraguay is a mediterranean country, there is a lot of challenges as well as investment opportunities in infrastructure.

2. Social Area - Poverty Index and Unemployment

Poverty Index

- Nationally, the total poverty incidence fell by about 3 percentage points (from **38%** in 2008 to **35%** in 2009) due in part to economic recovery and efforts to increase social spending.
- Extreme poverty remains at **19%**.

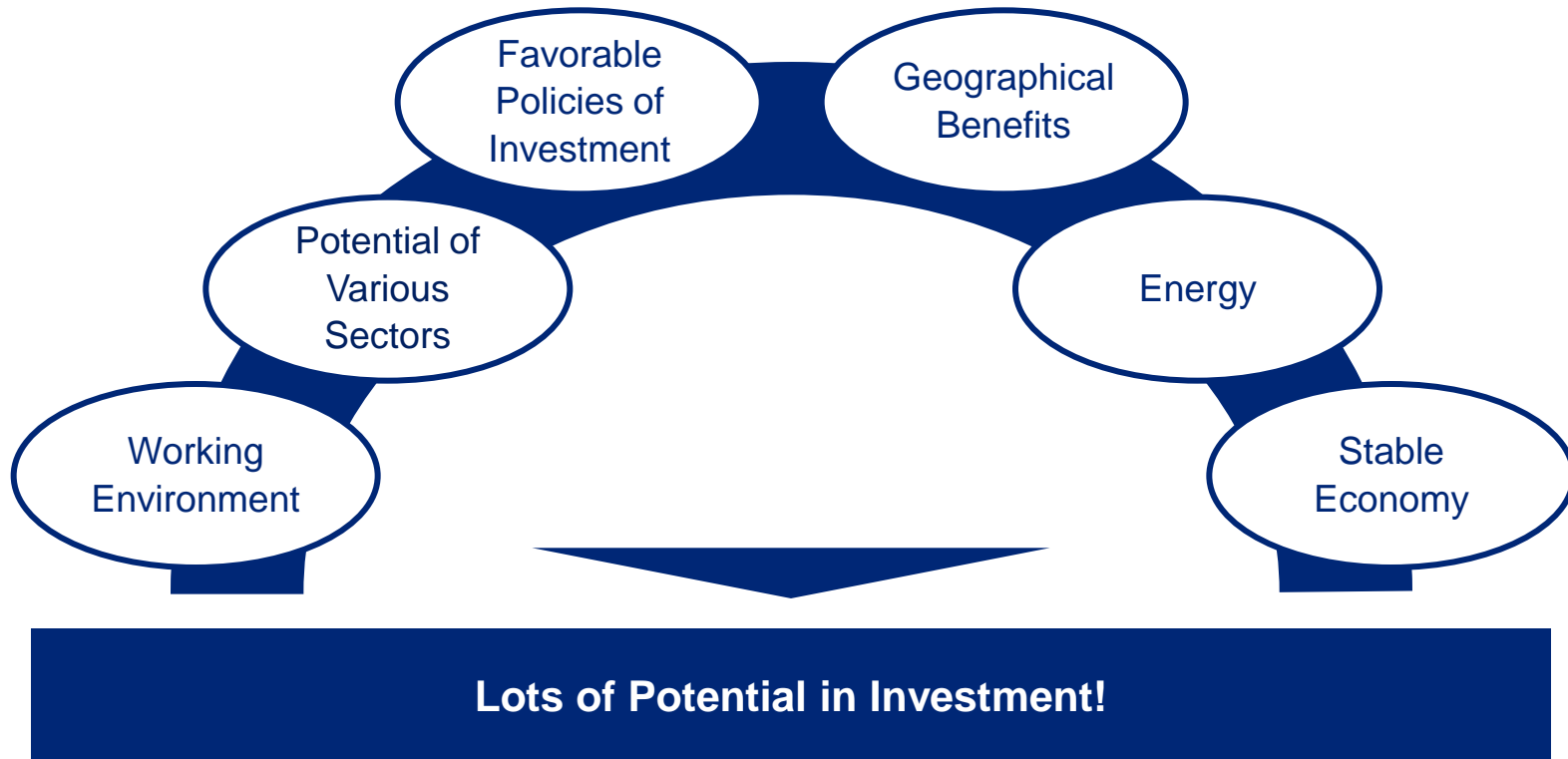
Unemployment

- In Paraguay unemployment is **5,7%**, but underemployment reaches **25,1%**.

Source: EPH 2009 & World Bank

 Conclusion

Conclusion



Contact Information

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