

PARTNERING FOR SUCCESS



CONTADORES Y CONSULTORES EMPRESARIALES ASOCIADOS
ASSOCIATED TO GMN INTERNATIONAL.

DOING BUSINESS IN PARAGUAY

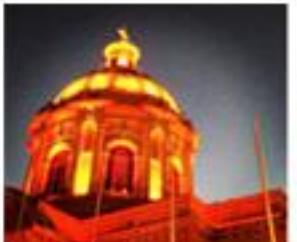
APRIL 2018

Estrella N° 1003 e/ Colón - Edificio Esmelda - 6º Piso – Oficina "606 y 607"
Teléfono y Fax (595 21) 440-623-Móvil (0961) 823-892– Código Postal 1131
Sitio Web: www.ccea.com.py
E – mail: ccea@ccea.com.py / ccegmn@hotmail.com
Asunción - Paraguay



PARAGUAY

Land of Opportunities



GOBIERNO NACIONAL
Construyendo Juntos Un Nuevo Rumbo



“A World Class food producer; open and connected to the world; with high rates of development, rule of law and public safety; environmentally sustainable; with women inclusion and young entrepreneurship as trademark; and a Government that promotes solidarity, transparency and zero tolerance to corruption”



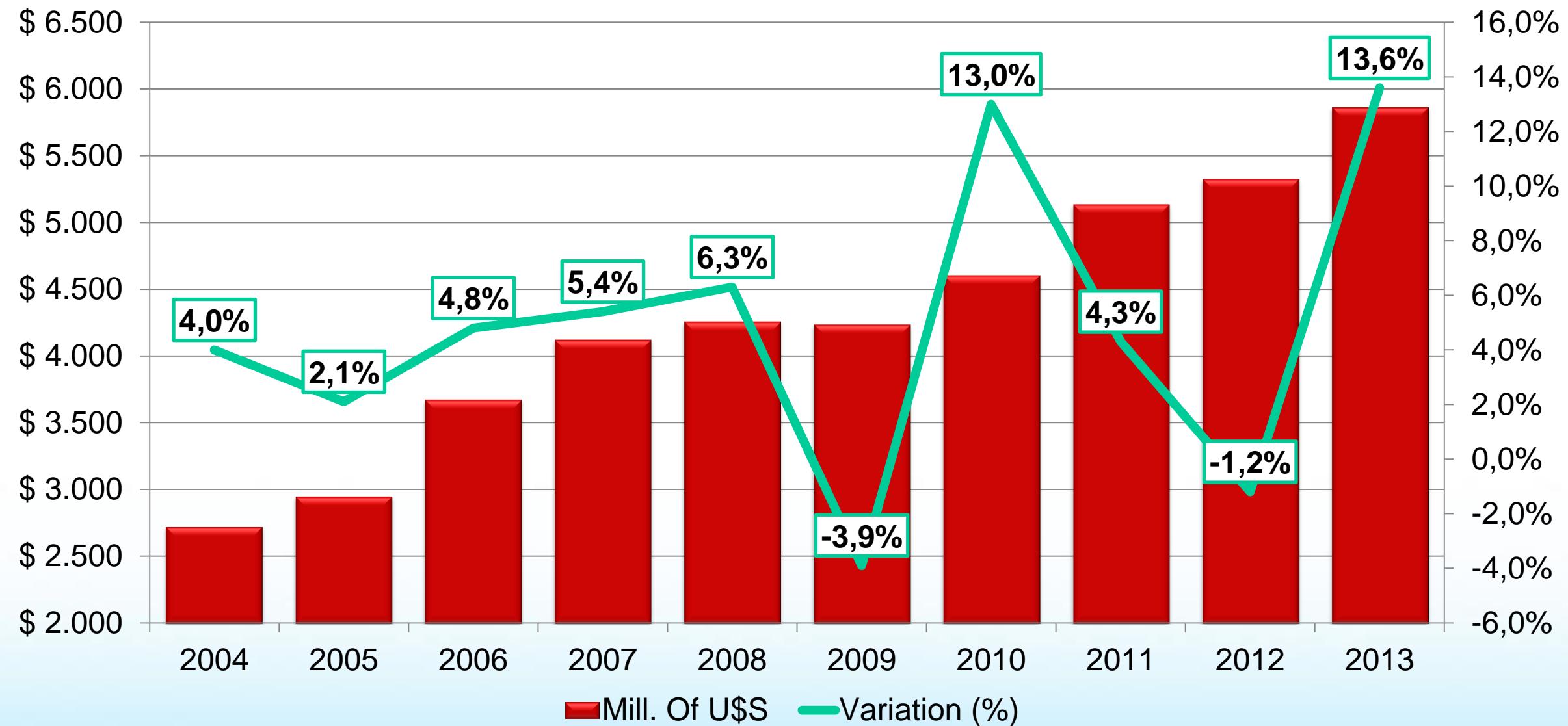


MACROECONOMIC STABILITY





GDP Growth (%)

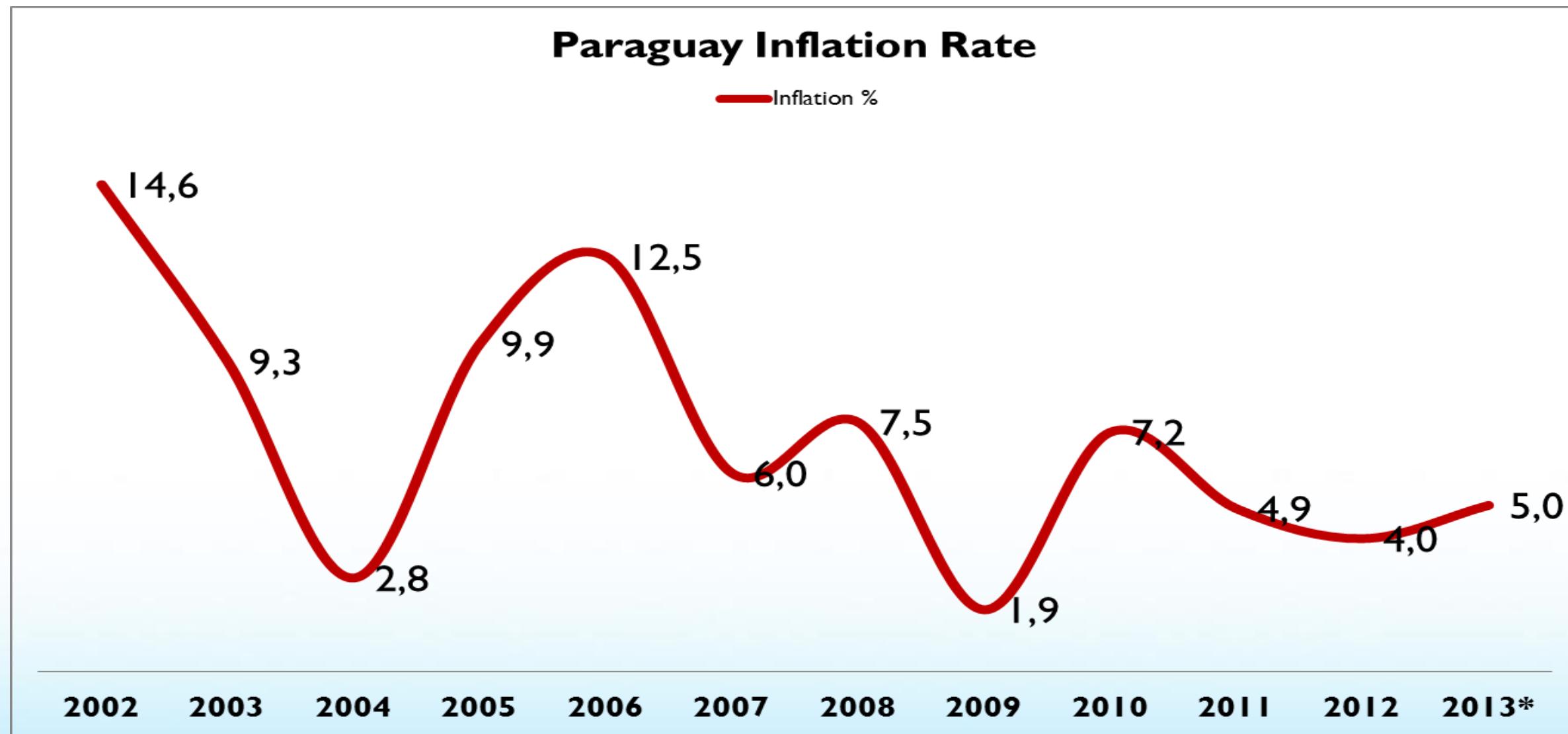


Source: Central Bank of Paraguay - www.bcp.gov.py & IMF





Price Stability

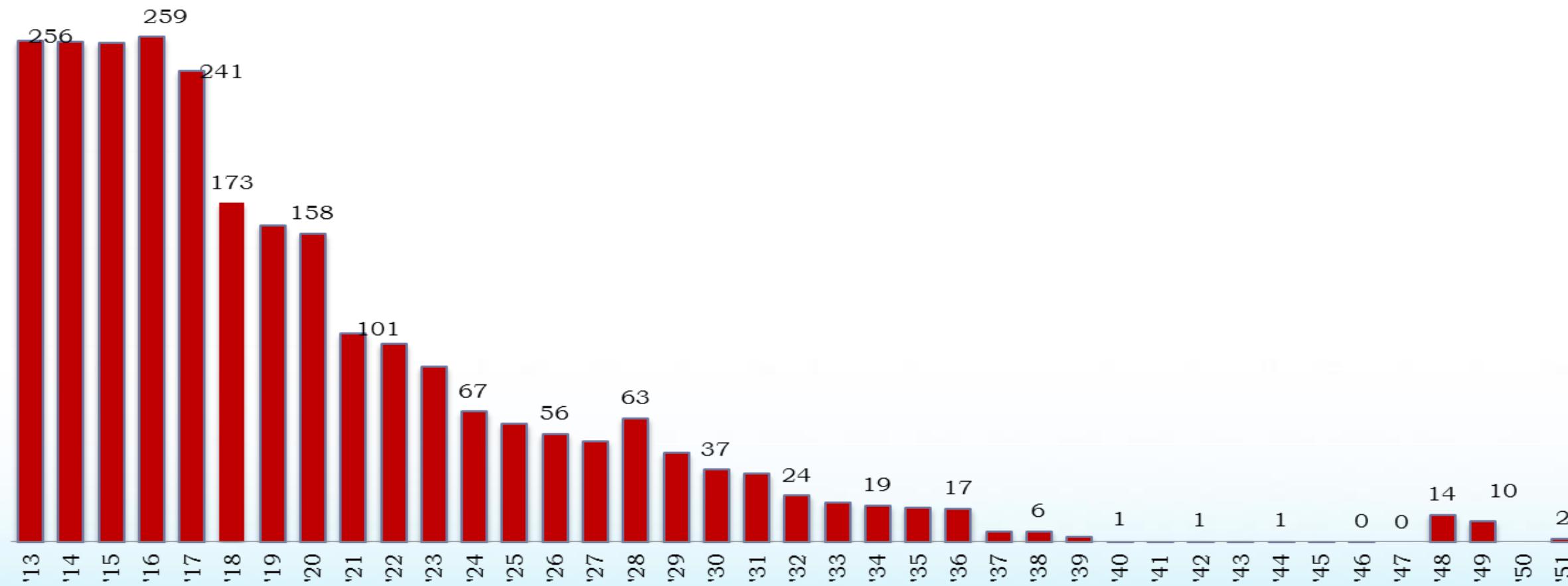


Source: Central Bank of Paraguay - www.bcp.gov.py *Projection for 2013 according BCP Preliminary Balance

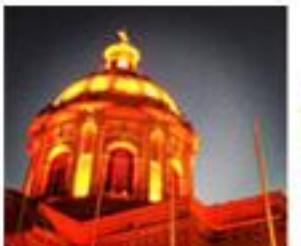




Sovereign Debt Schedule (Principal + Interest U\$S MM)



Source: Ministry of Finance (www.hacienda.gov.py)

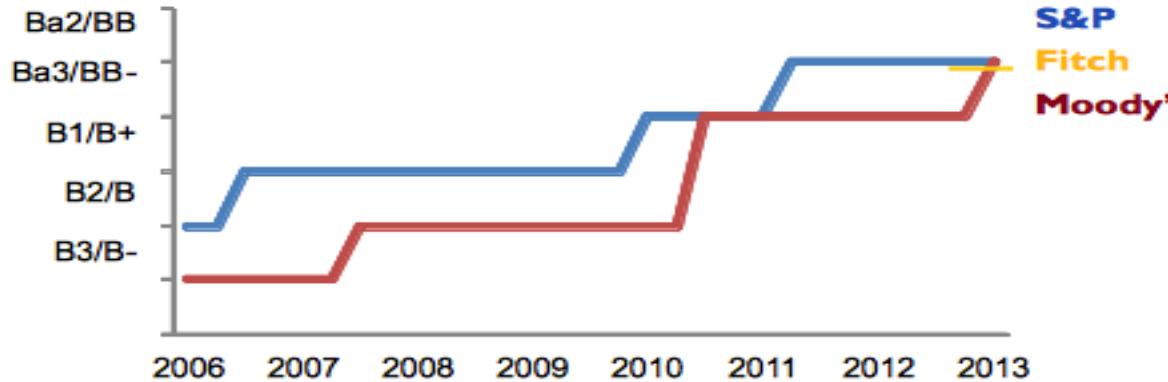




Sovereign Risk Profile



Evolution of the Country Rating**



** Based on LT Currency Debt; A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

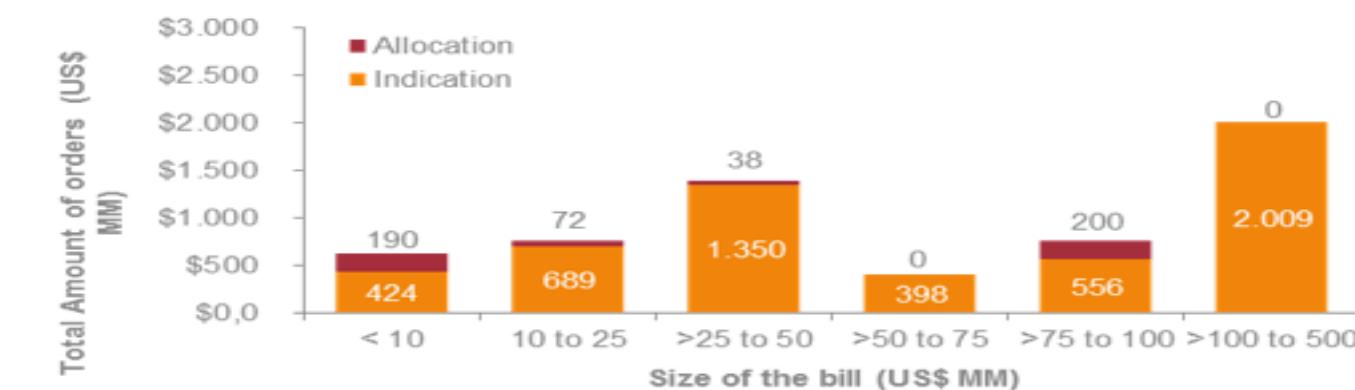
Regional Comparison (Moody's /S&P) ⁽¹⁾

| | | | | | |
|-----------|--|-------------|-----------|--|-------------|
| Argentina | | B3 / B- | Ecuador | | Caa1 / B |
| Bolivia | | Ba3 / BB- | Uruguay | | Baa3 / BBB- |
| Brazil | | Baa2 / BBB | Paraguay | | Ba3 / BB- |
| Chile | | Aa3 / AA- | Peru | | Baa2 / BBB |
| Colombia | | Baa3 / BBB- | Venezuela | | B2 / B+ |

Sovereign Bonds

- ✓ Demand was 12 times its total Debt for Sale (US\$ 5.579 Million)
- ✓ Issuance of US\$ 500 million.

Allocation



Source: Central Bank of Paraguay, EIU, Moody's, S&P. (1) Foreign Currency Long Term rating





Economic Freedom



Economic Freedom Index – The Heritage Foundation

| COUNTRY | RANKING |
|-----------|---------|
| Paraguay | 80 |
| Brazil | 100 |
| Argentina | 160 |
| Bolivia | 156 |
| Ecuador | 159 |
| Venezuela | 174 |

Source: The Heritage Foundation (www.heritage.org)



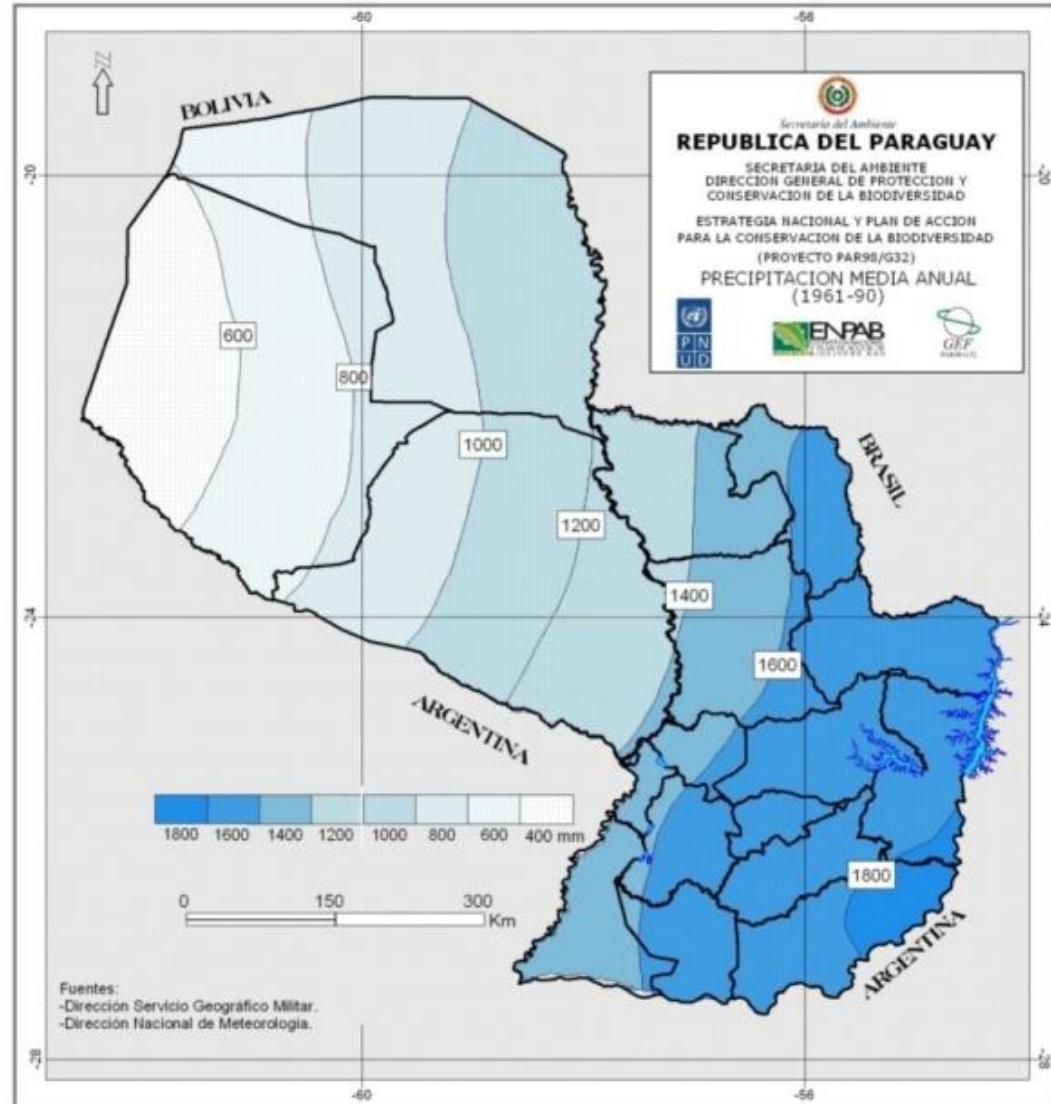
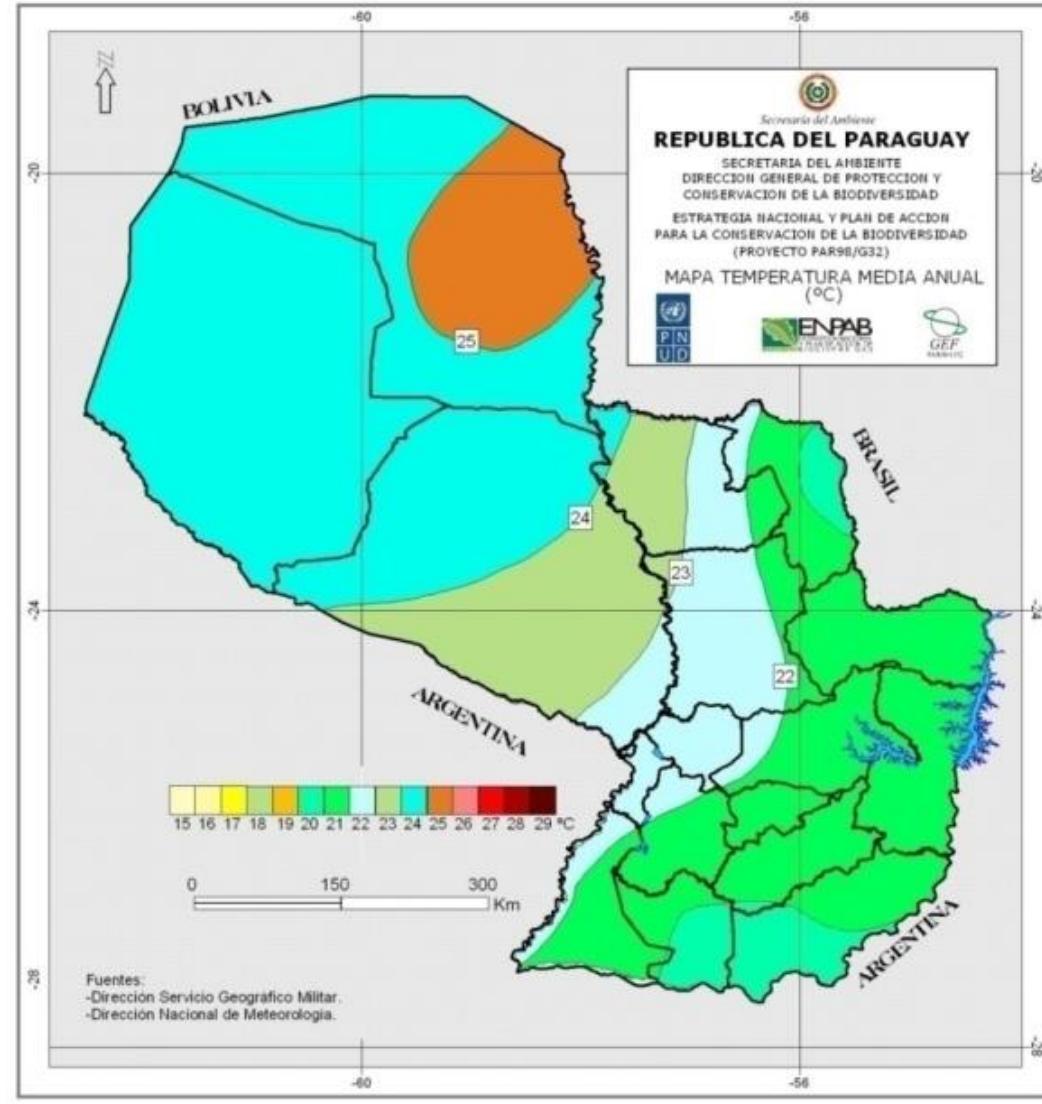


OPPORTUNITIES





Ideal Natural Conditions



Average yearly
temperature:
28 C°

Average yearly
rainfall:
1.200 mm.

Source: Instituto Geográfico Militar – IGM & DGEEC





Business Opportunities



- ✓ Commercial Irrigation \Rightarrow PPP \Rightarrow participation of construction, supplier and financing companies.
- ✓ Small Farm Irrigation \Rightarrow transfers from Central and Local Governments \Rightarrow participation of credit unions, guilds, supplier and companies with Social Responsibility.
- ✓ Agricultural Production \Rightarrow production of grains and meat \Rightarrow silo, oil, animal feed, meat packing, logistics for transport.





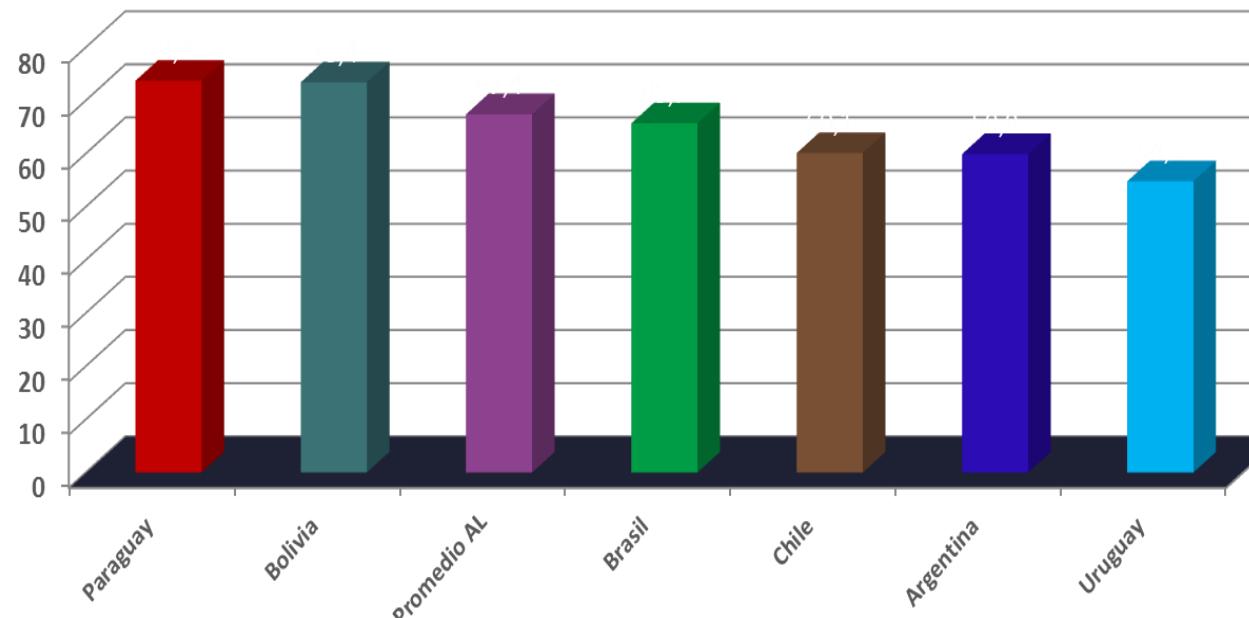
OPPORTUNITIES

Labor + Clean Energy



Young Labor force

Population younger than 34 years old (%)

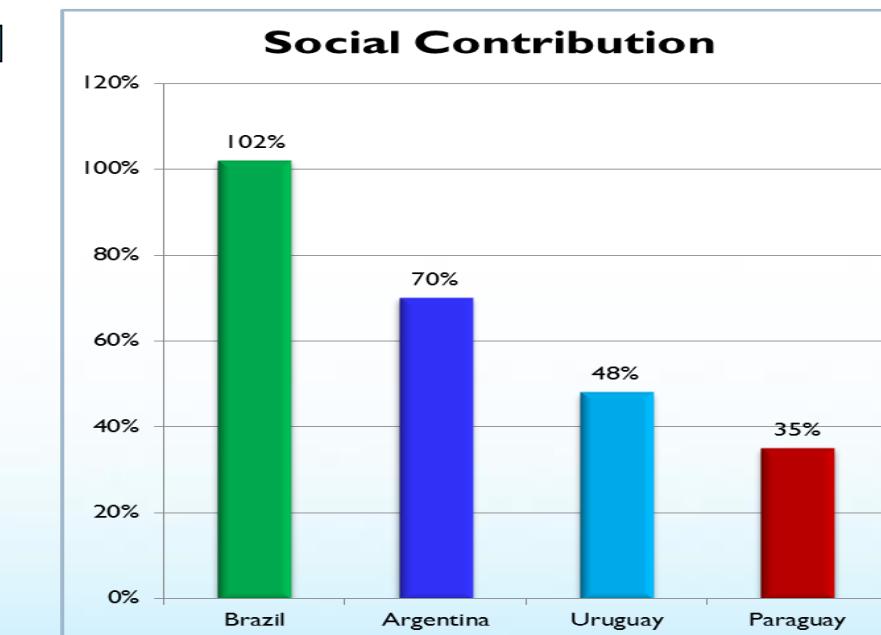
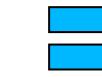
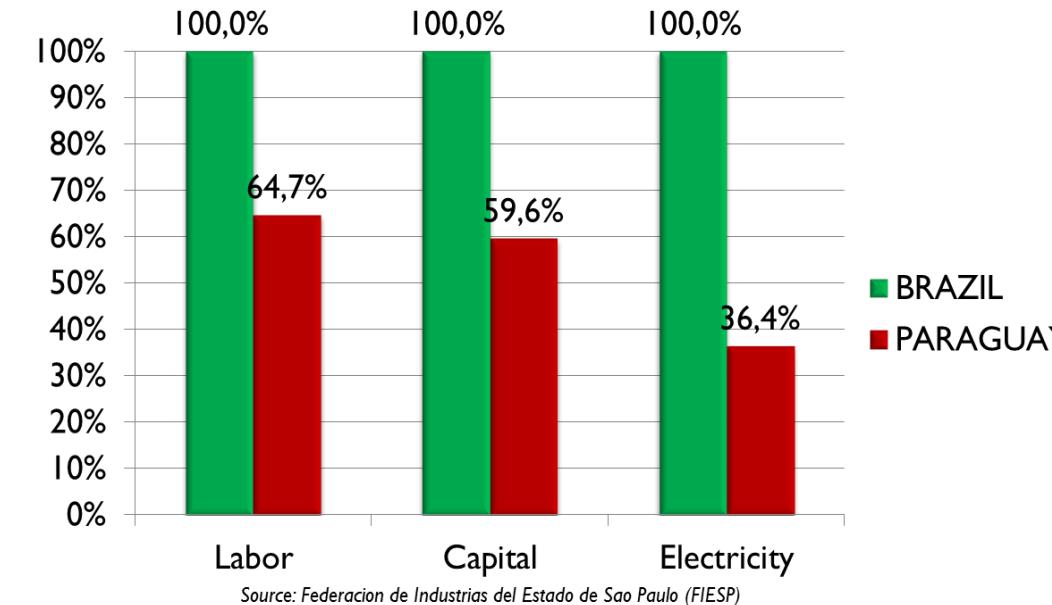


- Paraguay has the youngest population in America.



- “Paraguayan labor is the best we have found so far for the company worldwide” (Ignacio Ibarra – CEO FUJIKURA)

Cost between Paraguay and Brazil



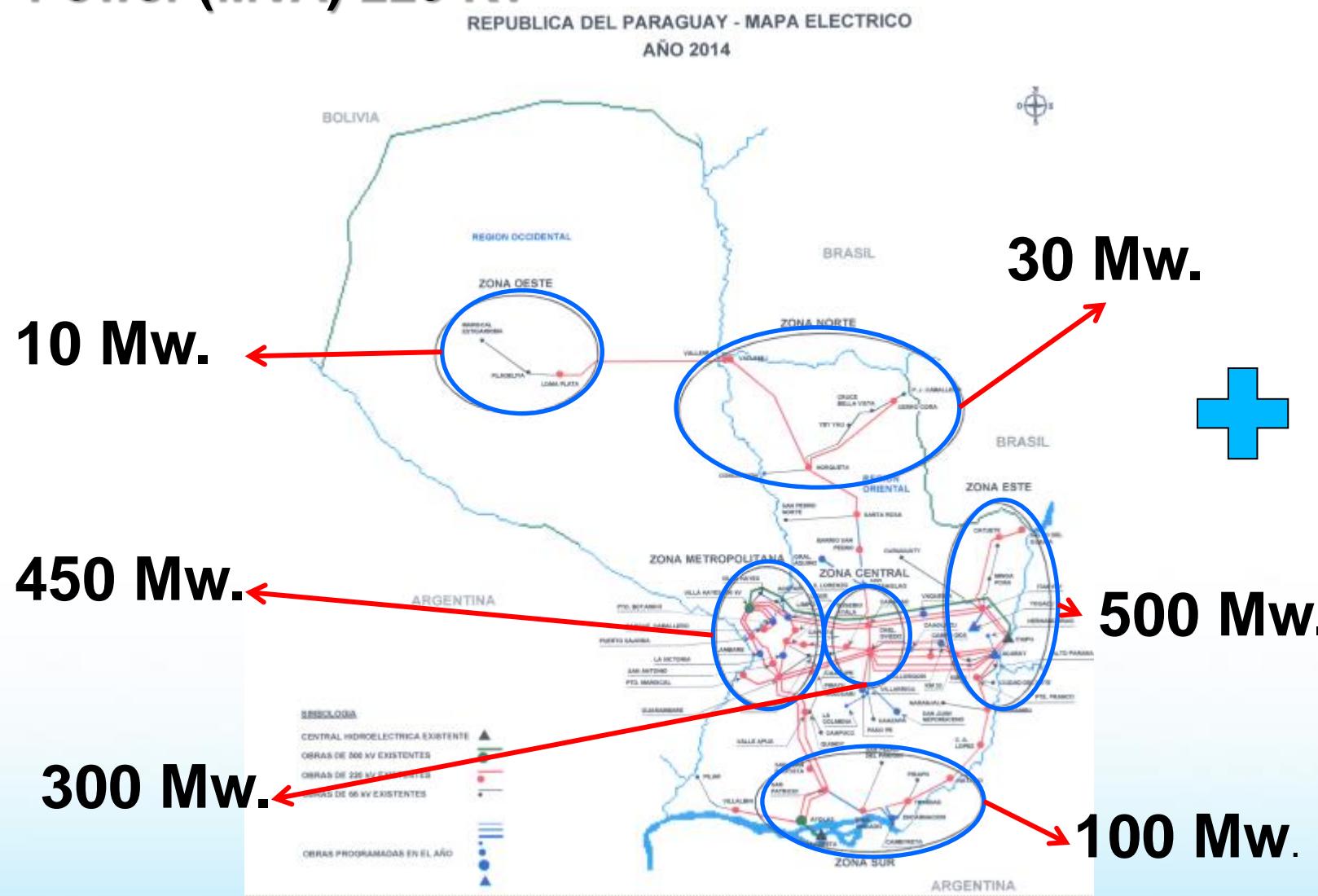
Paraguay is the MERCOSUR country with a lower comparative labor cost.

Source: Dirección Nacional de Estadísticas, Encuestas y Censos (www.dgeec.gov.py)

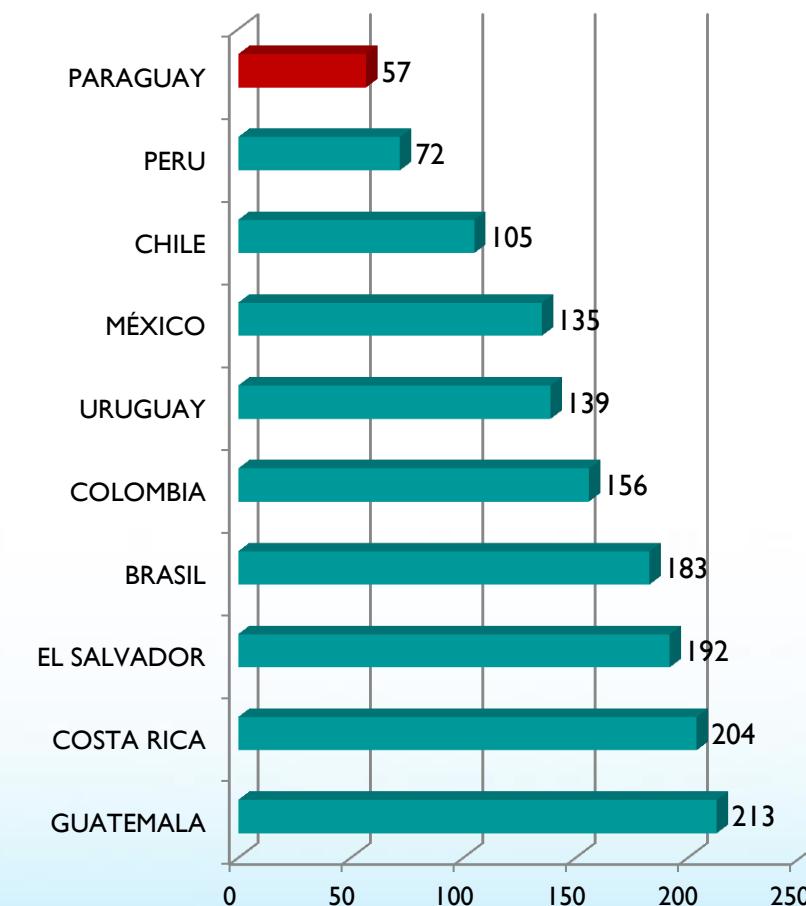


Paraguay in Numbers

Power (MVA) 220 Kv



INDUSTRIAL COSTS: 50 MW/Month



Paraguay is the only country in south america with **1.390 Mw** of power available now! and with a lower comparative cost.



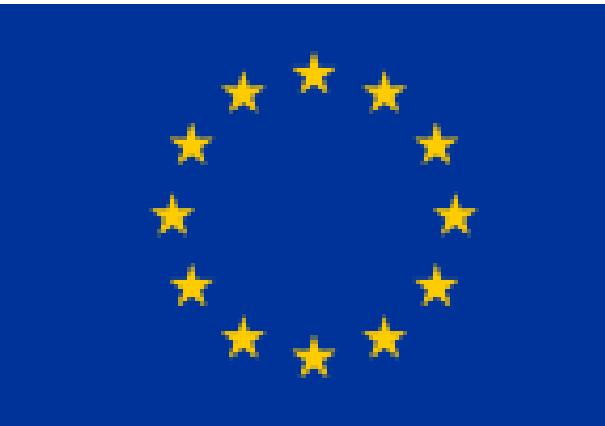


OPPORTUNITIES

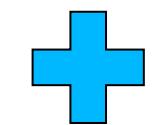
Preferential Access to important markets



Access to Markets



*Starting in 2014,
Paraguay will be the
only country in
MERCOSUR with
preferential access to
the EU – GSP+*



Russia and other countries

*Access to
important
markets
through
industrial
process
or value
added in
Paraguay*





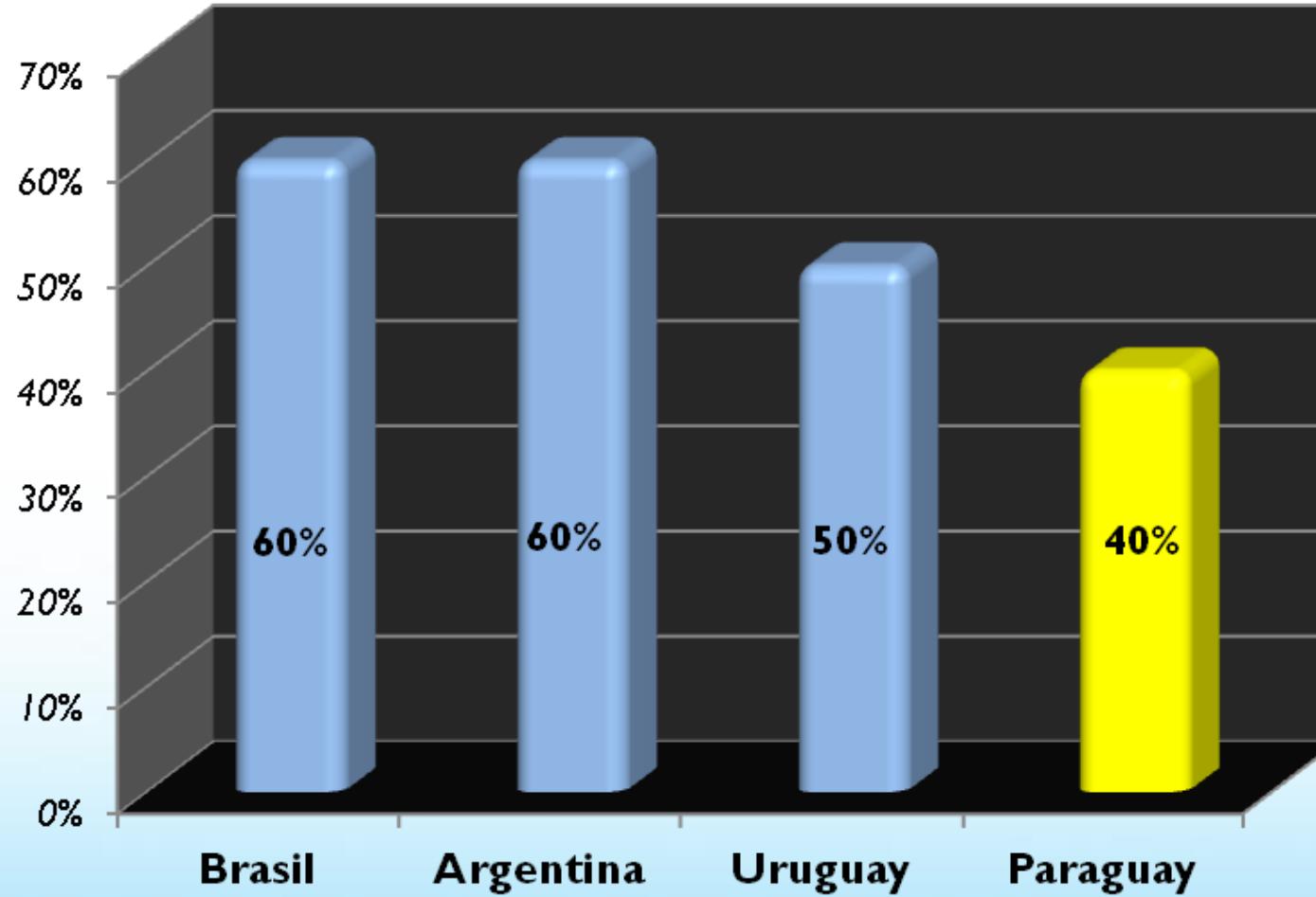
MERCOSUR

PARAGUAY, Brazil, Argentina, Uruguay, Venezuela y Bolivia*



and Chile, Colombia, Peru, Ecuador, Guyana y Surinam as associates countries

Necessary regional (MERCOSUR) content %



Comparative Advantages provided by the "Rules of Origin" (40% required national components and up to 60% Extra Zone imported components allowed in the product).





Business Opportunities



- ✓ International Co. taking advantage of GSP+ and bilateral preferences to access the EU and other markets ⇒ oilseed industries , paper companies, food processing companies, others.
- ✓ International Co. taking advantage of cost and Rule of Origin producing in Paraguay for other markets of MERCOSUR. ⇒ textile, plastic industry, metalwork, yarn, steel mills, others.





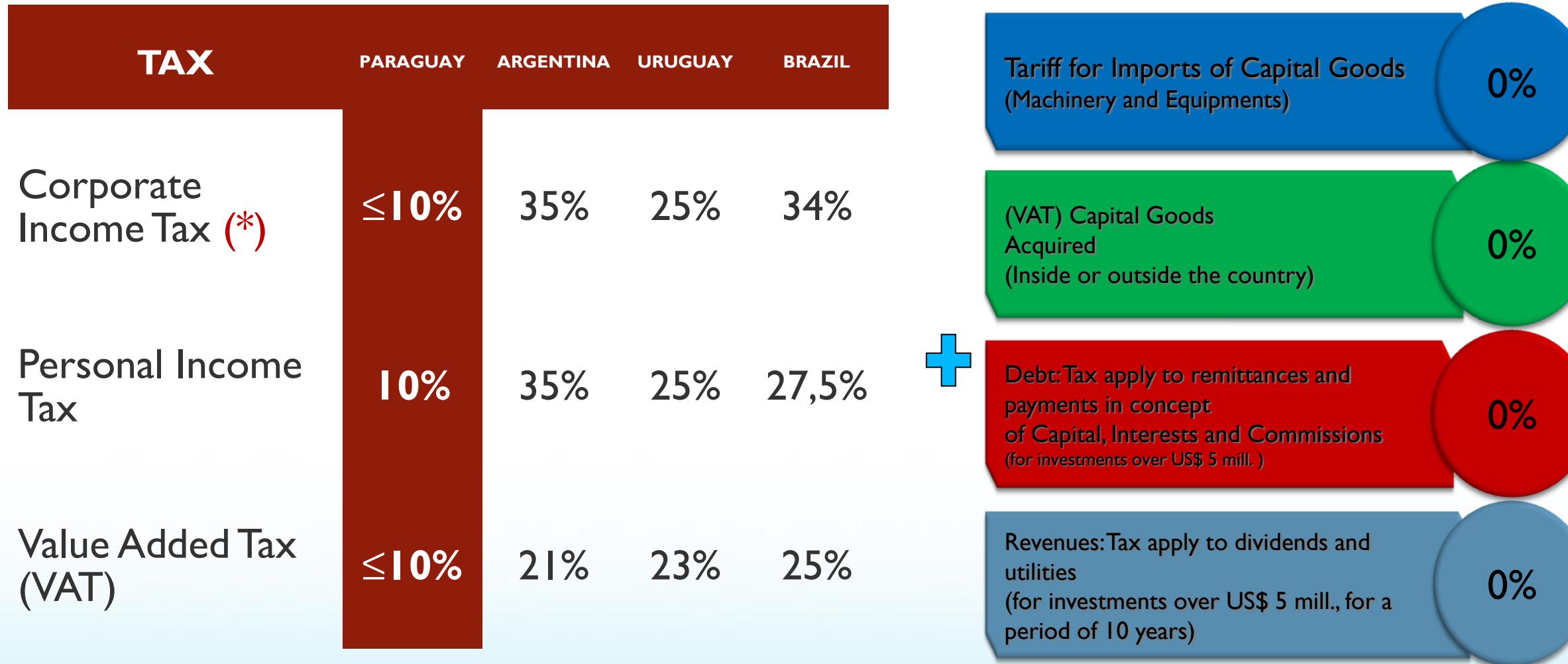
OPPORTUNITIES

Competitive Tax Scheme





Tax Scheme



Paraguay has the most Competitive Tax Scheme and Fiscal Benefits in the region

(*) Obs: if distributed internationally it may be up to 27.5%

Source: Ministerio de Hacienda (www.hacienda.gov.py)





OPPORTUNITIES

Logistics

Top 10 producer and exporter of agricultural goods in the world





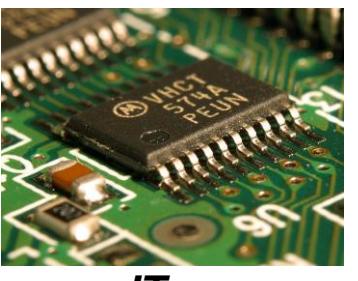
SOYBEAN



MEAT

SUPPLY CHAIN

*with greater opportunities
for value added in the short
term*



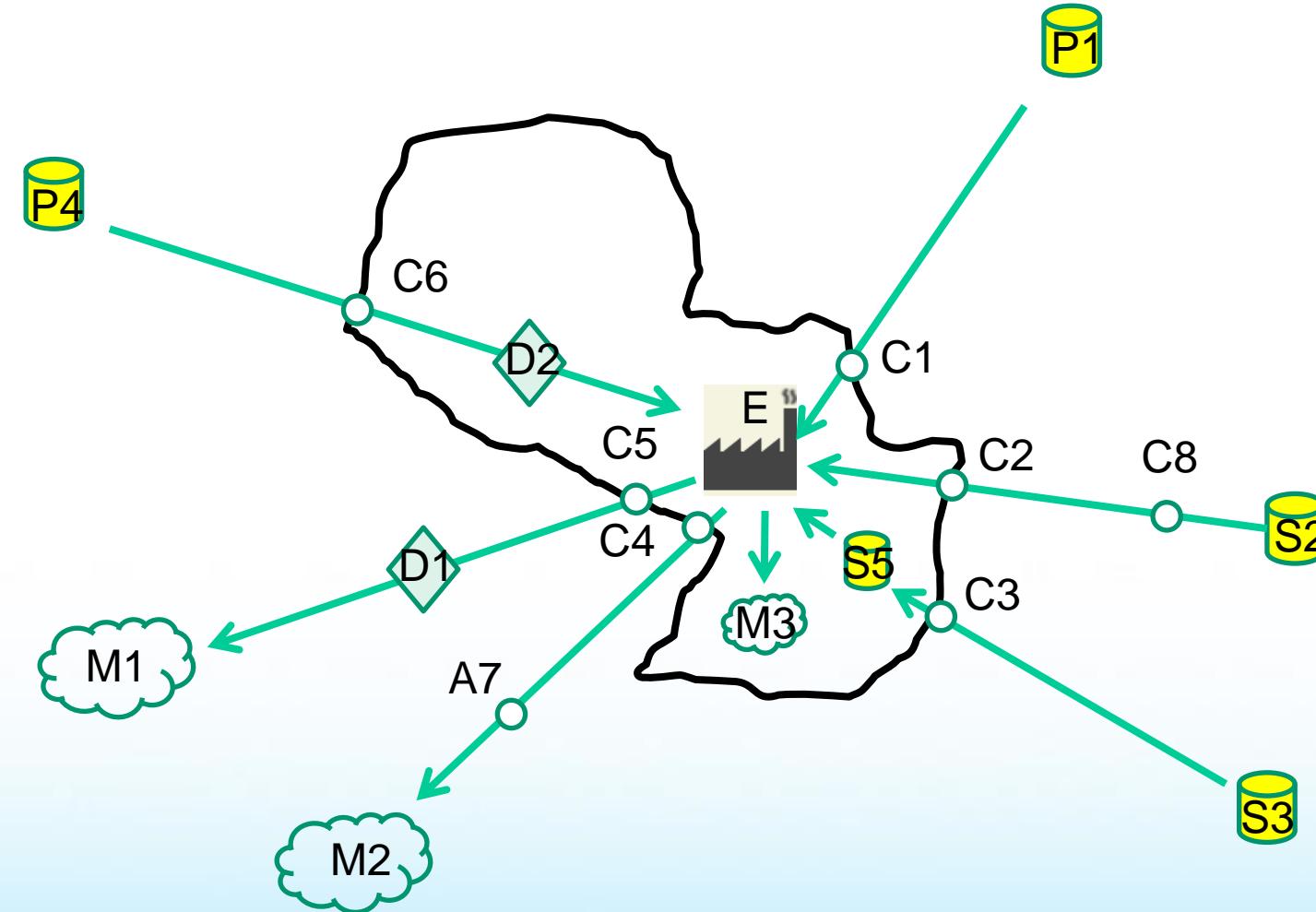
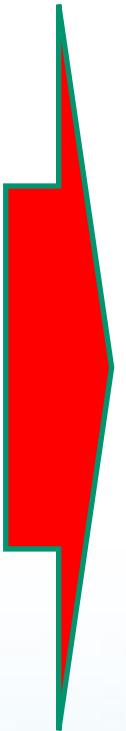
IT



AUTOPARTS



PHARMACEUTICAL

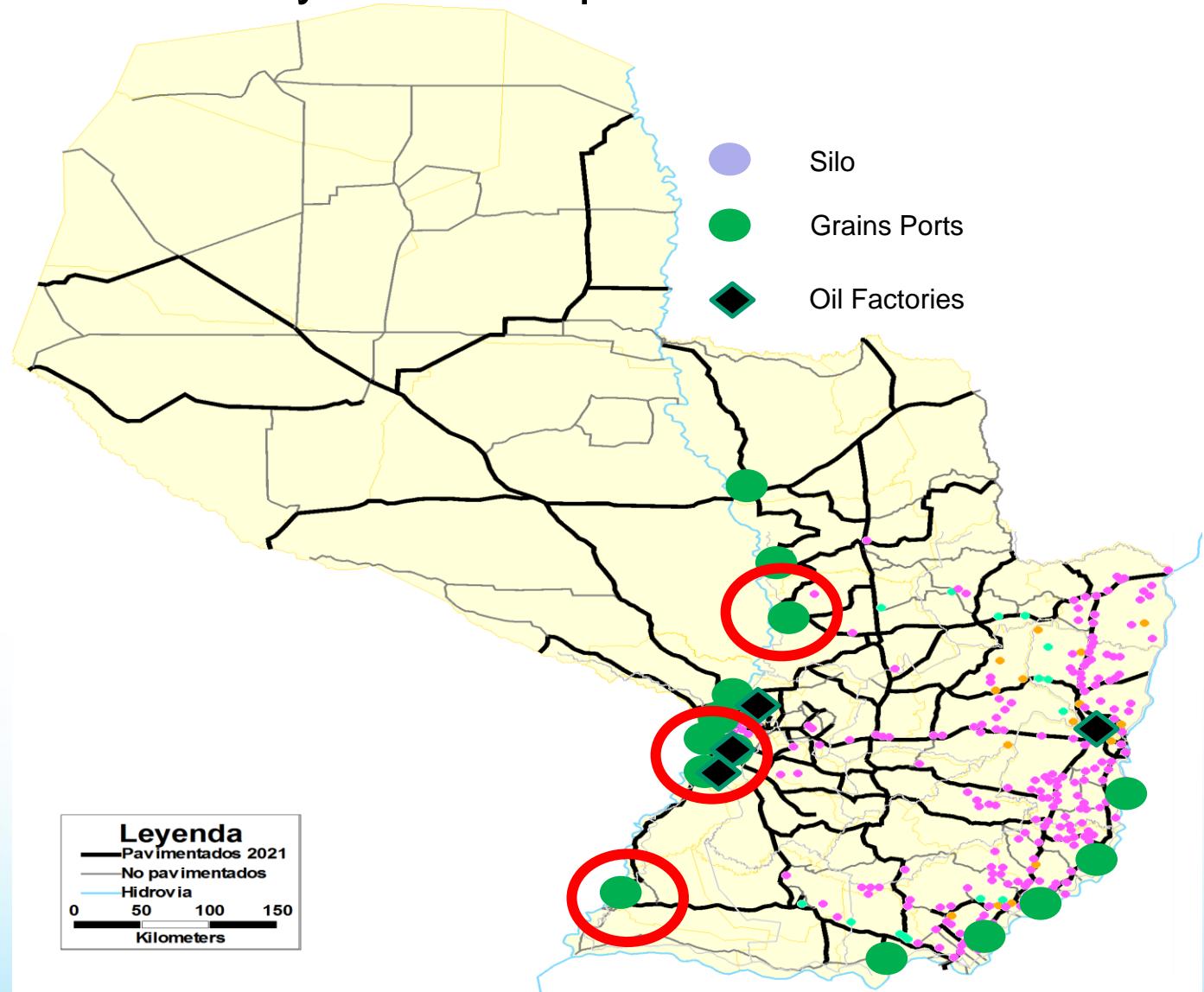


E: enterprise
S: supplier
C: customs
M: market
D: distributor

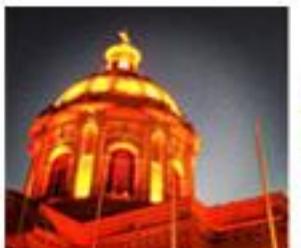
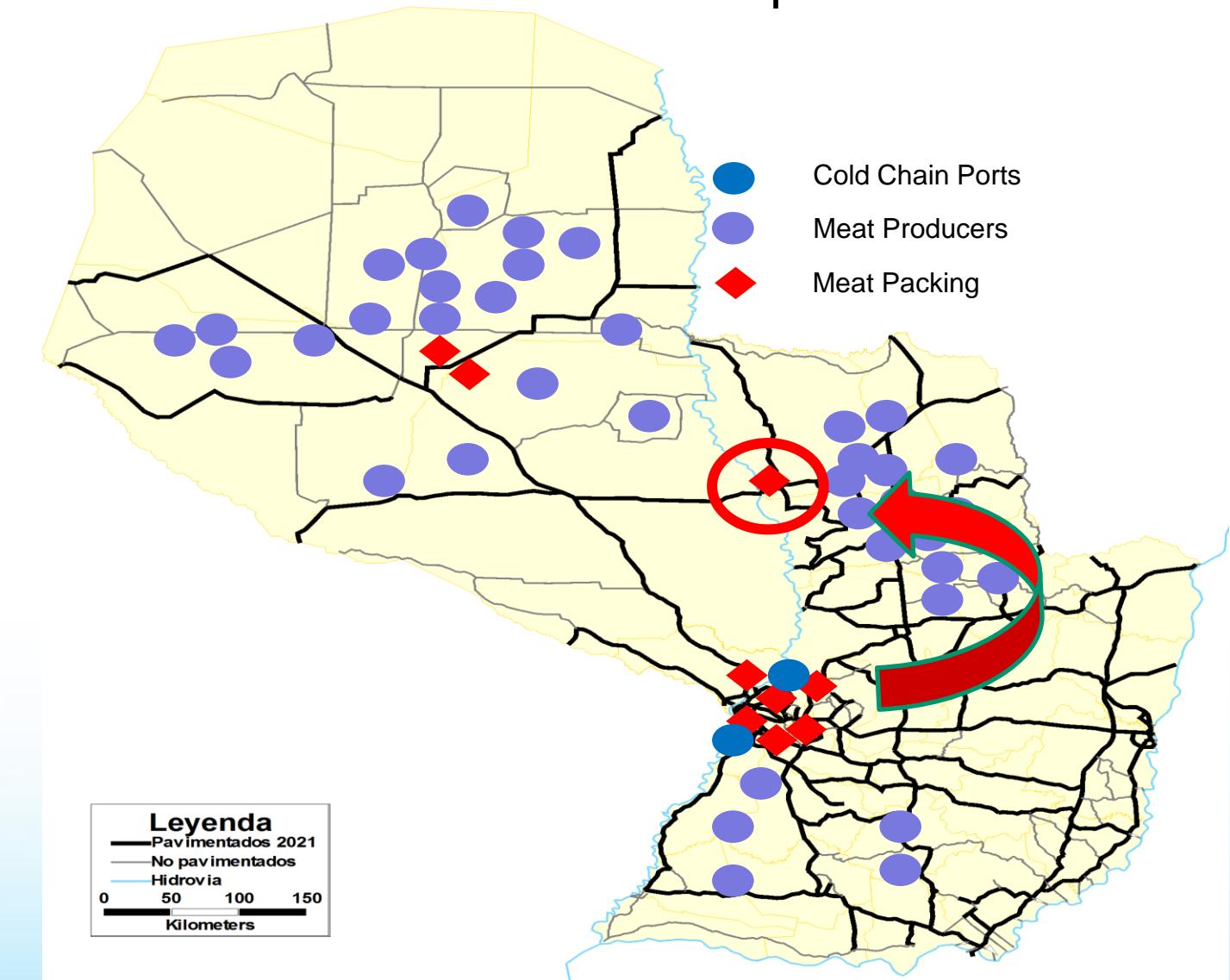


Business Opportunities

Soybean Complex



Beef Complex





Business Opportunities



- ✓ Private and Public Investments in road infrastructure.
- ✓ Private and Public Investments in railroad transportation.
- ✓ Private Investments for meat and grain storage.
- ✓ Private Investments for meat packing.
- ✓ Private Investments in river ports.
- ✓ Private Investments in logistics for export.
- ✓ Private Investments in river transportation systems.
- ✓ Private Investments in Trade Logistics (certification, packing, financing, trading, others).





OPPORTUNITIES

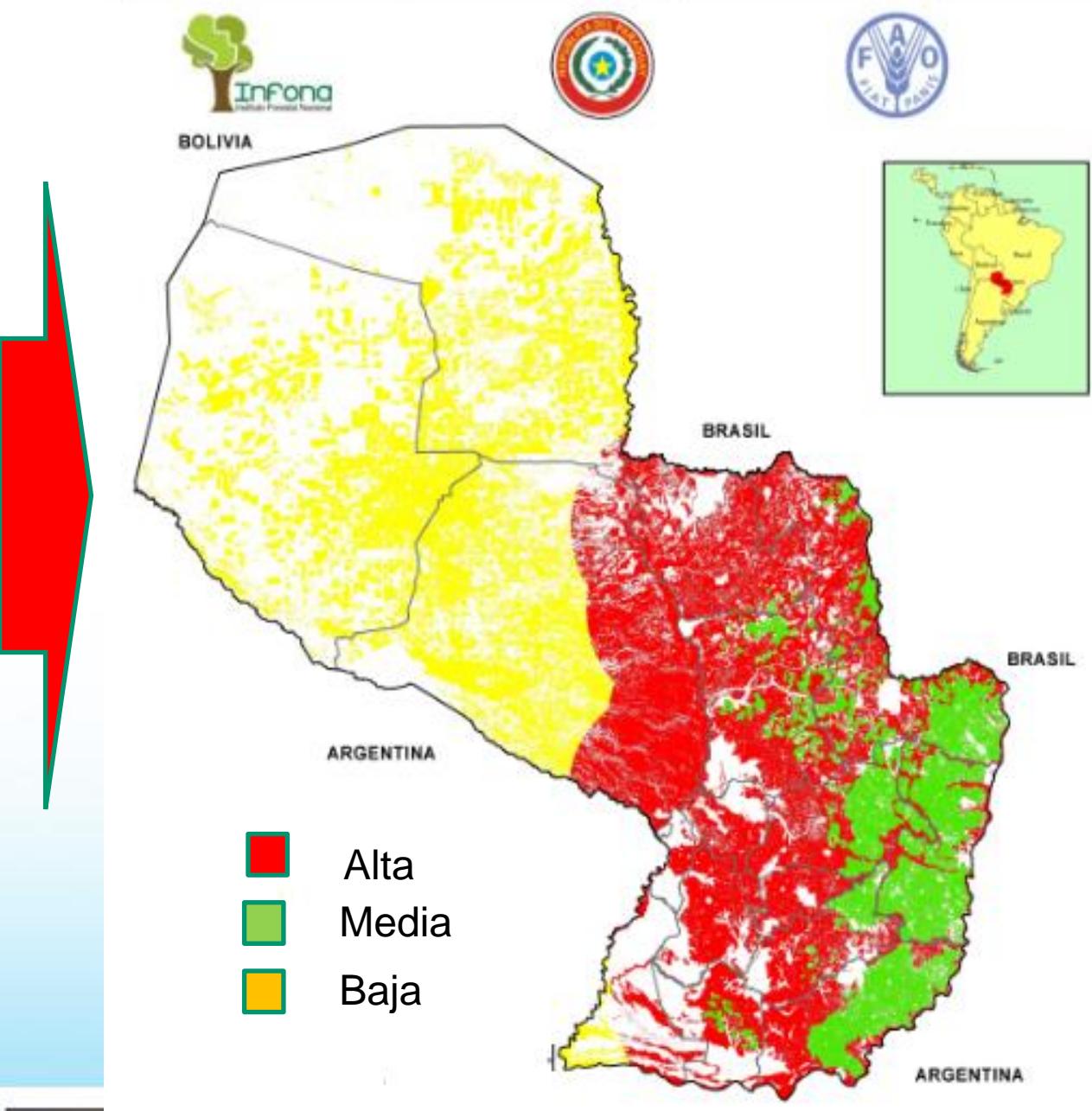
Reforestation



Reforestation

Forest Plantation

| Nº | DISTRICT | AREA (Has) | % |
|----|--------------|------------------|---------------|
| 1 | ALTO PARANA | 10.361,46 | 19,61 |
| 2 | SAN PEDRO | 10.324,71 | 19,54 |
| 3 | CAAZAPA | 10.284,87 | 19,47 |
| 4 | ITAPUA | 5.163,07 | 9,77 |
| 5 | ÑEEMBU CU | 4.973,82 | 9,41 |
| 6 | CAAGUAZU | 3.922,62 | 7,43 |
| 7 | CANINDEYU | 3.019,16 | 5,71 |
| 8 | CONCEPCION | 1.464,63 | 2,77 |
| 9 | PARAGUARI | 733,86 | 1,39 |
| 10 | GUAIRA | 640,88 | 1,21 |
| 11 | CORDILLERA | 615,75 | 1,17 |
| 12 | MISIONES | 521,02 | 0,99 |
| 13 | AMAMBAY | 339,29 | 0,64 |
| 14 | PTE. HAYES | 320,91 | 0,61 |
| 15 | CENTRAL | 142,83 | 0,22 |
| | TOTAL | 52.828,88 | 100,00 |



| Nº | DEPARTMENT | AREA | | | TOTAL AREA |
|----|---------------|---------------------|---------------------|---------------------|----------------------|
| | | HIGH | MEDIUM | LOW | |
| 1 | CONCEPCION | 1.169.100,08 | - | 16.875,95 | 1.185.976,03 |
| 2 | SAN PEDRO | 1.162.693,51 | - | 269.356,00 | 1.432.049,51 |
| 3 | CORDILLERA | 266.494,58 | - | - | 266.494,58 |
| 4 | GUAIRA | 296.791,14 | - | 1.154,16 | 297.945,30 |
| 5 | CAAGUAZU | 582.821,39 | - | 456.450,15 | 1.039.271,54 |
| 6 | CAAZAPA | 483.818,37 | - | 152.287,59 | 636.105,96 |
| 7 | ITAPUA | 545.703,99 | - | 658.997,95 | 1.204.701,94 |
| 8 | MISIONES | 348.777,78 | - | 56.318,21 | 405.095,99 |
| 9 | PARAGUARI | 550.858,40 | - | - | 550.858,40 |
| 10 | ALTO PARANA | 218.608,83 | - | 921.903,08 | 1.140.511,91 |
| 11 | CENTRAL | 76.782,84 | - | - | 76.782,84 |
| 12 | ÑEEMBU CU | 206.601,06 | 129.087,88 | - | 335.688,94 |
| 13 | AMAMBAY | 808.448,53 | - | 134.175,28 | 942.623,81 |
| 14 | CANINDEYU | 541.229,06 | - | 576.397,24 | 1.117.626,30 |
| 15 | PTE. HAYES | 2.133.207,58 | 2.385.832,48 | - | 4.519.040,06 |
| 16 | BOQUERON | - | 2.594.240,62 | - | 2.594.240,62 |
| 17 | ALTO PARAGUAY | 41.123,55 | 2.219.552,73 | - | 2.260.676,28 |
| | TOTAL | 9.433.095,80 | 7.328.713,71 | 3.243.915,61 | 20.005.725,12 |

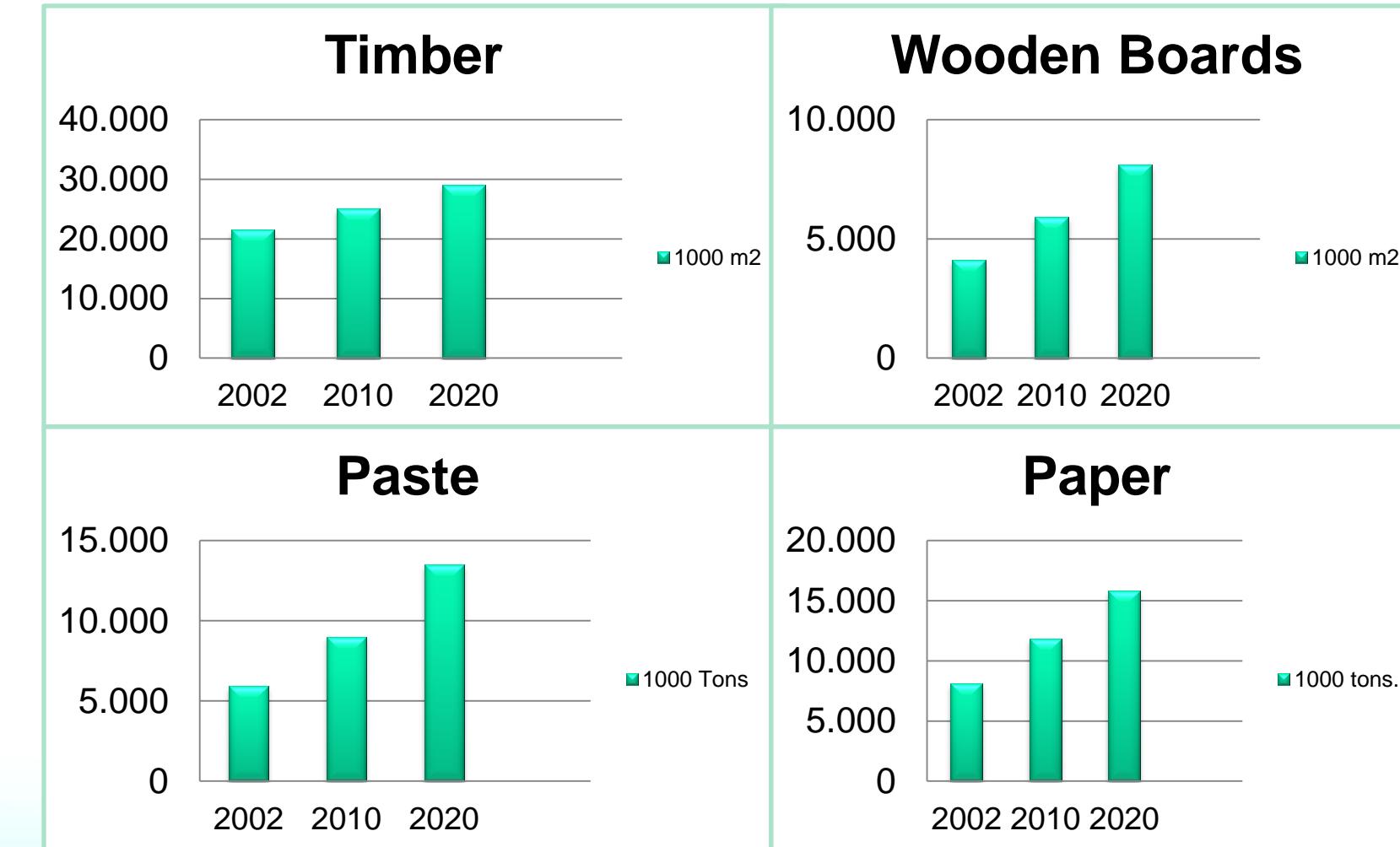




Reforestation

MARKETS

- LOCAL MARKET
- BRAZIL
- URUGUAY

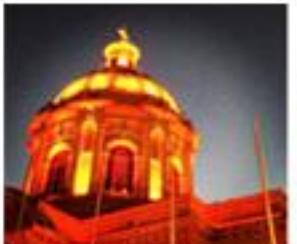


Source: FAO (www.fao.org)





Border of Opportunities





Borders - Visión

A world class center for production, distribution and retail of competitive goods, with national value added, and a safety destination for tourism.



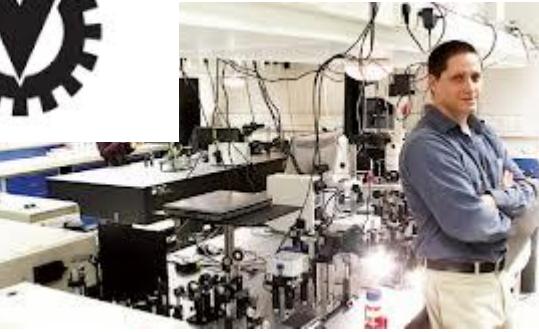
Informal activities



Street vending



Low cost/low margin



**WORLD CLASS TECHNOLOGY
TRAINING CENTER**

Silicon Border



**WORLD CLASS TECHNOLOGY
CENTER**



**FREE TRADE ZONE FOR
MULTINATIONAL AUTOPARTS,
TECHNOLOGY AND FINANCING
SERVICES FOR MERCOSUR**



**INDUSTRIAL PARKS INTEGRATED TO
PRODUCTIVE VALUE ADDED CHAINS
WITHIN MERCOSUR**

