

WORLD RANK: **80** | REGIONAL RANK: **17**

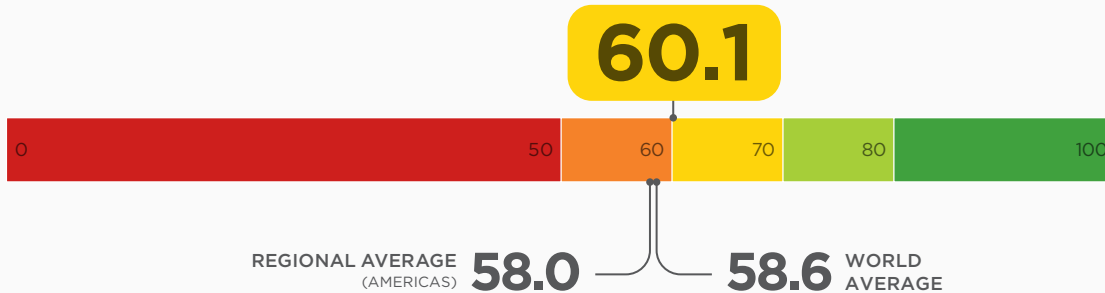
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

# PARAGUAY

Paraguay's economic freedom score is 60.1, making its economy the 80th freest in the 2024 *Index of Economic Freedom*. Its rating has decreased by 0.9 point from last year, and Paraguay is ranked 17th out of 32 countries in the Americas region. The country's economic freedom score is higher than the world and regional averages. Paraguay's economy is considered "moderately free" according to the 2024 *Index*.

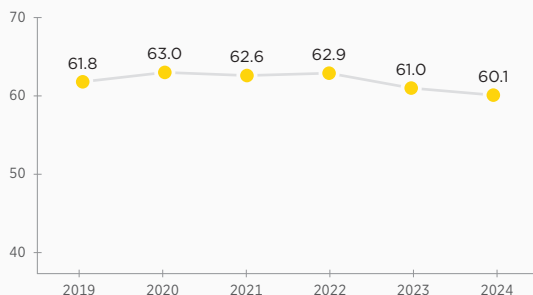
The agriculture, retail, and construction sectors continue to drive economic growth in Paraguay. One of the region's lowest tax burdens enhances businesses' competitiveness. However, the informal economy remains large, and institutional weaknesses that undermine the rule of law limit entrepreneurial growth. Foreign investment is not screened, and foreign entities may own property. Despite some improvement, a lack of transparency hurts investor confidence and slows the emergence of a more broadly based private sector. State-owned enterprises are present in several sectors of the economy.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): -5.8

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
7.2 million

**GDP (PPP):**  
\$108.3 billion  
0.1% growth in 2022  
5-year average growth rate: 1.2%  
\$14,535 per capita

**UNEMPLOYMENT:**  
7.2%

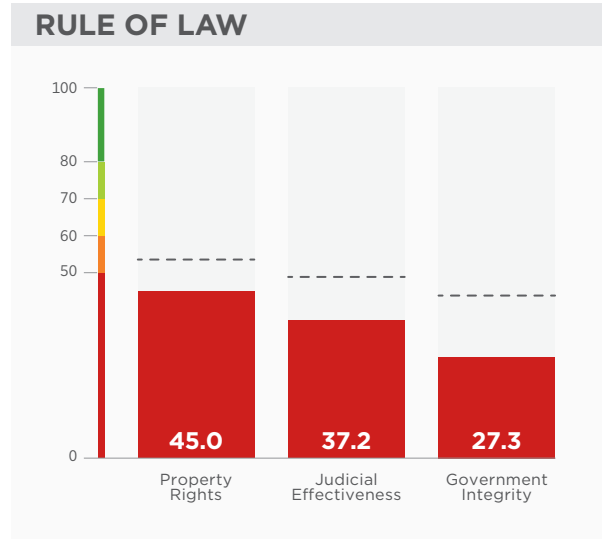
**INFLATION (CPI):**  
9.8%

**FDI INFLOW:**  
\$474.0 million

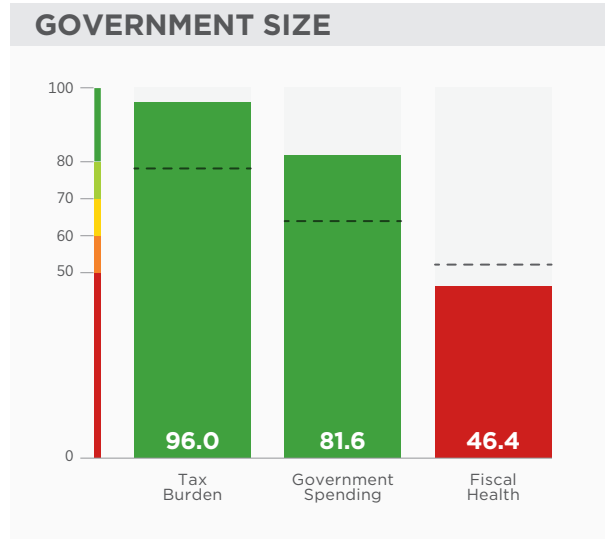
**PUBLIC DEBT:**  
40.8% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

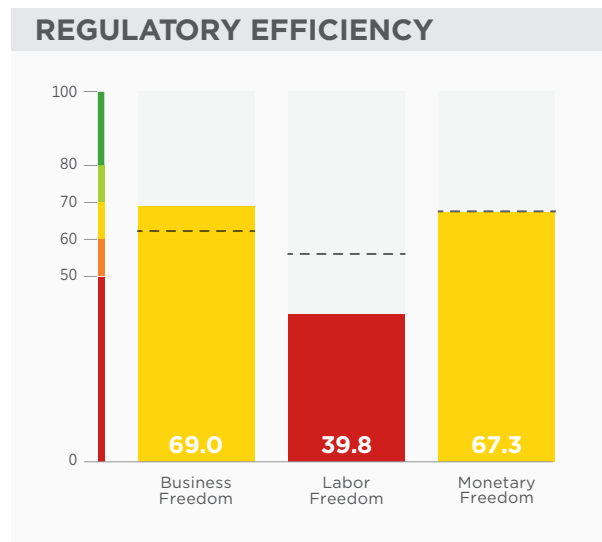
# 12 ECONOMIC FREEDOMS | PARAGUAY



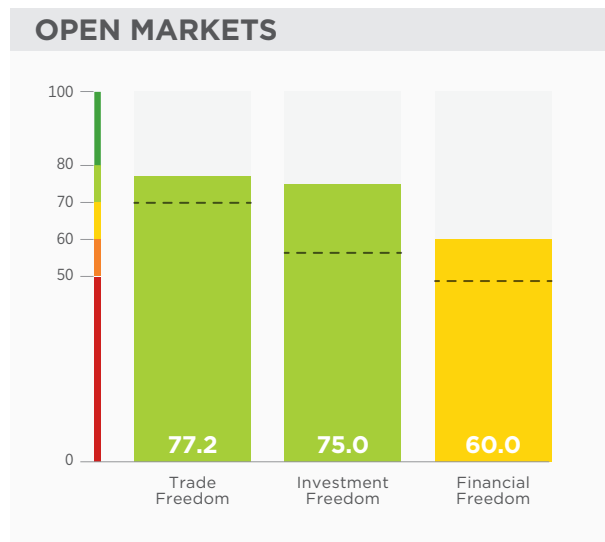
The overall rule of law is weak in Paraguay. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 10 percent. The tax burden equals 14.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 24.8 percent and -5.6 percent of GDP. Public debt amounts to 40.8 percent of GDP.



Paraguay's overall regulatory environment is relatively well institutionalized but lacks efficiency. The country's business freedom score is above the world average; its labor freedom score is below the world average; and its monetary freedom score is below the world average.



The trade-weighted average tariff rate is 6.4 percent. Foreign investment is not subject to restrictive screening, and foreign entities may own property. The informal economy remains large, and institutional weaknesses deter more dynamic investment growth. The financial sector is driven by banking.