Introduction

Paraguay is a country in South America. Neighboring countries include Argentina, Bolivia, and Brazil. Paraguay lies on both banks of the Paraguay River, which runs through the center of the country. The government system is a presidential republic; the chief of state and head of government is the president. Paraguay has a free market system in which the prices are set by the market. Paraguay is a member of the Common Market of the South (Mercosur).

Key Economic Facts

- Income Level (by per capita GNI): Upper Middle Income
- Level of Development: Developing
- GDP, PPP (current international $): $108.34 billion (2022)
- GDP growth (annual %): 0.8% (2022)
- GDP per capita, PPP (current international $): $15,977.31 (2022)
- External debt stocks, total (DOD, current US$): $21,352,787,181.70 (2021)
- Manufacturing, value added (% of GDP): 19.40% (2022)
- Current account balance (BoP, current US$): -$2.71 billion (2022)
- Inflation, consumer prices (annual %): 9.77% (2022)
- Labor force, total: 3,428,200 (2022)
- Unemployment, total (% of total labor force) (modeled ILO estimate): 6.89% (2022)
- Imports of goods and services (current US$): $16.43 billion (2022)
- Exports of goods and services (current US$): $14.39 billion (2022)

GDP Composition %

- Agriculture: 11%
- Services: 48%
- Industry: 33%
- Manufacturing: 19%

*Risk Assessment (Provided by Coface)*

**Country rating:** B - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

**Business Climate rating:** B - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

**Strengths**

- Well-developed agricultural sector (soybeans and beef)
- Abundant hydroelectric resources
- Prudent fiscal and monetary policies

**Weaknesses**

- Poor infrastructure (river transport, roads, power lines)
- Defective health and education services
- Low fiscal resources (17% of GDP)
- Dependent on the agricultural sector and a handful of trading partners, notably Brazil and Argentina
- Weak governance (corruption and cronyism)
- Large informal market (40% of GDP)
- Vulnerable to climate conditions

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