

Paraguay's Next Export Industry May Not Need a Port

The Case for Services Nearshoring

Paraguay's export story has traditionally been built around things that move physically: soybeans, beef, electricity, manufactured goods and, increasingly, maquila production. A different export model is now becoming more plausible. Business-process outsourcing, software, back-office operations and other digitally delivered services can be sold abroad without crossing a bridge, navigating the Paraguay-Paraná Waterway or paying container freight. The opportunity is still small relative to Paraguay's goods exports, but the legal framework, digital infrastructure and labour market have changed enough that international investors should begin taking it seriously.

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Paraguay has spent much of the past two decades solving the economic problems associated with being landlocked.

Road corridors have improved. Private river ports have multiplied. The maquila regime has connected factories to Brazil and other regional markets. The Bioceanic Corridor is gradually opening a westward logistics axis. These developments remain essential.

But digital services change the geography of trade in a more radical way.

A customer-support centre, software development team, accounting operation or compliance-processing unit in Asunción can serve a client in Madrid, Miami or São Paulo without moving a tonne of cargo. The constraints become different: people, language, telecommunications, electricity, data protection, management quality and the tax treatment of cross-border services.

That matters because digitally delivered services are one of the fastest-growing areas of global trade. UN Trade and Development noted in September 2026 that digitally delivered services have been expanding substantially faster than goods trade and are becoming increasingly embedded in almost every productive sector.

Paraguay is only beginning to capture that opportunity.

A large service economy with a relatively small export-services platform

Services are already central to Paraguay's domestic economy.

In August 2026, the Ministry of Industry and Commerce estimated that services account for approximately **48% of Paraguayan GDP**. Yet the internationally tradable part of that sector remains comparatively underdeveloped.

This distinction is important.

Retail, restaurants, transport, domestic professional services and financial activities can make the service sector large without necessarily making Paraguay a major exporter of services.

The more interesting indicator for foreign investors is the emergence of operations specifically structured around foreign customers.

Paraguay's contact-centre and BPO industry was estimated to employ around **10,000 young people in 2025**, compared with roughly 8,000 a year earlier. Industry representatives cited annual growth rates in the range of 10%–15%, although those figures should be treated as sector estimates rather than official forecasts.

An even clearer measure comes from the maquila system.

At the end of 2025, exports of **intangible services under the maquila regime reached USD 47 million**. By January 2026, intangible-service maquila operations already accounted for close to **4,000 direct jobs**. That is still modest beside automotive components or garments, but it is large enough to show that export services are no longer merely theoretical.

The strategic relevance lies less in today's USD 47 million than in the fact that Paraguay has now created a legal framework explicitly designed to scale the model.

The new Maquila law changes the economics of exporting services

Law No. 7547/2025 fundamentally modernised the Maquila regime by recognising **services as a distinct export activity**, rather than treating maquila primarily as an industrial system involving imported inputs and re-exported goods.

The law defines service maquila as the provision, from Paraguay, of services to a foreign company through information technology, communications or other remote means. The foreign client must not be present or resident in Paraguay for the relevant service relationship.

The tax treatment is unusually competitive.

Activities carried out under an approved maquila programme are subject to a **single 1% Maquila tax**, calculated on Paraguayan value added or the export invoice value, whichever is higher. Maquila income is exempt from the ordinary Corporate Income Tax (IRE), Dividend and Profit Tax (IDU) and Non-Resident Income Tax (INR) to the extent provided by the approved programme. Service maquiladoras can also recover VAT credits, although the refund for services is capped at 0.5% of the relevant statutory base.

The regime therefore produces a very different cost structure from that of an ordinary domestic service company.

But it is not simply a low-tax registration.

A company needs an approved programme, a contractual relationship with the foreign customer or matrix company and continuing compliance with the Maquila rules. Benefits can be granted for up to twenty years, and approved operations must generally begin within eighteen months.

For investors, the important point is that the legislation now treats export services as part of Paraguay's industrial and investment policy rather than as an incidental activity.

That is a major conceptual change.

Paraguay's strongest initial opportunity is probably regional nearshoring

The phrase "services export" can create unrealistic expectations.

Paraguay is unlikely to become a global English-language outsourcing giant overnight. It does not yet possess the enormous bilingual labour pools found in India, the Philippines or some larger Latin American markets.

Its more credible first advantage is regional.

Spanish-language operations serving Latin America, Spain or the Hispanic market in the United States fit Paraguay's existing human-capital base naturally. Portuguese-language work linked to Brazil can also be attractive, particularly in border regions and among professionals accustomed to operating commercially with Brazilian companies.

Contact centres are the most visible example, but the economic logic extends much further.

Accounting support, payroll processing, document review, procurement administration, customer onboarding, claims processing, compliance functions, software testing, data operations, technical support and shared administrative services can all be delivered remotely when processes are sufficiently standardised.

This is where Paraguay may be able to move from conventional call-centre outsourcing towards **higher-value business services**.

The distinction matters economically.

A country competing only on telephone support and wage cost is vulnerable to automation and artificial intelligence. A country capable of providing trained teams that understand accounting systems, customer processes, compliance requirements or software environments is selling knowledge rather than only labour hours.

Paraguay's challenge is therefore not simply to attract more BPO companies.

It is to push the sector up the value chain.

Labour is available, but talent depth is the real constraint

Paraguay's labour market gives service investors a mixed picture.

The country's labour force reached approximately **3.41 million people in the second quarter of 2026**, while unemployment fell to 4.1%. Employment increased by more than 114,000 people year on year.

A low unemployment rate is economically positive, but it also means investors should not assume an unlimited reserve of immediately employable professionals.

The deeper issue is skills.

The BPO industry itself has repeatedly emphasised the need for language training and specialised staff. In 2025, industry representatives were already reporting difficulty filling some foreign-language positions and identified training as one of the principal obstacles to faster expansion.

Paraguay's high level of informality adds another dimension.

In 2025, **60.1% of non-agricultural employment was informal**, although informality declined substantially with education and company size. Among people with 13–18 years of education, the informal-employment rate was 36.5%, while large companies had far lower informality than microbusinesses.

For a foreign service investor this is both a limitation and an opportunity.

Recruitment systems, professional career structures and formal payroll employment can attract workers away from less structured parts of the economy. But companies should not confuse population size with immediately available skilled labour.

Training will frequently need to be part of the investment.

Wage cost helps, but wage arbitrage is not enough

Paraguay continues to offer a relatively moderate labour-cost environment, but investors should avoid building a business case around minimum-wage comparisons.

The statutory minimum wage increased to **₡3.044 million per month from 1 July 2026**. Skilled bilingual workers, software developers, accountants, supervisors and compliance staff will naturally command materially more than the legal floor.

Currency movements matter as well.

A service exporter may invoice customers in dollars or euros while paying most staff costs in guaraníes. The strong appreciation of the guaraní during 2025–2026 has therefore raised the foreign-currency cost of Paraguayan payrolls even where local salaries have not changed correspondingly.

That is an important warning against a low-cost-only strategy.

A BPO operation that is viable only because Paraguay is marginally cheaper than another jurisdiction can lose its advantage through wage growth, exchange-rate movements or automation.

A stronger investment case combines moderate costs with low taxation, employee retention, operational flexibility and higher productivity.

That model is more durable.

Digital infrastructure has improved quickly

Services outsourcing obviously depends on connectivity.

Paraguay has made visible progress.

According to the National Statistics Institute, **85.4% of people aged ten or older used the internet in 2025**, up from 61.9% in 2017. In urban areas, internet use reached 88.2%.

In December 2025, Paraguay also launched commercial **5G services**, following the licensing process conducted by telecommunications regulator CONATEL.

These are meaningful indicators of digital adoption.

But consumer internet penetration is not the same thing as enterprise resilience.

A company processing customer transactions for an overseas bank or running a 24-hour contact centre should evaluate fibre availability, multiple telecommunications providers, backup links, latency, cybersecurity and electricity redundancy at the specific site.

The same applies to remote-work models.

The rural internet-use rate in 2025 was 77.8%, considerably below the urban figure. Paraguay is therefore increasingly connected, but the safest initial locations for large service operations remain the metropolitan areas where telecommunications and professional labour are deeper.

Asunción is the natural starting point — but not the only one

The geography of existing maquila investment is instructive.

At the beginning of 2026, **91% of companies with approved maquila programmes were concentrated in Alto Paraná, Central, Asunción and Amambay.**

For service operations, Asunción and the surrounding Central Department offer the clearest advantages: universities, professional services, management talent, telecommunications infrastructure and proximity to government agencies.

Ciudad del Este presents a different proposition.

Its commercial integration with Brazil and its bilingual business environment can be valuable for Portuguese-facing operations or companies supporting clients across the border.

Smaller Paraguayan cities may eventually become attractive for remote service teams, particularly as broadband quality improves, but investors should be cautious about assuming that decentralised labour automatically provides the same managerial depth or specialist recruitment pool as the capital.

The right location depends on the function.

A 500-seat customer-service operation and a 30-person software team do not require the same labour market.

Data protection is becoming part of the investment case

Outsourcing increasingly involves personal and commercially sensitive information.

Paraguay historically lacked a comprehensive general data-protection framework, which could complicate negotiations with international clients subject to more developed privacy regimes.

That is now changing.

Law No. **7593/2025 on Personal Data Protection** creates Paraguay's first comprehensive framework for personal information, establishes a supervisory authority and introduces rights and obligations covering the processing and international transfer of personal data. The law was promulgated in November 2025 and has a 24-month implementation period, meaning full application is expected from late November 2027.

For outsourcing investors, this is strategically relevant.

Large international customers increasingly require vendors to demonstrate documented security procedures, processing agreements, access controls, incident response and rules governing cross-border data transfers.

The new Paraguayan law should make those conversations easier by providing a more recognisable legal framework.

It does not, however, remove the customer's own regulatory obligations. A European company transferring personal data to Paraguay must still analyse EU data-transfer rules, and Paraguay does not automatically become an EU "adequate" jurisdiction merely because it has enacted a modern privacy law.

Compliance architecture therefore remains part of the commercial product.

The best opportunities are not necessarily classic call centres

The service-export opportunity is strongest where Paraguay can combine labour with a genuine operational advantage.

Customer experience and contact centres are already proven activities.

Shared-service centres for regional corporate groups may be another logical area, particularly where several subsidiaries need centralised accounting, procurement, payroll administration or customer support.

Software development and testing are attractive where companies can build stable technical teams rather than constantly competing for senior programmers.

Accounting and tax-processing support may work especially well for firms serving Spanish-speaking markets, provided responsibility for regulated professional advice remains correctly allocated in the destination jurisdiction.

Compliance, onboarding and document-processing operations could also grow as banks, fintech companies and other regulated businesses increasingly outsource labour-intensive administrative functions.

In each case, the economic question is not whether Paraguay is “cheap”.

It is whether a Paraguayan team can perform the process reliably enough that the client wants to keep it there.

What could prevent the sector from scaling

The main risks are human rather than fiscal.

Paraguay can legislate a 1% tax rate much faster than it can train thousands of fluent English-speaking supervisors, software engineers or specialist accountants.

Management capacity is another constraint. A successful outsourcing industry needs experienced middle managers capable of running large teams, measuring service levels and dealing with international clients.

Cybersecurity and data governance will become increasingly important as contracts move into financial, health or professional-service processes.

Currency appreciation can gradually erode labour-cost advantages.

And international tax issues do not disappear simply because Paraguay applies a favourable regime. Foreign customers may face withholding taxes in their own jurisdictions, while multinational groups must consider transfer pricing and the interaction between Paraguayan incentives and the tax rules of the parent company.

These are manageable issues.

But they explain why Paraguay should not attempt to reproduce another country's outsourcing industry simply by offering a lower tax rate.

Conclusion: an export industry without the traditional geographic penalty

Paraguay's great economic challenge has always been geography.

Goods must travel through neighbouring countries before reaching major international markets. Infrastructure, water levels, customs procedures and transport costs therefore influence almost every traditional export business.

Services change that equation.

A digital service produced in Asunción can reach Madrid or Miami in milliseconds.

The opportunity remains early-stage. Intangible-service maquila exports of USD 47 million in 2025 are tiny compared with Paraguay's agricultural and industrial exports. The country still needs deeper language skills, stronger managerial capacity and continued improvements in digital infrastructure.

But several pieces are now in place that were not present a few years ago.

The services sector already represents almost half of GDP. BPO employment has been expanding. The new Maquila law explicitly recognises export services and offers a highly competitive tax structure. Internet use has risen above 85% of the population aged ten or more, 5G has been launched, and Paraguay is preparing to implement its first comprehensive personal-data regime.

For international investors, the practical conclusion is not that Paraguay is already a mature global outsourcing hub.

It is that **service exports have become a credible second track in the country's investment story.**

The companies most likely to succeed will not be those seeking the cheapest call-centre seat.

They will be those capable of combining Paraguay's cost structure and tax regime with training, technology, compliance and processes sophisticated enough to sell knowledge rather than simply labour.

Sources

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