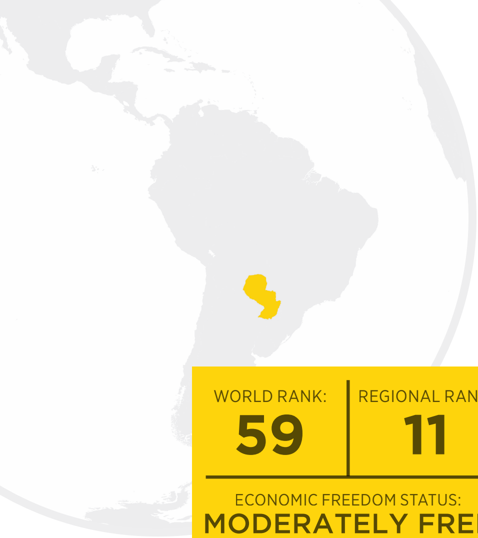


# PARAGUAY

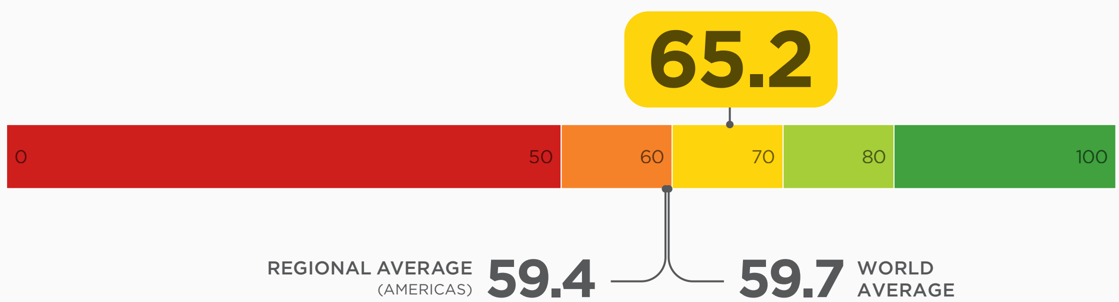
WORLD RANK: **59** | REGIONAL RANK: **11**

ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

Paraguay's economic freedom score is 65.2, making its economy the 59th freest in the 2025 *Index of Economic Freedom*. Its rating has increased notably by 5.1 points from last year, and Paraguay is ranked 11th 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 2025 *Index*.

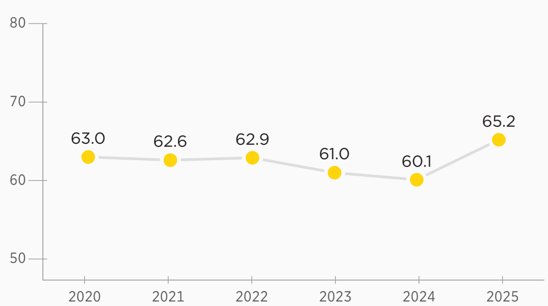
The Paraguayan economy has recorded one of the largest economic freedom score increases in the 2025 *Index* and has undergone notable expansion. The reform-minded Santiago Peña administration, which took office in August 2023, has pursued a series of legislative reforms to enhance the overall entrepreneurial environment and develop a stronger private sector to generate broader-based job growth. Despite progress, however, the informal economy remains large, and institutional weaknesses continue to undermine the rule of law and hold back more dynamic investment growth.

## ECONOMIC FREEDOM SCORE




**HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995):** –0.7

## RECENT FREEDOM TREND




## QUICK FACTS

**POPULATION:**
7.6 million

**GDP (PPP):**
$119.9 billion
4.7% growth in 2023
3-year average growth rate: 3.0%
$15,869 per capita

**UNEMPLOYMENT:**
5.8%

**INFLATION (CPI):**
4.6%

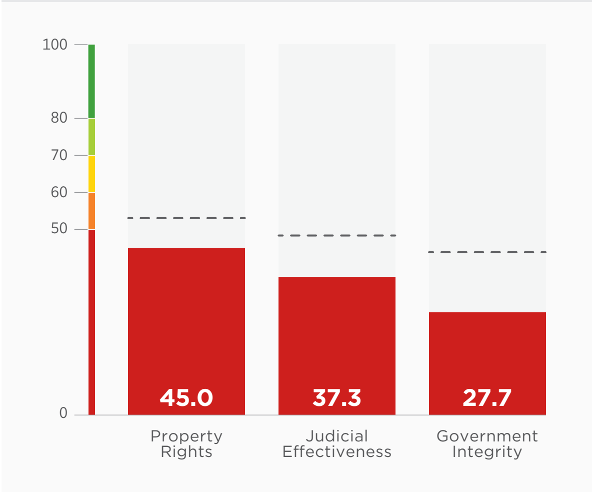
**FDI INFLOW:**
$474.0 million

**PUBLIC DEBT:**
41.2% of GDP

*2023 data unless otherwise noted. Data compiled as of November 2024.*

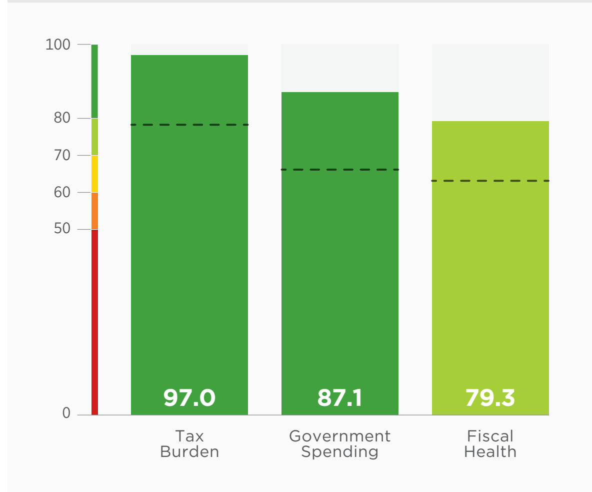
# 12 ECONOMIC FREEDOMS | PARAGUAY

## RULE OF LAW



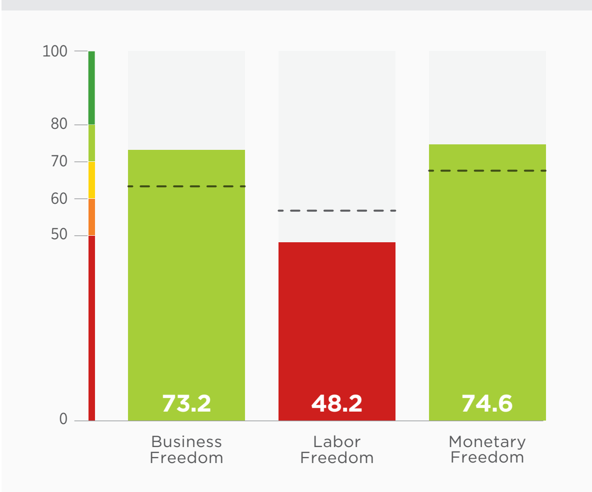

The overall rule of law is weak in Paraguay. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

## GOVERNMENT SIZE



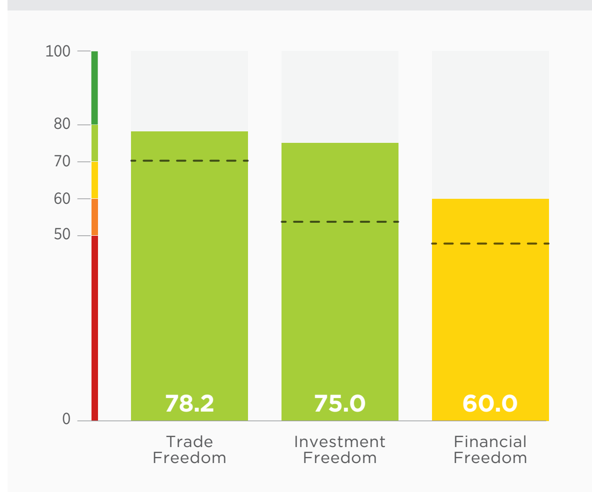

The top individual income tax rate is 10 percent, and the top corporate tax rate is 10 percent. The tax burden equals 10.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 20.7 percent and –3.3 percent of GDP. Public debt amounts to 41.2 percent of GDP.

## REGULATORY EFFICIENCY




Paraguay's overall regulatory environment is relatively well institutionalized but lacks overall 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 above the world average.

## OPEN MARKETS




The trade-weighted average tariff rate is 5.9 percent. Foreign investment is not subject to restrictive screening, and foreign entities are allowed to own property. The informal economy remains large, and institutional weaknesses deter more dynamic investment growth. The financial sector is driven by banking.