



Doing Business in Paraguay: 2013 Country

Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2013. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business in Paraguay](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Paraguay

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)
- [Market Entry Strategy](#)

[Return to top](#)

Market Overview

- Paraguay is a small open economy with a population of over six million, in 2012 GDP was USD 25.547 billion, and a per capita income was USD 3,829. Agriculture is the largest sector in the economy (20 percent of GDP), followed by the commercial sector (18 percent), and manufacturing (10.7 percent). After six years of positive economic growth, Paraguay experienced a negative 3.8 percent growth in 2009 due to lower demand and prices for agriculture commodities, adverse weather conditions late in the year, and, to a lesser extent, the impact of the global financial crisis. Growth resumed at a record breaking 13.1 percent in 2010, the highest in South America. After a moderate GDP growth of 4.3 percent in 2011, Paraguay experienced an economic contraction of 1.2 percent in 2012 due to multiple outbreaks of Hoof-and-Mouth Disease, severe droughts followed by severe floods in most of the nation's territory. With rain returning to more beneficial levels and Hoof-and-Mouth Disease under control, Paraguay's economy is expected to grow more than 10 percent in 2013.
- Agriculture commodities, namely soy and beef, dominate Paraguay's exports, accounting for roughly 90 percent of 2012 USD 4.7 billion exports. The agriculture sector contributes more than a fourth of the jobs in the economy. Investments in mechanized production have improved yields. Soy production reached a record harvest of 7.8 million metric tons in 2010. After poor 2012 production (4.5 million metric tons), 2013 is expected to surpass the 8 million metric ton mark.
- Paraguay generally has a strong macroeconomic position. In 2011, it had a budget surplus of 0.5 percent of GDP. The following year, it closed with a 1.7 deficit, foreign exchange reserves of USD 5.0 billion (which are twice the amount of its external debt) and at 9 percent, the lowest debt-to-GDP ratio in the region. Inflation was 4.0 percent at the end of 2012, one of the lowest of the region.
- Paraguay is located in the heart of South America, close to all main capitals and cities (two to three hours flying time from Buenos Aires, Sao Paulo, Montevideo, or Santiago). It is situated in the confluence of two important river systems (Paraguay and Parana Rivers).

- Paraguay has one of the lowest tax structure in Latin America and in the Common Market of the South (Mercosur), a significant competitive advantage over its neighbors. Paraguay implemented a “*maquila*” regime in the year 2000 to boost industrial exports.
- Paraguay’s large pool of young workers—roughly 70 percent of Paraguay’s population is under 35 years of age— is an untapped resource and favors labor-intensive industry sectors.

Market Challenges

[Return to top](#)

- A weak judicial system and corruption hinders Paraguay’s investment climate. Many investors find it difficult to adequately enforce contracts, and endure lengthy bureaucratic procedures. Paraguay ranks at the bottom tier of Transparency International Corruption Index with a 2012 rank of 150 out of 174 countries, a slight improvement from 154th in 2011.
- Lax protection of intellectual property rights (IPR) and economic informality, including tax evasion and money laundering, are key commercial concerns in Paraguay. The USTR’s 2012 “Special 301 Report” on IPR downgraded Paraguay, placing the country on the Watch List. Paraguay’s informal economy is significant, generating billions of dollars a year of unfair commercial practices that adversely impact the formal economy.
- Paraguay is one of the least competitive countries in the region. The 2012/13 World Economic Forum Global Competitiveness Index ranks Paraguay 116 out of 144 countries. Except for its exceptional macroeconomic stability, Paraguay is at the bottom of all other competitiveness indicators.
- The World Bank’s Doing Business 2012 ranks Paraguay 103 out of 185 countries for the ease of doing business.

Market Opportunities

[Return to top](#)

- The country’s potential in the short term would be enhanced if it improved its infrastructure, became more competitive within Mercosur, increased its agriculture export based production, and utilized its excess electricity for industrial programs. See Chapter 4 for additional details.
- U.S. exports to Paraguay in 2012 totaled USD 1.74 billion. Leading U.S. exports to Paraguay in 2012 were computers and accessories, toys/games/sporting goods, musical instruments, entertainment equipment, telecommunications equipment, industrial equipment/machinery/tools/engines/parts, and pharmaceuticals. Furniture/household goods/appliances, passenger cars and trucks, toiletries/cosmetics, chemicals, business machines/equipment, are also important on the list of U.S. exports to Paraguay.

- The telecommunication industry has potential for investment opportunities, but this partly depends on reform of the state-owned telephone company. Cellular telephone service has grown rapidly in recent years.
- Paraguay is the world's largest generator and exporter of hydroelectricity. With two of the largest hydroelectric dams in the Latin America, Brazil-Paraguay Itaipu and Argentina-Paraguay Yacyreta, Paraguay generates more than 106 million megawatts hour (MW/h) per year. Itaipu alone generates more than 90 million MW/h per year, and half of the electricity produced is owned by Paraguay. Paraguay consumes a mere ten percent of its total production and exports the rest to Brazil. Paraguay's electricity distribution infrastructure is in need of investment and upgrades.
- Paraguay is poised to become an important player in the production of biofuels, in particular sugar-cane based ethanol. Although current production is mostly to satisfy domestic needs, the sector has the capacity and expertise to rapidly expand to meet higher export volumes from new markets.
- In 2008 the FDA approved a derivative from the leaf of the plant Stevia as a natural sweetener. Stevia is indigenous to Paraguay, and the country has the potential to become a leading supplier of Stevia.
- Landlocked Paraguay depends heavily on the Paraguay-Parana waterway, which is in need of serious upgrades. Dredging the river is increasingly important as the volume of the transport exceeds the navigation capacity of the river, and low rainy seasons severely constrain river traffic. This has been declared a s a priority project for the incoming government, which will assume power August 15, 2013.
- Paraguay has limited air connectivity; however American Airlines reinstituted a non-stop, direct flight between Miami and Asuncion in November 2012. The Silvio Pettirossi International Airport is outdated and in need of significant physical improvements – a topic that has generated much discussion, but limited action so far.
- Paraguay needs significant infrastructure investments. Much of its road network is unpaved and the main paved arteries are in need of upgrades. The Ministry of Public Works plans to invest more than USD 1.5 billion in the next five years. Likewise, hydroelectricity rich Paraguay is constrained by its distribution network infrastructure. Paraguay's electricity distribution infrastructure is in need of immediate upgrades to cope with increasing demand. As a response to this, the National Electricity Administrator – ANDE - plans to invest more than USD \$2.5 billion in the next ten years.
- To be successful in the longer run, Paraguay must greatly improve the delivery of education to the large cohort of young people, a potential opportunity for educational experts and consultants. Similarly, potential opportunities exist for experts and consultants to monitor on behalf of the Paraguayan government the quality of infrastructure improvements under construction.

- Foreign firms interested in establishing operations in Paraguay should hire experienced local attorneys and/or representatives and consider seriously joint ventures with Paraguayan companies to assist them in operating in a sometimes confusing, corrupt, and non-transparent business environment.
- The selection of an appropriate agent/distributor may be a determining factor in success or failure.
- Close contact and periodic visits by foreign suppliers are essential to help reinforce ties with local business counterparts.
- Paraguay's export and investment promotion bureau, REDIEX, prepares comprehensive information about business opportunities in Paraguay. The Investor's Route Map is the investor's guide prepared by REDIEX for exporters and investors (<http://www.rediex.gov.py/guia-de-inversiones-inv20>).

[Return to table of contents](#)



COUNTRY FACT SHEET: PARAGUAY

PROFILE

Population in 2011 (Millions): 7

Capital: Asunción

Government: Republic

ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	15.9	20.7	24.1
Nominal GDP Per Capita (Current \$US)	2,537	3,238	3,688
Real GDP Growth Rate (% change)	-4.0	13.1	4.3
Real GDP Growth Rate Per Capita (% change)	-5.9	10.9	2.3
Consumer Prices (% change)	2.6	4.7	6.6
Unemployment (% of labor force)	6.4	5.7	5.6

Economic Mix in 2011: 19.2% All Industries; 11.3% Manufactures; 58.8% Services; 22% Agriculture

FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Paraguay Exports to World	3,167	4,534	5,517
Paraguay Imports from World	6,940	10,040	12,316
U.S. Exports to Paraguay	1,355	1,810	1,975
U.S. Imports from Paraguay	56.4	62.1	110
U.S. Trade Balance with Paraguay	1,299	1,748	1,865

Position in U.S. Trade:

Rank of Paraguay in U.S. Exports	66	62	63
Rank of Paraguay in U.S. Imports	133	133	124
Paraguay Share (%) of U.S. Exports	0.13	0.14	0.13
Paraguay Share (%) of U.S. Imports	0	0	0

Principal U.S. Exports to Paraguay in 2011:

1. Computer & Electronic Products (59.1%)
2. Miscellaneous Manufactured Commodities (15.2%)
3. Chemicals (7.3%)
4. Machinery, Except Electrical (5.9%)
5. Transportation Equipment (3.4%)

Principal U.S. Imports from Paraguay in 2011:

1. Food & Kindred Products (64%)
2. Wood Products (17.2%)
3. Primary Metal Mfg (5.7%)
4. Agricultural Products (3.5%)
5. Beverages & Tobacco Products (3.1%)

FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Paraguay (US \$Millions)		85	
FDI in U.S. by Paraguay (US \$Millions)	-5.0	-2.0	-1.0

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 103 of 185

Heritage/WSJ 2012 Index of Freedom Rank: 79 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Paraguay Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1841.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Foreign firms interested in establishing operations in Paraguay should hire experienced local attorneys and representatives to assist them in operating in a sometimes confusing and non-transparent business environment. The selection of an appropriate agent/distributor is a determining factor in success or failure. Many local companies offer specialized marketing to foreign companies interested in the Paraguayan market.

One significant drawback to selling goods in Paraguay is Law 194/93, which establishes the legal relationship between foreign companies and their Paraguayan representatives. The law requires the foreign company to prove just cause in a Paraguayan court to end a contractual relationship with a Paraguayan agent or distributor. If the relationship is ended without proving just cause, the foreign company must pay its representative an indemnity. The rights under this law cannot be waived as part of the contractual relationship between both parties. Some foreign companies have paid large sums when ending distribution relationships in Paraguay to avoid lengthy court cases or have continued ineffective relationships with representatives to avoid such payments. However, the courts have also upheld in several instances the rights of foreign companies to terminate representational agreements when these companies have been able to establish just cause. However, we are not aware of any U.S. company negatively affected by this law.

Because Paraguay is a relatively small market compared to its neighbors, some unscrupulous local representatives of foreign products have accepted side payments from smugglers in return for turning a blind eye to shipments of pirated or gray market versions of those products transiting Paraguay destined for Brazil and Argentina. Other

representatives have re-exported large volumes of luxury items to distant, third country markets in direct violation of their distribution agreements. These examples underscore the importance of independently monitoring the activities of representatives and licensees.

Establishing an Office

[Return to top](#)

The government of Paraguay allows foreign companies to establish branches or subsidiaries. A legally authorized representative must head the branch office, and voting board members must have Paraguayan residency. The documents listed below must be authenticated by a notary public and the Paraguayan consul in the country of the head office, and must be filed and recorded in the Commercial Public Registry within the Ministry of Industry and Commerce in Asuncion. Multiple steps in the registration procedure were streamlined in late 2006 when the government instituted a coordinated system where companies can register in one step, in a process that takes about one month. The office in charge of this system is the *SUAE--Sistema Unificado de Apertura de Empresas* (<http://www.suae.gov.py/bpmSUAE/portal/index.htm>).

Documents required:

1. The documents of incorporation and the by-laws of the company;
2. A certificate from a duly authorized government official or the Chamber of Commerce in the headquarters country, certifying the legitimacy of the head office in the country of origin;
3. Minutes from a meeting of the Board of Directors which:
 - Resolve to establish a branch office in the Republic of Paraguay;
 - Assign nominal capital to the branch office (a minimum of USD 10,000 if related to export activities);
 - Establish a domicile of the branch office in Paraguay;
 - Designate the person or persons to manage the branch office; and,
 - Grant power to the person designated to manage the branch office.
4. The legal instruments from the head office delegating management responsibilities in the subsidiary or branch office to the person or persons so designated.

Franchising

[Return to top](#)

Although franchising operators are ubiquitous in Paraguay, there is still room for growth. Foreign companies have granted franchising rights to local firms in different areas including (but not limited to): fast foods, laundry, electronics, cars, agriculture inputs and equipment, clothing, and pest control.

Direct Marketing

[Return to top](#)

Direct marketing is not widely used in Paraguay, although a handful of foreign products (toiletries and cosmetics, health products, kitchenware, and apparel) have been offered through direct marketing for a number of years.

Joint Ventures/Licensing

[Return to top](#)

Law 117/91, which guarantees national treatment to foreign firms, also regulates joint ventures. Under the law, the government recognizes joint ventures established through formal legal contracts between the interested parties.

Licensing agreements are widely used for the local production of international brands. Many foreign firms have licensing arrangements with local companies in the areas of apparel, toiletries and cosmetics, pharmaceuticals, processed foods, and video recordings. Trademark infringement, especially of internationally recognized brands, is a major concern in Paraguay.

Selling to the Government

[Return to top](#)

All public contracting in Paraguay with a value which exceeds 20 local minimum wages (roughly USD 8,000) must be done via the website of the National Bureau of Public Contracting (DNCP), <http://www.contrataciones.gov.py>. The Public Contracting Law applies to the central government as well as to state and local entities. The contracting office screens tenders to avoid preferential specifications that could generate biased bids. All bid documents are made freely available on-line, and once bids are awarded, the information on the winner and the final price is made publicly available on the website. Complaints are channeled through the Public Contracting Bureau rather than to the contracting entity, and most complaints have been adjudicated in favor of bidders.

Foreign firms can bid on tenders deemed “international,” and on “national” tenders through the foreign firms’ local legal agents or representatives. A recently created local law (4558/11) grants Paraguayan products a twenty percent price advantage over foreign products, although a foreign country selling local products would appear to compete on a level basis with a local company also offering local products. When comparing bids, products with less than 50 percent Paraguayan content have the import duties added to the bid, but only up to 10 percent of the value of the products. This augmented value is then compared to local bids when making awards. Of the 1,471 bids held by the DNCP in 2011, only 81 were open to international companies. Of those, only 5 were awarded to international companies.

These few international tenders are often for projects funded by the Inter-American Development Bank and the World Bank. U.S. firms participating in government tenders are strongly urged to contact the Embassy's Economic and Commercial Section, and submit an advocacy questionnaire through the Advocacy Center in Washington, D.C. once the decision to participate has been made. Embassy advocacy in government tenders in the past has helped ensure a more transparent process, although the new, web-based system has increased transparency.

Distribution and Sales Channels

[Return to top](#)

Paraguay does not have preferred or special marketing channels. Imported merchandise can be marketed through subsidiaries of foreign companies, local importers, distributors, and/or dealers. The major distribution and sales centers are the cities of Asuncion, Ciudad del Este, and Encarnacion.

Imports enter the country by air through the Asuncion and Ciudad del Este international airports; by river through the ports on the Paraguay and Parana rivers, after transshipment at sea ports on the River Plate Basin; and by road to Asuncion, Encarnacion, Ciudad del Este, and Pedro Juan Caballero, after transshipment at sea ports in Southern Brazil, the River Plate Basin, and Northern Chile.

Selling Factors/Techniques

[Return to top](#)

A small percentage of the population understands English. It is generally recommended that sales brochures and material be in Spanish for marketing in Paraguay.

Electronic Commerce

[Return to top](#)

Paraguay's level of Internet use is increasing very quickly. With roughly seven percent of the population connected in 2008, by late 2012 this number had risen to 23.9 percent (est.). Local credit card operators and e-commerce operators are common in cities, mainly Asuncion. Some sites, such as supermarkets and electronic e-retailers, are often used by Paraguayans overseas as an option to transfer resources to their relatives, sending goods or "credit coupons" instead of money. Twelve of the fifteen banks have fully transactional websites.

In addition to commercial operations, a company can use the Internet in Paraguay with good results for other business purposes, such as Customer Relationship Management (CRM), on-line help desks, promotions, and advertising.

B2B websites:

<http://www.ba.com.py>: Local e-business, CRM and marketing consulting firm.

<http://www.nic.py>: National domain name administration.

<http://www.yagua.com>: First Paraguayan website directory.

<http://www.capadi.org.py>: Paraguayan internet chamber.

Banks with fully transactional websites:

Citibank: <http://www.latam.citibank.com/paraguay>

Sudameris Bank: <http://www.sudameris.com.py/>

BBVA: <https://www.bbva.com.py>

Banco Regional: <https://www.bancoregional.com.py>

HSBC: <http://www.hsbc.com.py>

Banco Continental: http://www.bancontinental.com.py/personas/banco_enlinea.aspx

Banco Amambay: <http://www.bancoamambay.com.py/ebanking.php>

Vision Banco: <https://secure.vision.com.py/bancaweb/>

Banco Familiar: <http://www.familiar.com.py/>

Banco Atlas: <http://www.bancoatlas.com.py/>

Banco Itau: <http://www.itau.com.py/>

Banco Itapua: <http://www.bancoitapua.com.py/>

Bancoop S.A.: <http://www.bancop.com.py>

Trade Promotion and Advertising

[Return to top](#)

The greater Asuncion area is Paraguay's principal advertising center, with over one-third of the total population. Principal media for advertising are television and radio. Other widely used media include newspapers, billboards, signs, and direct mail. Radio is the most important media in rural areas.

Newspapers most commonly used by local advertisers:

Diario ABC Color: <http://www.abc.com.py>

Diario La Nacion: <http://www.lanacion.com.py>

Diario Ultima Hora: <http://www.ultimahora.com>

Principal television companies:

Canal 2 Red Guarani: <http://www.redguarani.com.py>

Canal 4 Telefuturo: <http://www.telefuturo.com.py>

Canal 5 Paravision: <http://www.paravision.com.py>

Canal 9 SNT--Sistema Nacional de Television: <http://www.snt.com.py>

Canal 11 La Tele: <http://www.latele.com.py>

Canal 13 RPC--Red Privada de Comunicación: <http://www.rpc.com.py>

Canal Unicanal (Cable): <http://www.unicanal.com.py>

Canal Arandupé (Cable - State-owned): <http://www.arandupe.edu.py>

Pricing

[Return to top](#)

Competitive prices and quality are important. Generally, the market is willing to pay a premium for higher quality products. However, substandard or counterfeit items, as well as competition from businesses in the informal economy and contraband goods, make it difficult for genuinely higher quality products to compete fairly for premium prices.

Value-added Tax of 10 percent (IVA in Spanish) is applied to all transactions related to the sale or import of goods, and personal services. In general the IVA rate is ten percent, except for some items like pharmaceutical products, the sale of land, interest

charges, commissions, and others, for which the tax rate is five percent. Prices are usually quoted with taxes included.

A Selective Consumption Tax (ISC in Spanish) is applied to certain imports and initial sales of national products. The tax rate varies from one to fifty percent, depending on the type of goods, and principally affects fuels, alcoholic beverages, tobacco, and certain other goods classified as “luxury” items.

Sales Service/Customer Support

[Return to top](#)

The importance of customer support and follow-up cannot be overstated. Even after products have gained acceptance in the market, suppliers should maintain close contact with their local representatives to keep apprised of problems and to assess the market jointly. Periodic visits by officials from the exporting company are essential to help reinforce ties with customers.

Protecting Your Intellectual Property

[Return to top](#)

Several general principles are important for effective management of intellectual property (“IP”) rights in Paraguay. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Paraguay than in the United States. Third, rights must be registered and enforced in Paraguay, under local laws. Your U.S. trademark and patent registrations will not protect you in Paraguay. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. Paraguay offers copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Paraguayan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Paraguay. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Paraguayan law. The U.S. Embassy’s Commercial Office can provide a list of local lawyers upon request [<http://paraguay.usembassy.gov>].

Rights holders must take the fundamental steps necessary to secure and enforce their IP in a timely fashion. Rights holders who delay enforcing their rights may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be “bad actors.” Work with legal counsel familiar with Paraguayan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Paraguayan or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Paraguay at: comercialasuncion@state.gov.

Trademark infringement and counterfeiting are a major concern in Paraguay. Owners of patents, trademarks, and copyrighted materials are advised to register their products with the Industrial Property Office in the Ministry of Industry and Commerce. The application for registering products should be written to include the following:

- Name of the company, business address and name of the company's owner(s), sponsor(s), and/or representative(s) in Paraguay;
- Name of the product and sample reproductions in various forms, such as graphic images;
- Specification of the products or services that will distinguish them from other brands, including physical characteristics; and,
- Power of attorney or some form of legal representation when the owner/sponsor cannot appear in person for the registration of the product. The applicant or his/her in-country representative must maintain an office in Asuncion.

Please refer also to Chapter 6, under Protection of Property Rights.

Due Diligence

[Return to top](#)

Normal procedures for performing due diligence that apply elsewhere are also recommended for Paraguay, including obtaining local legal counsel when evaluating new investments.

The Economic and Commercial Section of the U.S. Embassy in Asuncion, Paraguay, offers International Company Profile (ICP) reports on companies operating in the local market.

The following is a local business information firm often referred to by foreign companies in the same line of business:

- Informconf: <http://www.informconf.com.py>

Local Professional Services

[Return to top](#)

A. Local key trade associations:

- PARAGUAYAN-AMERICAN CHAMBER OF COMMERCE, Asuncion.
Web: <http://www.pamcham.com.py>
- PARAGUAYAN-AMERICAN CHAMBER OF COMMERCE, Ciudad del Este.
E-mail: amchamcde@tigo.com.py
- National chamber of commerce and services:
CAMARA NACIONAL DE COMERCIO Y SERVICIOS DEL PARAGUAY (CNCSP), Asuncion.
Web: <http://www.ccparaguay.com.py>,

And its arbitration and mediation center:
CENTRO DE ARBITRAJE Y MEDIACION PARAGUAY, Asuncion.
Web: <http://www.camparaguay.com>
- Exporters trade association:
CAPEX—Cámara Paraguaya de Exportadores, Asuncion
Web: <http://www.capex.org.py>,
- Customs house broker's trade association:
CENTRO DE DESPACHANTES DE ADUANA DEL PARAGUAY, Asuncion.
Web: <http://www.cdap.org.py>
- Importers and foreign manufacturer agents' trade association:
CENTRO DE IMPORTADORES DEL PARAGUAY, Asuncion.
Web: <http://www.cip.org.py>
- Federation of production cooperatives:
FECOPROD—Federacion de Cooperativas de Produccion, Asuncion
E-mail: fecoprod@fecoprod.com.py
- Federation of trade associations of business persons/ranchers/industrialists:
FEPRINCO--Federacion de la Produccion, la Industria y el Comercio, Asuncion.
E-mail: <mailto:feprinco@quanta.com.py>
- Industrialist trade association:
UIP--Union Industrial Paraguaya, Asuncion.
Web: <http://www.uip.org.py>
- NGO, assists private enterprise with business opportunities and projects:
CEDIAL--Centro de Cooperacion Empresarial y Desarrollo Industrial, Asuncion.
Web: <http://www.cedial.org.py>

B. Paraguayan key government institutions related to trade:

- Customs Bureau:
DIRECCION NACIONAL DE ADUANAS, Asuncion.
Web: <http://www.aduana.gov.py>

- Export and Investment Promotion Bureau, under the Ministry of Industry and Commerce:
REDIEX—Red de Inversiones y Exportaciones, Asuncion.
Web: <http://www.mic.gov.py/rediex.html>
- Intellectual Property Bureau, under the Ministry of Industry and Commerce:
DIRECCION DE LA PROPIEDAD INTELECTUAL (DPI),
Ministerio de Industria y Comercio, Asuncion.
Web: <http://www.mic.gov.py>
- Ministry of Industry and Commerce:
MINISTERIO DE INDUSTRIA Y COMERCIO, Asuncion.
Web: <http://www.mic.gov.py>
- National Maquila Industry Council, under the Ministry of Industry and Commerce:
CONSEJO NACIONAL DE LAS INDUSTRIAS MAQUILADORAS DE
EXPORTACION (CNIME), Asuncion.
Web: <http://www.maquila.gov.py>
- Public Contracting Bureau:
DIRECCION NACIONAL DE CONTRATACIONES PUBLICAS, Asuncion.
Web: <http://www.dncp.gov.py>

Web Resources

[Return to top](#)

Banks:

- Banco Amambay S.A.: <http://www.bancoamambay.com.py>
- Banco Continental S.A.E.C.A.: <http://www.bancontinental.com.py>
- Banco de la Nacion Argentina: <http://www.bna.com.ar/>
- Banco do Brasil S.A.: <http://www.bb.com.br>
- Banco Familiar: <http://www.familiar.com.py>
- Banco Atlas S.A.: <http://www.bancoatlas.com.py>
- Banco Itapua S.A.: <http://www.bancoitapua.com.py>
- Banco Nacional de Fomento: <http://www.bnf.gov.py>
- Banco Regional S.A.: <http://www.bancoregional.com.py>
- Bancoop S.A.: <http://www.bancop.com.py>
- BBVA Paraguay S.A.: <http://www.bbva.com.py>
- Citibank N.A.: <http://www.latam.citibank.com/paraguay>
- HSBC Bank Paraguay S.A.: <http://www.hsbc.com.py>
- Itau S.A.: <http://www.itau.com.py/>
- Sudameris Bank S.A.E.C.A.: <http://www.sudameris.com.py>
- Vision Banco S.A.E.C.A.: <http://www.vision.com.py>

First Paraguayan website directory: <http://www.yagua.com/>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

Paraguayan Arbitration and Mediation Center: <http://www.camparaguay.com>

Paraguayan business information firm: <http://www.informconf.com.py/>

Paraguayan Central Bank: <http://www.bcp.gov.py/>

Paraguayan Chamber of Commerce and Services: <http://www.ccparaguay.com.py>

Paraguayan Customs Bureau: <http://www.aduana.gov.py>

Paraguayan Customs House Brokers Trade Association: <http://www.cdap.org.py>

Paraguayan domain name administration: <http://www.nic.py>

Paraguayan E-Business, CRM and marketing consulting firm: <http://www.ba.com.py/>

Paraguayan Export & Investment Promotion Bureau,
under the Ministry of Industry and Commerce: <http://www.mic.gov.py/rediex.html>

Paraguayan Exporters Trade Association: <http://www.capex.org.py>

Paraguayan Importers Trade Association: <http://www.cip.org.py>

Paraguayan Industrialist Trade Association: <http://www.uip.org.py>

Paraguayan Intellectual Property Bureau (DPI),
under the Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan Internet Chamber: <http://www.capadi.org.py>

Paraguayan laws website: <http://www.leyes.com.py>

Paraguayan Maquila Industry Council,
under the Ministry of Industry and Commerce: <http://www.maquila.gov.py>

Paraguayan Ministry of Finance: <http://www.hacienda.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan newspapers:

- ABC Color: <http://www.abc.com.py/>
- La Nacion: <http://www.lanacion.com.py>
- Ultima Hora: <http://www.ultimahora.com>

Paraguayan NGO business center, CEDIAL—Centro
de Cooperacion Empresarial y Desarrollo Industrial: <http://www.cedial.org.py>

Paraguayan one-stop office at the Ministry of Industry and Commerce to process
the multiple registration procedures to open a business: <http://www.suae.gov.py>

Paraguayan Public Contracting Bureau: <http://www.dncp.gov.py>

Paraguayan TV Stations:

- Channel 2 Red Guarani: <http://www.redguarani.com.py>
- Channel 4 Telefuturo: <http://www.telefuturo.com.py>
- Channel 5 Paravision: <http://www.paravision.com.py>
- Channel 9 SNT: <http://www.snt.com.py>
- Channel 11 La Tele: <http://www.latele.com.py>
- Channel 13 RPC: <http://www.rpc.com.py>
- Canal Unicanal (Cable): <http://www.unicanal.com.py>
- Canal Arandupé (Cable) - State-owned: <http://www.arandupe.edu.py>

U.S. Advocacy Center, Washington, D.C.: <http://export.gov/Advocacy/assistance.html>

U.S. Dept. of Commerce SME IP Advisory Program:
http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

U.S. Dept. of Commerce website on IP rights: <http://www.stopfakes.gov>

U.S. Embassy, Asuncion, Paraguay: <http://paraguay.usembassy.gov>

U.S. Embassy Asuncion Commercial Service
partner post in Buenos Aires, Argentina: <http://www.export.gov/argentina>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Computer and Computer Accessories](#)
 - [Machinery & Transport Equipment](#)
 - [Communications Equipment](#)
 - [Paraguay-Parana Waterway System or Hidrovia](#)
 - [Highways and Ground Transportation](#)
 - [Maquila Assembly / Distribution Operations](#)
 - [Hydropower Sector](#)
-
- [Agricultural Sector](#)

Computer and Computer Accessories

Overview

[Return to top](#)

	2010	2011	2012
Total Local Production	0	0	0
Imports from the U.S. (a.)	483	496	415

Notes: In millions of U.S. dollars.

a.) Data from the U.S. Census Bureau.

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. A great difference may exist between the U.S. Census Bureau and Paraguayan statistics due to under invoicing and non-registered imports (contraband). End note.

While imports of computers and accessories have shifted somewhat towards inexpensive items from Asia (including counterfeit goods), buyers from the region coming to Paraguay are still drawn to shop for quality goods imported from the United States at lower prices than in their home countries. It is estimated that nearly half of Paraguay's imports are re-exported. High excise taxes and value added taxes in Brazil and Argentina, which are unaffected by Mercosur common tariffs, could continue to provide incentives to the illegal import/re-export activities of Paraguayan merchants.

Given the informal nature of the re-export trade, there are no reliable estimates of the real size of the market.

Best Prospects/Services

[Return to top](#)

Computers and computer accessories is a major export item from the United States to Paraguay (26.7 percent of total U.S. exports to Paraguay), and have been so for many years. It is believed that the demand for U.S. quality goods will continue.

Opportunities

[Return to top](#)

Senior government officials have stated publicly their intention to upgrade public sector information systems, some of which has already occurred. As purchases are required by public offices, tenders will be published in the government contracting bureau's website (<http://www.contrataciones.gov.py>).

Web Resources

[Return to top](#)

Paraguayan public contracting office: <http://www.dncp.gov.py>

Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>
Export & Investment Promotion Bureau: <http://www.mic.gov.py/rediex.html>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Machinery & Transport Equipment

Overview

[Return to top](#)

	2010	2011	2012
Total Local Production	0	0	0
Imports from the U.S. (a)	1,182	1,328	1,165

Note: In millions of U.S. dollars.

a.) Data from the U.S. Census Bureau.

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. A great difference may exist between the U.S. Census Bureau and Paraguayan statistics due to under invoicing and non-registered imports (contraband). End note.

Best Prospects/Services

[Return to top](#)

Major drivers of economic growth in Paraguay are the agriculture, retail, and construction sectors. Tractors (and accessories), harvesting machinery, excavators, bulldozers, backhoes and excavators will be in high demand, depending on the prospects for a successful harvest. Farmers and ranchers are aware that using quality inputs is a key factor in their operations' profitability, and have been adopting advanced production practices. Competition from other exporting countries is strong and U.S. exporters must provide good service to be successful.

Opportunities

[Return to top](#)

Projected large infrastructure projects over the next three to five years will require heavy machinery that must be imported. Moreover, Paraguay is among the few countries in Latin America that allows the importation of used machinery. There could be an opportunity for irrigation projects in Paraguay, including in the Chaco region in the western half of the country.

Web Resources

[Return to top](#)

Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Communications Equipment

Overview

[Return to top](#)

	2010	2011	2012
Total Local Production	0	0	0
Imports from the U.S. (a.)	172	275	256

Note: In millions of U.S. dollars.

a.) Data from the U.S. Census Bureau

Note on market statistics: The Paraguayan official trade data that is publicly available is rather broadly aggregated, making it difficult to disaggregate the data into specific sectors. Official statistics probably underestimate imports by as much as 60 percent. A great difference may exist between the U.S. Census Bureau and Paraguayan statistics due to under invoicing and non-registered imports (contraband). End note.

Telecommunications is potentially a key sector for investment in Paraguay, although COPACO—Compania Paraguaya de Comunicaciones, the state-run telephone company, would need to be reformed in order to fully realize that potential. There are six fixed lines per 100 inhabitants, and an estimated unmet demand of almost one million lines. The inefficiency of COPACO has been a bonanza for private mobile communications operators, and investment in the mobile sector has been strong. There are over 6.5 million mobile phone accounts, compared to only 400,000 landlines. Almost 90% of Paraguayans have a cell phone while only 21% of households have landlines.

Best Prospects/Services

[Return to top](#)

Mobile phone service, expanding internet services, and eventually greater landline coverage are the most likely areas of future growth.

Opportunities

[Return to top](#)

The opportunities are contingent on further opening of COPACO's monopoly of international and basic telephony, which is unlikely in the medium term.

Web Resources

[Return to top](#)

Paraguayan national telecom. regulatory agency: <http://www.conatel.gov.py/>

Paraguayan state-owned telecom. company: <http://www.copaco.com.py>

Paraguayan public contracting office: <http://www.dncp.gov.py>

Paraguayan internet chamber: <http://www.capadi.org.py>

Paraguayan importers trade association: <http://www.cip.org.py>

Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>

Paraguayan Export & Investment Promotion Bureau: <http://www.mic.gov.py/rediex.html>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Paraguay-Parana Waterway System

Overview

[Return to top](#)

The Paraguay and Parana Rivers jointly form a 3,302-kilometer waterway system connecting Argentina, Brazil, Bolivia, Paraguay, and Uruguay. It is a major transportation route for goods from the continent's interior to the Atlantic Ocean through the Rio de la Plata, and vice versa. At present, the movement of goods on the waterway includes manufactured products, grains, oilseeds, oils and by-products, metalliferous minerals, steel, and petroleum.

It is estimated that within the next 15 years, the 3.2 million square kilometers of the Paraguay-Parana watershed will hold 40 million people. The river system carries 50 percent of the more than 100 million tons of goods passing through, which, by year 2025 could reach an estimated 150 million tons, representing a business volume of USD 45 billion.

Best Prospects/Services

[Return to top](#)

Improvements along the Paraguay-Parana waterway include multiple sub-projects, such as deepening river beds, constructing ports, improving navigability and safety, and increasing capacity in terms of vessels, maintenance and services.

Potential sub-projects of interest touching Paraguay include: the Concepcion-Vallemi highway; the Asuncion-Pilar highway; a Pilar-Chaco bridge; a fiber optic communications trunk network running along the Paraguay River; an Asuncion-Ciudad del Este railway line; several other new roads and bridges, and several new river ports.

Opportunities

[Return to top](#)

As the production of several crops increases rapidly, river ports are multiplying rapidly. This is especially noticeable in the area of Villeta which is located only 30 km south of the capital city. Its strategic location, along with Paraguay's low cost of labor, is transforming this city into a booming industrial center where several river ports are under construction. The sudden need of port infrastructure creates a potential opportunity for U.S. exporters.

Web Resources

[Return to top](#)

CIH (Waterway Intergovernmental Committee):
http://www.sspvvn.gov.ar/hparana_paraguay.html
CIC (Coordinating Intergovernmental Committee
of the River Plate Basin Countries): http://cicplata.org/?id=hpp_sintesis
Paraguayan Ministry of Public Works: <http://www.mopc.gov.py>
Paraguayan public contracting office: <http://www.dncp.gov.py>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Highways and Ground Transportation

Overview

[Return to top](#)

The Paraguayan government is working on projects to improve the roads throughout the country, with an aim to create better connectivity within the country and to major transportation arteries in Bolivia, Argentina and Brazil. The Government has raised nearly a billion dollars in the first half of 2013 through debt financing, including its first ever sovereign bond issuance in New York City. The new Cartes Administration will take office in August 2013 with an estimated USD 2 billion in funds available for physical infrastructure projects.

Best Products/Services

[Return to top](#)

Road and possibly rail construction and engineering services.

Opportunities

[Return to top](#)

Future solicitations for bids should be made via the government's procurement website.

Web Resources

[Return to top](#)

Paraguayan Ministry of Public Works: <http://www.mopc.gov.py>
Paraguayan public contracting office: <http://www.dncp.gov.py>
Inter-American Development Bank: <http://www.iadb.org>
The World Bank: <http://www.bancomundial.org>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Maquila Assembly / Distribution Operations

Overview

[Return to top](#)

Paraguay offers an interesting alternative for assembly/distribution operations with attractive investment incentives (tax breaks, duty free import of capital goods, unlimited repatriation of capital) and the lowest factor costs (especially energy) in the region.

The government has been pushing for the development of this sector, which it sees as an alternative to the informal economy of Paraguay's cities on the border with Brazil and Argentina, and it has experienced rapid growth. Maquila exports in 2011 were USD 143 million. More than two thirds of maquila products were exported to other Mercosur countries.

Best Products/Services

[Return to top](#)

There are few restrictions on the type of product that can be produced under the maquila system.

Opportunities

[Return to top](#)

Paraguay has a unique advantage under the Mercosur agreement which allows products to be marked as "made in Paraguay/Mercosur" with a minimum amount of value that must come from *the region* (Mercosur) of only 40%. The remaining 60% could be from any other country of the world. Once labeled as "country of origin Paraguay/Mercosur" the product may be re-exported to any Mercosur country tax free at the country of origin (in Paraguay, these products pay a 1% tax over the value-added in Paraguay). For example: an automotive spare part that is only 60% complete could be imported into Paraguay (tax free) where components from Brazil, Argentina, Uruguay and Paraguay are added in order to complete the product for sale. Once the product is finished, it could be re-exported into any Mercosur country paying only a 1% tax.

However, note that although Paraguay is an active Mercosur member, Brazil and Argentina regularly find non-tariff reasons to block Paraguayan goods from entering their markets, especially in certain industries. Maquilas providing necessary semi-finished inputs for factories in Brazil or Argentina (such as auto-parts destined for automobile factories in those countries) will find less resistance.

Web Resources

[Return to top](#)

Paraguayan Export & Investment Promotion Bureau: <http://www.mic.gov.py/rediex.html>

Paraguayan Maquila Industry Council: <http://www.maquila.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Hydropower Sector

Overview

[Return to top](#)

With two bi-national dams, Brazil-Paraguay Itaipu and Argentina-Paraguay Yacyreta, Paraguay is world's largest generator and exporter of hydro-electricity. Hydropower comprises nearly 100 percent of electricity in Paraguay; and roughly 90 percent is exported. However, outdated and inadequate transmission infrastructure prevents portions of the population from enjoying reliable electricity. The national electricity company is trying to address this.

Paraguay has one of the cheapest electricity rates in Mercosur, due to the plentiful supply of renewable hydroelectricity. Paraguay offers good prospects for electricity intensive industries.

Best Products/Services

[Return to top](#)

There are opportunities for U.S. exports to support equipment maintenance and upgrades at Itapua and Yacyreta, as well as ongoing projects, such as the completion of the Ana-Cua branch of the Yacyreta dam. The expansion and upgrade of transmission lines and electricity grids is another opportunity for U.S. exports. There is not yet a regulatory framework allowing the private sector participation in the energy sector but legislation of this nature is expected in the near future.

Opportunities

[Return to top](#)

Future solicitations for bids will likely be made via the government's procurement website.

Web Resources

[Return to top](#)

Itaipu hydroelectric dam administration: <http://www.itaipu.gov.py>
Yacyreta hydroelectric dam administration: <http://www.eby.gov.py>
Paraguayan State-run electric energy company: <http://www.ande.gov.py>
Ministry of Public Works and Communications: <http://www.mopc.gov.py>
Paraguayan investment promotion bureau: <http://www.mic.gov.py/rediex.html>
Paraguayan public contracting office: <http://www.dncp.gov.py>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

Paraguay's major exports are primary agriculture products, in particular soy and soy-related products, beef, and other animal products. Paraguay's attempts to improve agricultural and livestock production present opportunities for basic inputs, such as animal genetics. Farmers and ranchers are aware that using quality inputs is a key factor in their operations' profitability, and have been adopting advanced production practices, providing opportunities for fertilizers, pest control, and farm equipment. Competition from other exporting countries, especially Brazil, is strong, and U.S. exporters must provide good service to be successful.

Paraguay's growing organic sugar production has been a successful export product. Processed foods and high-value items, including processed fruits, vegetables, and beverages, also show promise for U.S. exporters. Fresh fruits and vegetables have weaker demand, but frozen and canned products have gained wide acceptance for their convenience and uniform quality.

Paraguay has the potential to become an important player in the world's biofuel sector. The government has expressed interest in biofuels, with legislation to promote biofuels production and consumption already in place. Focus is currently on sugar-based ethanol production for local market and export, and on biodiesel production by small rural producers for local market. Biodiesel and ethanol producers will focus on increasing production and expanding exports. Plant construction projects and production expansion will present sales opportunities for U.S. suppliers of building and construction materials and biofuels processing machinery during 2010 and beyond.

Paraguay is the world's second-largest producer of Stevia after China. After the December 2008 FDA approval of derivatives of Stevia leaves, Paraguay also has a potential to establish its reputation as a world provider of Stevia. The most important market for Stevia is currently the food and beverage industry, where it is chiefly employed as a sweetener and a flavoring agent. The health market takes second place in importance. In third place there are the byproducts made from the plant residues such as teas and other extractive industries. The use of imported machinery to process Stevia is expected to increase due to FDA approval and local companies' competitiveness in world markets.

Meat exports have been steadily increasing since 2004 until two foot-and-mouth disease outbreaks were detected in cattle in the northern department of San Pedro in mid and late 2011. Until then, Paraguay was positioned as an important beef supplier, exporting in great scale to worldwide consumer markets in Europe, Asia, Africa, the Middle East, and South America, with Chile and Russia leading. After the outbreak in mid-2011 many of these countries closed their markets. Most markets have reopened now, although Paraguayan beef exporters will not recover their premium prices until international sanitary authorities reinstate the country's sanitary status sometime during the second half of 2013. U.S. exports may continue to find opportunities in meat and poultry processing equipment. Parts for processing equipment are also a good prospect for U.S. exports, given the current trend to repair existing machines and the expectation of beef exports to rise once the country's sanitary status is cleared by the appropriate authorities.

Paraguayan-American Chamber of Commerce: <http://www.pamcham.com.py>
Paraguayan Central Bank trade statistics: <http://www.bcp.gov.py/gee/comerc.htm>
Paraguayan chamber of grain exporters: <http://www.capeco.org.py>
Paraguayan chamber of ranchers and cattle breeders: <http://www.arp.org.py>
Paraguayan chamber of stevia producers: <http://www.camarastevia.org.py>
Paraguayan chamber of supermarkets: <http://www.capasu.org.py>
Paraguayan importers trade association: <http://www.cip.org.py>
Export & Investment Promotion Bureau: <http://www.mic.gov.py/rediex.html>
U.S. Embassy Asuncion: <http://paraguay.usembassy.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs, and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Although temporarily suspended from Mercosur political meetings due to the presidential impeachment in June 2012, Paraguay continues to enjoy full trade privileges of Mercosur, <http://www.mercosur.int>. The customs union comprises Argentina, Brazil, Paraguay, and Uruguay, with associate members Chile, Bolivia, Peru, Ecuador, and Colombia. Mexico is an observer member. Venezuela joined Mercosur in June 2012, but has not yet been ratified by Paraguay. Since 1995, Paraguay has increased many of its external tariffs on products from non- Mercosur countries in order to conform to the Mercosur Common External Tariff (CET) of up to 35 percent. The tariffs on 399 items on Paraguay's list of exceptions are being increased annually until they reach parity with the CET, although Paraguay seeks and has frequently received extensions and other benefits in recognition of its smaller and poorer economy relative to the other members.

Paraguay's tariff schedule web site, showing the Mercosur CET tariff (AEC—arancel externo comun) and the current national tariff (ANV—arancel nacional vigente): <http://www.vue.org.py/aranceles/aranceles.html>.

Trade Barriers

[Return to top](#)

Products imported into Paraguay face tariffs as stipulated by Paraguay's Mercosur tariff schedule. Special products face various restrictions, such as firearms. There are outright prohibitions for used vehicles over ten years old (although exceptions are made with a court order) and soaps/detergents that contain sodium tripolyphosphate. Also, seasonal restrictions are sometimes implemented affecting fresh vegetables and the like to protect local producers. Generally, though, Paraguay is largely open to imports.

Import Requirements and Documentation

[Return to top](#)

Import and export operations must be both processed through authorized banks with notification to the Central Bank of Paraguay.

Documents required for general imports include a banker's draft or letter of credit issued by a local bank as well as the following documents provided by the merchandise vendor: (a) commercial invoice, (b) bill of lading, (c) packing list, and (d) certificate of origin. A Paraguayan Consulate in the country of origin must certify the last four documents.

Documents required for exports include a commercial invoice and a bill of lading, plus any other documents required by the importing country.

U.S. Export Controls

[Return to top](#)

The exportation of guns and ammunition from the United States to Paraguay requires an export license from the U.S. Department of State. United States origin defense materials (weapons or munitions) must be properly licensed for export before export permits are released.

Temporary Entry

[Return to top](#)

Paraguay has a temporary entry system, which allows duty free admission of capital goods such as machinery, tools, equipment, and vehicles to carry out public and private construction work. The government also allows temporary entry of equipment for scientific research, exhibitions, training or testing, competitive sports, and traveler or tourist items. The following documents are required for temporary entry: (a) a letter stating the reason for temporary entry; (b) a detailed list of the equipment, including the purchase price of each item; and (c) a local insurance policy covering the cost of the duties waived. For travelers and tourists, a local customs broker can process these documents prior to arrival.

Merchandise introduced into the country under the temporary entry system may be nationalized in Paraguay by paying the requisite duties. The temporary admission system, allows entry of certain goods for subsequent re-export for a period of up to 12 months, which can be renewed once. Temporary entry for ten days for merchandise in transit is also permitted.

Labeling and Marking Requirements

[Return to top](#)

Paraguayan regulations require that the country of origin be labeled on domestic and imported products. Expiration dates are required on medical products and some consumer goods. Health warnings on hazardous products, such as cigarettes, must be labeled in a visible place. Imported beer is required to display detailed manufacture and content information in Spanish, labeled at the point of packaging. A similar regulation applies for textile products and shoes. Soaps and detergents must be clearly labeled

“tripolyphosphate-free.” Negotiations for Mercosur -wide labeling requirements are underway.

For more information please check the following websites:

- Ministry of Industry and Commerce: <http://www.mic.gov.py>
- CERNECO—Centro de Regulacion, Normas y Estudios de la Comunicacion: <http://www.cerneco.com.py> (select “Legislacion de la Publicidad” on top bar).
- Paraguayan laws website: <http://www.leyes.com.py>.

Prohibited and Restricted Imports

[Return to top](#)

There are few import prohibitions, the most notable being the regulations outlawing importation of motor vehicles over ten years old and soaps/detergents with sodium tripolyphosphate. Paraguay monitors importation of guns and ammunition.

Customs Regulations and Contact Information

[Return to top](#)

Direccion Nacional de Aduanas
Av. Colon y Plazoleta del Puerto
Asuncion, Paraguay
Phone: (595-21) 450273
Fax: (595-21) 493865
E-mail: dirgen@aduana.gov.py
Website: <http://www.aduana.gov.py>
Director General: Mrs. Rocio Vallejos

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

The standards regime in Paraguay includes obligatory and voluntary standards. Public and private conformity assessment bodies operate in the country.

The *INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia*, <http://www.intn.gov.py>, is the government organization in charge of developing the country’s standards regime.

Standards affecting meat and by-products are handled by *SENACSA--Servicio Nacional de Calidad y Salud Animal*, <http://www.senacsa.gov.py>; and those affecting agricultural chemicals and the like, are handled by *SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas*, <http://www.senave.gov.py>, both bureaus under the Ministry of Agriculture and Livestock, <http://www.mag.gov.py>.

Specific standards relating to health matters and foodstuffs fall under the scope of the Ministry of Public Health, through the *INAN--Instituto Nacional de Alimentacion y Nutricion*, <http://www.inan.gov.py>.

The Ministry of Industry and Commerce, *Direccion General de Defensa del Consumidor*, controls standards on labeling and marking, <http://www.mic.gov.py>. Legislation may be found in the following reference site for Paraguayan laws, <http://www.leyes.com.py>.

The listed government institutions all act as conformity assessment bodies in their respective fields. Private firms acting as conformity assessment companies in Paraguay are SGS, Lloyds, and TÜV.

Standards Organizations

[Return to top](#)

- *INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia*: <http://www.intn.gov.py>
- *SENACSA--Servicio Nacional de Calidad y Salud Animal*: <http://www.senacsa.gov.py>
- *SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas*: <http://www.senave.gov.py>
- *INAN--Instituto Nacional de Alimentacion y Nutricion*: <http://www.inan.gov.py>
- Ministry of Industry and Commerce, *Direccion General de Defensa del Consumidor*: <http://www.mic.gov.py>

The standards institutes of Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay), through the *Asociacion Mercosur de Normalizacion*, <http://www.amn.org.br>, are working together to establish Mercosur -wide standards.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. "Notify U.S." is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical

regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>.

Conformity Assessment

[Return to top](#)

- *INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia:* <http://www.intn.gov.py>
- *SENACSA--Servicio Nacional de Calidad y Salud Animal:* <http://www.senacsa.gov.py>
- *SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas:* <http://www.senave.gov.py>
- *INAN--Instituto Nacional de Alimentacion y Nutricion:* <http://www.inan.gov.py>
- Ministry of Industry and Commerce, *Direccion General de Defensa del Consumidor.* <http://www.mic.gov.py>

Product Certification

[Return to top](#)

Product certification is regulated by the ISO standards. Paraguay has no mutual recognition agreements--MRAs--with U.S. organizations.

Accreditation

[Return to top](#)

The local accreditation body is the following government entity:

- *ONA--Organismo Nacional de Acreditacion, under CONACYT--Consejo Nacional de Ciencia y Tecnologia:* <http://www.conacyt.gov.py>

One local company has been accredited to specifically certify meat and by-products. Accreditation of labs is not a requirement, but rather voluntary.

Publication of Technical Regulations

[Return to top](#)

The *SNIN—Sistema Nacional de Informacion y Notificacion Sobre Reglamentos Tecnicos, Normas y Procedimientos de Evaluacion de la Conformidad*, under the Ministry of Industry and Commerce, acts as a data bank for all standards-related matters, proposals, comments/input, approvals, etc. The SNIN's new website is: <http://www.snin.gov.py>.

Final regulations are published in the government's *Gaceta Oficial*, <http://www.presidencia.gov.py> (select "Leyes y Decretos" on top bar). Each organization submits final regulations to the Ministry of Foreign Relations, which submits them to the World Trade Organization.

Labeling and Marking

[Return to top](#)

Paraguayan regulations require that the country of origin be labeled on domestic and imported products. Medical products and some consumer goods must have expiration dates. Health warnings on hazardous products, such as cigarettes, must be labeled in a visible place. Imported food and beverage products are required to display detailed manufacture and content information in Spanish. A similar regulation was put in place for textile products and shoes. Negotiations for Mercosur -wide labeling requirements are underway.

For more information please check the below listed web sites:

- <http://www.mic.gov.py>, Ministry of Industry and Commerce
- <http://www.cerneco.com.py>, communications regulations, standards, and studies center (select "*Legislacion de la Publicidad*" on top bar)
- <http://www.leyes.com.py>, Paraguayan laws website.

Contacts

[Return to top](#)

INTN--Instituto Nacional de Tecnologia, Normalizacion y Metrologia
Av. Artigas y Roa
Asuncion, Paraguay
Ph: (595-21) 290266, 290160
Fx: (595-21) 290873
E-mail: intn@intn.gov.py
Web: <http://www.intn.gov.py>

SENACSA--Servicio Nacional de Calidad y Salud Animal
Ruta Mariscal Estigarribia, Km 10½
San Lorenzo, Paraguay
Ph: (595-21) 501374, 507862
Fx: (595-21) 507863
E-mail: senacsa@senacsa.gov.py
Web: <http://www.senacsa.gov.py>

SENAVE--Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas
Edificio Planeta I, Piso 15
Calle Humaita 145
Asuncion, Paraguay
Ph & Fx: (595-21) 445769, 441549, 441491
E-mail: presidencia@senave.gov.py
Web: <http://www.senave.gov.py>

INAN--Instituto Nacional de Alimentacion y Nutricion
Av. Santisima Trinidad e Itapua
Asuncion, Paraguay
Ph & Fx: (595-21) 206874
E-mail: inanpy@hotmail.com
Web: <http://www.inan.gov.py>

Dirección General de Defensa del Consumidor
Ministerio de Industria y Comercio
Av. Mariscal Lopez 3333, Piso 1
Asunción, Paraguay
Ph: (595-21) 661662
Fx: (595-21) 616-3058
E-mail: consumidorinforma@mic.gov.py, consumidor.paraguay@gmail.com
Web: <http://www.mic.gov.py>

Asociación Mercosur de Normalización
Av. Paulista, 726 - 10º andar - cj. 1001
CEP 01310-910 Sao Paulo, SP, Brasil
Ph & Fx: (55-11) 3283-5276, 3285-6115, 3285-2074
E-mail: mailto:secretaria@amn.org.br
Web: <http://www.amn.org.br>

ONA--Organismo Nacional de Acreditación
Consejo Nacional de Ciencia y Tecnología (CONACYT)
Calle Procer M. Molas 122, Piso 1
Asunción, Paraguay
Ph & Fx: (595-21) 664952, 664953, 665096
E-mail: aviveros@conacyt.gov.py
Web: <http://www.conacyt.gov.py>

SNIN--Sistema Nacional de Información y Notificación
Ministerio de Industria y Comercio
Av. Mariscal Lopez 3333, Piso 1
Asunción, Paraguay
Ph: (595-21) 616-3085, 616-3284, 616-3288
Fx: (595-21) 616-3084
E-mail: aromero@mic.gov.py
Web: <http://www.snin.gov.py>

Gaceta Oficial
Dirección de Publicaciones Oficiales
Gabinete Civil de la Presidencia de la República
Av. Stella Maris y Hernandarias
Asunción, Paraguay
Ph: (595-21) 493907, 498311
Fx: (595-21) 497855
E-mail: gacetaoficial@uninet.com.py
Web: <http://www.presidencia.gov.py> (select "Leyes y Decretos" on top bar)

Standards point of contact at post:
Economic & Commercial Office

U.S. Embassy
3020 Asuncion PI
Washington, D.C., 20521-3020, USA
Ph: (595-21) 213715 #2062
Fx: (595-21) 208315
E-mails: commercialasuncion@state.gov
Web: <http://paraguay.usembassy.gov>

Trade Agreements

[Return to top](#)

Paraguay is one of the four founding members of Mercosur (“Mercado Comun del Sur”). Other full members are Argentina, Brazil, and Uruguay. Chile, Bolivia, Peru, Ecuador, and Colombia are associate members, and Mexico is an observer member. Venezuela entered in June 2012 as a full member amidst great controversy in Paraguay in the wake of Paraguay’s presidential impeachment. Some uncertainty about its status with respect to Paraguay is created by the fact that Paraguay has not ratified Venezuela’s membership.

Mercosur is a customs union with a Common External Tariff of up to 35 percent, although many barriers to internal trade within the bloc remain. Mercosur and Israel signed a free trade agreement in December 2007, after two years of negotiations. The European Union included Paraguay on its Generalized System of Preferences Plus program in January 2009, which provides tariff exemptions on 6,400 different products.

The U.S. reauthorized its General System of Preferences (GSP) for Paraguay in October 2011 and will remain in effect through July 31, 2013. The GSP promotes economic growth by providing preferential duty-free entry for products from Paraguay; it also supports American jobs and improves American competitiveness since many American businesses use imports under this program as inputs to manufacture goods in the United States.

Web Resources

[Return to top](#)

Mercosur (Southern Common Market): <http://www.mercosur.int>

Mercosur standards association: <http://www.amn.org.br>

Paraguayan accreditation body: <http://www.conacyt.gov.py>

Paraguayan Center for communications studies, regulations, and standards:
<http://www.cerneco.com.py> (select “*Legislacion de la Publicidad*” on top bar)

Paraguayan Customs Bureau: <http://www.aduana.gov.py>

Paraguayan data bank for all standards related matters: <http://www.snin.gov.py>

Paraguayan Ministry of Agriculture and Livestock: <http://www.mag.gov.py>

Paraguayan Ministry of Industry and Commerce: <http://www.mic.gov.py>

Paraguayan national gazette: <http://www.presidencia.gov.py> (select "Leyes y Decretos" on top bar)

Paraguayan standards and testing organizations:

<http://www.intn.gov.py>, *Instituto Nacional de Tecnología, Normalización y Metrología*

<http://www.senacsa.gov.py/>, *Servicio Nacional de Calidad y Salud Animal*

<http://www.senave.gov.py>, *Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas.*

<http://www.inan.gov.py>, *Instituto Nacional de Alimentación y Nutrición.*

Paraguayan tariff schedule: <http://www.vue.org.py/aranceles/aranceles.html>

Reference site for Paraguayan laws: <http://www.leyes.com.py>

U.S. NIST Notify U.S. Service: <http://www.nist.gov/notifyus/>

U.S. Embassy in Asunción, Paraguay: <http://paraguay.usembassy.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)

Openness to Foreign Investment

[Return to top](#)

The Government of Paraguay (GOP) encourages foreign investment and most sectors are open for private investment. Paraguay guarantees equal treatment of foreign investors under law 117/91 and permits full repatriation of capital and profits under law 60/90. Paraguay has historically maintained the lowest tax burden in the region, with a 10% corporate tax rate and a 10% Value-added Tax (VAT) on most goods and services.

The GOP recognizes the need to improve road, rail, and waterway networks and to upgrade the international airport. Currently there is a draft law presented in the lower house that will provide a legal framework for future Public-Private Partnerships. If the draft becomes law, it is expected that several public works projects will be funded by private companies.

Paraguayan law supports Maquila operations, with the value-add subject to a 1% tax rate. In most cases, inputs are allowed to enter Paraguay tax free, and up to 10% of production is allowed for local consumption after paying import taxes and duties. Maquila operations are not restricted geographically or by industry.

Paraguay's electricity distribution infrastructure is in need of significant investment and upgrades. Paraguay has scheduled to complete a 400-kilometer 500-kilovolt transmission line, two new sub-stations, and other major infrastructure improvements to

the power grid in 2013. More remains to be done for the power grid, especially around and within Asuncion. These projects are usually open to foreign investors.

Judicial insecurity hinders Paraguay's investment climate. Many investors find it difficult to adequately enforce contracts and are frustrated by lengthy bureaucratic procedures and limited transparency and accountability.

Measure	Year	Index/Ranking
TI Corruption Index	2012	150 of 176
Heritage Economic Freedom	2012	79 of 179
World Bank Doing Business	2013	103 of 183
MCC Gov't Effectiveness*	2013	13% - Not Passing
MCC Rule of Law	2013	22% - Not Passing
MCC Control of Corruption	2013	22% - Not Passing
MCC Fiscal Policy	2013	90% - Passing
MCC Trade Policy	2013	86% - Passing
MCC Regulatory Quality	2013	50% - Not Passing
MCC Business Start Up	2013	22% - Not Passing
MCC Land Rights and Access	2013	54% - Passing
MCC Natural Resource Protection	2013	47% - Not Passing

* MCC scores are ranked relative to Paraguay's peer group of Lower Middle Income Candidate Countries; 50% represents the median, 0% is the worst, and 100% is the best. Scores above the median meet the performance standard. Scores at or below the median do not meet the performance standard.

Conversion and Transfer Policies

[Return to top](#)

There are no restrictions on the conversion or transfer of foreign currency. Law 60/90 permits the repatriation of capital and profits. There are no controls on foreign exchange transactions, apart from bank reporting requirements for transactions in excess of USD 10,000.

Expropriation and Compensation

[Return to top](#)

Private property has historically been respected in Paraguay as a fundamental right. However, there have been several cases in recent years of expropriations of land without prompt and fair compensation. In 2005, Paraguay's Congress approved the expropriation of a large piece of foreign-owned land in the Chaco region in the western half of Paraguay. The government compensated the landowners after lengthy

negotiations. In recent years groups of “landless” citizens have occupied several farms in order to press the GOP for agrarian land reform.

Dispute Settlement

[Return to top](#)

Law 117/91 guarantees national treatment for foreign investors. This law allows international arbitration for the resolution of disputes between foreign investors and the GOP. Paraguay is a member of the International Center for the Settlement of Investment Disputes (ICSID).

Public institutions in charge of large infrastructure projects often pose difficulties for foreign investors. American investors have described significant frustration during bidding attempts. The Dirección Nacional de Contrataciones Públicas (DNCP or National Directorate for Public Contracts) exists to ensure transparency and fairness in public bids that exceed USD 150,000. Of the 1,471 bids held by the DNCP in 2011, only 81 were open to international companies. Of those, only 5 were awarded to international companies. Corruption in the judicial system has been a source of frustration for foreigners whose cases have passed to the courts for settlement.

Performance Requirements and Incentives

[Return to top](#)

A number of tax breaks contained in Law 60/90 are available to investors. Voting board members of any company incorporated in Paraguay must have legal residence, which takes a minimum of 90 days to establish. This could pose an obstacle to potential foreign investors.

Under Paraguayan law 194/93, foreign companies must demonstrate just cause to terminate, modify, or decide not to renew contracts with Paraguayan distributors. Severe penalties and high fines may result if a court determines that the foreign company ended the relationship with its distributor without first having established that just cause exists. This requirement often leads to expensive out-of-court settlements. In a few cases, the courts have upheld the rights of foreign companies to terminate representation agreements after finding the requisite showing of just cause. However, this law may discourage U.S. investment due to concerns about potential lawsuits and interference with contractual relations in the future.

Regarding customs procedures, Paraguay requires that specific documentation for imports, such as the commercial receipt, certificate of origin, and cargo manifest, be certified by either the Paraguayan consulate in the country of origin or, by paying an additional fee, at the Ministry of Foreign Affairs in Paraguay. Paraguay also requires all companies operating in the country to contract the services of a customs broker. The customs broker fees are standardized by Paraguayan law.

Paraguay is not a signatory to the WTO Agreement on Government Procurement. In December 2011, the GOP passed a new law (4558/11) that gives preference in government bids to locally produced goods even if they are up to 20 percent more expensive than imported goods.

Right to Private Ownership and Establishment

[Return to top](#)

Foreign and domestic private entities may establish and own business enterprises. Foreign businesses are not legally required to be associated with Paraguayan nationals for investment purposes.

There is no restriction on repatriation of capital and profits. Private entities may freely establish, acquire, and dispose of business interests.

Protection of Property Rights

[Return to top](#)

The 1992 constitution guarantees the right of private property ownership. While it is common to use property as security for loans, the lack of consistent property surveys and registries often makes it impossible to foreclose. In some cases, acquiring title documents for land can take two years or more.

Paraguay's porous border region with Argentina and Brazil is a known center of piracy and contraband. For over a decade the United States maintained a Memorandum of Understanding (MOU) with Paraguay pertaining to IPR protection and enforcement. This MOU expired in April 2012 and the new version is still being negotiated. Paraguay is presently under Section 306 monitoring in the U.S. Trade Representative's Special 301 Report. Paraguay has ratified all of the Uruguay Round accords, including the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), and has ratified two World Intellectual Property Organization (WIPO) copyright treaties.

Concerns also remain about inadequate protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and the shortcomings in Paraguay's patent regime. Law 3283/07 and Law 3519/08 require that pharmaceutical products and agrochemical products be first registered in Paraguay to be eligible for data protection. The law also limits data protection to five years instead of the more commonly accepted international standard of ten years. Additionally, law 2593/05 that modifies Paraguay's patent law has no regulatory enforcement. Because of this, foreign pharmaceutical companies have seen their patented products openly replicated and marketed under other names by Paraguayan pharmaceutical companies.

Transparency of Regulatory System

[Return to top](#)

The business registration process was modified in late 2006 with USG assistance. The GOP instituted a coordinated system among all the offices involved, reducing the number of steps and the time to open a business to 35 days and lowering the cost to approximately USD 250. This is an improvement; however, some aspects of opening a business are still lengthy and costly, such as building health inspections and environmental licenses.

Regulatory agencies supervisory functions over telecommunications, energy, potable water, and the environment are inefficient and opaque. Politically motivated changes in the leadership of regulating agencies negatively impact firms and investors. Corruption is common in these institutions as time consuming processes provide opportunities for front-line civil servants to seek bribes to accelerate the paperwork.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Paraguay's banking system includes 16 banks with a total USD 13.2 billion in assets and USD 9.3 billion in deposits. Non-performing loans in the banking sector totaled just 2.2% of total loans in 2012. The banking system is generally sound but remains overly liquid. Long term financing for capital investment projects is scarce. Most lending facilities are short term.

Credit is available but expensive. High collateral requirements are generally imposed. The high cost of capital makes the stock market an attractive, although underdeveloped option. Paraguay has a relatively small capital market that began less than 20 years ago. As of November 2012, the Asuncion Stock exchange, comprised of 95 companies, totaling USD 120 million in transactions, up substantially from USD 82 million in transactions in 2011. Many family-owned enterprises fear losing control, dampening enthusiasm for public offerings.

In 2011, Banco Bilbao Vizcaya Argentaria (BBVA) Paraguay raised USD 100 million through a private offering of 9.75 percent bonds that will mature on February 11, 2016. BBVA Paraguay will use the proceeds for long-term investment in agribusiness and reforestation in Paraguay. In 2012, Banco Continental S.A.E.C.A., one of the largest banks in Paraguay, issued debt for USD 200 million due in 2017. These transactions are very important to the banking sector in Paraguay and its ability to access the international capital market.

The GOP plans to issue Paraguay's first sovereign bonds in 2013 to accelerate development in the country. The issuance will support the government's effort to finance key development programs designed to promote development and job creation such as a two-way highway from Asuncion to Ciudad del Este with a cost of approximately USD 180 million, a 500kV line from the Yacyreta Dam to Villa Hayes with a cost of USD 200 million, improvements in the National Cement Industry for USD 45 million and upgrades to government offices in general with the remaining funds. The government hopes that the emission of the nation's first sovereign bond will pave the way for Paraguayan businesses to access credit on the international market.

Competition from State Owned Enterprises

[Return to top](#)

Paraguay's State Owned Enterprises (SOEs) are active in the oil (fuel distribution), cement, electricity (distribution and generation), water, and telecommunication sectors. In general, SOEs are monopolies with no private sector participation. Most of the SOEs operate independently but maintain an administrative link with line ministries, namely the Ministry of Public Works.

SOEs' corporate governance is weak. Only the Itaipú and Yacyretá bi-national hydroelectric dams have a board of directors. Other SOEs operate with politically appointed advisors and executives. Only the two bi-national dams are required to have an independent audit. The SOEs are often overstaffed and are an outlet for patronage, resulting in poor administration and services. The SOEs burden the country's fiscal position, running deficits most years.

Corporate Social Responsibility

[Return to top](#)

Corporate Social Responsibility (CSR) is growing with the support of Paraguay's largest firms. Additionally the private sector is taking measures to institutionalize ethical business conduct under initiatives such as the *Pacto Etico Comercial* (Business Ethics Pact). An initiative sponsored by the U.S. Department of Commerce, the *Pacto Etico Comercial* includes over 100 local, U.S., and international companies that have committed to create a code of ethics and undergo a rigorous auditing process to reach certification.

Political Violence

[Return to top](#)

Paraguay has not traditionally been affected by political violence. While Paraguay has been spared the large number of kidnappings that occur in neighboring Latin American countries, there have been a few high profile cases in recent years, most of them attributed to the leftist Paraguayan People's Army (EPP). The GOP has responded to the EPP threat with combined military and police operations. Land invasions, marches, and organized protests occur, mostly by rural and indigenous communities making demands on the government, but these events rarely turn violent. A glaring exception was the violent encounter between police and land invaders on June 15 in the eastern city of Curuguaty, resulting in the deaths of seven policemen and eleven private citizens. The tragedy spurred the National Congress to impeach President Fernando Lugo.

Corruption

[Return to top](#)

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of

corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Paraguay is currently not an OECD member.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Paraguay is a party to the UN Convention.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Paraguay is a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.)

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors,

encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Paraguay has a legacy of corruption that is slowly being addressed. The GOP has taken several steps to combat corruption, including: the creation of a transparent, internet-based government procurement system; the appointment of respected apolitical officials to key posts; and increased civil society input and oversight.

The cornerstone of U.S. anti-corruption assistance to Paraguay was the USD 30.3 million, two-year MCC Threshold Country Program (TCP) Stage II, which ended in April 2012. TCP Stage II sought to strengthen prosecutors’ investigative capacity, the judiciary’s disciplinary and internal control systems, the public administration’s internal control mechanisms, and control over contraband and smuggling.

Bribery is a crime in Paraguay but is rarely prosecuted. Paraguay signed the United Nations Convention against Corruption in 2005.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html

. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

[Return to top](#)

Paraguay has bilateral investment agreements or treaties with the following countries: Argentina; Austria; Belgium; Brazil; Chile; Costa Rica; Ecuador; El Salvador; France; Germany; Hungary; Korea; Luxembourg; the Netherlands; Peru; Romania; South Africa; Spain; Switzerland; Taiwan; the United Kingdom; Uruguay; and Venezuela.

The Paraguay-United States Open Skies agreement went into effect in May 2005; however, a dispute over mandatory travel agent commissions under Paraguayan law caused the only U.S.-flagged carrier (American Airlines) to leave Paraguay shortly thereafter. Despite no changes to the mandatory commissions, American Airlines decided to return to Paraguay in November 2012, operating a non-stop, direct route between Miami and Asuncion. The GOP worked diligently and effectively to meet the high security standards that the Transportation Security Administration (TSA) demanded of Asuncion's Silvio Pettrossi International Airport before authorizing the commencement of the American Airlines flight.

OPIC and Other Investment Insurance Programs

[Return to top](#)

The United States and Paraguay signed a 1992 investment guaranty agreement, allowing OPIC to begin full operations in Paraguay. OPIC has financed telecommunications, forestry projects, and various renewable energy projects. OPIC has also partnered with Citibank to support over USD 160 million in loans for small and medium sized enterprises (SMEs) and for micro finance loans.

Paraguay is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

With a population growth rate above 3% per annum, job creation to meet the large and growing labor force is one of the most pressing issues for the GOP. However, the weak education system limits the supply of well-educated workers. Local businesspeople cite repeatedly the lack of a trained work force as a major obstacle to growth.

The rigidity of Paraguay's labor code also hinders employment and productivity. It is very difficult to lay-off a full-time employee after ten consecutive years of employment. Firms often opt for periodic renewals of "temporary" work contracts.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Paraguay is a landlocked country with no seaports. About three-fourths of commercial goods are transported by barge on the Paraguay-Parana river system that connects Paraguay with Buenos Aires, Argentina and Montevideo, Uruguay. Paraguay has agreements with Uruguay, Argentina, Brazil, and Chile on free-trade ports and warehouses for the reception, storage, handling, and trans-shipment of merchandise.

In late 2010, the Buenos Aires port union implemented a 30-day blockade of Paraguayan commerce. The blockade was lifted only after President Fernando Lugo threatened to boycott the looming MERCOSUR Summit. Competition for control of the waterway, the underlying cause for the port confrontation, persists. In June 2012, in protest of the impeachment of President Lugo and the swearing in of President Federico Franco, MERCOSUR members Brazil, Argentina and Uruguay voted to suspend Paraguay from participation in the trade bloc's meetings and summits. No official economic sanctions were levied against Paraguay, but the political suspension persists and likely will remain until the next president takes office on August 15, 2013. Paraguay was not afforded the opportunity to present its defense.

Foreign Direct Investment Statistics

[Return to top](#)

Total foreign direct investment (FDI) was USD 4.4 billion in 2012 (18% of GDP), up from USD 3.8 billion in 2011 (15% of GDP), according to Central Bank statistics. The services sector accounted for 78% of FDI and manufacturing 18%. The United States is the largest foreign investor in Paraguay with USD 1.9 billion (as of June 2012), followed by Brazil at USD 498 million, Argentina at USD 285 million, and Spain at USD 225 million.

President Energy, a joint venture between U.S. and British investors has begun formal seismic testing in the Chaco to verify oil deposits ahead of physical drilling forecasted for late 2013 and early 2014. American investors from Texas engaged in a protracted legal battle with the GOP over oil drilling concession rights in the Chaco, which ended amicably in mid-2012 and paved the way for the formation of the President Energy exploration efforts.

American fast food companies (Pizza Hut, Burger King, McDonald's and Quiznos) all expanded their presence in 2012. American agro business leader Archer Daniels Midland (ADM) invested USD 23 million in the nation's first fertilizer plant in 2010 and in 2012 completed an oil processing plant that cost USD 180 million.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

The method of payment most used by local importers is by letter of credit, followed closely by wire transfers. Under this method a local importer, through his bank, transfers payment to the foreign exporter upon notice (proof) of shipment of the merchandise. This method is preferred by businesses which have established mutual confidence, and involves less administrative costs than the letter of credit. Other methods of payment are used to a lesser degree.

The following is a local credit-rating firm operating in Paraguay:

- Informconf: <http://www.informconf.com.py>

How Does the Banking System Operate

[Return to top](#)

While there have been sporadic closings of local banks by the Superintendent of Banks over the past few years, operations of international banks or large regional banks are on solid footing. The Paraguayan banking system is stronger, more profitable and more stable than in past years. The Central Bank continues to improve prudential regulation with assistance from the International Monetary Fund. As of December 2012, there were 14 private banks operating in the market, and one state-owned bank. Macroeconomic stability during the past years has led to a significant increase in private-sector deposits and loans. According to the Central Bank, banks in Paraguay have an average profit margin of approximately 20%, the highest in the region. The top two private banks had 45 percent of the USD 286 million total yearly profits of the local private banking system accumulated until November 2012. The system-wide level of non-performing loans in 2012 was 2.2 percent of total loans.

The financial sector regulated by the Central Bank also includes 11 finance companies dedicated to smaller consumer operations not served by banks. The banking system operates mostly on short to medium term credit (12 months is the usual maximum for commercial transactions, although private finance of vehicles and homes is available on longer terms) in both local and foreign currency. There is also a large cooperative sector in Paraguay which is self-regulated and does not fall under the purview of the Central Bank. Cooperatives could hold as much as one-third of total financial system assets, but cooperative assets are not included in Central Bank data.

Banks and finance companies are regulated by the Banking Superintendent, which is housed within, and is under the direction of, the Central Bank of Paraguay. Although, deposits are supposed to be guaranteed up to 30 million Guaranies (approximately USD 7,168 as of April 2013), the Deposit Insurance program does not have a legal framework to implement the deposit protection. The Central Bank operates autonomously, although it is not truly independent because it needs the Treasury to capitalize it.

Foreign-Exchange Controls

[Return to top](#)

Paraguay does not have foreign exchange controls. Importers and exporters can buy and sell foreign exchange freely at commercial banks, finance companies, or exchange houses at the going market rate.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

CITIBANK, N.A.
Casilla Postal 1174
Edificio Citibank Center, Piso 11
Av. Mariscal Lopez 3794
Asuncion, Paraguay
Ph: (595-21) 620-2000
Fx: (595-21) 620-2953
Web: <http://www.latam.citibank.com/paraguay>
Country Chief Officer: Mr. Jeronimo Nasser

Project Financing

[Return to top](#)

Both import and export financing are limited. Local banks provide revolving credit for up to 360 days, which may be renewable. High nominal and real interest rates (generating high spreads in both dollars and local currency) present a major obstacle to medium and long term financing. Nearly all banks have correspondent banking arrangements with U.S. banks, primarily in New York and Miami.

Local commercial banks provide exporters direct financing, pre-financing of exports backed by a letter of credit, and discounting of letters of credit upon shipment of the merchandise. Local insurance companies offer importers and exporters a full range of services covering trade activities.

The World Bank, the Inter-American Development Bank (IDB), and the Andean Development Bank (CAF) provide project financing for basic infrastructure projects, water systems, and roads. Both the U.S. Export-Import Bank (EX-IM) and the U.S. Overseas Private Investment Corporation (OPIC) can provide services for transactions involving Paraguay.

Andean Development Bank, or *Corporacion Andina de Fomento*: <http://www.caf.com>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

IDB--Inter-American Development Bank: <http://www.iadb.org>

International Monetary Fund: <http://imf.org>

The World Bank: <http://www.bancomundial.org>

U.S. Trade and Development Agency: <http://www.tda.gov/>

Paraguayan Central Bank: <http://www.bcp.gov.py>

Paraguayan cooperative sector
government regulatory and control entity: <http://www.incoop.gov.py>

Paraguayan credit rating firm: <http://www.informconf.com.py>

Banks in Paraguay:

- Banco Amambay S.A.: <http://www.bancoamambay.com.py>
- Banco Continental S.A.E.C.A.: <http://www.bancontinental.com.py>
- Banco de la Nacion Argentina: <http://www.bna.com.ar/>
- Banco do Brasil S.A.: <http://www.bb.com.br>
- Banco Familiar: <http://www.familiar.com.py>
- Banco Atlas S.A.: <http://www.bancoatlas.com.py>
- Banco Itapua S.A.: <http://www.bancoitapua.com.py>
- Banco Nacional de Fomento: <http://www.bnf.gov.py>
- Banco Regional S.A.: <http://www.bancoregional.com.py>
- BBVA Paraguay S.A.: <http://www.bbva.com.py>
- Citibank N.A.: <http://www.latam.citibank.com/paraguay>
- HSBC Bank Paraguay S.A.: <http://www.hsbc.com.py>
- Itau S.A.: <http://www.itau.com.py/>
- Sudameris Bank S.A.E.C.A.: <http://www.sudameris.com.py>
- Vision Banco S.A.E.C.A.: <http://www.vision.com.py>
- Bancop S.A.: <http://www.bancop.com.py>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

There are no specific local business customs beyond the bounds of normal courtesy. Paraguayans are informal in observing appointment times, but foreign business visitors should not take such liberties when arriving for scheduled meetings. For social events, it is customary to arrive up to 30 minutes late. Persons are normally addressed by their academic or professional title, e.g. Doctor, Engineer, Architect, or Licenciado, in the case of university graduates. Business dress follows similar patterns to those of the United States.

Travel Advisory

[Return to top](#)

Any travel advisories can be found at:

http://travel.state.gov/travel/cis_pa_tw/cis_pa_tw_1168.html

U.S. Department of State Consular Info Sheet for Paraguay:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html

Visa Requirements

[Return to top](#)

A passport is required and U.S. citizens must have a visa to enter Paraguay. Travelers may secure a visa ahead of travel or at the airport upon arrival. The cost is currently USD 160. Bring cash (dollars are accepted) or a major credit card. For longer stays, a temporary residence visa, valid for one year and renewable, can be obtained once in Paraguay. Visas must be obtained from the Paraguayan consulates in either Washington D.C., New York, Miami or Los Angeles.

U.S. Department of State entry requirements sheet for Paraguay:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html#entry_requirements

U.S. Embassy Asuncion Consular Section website:
http://paraguay.usembassy.gov/citizen_information.html

Travelers can contact the Paraguayan embassy and consulates at the following addresses:

Embassy of Paraguay

2400 Massachusetts Avenue, N.W.
Washington, D.C. 20008
Phone: (202) 483-6960
Fax: (202) 234-4508
E-mail: secretaria@embaparusa.gov.py
Web page: <http://www.embaparusa.gov.py>

Embassy of Paraguay, Consular Section, Washington, DC.

2400 Massachusetts Avenue, N.W.
Washington, D.C. 20008
With Jurisdiction in the States of: District of Columbia (DC), Maryland, Delaware, Virginia, West Virginia, Illinois, Iowa, Minnesota, North Dakota, South Dakota, and Kansas.
Phone: (202) 483-6960
Fax: (202) 234-4508
E-mail: consular@embaparusa.gov.py
Web page: <http://www.embaparusa.gov.py>

Consulate General in New York, NY

211 East 43rd Street, Suite 2101
New York, NY 10017
With Jurisdiction in the States of: Maine, New Hampshire, Vermont, New York, Massachusetts, Rhode Island, Connecticut, Pennsylvania, New Jersey, Ohio, Indiana, Michigan, and Wisconsin.
Phone: (212) 682-9441, (212) 682-9442
Fax: (212) 682-9443
E-mail: consulparny@aol.com
Web page: <http://www.consulparny.com>

Consulate General in Miami, Florida

25 South East 2nd Ave., Suite 705
Miami, FL 33131
With Jurisdiction in the States of: Florida, Georgia, North Carolina, South Carolina, Alabama, Tennessee, Kentucky, Mississippi, Louisiana, Oklahoma, Arkansas, and Missouri, also Puerto Rico, Bahamas, and Caiman Islands.
Phone: (305) 374-9090
Fax: (305) 374-5522
E-mail: paraguay@bellsouth.net
Web page: <http://www.paraguaymiami.org>

Consulate General in Los Angeles, California

6033 West Century Boulevard, Suite 985
Los Angeles, CA 90045

With Jurisdiction in the States of: Texas, New Mexico, Arizona, California, Nevada, Oregon, Washington, Idaho, Montana, Wyoming, Utah, Colorado, Alaska, and Hawaii.
Phone: (310) 417-9500
Fax: (310) 417-9520
E-mail: consulpar@sbcglobal.net
Web page: <http://www.mre.gov.py/la/>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

U.S. Department of State visa website: http://travel.state.gov/visa/visa_1750.html

U.S. Embassy Asuncion Consular Section website:
http://paraguay.usembassy.gov/visa_services.html
http://paraguay.usembassy.gov/citizen_information.html

Telecommunications

[Return to top](#)

The telecommunications infrastructure in Paraguay has improved in recent years, although landline service from the State-owned monopoly can be slow and expensive. Mobile communication has been growing rapidly in recent years. Blackberry connections are good and most telecomm providers offer 3G in urban areas. Business travelers often obtain a mobile phone locally for extended stays. Internet connections are slow, except in some expensive commercial service plans. Internet penetration in the market is low. The quality of connections is improving gradually, and DSL service is becoming more widely available.

Transportation

[Return to top](#)

Air connectivity to Paraguay is limited, but has improved recently. American Airlines flies non-stop between Miami and Asuncion four times per week, connecting to numerous destinations in the U.S. and elsewhere. COPA Airlines flies daily between Panama City and Asuncion, offering connections between Panama City and seven U.S. cities. . As of September 2011, Asuncion receives an average of 18 international flights per day. Flights arrive from Buenos Aires (Argentina); Montevideo (Uruguay), Rio de Janeiro, Sao Paulo, and Curitiba (Brazil); Lima and San Jose (Peru); Santiago (Chile); Santa Cruz (Bolivia); Panama City, Panama; and Miami, Florida. One airline offers daily in-country air service between Asuncion and Ciudad del Este.

Airlines that serve Asuncion are:

- Aerolineas Argentinas: <http://www.aerolineas.com.ar>
- Copa Airlines: <http://www.copaair.com>
- GOL: <http://www.voegol.com.br>
- TACA: <http://www.taca.com>
- TAM: <http://www.passiontoflyandserve.com.br/tamairlines>
- American Airlines: <http://www.aa.com>
- BQB Lineas Aereas: <http://www.flybqb.com>

Many local and foreign bus companies offer in-country and international service to the major cities in Paraguay and neighboring countries. The urban bus transportation system is inadequate for business purposes.

Asuncion's taxi network is reasonably well developed; however, some taxis are in poor repair and most lack air conditioning and seat belts. Motor vehicle rental service is available with or without driver. Visitors can hire a *remise*, which is a dedicated car with driver that has better quality and security than a taxi.

Language

[Return to top](#)

Official languages: Spanish and Guarani. In practice, Spanish is the dominant language of business and government. A significant percentage of the business community understands Portuguese. English and German are also understood by many.

Health

[Return to top](#)

Bottled water is recommended. There is no endemic hepatitis or malaria in Asuncion, although risks increase in some rural areas. Outbreaks of dengue fever (a mosquito borne disease) are recurrent and occur in urban and rural areas. Cases of dengue and malaria are two to three times more likely to occur in the warm months between January and May. Yellow fever cases are rare. Insect precautions are recommended. Sanitary conditions are generally adequate. There are competent doctors, dentists, and specialists in Asuncion for emergency needs.

Also see the U.S. Center for Disease Control website:
<http://wwwn.cdc.gov/travel/default.aspx>.

Local Time, Business Hours, and Holidays

[Return to top](#)

Paraguay is four hours behind Greenwich Mean Time, and one hour ahead of U.S. Eastern Standard Time. Paraguay implements daylight savings time by advancing clocks one hour, generally from mid October to mid March, meaning that it is two hours ahead of EST during the U.S. winter, but at EDT during the U.S. summer.

Commercial working hours are generally 08:00 am to 12:00 noon, and 02:30 pm to 07:00 pm Monday through Friday; and 08:00 am to 12:00 noon Saturdays. Banking hours are 08:30 am to 04:00 pm Monday to Friday, but most banks only receive the public up to 01:30 pm.

The following are national holidays in Paraguay:

January 1:	New Year
March 1:	Heroes' Day (*)
March/April:	Holy Thursday & Good Friday
May 1:	Labor Day
May 14-15:	Independence Day

June 12:	Chaco Armistice (*)
August 15:	Founding of Asuncion
September 29:	Victory at Boqueron
December 8:	Virgin of Caacupe Day
December 25:	Christmas Day

(*): Some holidays observed on Mondays.

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

The government allows temporary entry of equipment for scientific research, exhibitions, training or testing, competitive sports, and traveler or tourist items. The following documents are required for temporary entry: (a) a letter stating the reason for temporary entry; (b) a detailed list of the equipment, including the purchase price of each item; and (c) a local insurance policy covering the cost of the duties waived. For travelers and tourists, a local customs broker can process these documents prior to arrival.

Web Resources

[Return to top](#)

Paraguayan Consulates in the United States of America:

- Los Angeles, CA: <http://www.mre.gov.py/la/>
- Miami, FL: <http://www.paraguaymiami.org>
- New York, NY: <http://www.consulparny.com>
- Washington, D.C.: <http://www.embaparusa.gov.py>

Paraguayan Embassy, Washington, D.C.: <http://www.embaparusa.gov.py>

Paraguayan government telecommunications company: <http://www.copaco.com.py>

Paraguayan cellular telephone service providers:

- AMX Paraguay (Claro): <http://www.claro.com.py>
- Hola Paraguay (Vox): <http://www.vox.com.py>
- Nucleo (Personal): <http://www.personal.com.py>
- Telecel (Tigo): <http://www.tigo.com.py>

U.S. Center for Disease Control: <http://wwwn.cdc.gov/travel/default.aspx>

U.S. Department of State Consular Info Sheet for Paraguay:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html

U.S. Department of State entry requirements sheet for Paraguay:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_997.html#entry_requirements

U.S. Department of State travel advisories:
http://travel.state.gov/travel/cis_pa_tw/cis_pa_tw_1168.html

U.S. Department of State visa website: http://travel.state.gov/visa/visa_1750.html

U.S. Embassy Asuncion Consular Section:

http://paraguay.usembassy.gov/information_for_travelers.html

http://paraguay.usembassy.gov/visa_services.html

<http://spanish.paraguay.usembassy.gov/consular.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

PARAGUAYAN GOVERNMENT OFFICES:

- Ministry of Agriculture and Livestock: <http://www.mag.gov.py>
- Ministry of Finance: <http://www.hacienda.gov.py>
- Ministry of Industry and Commerce: <http://www.mic.gov.py>
- Ministry of Public Works and Communications: <http://www.mopc.gov.py>
- Central Bank of Paraguay: <http://www.bcp.gov.py>
- Customs Bureau: <http://www.aduana.gov.py>
- Export & Investment Promotion Bureau, under the Ministry of Industry and Commerce: <http://www.mic.gov.py/rediex.html>
- Intellectual Property Bureau (DPI), under the Ministry of Industry and Commerce: <http://www.mic.gov.py>
- National Maquila Industry Bureau: <http://www.maquila.gov.py>
- Public Contracting Bureau: <http://www.dncp.gov.py>
- Standards and Technology Institute: <http://www.intn.gov.py>
- Technical Planning Bureau: <http://www.stp.gov.py>

PARAGUAYAN TRADE OR INDUSTRY ASSOCIATIONS:

- Paraguayan-American Chamber of Commerce, Asuncion: <http://www.pamcham.com.py>
- Paraguayan-American Chamber of Commerce, Ciudad del Este: amchamcde@tigo.com.py - Fax: (595-61) 512308
- Chamber of commerce and services (*Camara Nacional de Comercio y Servicios del Paraguay*): <http://www.ccparguay.com.py>
- Customs brokers association (*Centro de Despachantes de Aduana del Paraguay*): <http://www.cdap.org.py>
- Exporters trade association (*CAPEX--Camara Paraguaya de Exportadores*): <http://www.capex.org.py>
- Industrialists trade association (*Union Industrial Paraguaya*): <http://www.uip.org.py>
- Importers trade association (*Centro de Importadores del Paraguay*): <http://www.cip.org.py>
- Local business federation (*FEPRINCO--Federacion de la Produccion, la Industria y el Comercio*): feprinco@quanta.com.py - Fax: (595-21) 446638
- Construction Chamber of Paraguay: www.capaco.org.py

U.S. EMBASSY TRADE RELATED CONTACTS:

Web: <http://paraguay.usembassy.gov> and <http://asuncion.usembassy.gov>

Political & Economic Counselor, Albert Kraaimoore: kraaimooreaj@state.gov

Economic & Commercial Officer, Natalie van der Horst: vanderhorstn@state.gov

Commercial Specialist, Daniel Oviedo: oviedode@state.gov

Economic Specialist, Denise Borgognon: borgognondn@state.gov

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

<http://www.export.gov/OneStopConsumer/OneStop/mrllogin.jsp>

No market research has been conducted by the U.S. Embassy in Paraguay. Companies interested in market research may contact the below listed firms/websites:

- PriceWaterhouseCoopers: <http://www.pwc.com/py>
- BCA--Benitez Cudas y Asociados: <http://www.bca.com.py>
- Sigma Dos Paraguay S.R.L.: <http://www.camsigmados.com>
- MONITOR S.A. Consultora: <http://www.monitorsaconsultora.com>

Paraguayan Bureau of Statistics and Census: www.dgeec.gov.py

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

Local trade events are listed in the following website: <http://www.mic.gov.py/rediex.html>.

Local trade events organized by a local private company are listed in their website:

<http://www.paraguayfairs.com>.

A major trade event in Paraguay is the annual agricultural and industrial/commercial EXPO fair (<http://www.expo.com.py>), organized by the Paraguayan Rural Association (ARP) and the Paraguayan Industrial Union (UIP). The event draws families and other social visitors as much or more than business people. During the EXPO, and for a few days, a local business promotion center, CEDIAI (<http://www.cedial.org.py>), together with the government's export and investment promotion bureau, REDIEX (<http://www.mic.gov.py/rediex.html>), holds a "Business Round Table" event, scheduling business talks and matchmaking interviews among visiting and local entrepreneurs.

EXPO 2013 (the XXXI International Livestock, Industry, Agriculture, Commerce, and Services Expo/Fair) will be held in Asuncion, July 6-21, 2013.

Another major event is the EXPO SANTA RITA (<http://www.exposantarita.com.py/>) which is focused on the agricultural sector and takes place in the eastern region of the country, every year in early May.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link at the bottom of the page.

Asuncion, Paraguay, is a non-Foreign Commercial Service post, under a Partner Post agreement with the FCS offices in Buenos Aires, Argentina. The Political/Economic Section at U.S. Embassy Asuncion offers commercial services to U.S. companies interested in doing business in Paraguay, including:

- International Partner Search (IPS),
- International Company Profiles (ICP),
- Customized Contact Lists,
- Trade Disputes and Advocacy Assistance,
- Selected trade lists of local business firms.
- Gold Key Services (GKS)
- Business Facilitation Services (BFS)

The Embassy websites are:

<http://paraguay.usembassy.gov>, and <http://asuncion.usembassy.gov>.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE.**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)