



PARAGUAY

Opportunities For Investment

Ministry of Foreign Affairs (MOFA)
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Republic of Taiwán

Presented by
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Viceminister of Commerce

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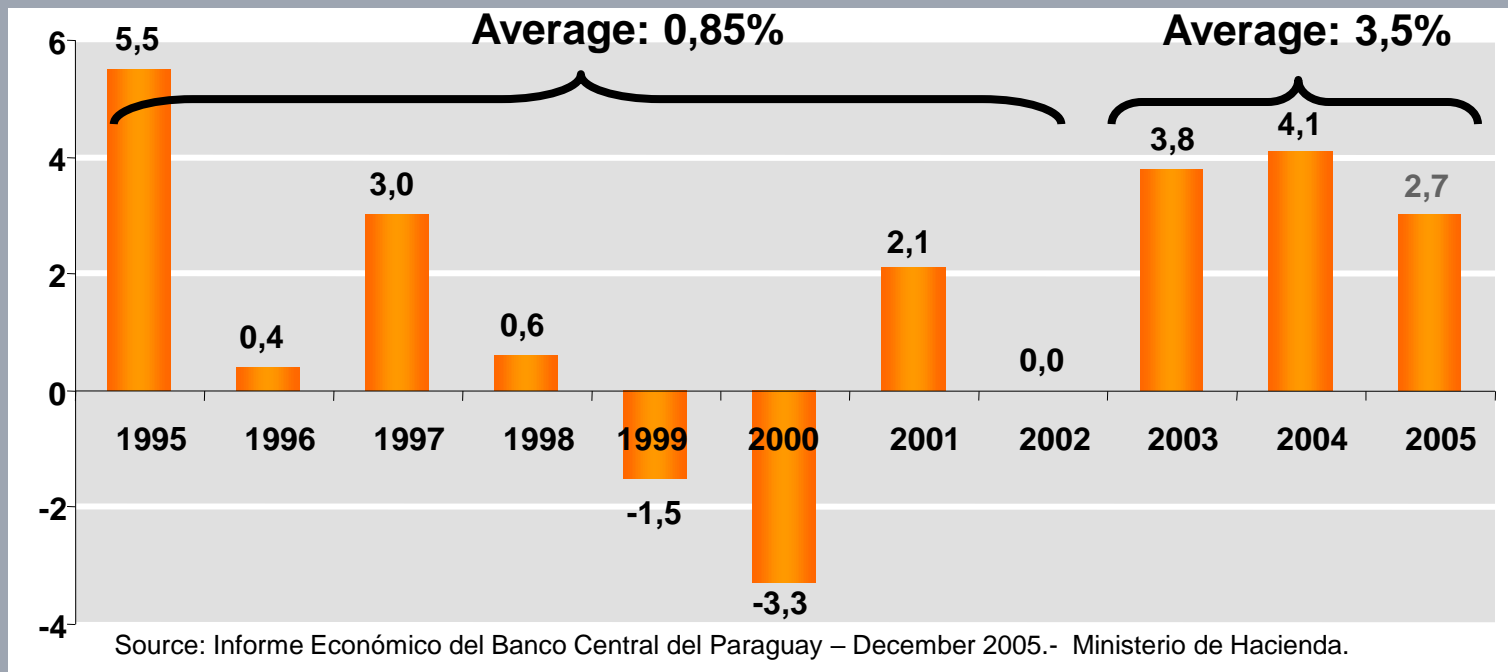
MACRO ECONOMIC STABILITY

PARAGUAY	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
GDP per capita	934	998	1.223	1.323
Population (1,000 people)	5.516	5.670	5.701	5.798
Inflation (%)	14,6	9,3	2,8	9,9
Domestic deficit or surplus (Mill. US\$)	162	31	105	124
Exports (Mill. US\$)	950,6	1.241,5	1.625,6	1.658,7
Imports (Mill. US\$)	1.510,2	1.835,3	2.651,7	3.040,9
Intl. Monetary Reserves (Mill. US\$)	641	983	1.168	1.297
Source: Banco Central del Paraguay.				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Unemployment Rate	21,9	16,4	12,4	10,9

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During the last three years, the economic growth was sound, foreseeable and stable.

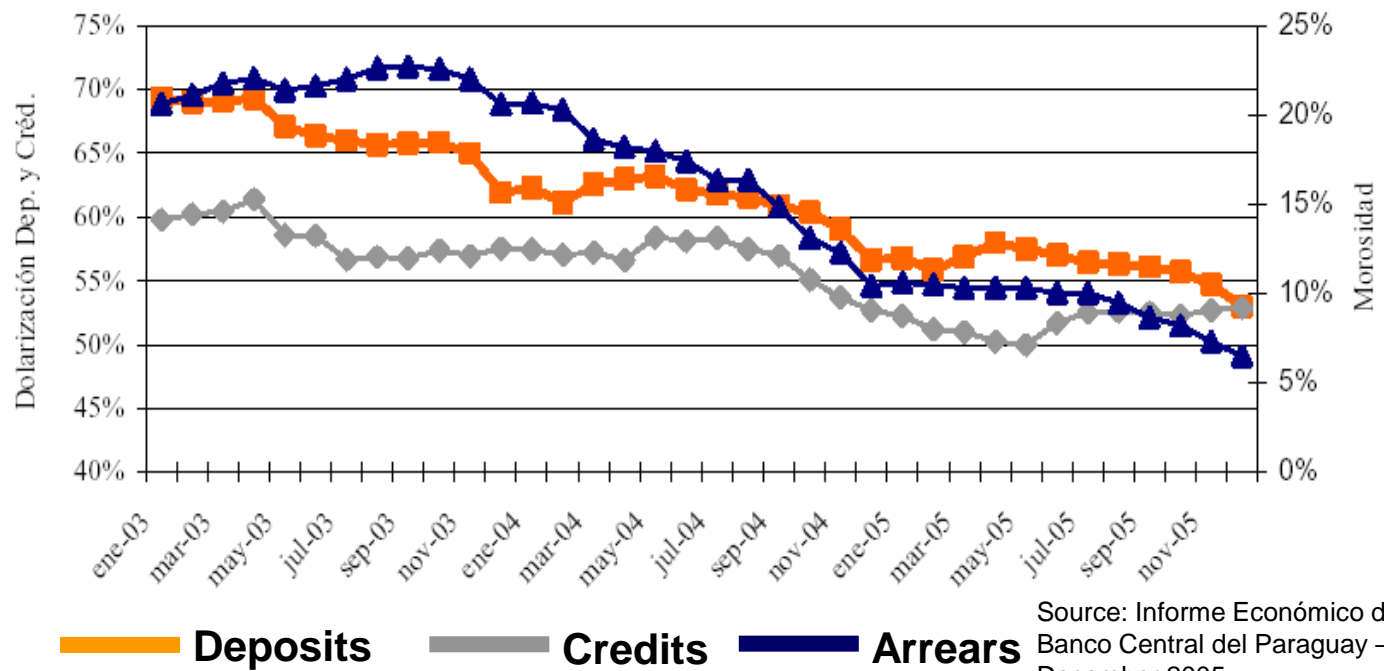


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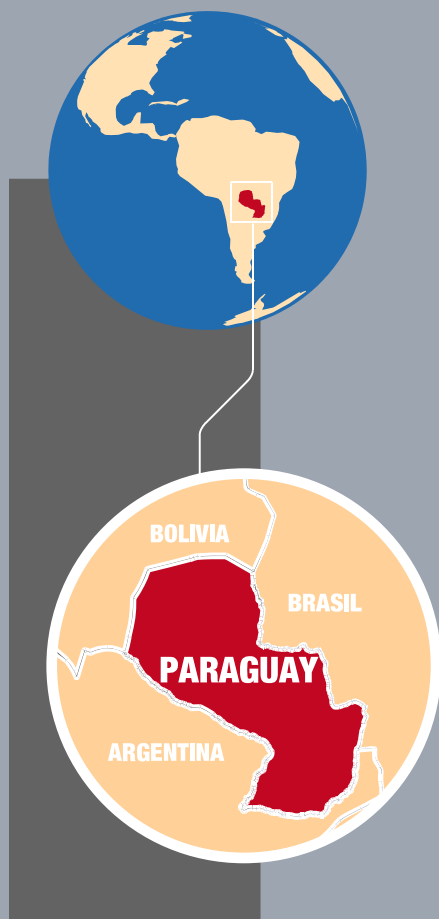
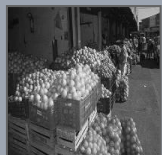
The financial system presents important signs of a higher trust rate in the paraguayan economy.

The growing use of the Guaraní in the financial system reflects the exchange rate stability.



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¿WHY PARAGUAY?

Optimal Investment Conditions :

- * Strategic Location
- * Young Labour Force Available
- * Low Tax Burden
- * Available Electrical Energy at Low Cost
- * A Big Hydrographic Basin
- * Ideal Climate and Fertile Soil

Available Key Tools for Investment in Paraguay

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STRATEGIC LOCATION

Market Access

Export Gateway

La Paz
2h. 40'

Iquique
2h. 30'

Santiago
2h. 45'

Asunción

Ciudad del
Este

Sao Paulo 1h. 15'

Curitiba 50'

Montevideo 1h. 40'

Buenos Aires 1h. 20'

MERCOSUR
235 MM
People



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YOUNG AND TRAINABLE LABOUR FORCE



**70% of its population
is below 30 years old**

SOURCE: DIRECCIÓN GENERAL DE
ESTADÍSTICAS, ENCUESTAS Y CENSO

TOTAL POPULATION 2005	POPULATION BELOW 30 YEARS OLD	ECONOMICALLY ACTIVE POPULATION
5.920.837	4.144.586	2.664.377

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LOW TAX BURDEN

New Tax Law 2421/04

- * Corporate Income Tax 10% (2006)
- * Personal Income Tax 10% (2006)
- * Value Added Tax (IVA) 10%

**Tax
Burden**

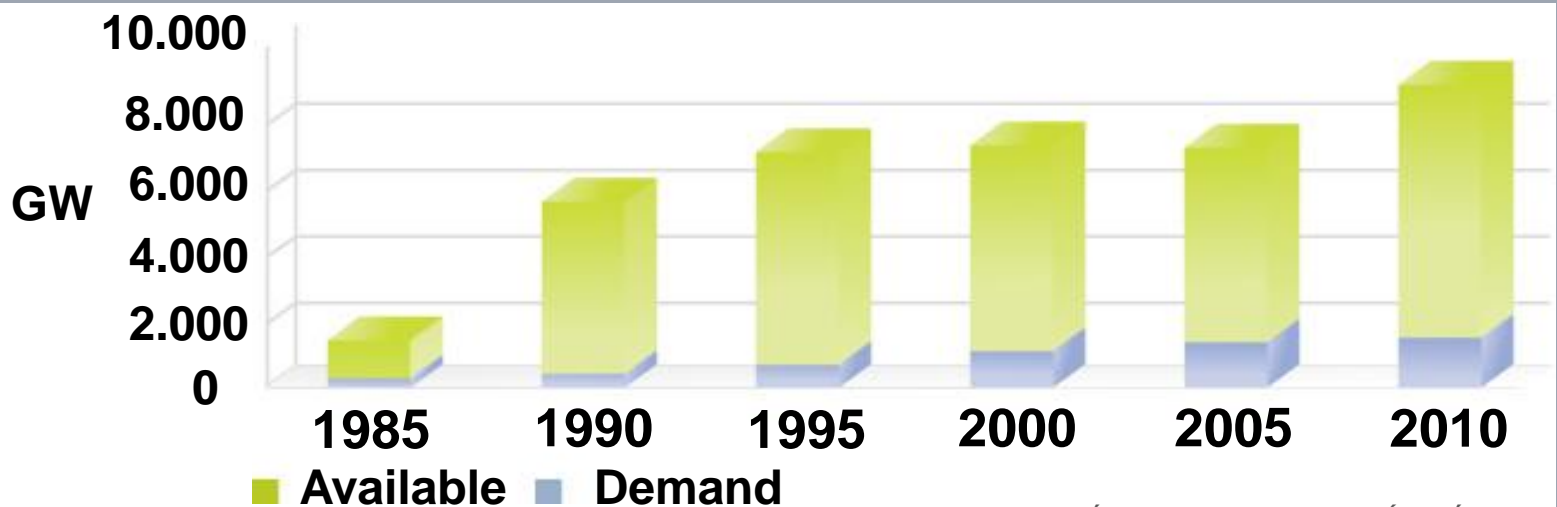


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HIGH ELECTRICAL ENERGY AVAILABILITY

Hydroelectrical Energy: **clean and sustainable**



SOURCE: ADMINISTRACIÓN NACIONAL DE ENERGÍA ELÉCTRICA

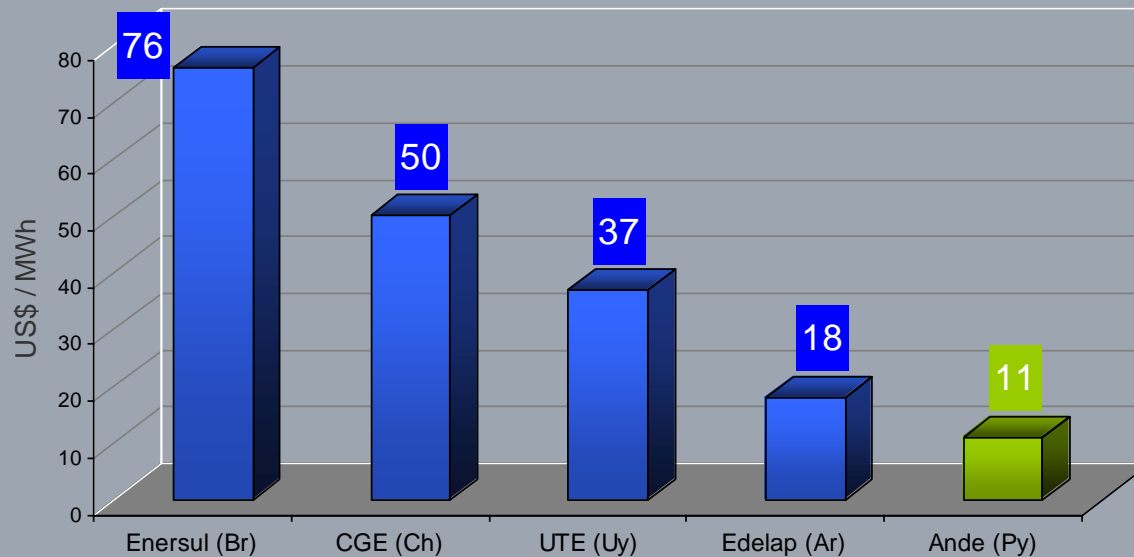
YEAR	SUPPLY (GW)	DEMAND (GW)	AVAILABLE (GW)
2005	7.410	1.266	6.045
2010	9.110	1.531	7.579

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ELECTRICAL ENERGY AT LOW COST

Mercosur Tariff Comparison (US\$/MW)



SOURCE:
ADMINISTRACIÓN
NACIONAL DE
ENERGÍA
ELÉCTRICA
(ANDE)

TARIFF USD/MW	ANDE (PY.)	AVERAGE	DIFFERENCE (%)
Industrial	11	38,4	-71%
Home	44	82	-46%

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A BIG HYDROGRAPHIC BASIN



Paraguay
shares the
biggest fresh
water deposit in
the world: The
Guarani Aquifer



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A BIG HYDROGRAPHIC BASIN



Plenty of rivers, lakes
and water courses
throughout the
country



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IDEAL CLIMATE AND FERTILE SOILS



Western Region

Temperature:

- * Máx. average 32,5°C
- * Min. average 19,2°C
- * Annual Average 25,2°C

Rain average:

- * 594 mm

SOURCE: DIRECCIÓN DE METEOROLOGÍA E HIDROLOGÍA DE LA DIRECCIÓN NACIONAL DE AERONÁUTICA CIVIL

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IDEAL CLIMATE AND FERTILE SOILS



Eastern Region

Temperature:

- * Máx. average 29,4°C
- * Min. average 19,2°C
- * Anual Average 24,3°C

Rain average:

- * 1420,3 mm

SOURCE: DIRECCIÓN DE METEOROLOGÍA E HIDROLOGÍA DE LA DIRECCIÓN NACIONAL DE AERONÁUTICA CIVIL

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IDEAL CLIMATE AND FERTILE SOILS

Paraguay is far away from Natural Disasters



● Natural Disasters Around the World

SOURCE: US Geological Survey

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KEY TOOL FOR ENCOURAGE INVESTMENTS:

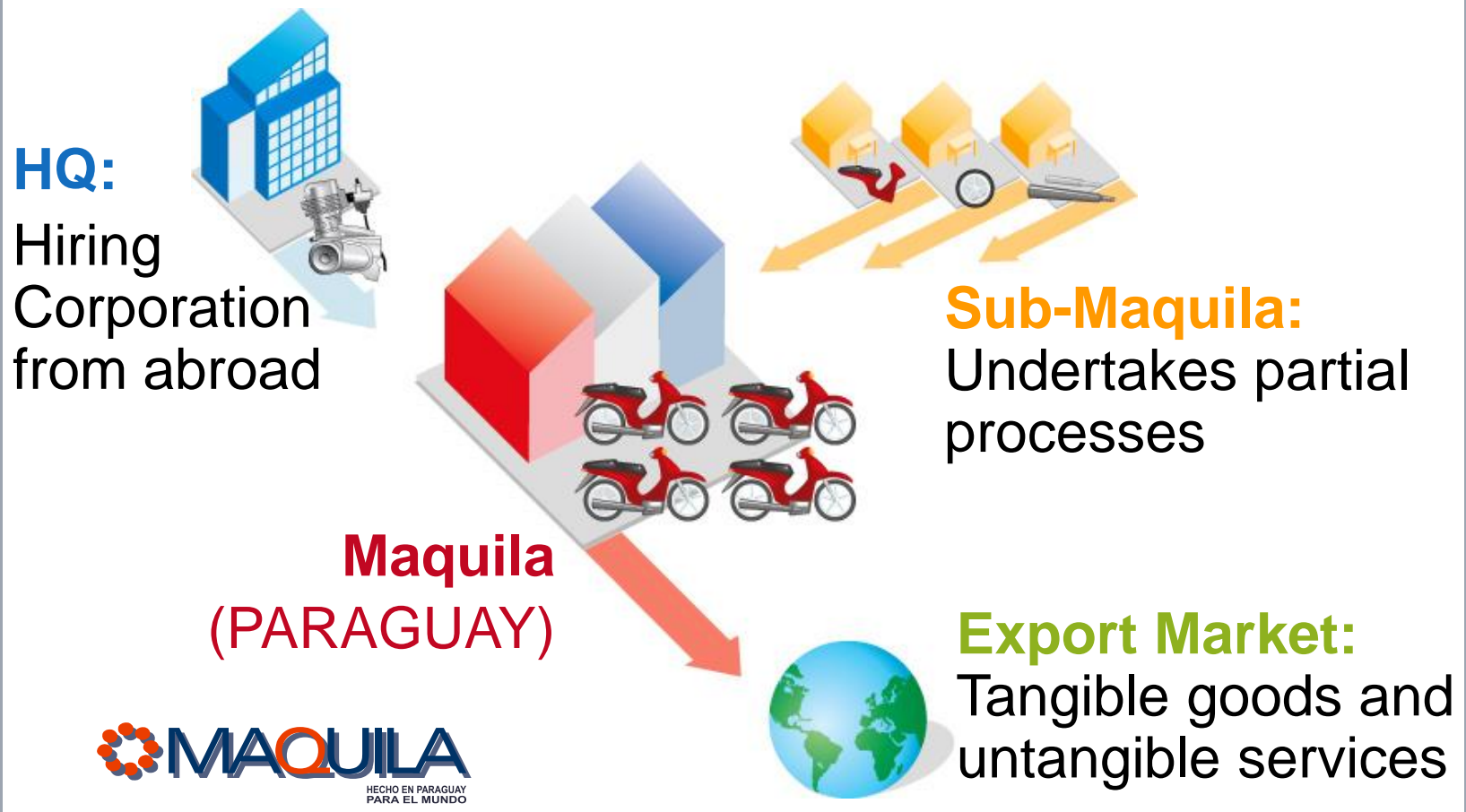
- OUTSOURCING: MAQUILA PROGRAM
- LAW 60/90
- FREE ZONES



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AVAILABLE KEY TOOLS FOR INVESTMENT



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Outsourcing: MAQUILA REGIME

Benefits: Duties and Internal Taxes Waived:

* Temporary Import of Capital Goods, Raw Material, Parts and Components.

MARGINAL TAX BURDEN:

* (1% over Invoicing)

MERCOSUR S&D R.O.O for Paraguay

REGIONAL CONTENT	YEAR
40%	Until 2008
50%	2009 - 2014
60%	2015...

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- **Law 60/90 Investment Encouragement Benefits:**
- Duty Free for Capital Goods
- Value Added Tax (10%) waived For New Investments
- Tax waived for Principal and Dividends Payouts for Investment > 5.000.000 USD



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FREE ZONES

Main Benefits:

- Duty Free as well as Internal Taxes are waived
- Types of Free Zones:
Industrial, Commercial and Services



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BUSINESS OPPORTUNITIES IN PARAGUAY

1- Heart of Palms

2- Floriculture

3- Freshwater Shrimps

4- Biofuels Plants



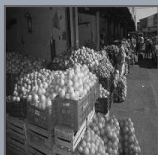
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HEART OF PALMS

The Heart of Palms (Palmito) is obtained from some species of original palms of the tropical forest.

The “Pupunha” specie is perennial and can be productive for more than 10 years.



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HEART OF PALMS

Business Proposal

Production, industrialization and commercialization of eco-heart of palms of best quality aimed to export market.

INVESTMENT (US\$)	Projection (5th year)			Anual IRR	Pay Back In Months
	Anual Production (MT.)	Revenues (US\$)	Outcomes (US\$)		
1.271.117	1.620	2.916.000	1.474.157	37%	47

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FLORICULTURE

Comparative advantages for the production of ornamental plants.

Main focus is oriented to:

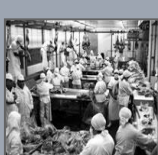
- Cut Flowers
- Foliage
- Ornamental Plants

Highly appreciated species in world markets



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FLORICULTURE

Business Proposal

Production, storage and shipment of cut flowers, foliage and ornamental plants to Europe.

INVESTMENT (US\$)	Projection (5th year)			Anual IRR	Pay Back In Months
	Anual Production (units)	Revenues (US\$)	Outcomes (US\$)		
675.000	20.000.000	4.040.000	1.930.000	51%	50

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FRESHWATER PRAWNS

The Aquiculture World Production has experienced an intense growth during the last decades, in some fields, like Freshwater Shrimps.

This behavior is explained with less and reducing natural resources as a result of illegal fishing and an increased worldwide demand of food.



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FRESHWATER PRAWNS

Business Proposal

Rise and commercialization of fresh Water Shrimps for export market or / and local consumption
(Fresh or Frozen)

INVESTMENT (US\$)	Projection (5th year)			Annual IRR	Pay Back In Months
	Annual Production (MT.)	Revenues (US\$)	Outcomes (US\$)		
150.000	25	140.000	83.000	32%	43

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BIOFUELS: ETHANOL PLANT & BIODIESEL PLANTS

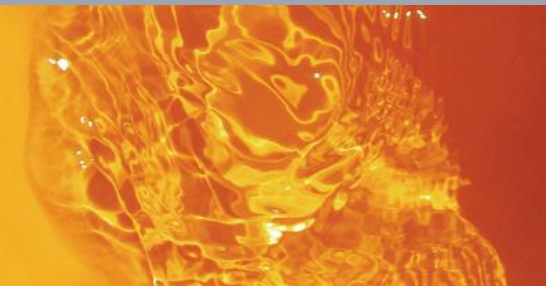
Ethanol has a superior performance than gasoline, lower cost production and less gas emissions.

Lax 2748/05 : Compulsory Mix with Renewable Source of Energy: Ethanol and Biodiesel. Internal Captive Market.

Allow the Government on the basis of Availavility and Quality to do the Mix.

Ethanol Recent Mixes:

24% for Gasoline of 85 Octane - 18 % for Gasoline of 95 Octane



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ETHANOL AND BIODIESEL PLANTS

Business Proposal

Ethanol Plants. As raw materials are sugar cane and molasses suggested, alternated with manioc, sorghum or corns depending of conditions of raw materials, aimed to the Paraguay's deficit market and to export worldwide.

Internal Market Deficit: Under Current conditions

Volume: 20.000 Cubic Meters

Value: 11.500.000 USD at 0.57 USD cents/Lt

Biodiesel Plants, using alternatives feedstocks: Soybeans, Colza, Paraguay's Coconut, Fat and even used Cooking Oils.

Internal Market Deficit at B-5 :

Volume: 50.000 Cubic Meters

Value: 37.000.000 USD at 0.75 cents USD/Lt

Exponential Worldwide Opportunities as Demand for Renewable source of Energy is soaring.

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PARAGUAY AS A GATEWAY FOR MARKETS OPPORTUNITIES:

- Core MERCOSUR Countries: Argentina, Brazil, Paraguay and Uruguay.
- FTA in South America: Chile, Bolivia, Colombia, Ecuador, Venezuela and Perú.
- Preferential Trade Agreement (PTA): India, SACU (Southern African Customs Union)

Under Current Negotiations Agreements:

PTA : Israel, Egypt and Marrocco.



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THANK YOU

