

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

PARAGUAY

America South

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Asunción (capital)	Political and financial capital, and base for Paraguay's investment-grade sovereign debt program	Financial services, corporate headquarters, capital markets
Ciudad del Este / tri-border area	Major maquila and commerce hub bordering Brazil and Argentina, with a long history of informal trade and alleged illicit financing activity	Maquila manufacturing, commerce, logistics
Itaipú / Yacyretá hydro corridor (Alto Paraná / Itapúa)	Site of the binational hydroelectric dams whose power surplus is driving a new data-center and AI-infrastructure investment wave	Data centers, AI infrastructure, renewable-power-linked industry
Paraguayan Chaco (western region)	Cattle-ranching and agribusiness frontier with one of the world's highest regional deforestation rates and ongoing Indigenous land-rights disputes	Cattle ranching, agribusiness frontier development
Soybean belt (Alto Paraná, Itapúa, Caaguazú, Canindeyú)	Core grain-export region driving record 2026 soybean export values	Soybean and grain production, agribusiness, crushing/processing
Central Department (Villa Elisa / Luque / Ñemby)	Maquila manufacturing corridor near Asunción benefiting from low-tax export incentives	Maquila manufacturing, light industry
Encarnación	Secondary city adjoining the Yacyretá dam and a key binational trade and logistics link with Argentina	Logistics, cross-border trade, services

INVESTOR ENTRY ROUTES

- Data-center and AI-infrastructure investment leveraging surplus hydroelectric power from Itaipú and Yacyretá
- Maquila (tax-advantaged export manufacturing) investment in the Central Department and Ciudad del Este corridors
- Agribusiness investment in the soybean belt and Chaco cattle frontier, riding record 2026 export values
- Public-private partnership (PPP) infrastructure investment under Decree No. 5441/2026
- Sovereign and corporate fixed-income investment riding Paraguay's new investment-grade ratings from Moody's and S&P
- Residency-linked investment and relocation services riding the continuing surge in Brazilian nationals relocating to Paraguay for its low-tax regime

MARKET-ENTRY OBSERVATION

Paraguay offers one of the more genuinely positive economic stories in this series. The roughly US\$47 billion, 6.1-million-person economy has sustained around 4% average annual growth for two decades with single-digit inflation, and the 2026 GDP growth forecast has been raised to 4.5% on strength in soy, energy and industry. Moody's (2024) and S&P (2025, reaffirmed in July 2026) have granted Paraguay investment-grade ratings, with Fitch at BB+ and a positive outlook; the country issued a record US\$1 billion in guaraní-denominated debt in 2026, and its dollar bonds have returned nearly 10% over the past year. A hydroelectric surplus from the binational Itaipú and Yacyretá dams is now positioning Paraguay as an emerging AI and data-center frontier, exemplified by a 100-megawatt hydro-powered data-center agreement with Hive Digital, while maquila exports have more than quadrupled over the past

decade to over US\$1.2 billion and nearly 50,000 residency applications (roughly half from Brazilians) pushed Brazil's share of FDI to around 15%.

Geopolitically, President Santiago Peña has aligned openly with the Trump administration - attending a Miami security summit and securing congressional approval for a defense agreement admitting US troops, with a US Deputy Secretary of State calling Paraguay "a very good friend" - though concrete US investment and direct flights remain limited. Paraguay also remains one of South America's last remaining Taiwan allies, with Peña visiting Taipei in May 2026 to reaffirm ties despite intense Chinese diplomatic pressure; that alignment carries a direct commercial cost, however, since it bars Paraguay from selling its soy and beef directly to China, the world's largest buyer of both. Domestically, Carlos Fernández Valdovinos, the finance minister who engineered Paraguay's investment-grade upgrades, was replaced in 2026 by interim minister Juan José Galeano (with Lea Giménez rumored as the permanent pick), a shift Peña has framed as moving toward more specific competencies for his term's second half. Corruption remains a genuine structural weakness: Paraguay ranks second-worst in South America (behind only Venezuela) on Transparency International's index, with a low 11.3%-of-GDP tax take against a roughly 25% regional average, and about 60% of the workforce still in the informal economy.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Corruption and weak institutional integrity	Paraguay ranks second-worst in South America (after Venezuela) on Transparency International's corruption index, with a weak judicial system cited as a persistent obstacle	Engage experienced local legal counsel and build robust compliance frameworks given the weak institutional backdrop
Taiwan-China trade-access cost	Maintaining diplomatic ties with Taiwan bars Paraguay from selling soy and beef directly to China, the world's largest buyer of both commodities	Factor the China market-access gap into agribusiness export planning and monitor any shift in Paraguay's Taiwan-China diplomatic posture
Economy-ministry leadership transition	The finance minister who engineered Paraguay's investment-grade ratings was replaced in 2026, introducing some near-term fiscal-policy continuity uncertainty	Monitor the permanent ministerial appointment and early fiscal-deficit and VAT-collection data for policy-continuity signals
Tri-border area informal trade and security concerns	Ciudad del Este and the broader tri-border area have a long-documented history of informal trade and alleged illicit financing activity	Apply enhanced due diligence to counterparties and supply chains operating through the tri-border corridor
Low tax base and fiscal capacity	An 11.3%-of-GDP tax take, against a roughly 25% regional average, constrains the government's public-investment capacity	Assess public-investment and PPP-linked projects against Paraguay's genuinely limited fiscal space
Large informal economy	Roughly 60% of the workforce operates informally, complicating workforce planning and compliance for new investors	Build realistic workforce and compliance assumptions reflecting the large informal-sector backdrop
Chaco deforestation and Indigenous land-rights disputes	The Paraguayan Chaco has one of the world's highest regional deforestation rates and ongoing land disputes affecting Indigenous communities, including isolated groups	Conduct rigorous environmental and social due diligence before any Chaco-region land acquisition or ranching investment

INVESTOR RISK NOTE

Waverley views Paraguay as a genuinely strong and underappreciated growth story - sustained ~4% growth, new investment-grade ratings, and a hydro-powered data-center boom - constrained by real structural weaknesses in corruption and institutional integrity, and by the direct commercial cost of its Taiwan alignment cutting off the Chinese market for its core agricultural exports. This is a market where the macro and ratings story is genuinely ahead of the governance story.

MARKET ACCESS

Paraguay is a founding Mercosur member with a surplus hydroelectric power base (Itaipú and Yacyretá), new investment-grade sovereign credit ratings from Moody's and S&P, a low-tax maquila export regime, and river access to regional and Atlantic markets via the Paraná-Paraguay waterway, though its Taiwan alignment currently excludes direct access to the Chinese market for its core soy and beef exports.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Economy and Finance	Recently under new interim leadership (Galeano) after the architect of Paraguay's investment-grade ratings was replaced, with a permanent appointment still pending	Primary reference point for fiscal policy continuity and PPP-program implementation
Central Bank of Paraguay (BCP)	Sets monetary policy amid single-digit inflation and sustained growth	Reference point for macro-timing decisions
Itaipú Binacional / Yacyretá	Binational hydroelectric authorities administering the power surplus driving the data-center and AI investment wave	Primary point of engagement for power-intensive data-center and industrial investment
REDIEX (Red de Inversiones y Exportaciones)	National investment and export promotion agency	First point of contact for foreign-investment facilitation and maquila-regime registration
Judicial system / anti-corruption institutions	Cited as a persistent weakness underlying Paraguay's poor regional corruption ranking	Factor institutional-integrity risk into legal structuring and dispute-resolution planning
National Congress	Approved the US defense/troop agreement and PPP-enabling legislation (Decree 5441/2026)	Monitor for further legislative developments on PPP and foreign-investment frameworks
Ministry of Foreign Affairs	Manages Paraguay's Taiwan relationship amid Chinese pressure and its broader Trump-administration alignment	Reference point for diplomatic developments affecting trade access and US relations

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through REDIEX-facilitated investment promotion and maquila-regime registration, Itaipú/Yacyretá-coordinated power-intensive data-center partnerships, Ministry of Economy and Finance engagement on PPP projects, and direct bond-market access riding Paraguay's investment-grade sovereign credit.

INVESTOR PROFILE BEST SUITED

Best suited to data-center and AI-infrastructure investors drawn to Paraguay's hydro-power surplus, agribusiness investors in the soybean belt and Chaco frontier, fixed-income investors capturing the investment-grade re-rating, and maquila manufacturers leveraging the low-tax export regime. Less suited to investors requiring strong institutional/anti-corruption guarantees or direct China market access for agricultural exports.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between data centers/AI infrastructure, agribusiness, maquila manufacturing, or fixed-income investment.

STEP 2: Engage the relevant sector institution

Open discussions with REDIEX, Itaipú/Yacyretá, or the Ministry of Economy and Finance depending on sector focus.

STEP 3: Monitor the permanent economy-minister appointment

Track the confirmation of a permanent finance minister and early fiscal signals before major PPP-linked commitments.

STEP 4: Apply enhanced due diligence in the tri-border area

Conduct thorough counterparty and supply-chain due diligence for any Ciudad del Este-linked operations.

STEP 5: Assess Taiwan-China exposure for agricultural exports

Factor the current lack of direct China market access into any soy or beef export-oriented investment plan.

WAVERLEY'S ROLE

- Track the permanent economy-minister appointment and Paraguay's fiscal-policy continuity
- Monitor the Itaipú/Yacyretá-powered data-center investment wave and PPP program implementation under Decree 5441/2026
- Coordinate introductions to REDIEX, Itaipú/Yacyretá and the Ministry of Economy and Finance for sector-specific entry
- Screen data-center, agribusiness and maquila opportunities against current corruption, tri-border and Taiwan-China trade-access risk

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture Paraguay's genuinely strong investment-grade growth story and hydro-powered data-center boom, while explicitly tracking its corruption and institutional-integrity weaknesses and the commercial cost of its Taiwan alignment - engage now to secure early positioning in a market still underselling itself to international capital.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in hydro-powered data-center and AI-infrastructure investment, soybean-belt and Chaco agribusiness expansion, maquila manufacturing in the Central Department, and PPP-linked infrastructure projects under Decree 5441/2026.

POSITIONING

Paraguay offers a genuinely strong, underappreciated growth story - sustained ~4% growth, new investment-grade sovereign ratings, and an emerging hydro-powered data-center and AI-infrastructure frontier.

That growth story is constrained by real corruption and institutional-integrity weaknesses, and by the direct commercial cost of its Taiwan alignment cutting off the Chinese market for its core agricultural exports. Waverley frames Paraguay as a genuine, ratings-backed opportunity best entered with clear-eyed attention to its governance gaps rather than a frictionless frontier story.

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