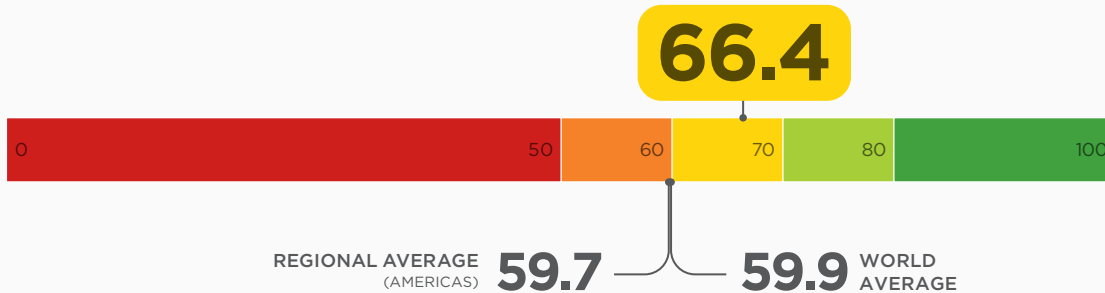


PARAGUAY

Paraguay's economic freedom score is 66.4, making its economy the 55th freest in the 2026 *Index of Economic Freedom*. Its rating has increased by 1.2 points from last year, and Paraguay is ranked 9th 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 2026 *Index*.

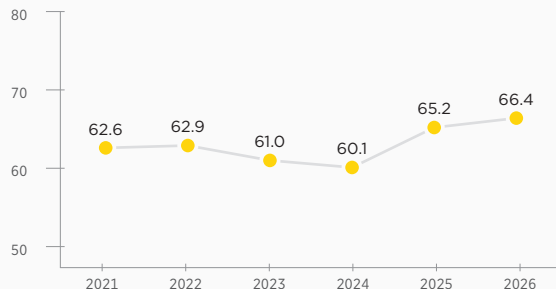
Paraguay's economy has become one of the fastest-growing in South America. The Santiago Peña administration has pursued a series of legislative reforms to improve the overall entrepreneurial environment and develop a stronger private sector to generate broader-based job growth. Driven by enhanced fiscal discipline and monetary stability, among other reforms, Paraguay has achieved a historic milestone: an investment-grade credit rating. Paraguay has overhauled its investment framework by enacting legislation designed to increase efficiency, modernize tax incentives, and expand the scope of foreign investment.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +0.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.6 million

GDP (PPP):
\$128.5 billion
4.4% growth in 2025
3-year average growth rate: 4.5%
\$19,717 per capita

UNEMPLOYMENT:
6.1%

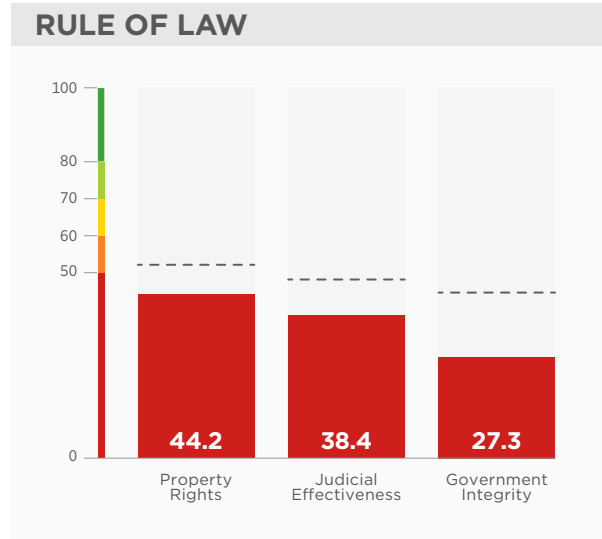
INFLATION (CPI):
3.8%

TRADE AS % OF GDP: 76.8%

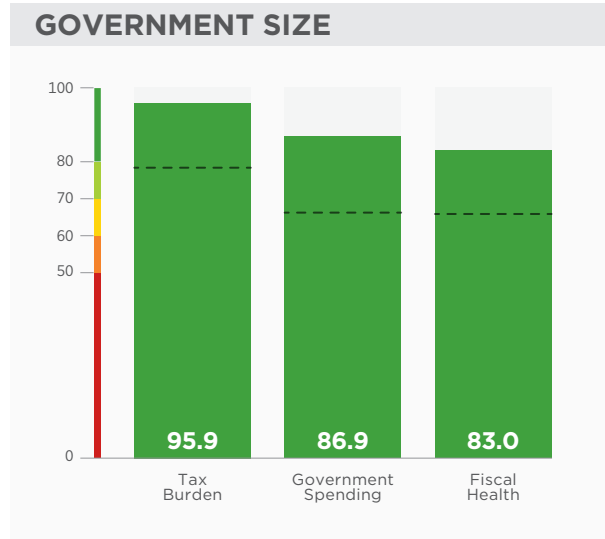
PUBLIC DEBT:
44.8% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

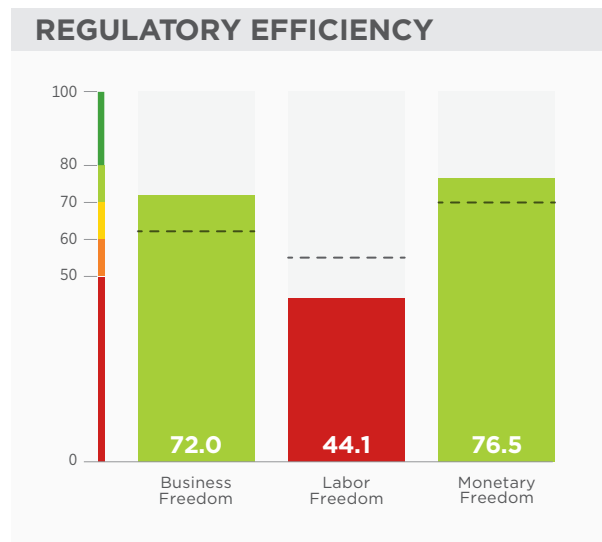
12 ECONOMIC FREEDOMS | PARAGUAY



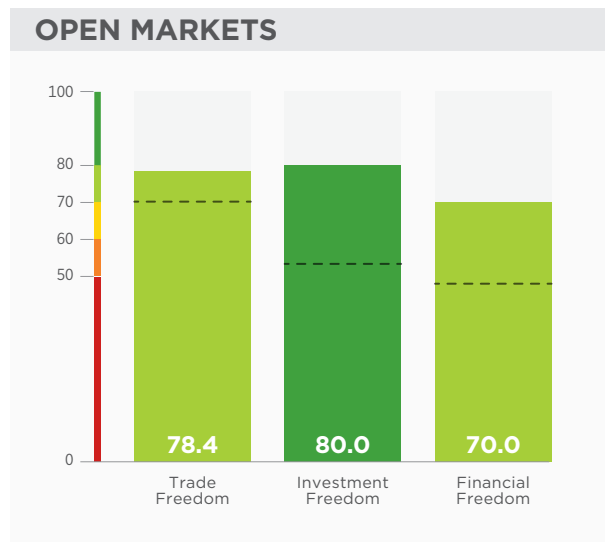
Despite progress, the overall rule of law remains relatively weak in Paraguay. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 10 percent. The tax burden equals 14.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 20.9 percent and -2.9 percent of GDP. Public debt amounts to 44.8 percent of GDP.



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



The trade-weighted average tariff rate is 5.8 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 dominated by banking.