

Paraguay's River Economy

Why the Paraguay–Paraná Waterway Is Both a Strategic Asset and a Structural Risk

Paraguay is routinely described as a landlocked country. Economically, that description is incomplete. The Paraguay–Paraná Waterway gives the country an inland transport system capable of moving millions of tonnes of grain, fuel, industrial inputs and containerised cargo between the interior of South America and Atlantic ports. In 2026, new fleet investment, dredging programmes and changes to the Argentine section of the waterway are making river logistics more important — and more complex — for foreign investors.

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For an investor examining Paraguay from Europe, North America or Asia, the absence of a coastline can appear to be an obvious structural disadvantage.

That view is understandable, but it misses an important part of Paraguay's economic geography.

The Paraguay and Paraná rivers connect the country with Argentina and Uruguay and ultimately with the Río de la Plata and Atlantic shipping routes. Official Paraguayan estimates vary according to the year and measurement used, but generally indicate that roughly **70% to 80% of Paraguay's foreign trade** depends directly on the Paraguay–Paraná Waterway. The Ministry of Industry and Commerce has estimated traffic at around 20 million tonnes annually and has identified the waterway as one of the central pillars of Paraguay's strategy to become a regional logistics hub.

This makes the river system more than transport infrastructure.

It is part of Paraguay's production model.

A soybean processor, fuel importer, fertiliser distributor, container terminal, meat exporter or manufacturing operation may be located hundreds of kilometres from the Atlantic. Yet its international competitiveness can depend directly on river depth, barge capacity, port handling times and the cost of navigating through Argentina.

For foreign investors, understanding Paraguay therefore requires understanding its **river economy**.

Landlocked does not necessarily mean logistically isolated

Many landlocked economies depend primarily on road or rail corridors controlled by neighbouring countries. Paraguay is different because its principal international transport corridor is navigable water.

That matters economically because bulk river transport can move very large volumes at a comparatively low unit cost.

The Paraguay–Paraná Waterway extends for more than 3,000 kilometres through the interior of South America. Paraguayan cargo typically moves downriver in barge convoys before being transferred to ocean-going ships in Argentina or Uruguay. The same logistics chain brings fuel, fertilisers, machinery and other imports upstream.

The system allows Paraguay to participate in global commodity markets despite being located deep inside the continent.

Its scale has created something unusual for a relatively small economy: a substantial domestic shipping industry.

Paraguayan authorities and the shipping sector routinely describe the country as operating the **third-largest river fleet in the world**, behind those of the United States and China. Industry estimates in 2025 put the registered fleet at roughly 3,400 vessels, including hundreds of powered tugboats and a much larger number of barges.

Whatever ranking methodology is used, the strategic point is clear. Paraguay is not merely a user of river transport supplied by foreign operators. It has developed a significant shipping, port, maintenance and shipbuilding ecosystem of its own.

That creates investment opportunities which are easily overlooked when Paraguay is analysed primarily through agriculture, taxation or electricity.

The river fleet itself has become an investable industry

Recent transactions illustrate the scale that the sector is beginning to attract.

In December 2025, international logistics group Rocktree announced the acquisition of Atria Soluciones Logísticas and the establishment of its regional operational headquarters in Asunción. According to the Paraguayan Presidency, the operation incorporated approximately **500 barges, 20 tugboats, two ports and a shipyard** into the group's regional activities.

The significance goes beyond one acquisition.

A global logistics company choosing Asunción as its operational base indicates that Paraguay is increasingly useful not merely as the origin of cargo but as a location from which river logistics across the broader region can be managed.

Earlier investments had already pointed in the same direction. Major international commodity companies have expanded their Paraguayan barge fleets and logistics capacity to carry grain and derivatives south towards export terminals and to move fertilisers and other inputs upriver on the return journey.

This two-way cargo flow is important.

A vessel that carries soybeans downstream and returns empty has a very different cost structure from one that can return with imported cargo. The development of Paraguay's broader industrial economy therefore potentially improves the economics of the logistics sector itself.

More imports, more industrial inputs and more manufactured exports can create better fleet utilisation.

That is one reason why river logistics should not be viewed as merely an appendage to agriculture.

Natural infrastructure still requires heavy infrastructure spending

Rivers provide a transport corridor without the cost of constructing thousands of kilometres of railway or motorway.

But they are not free infrastructure.

Sedimentation, changing channels and water-level fluctuations require constant dredging, signalling, hydrographic monitoring and navigation management.

Paraguay has learned this particularly clearly during recent low-water episodes.

In 2024, the Paraguay River reached record-low levels around Asunción, forcing barges to reduce cargo loads and disrupting fuel and other shipments. Lower draft means that a barge convoy may carry substantially less cargo while using broadly the same crew, tugboat and operating resources. The cost per transported tonne therefore rises sharply.

This is one reason why dredging has moved higher on the infrastructure agenda.

In September 2025, the Ministry of Public Works and Communications launched a major maintenance-dredging tender covering the Paraguay River from its confluence with the Paraná northwards to the mouth of the Apa River. The estimated investment was **€475 billion**, with the works divided into three sections covering the river continuously. The programme also includes navigation aids such as buoys and signalling equipment. The contracts were subsequently awarded in three lots.

Maintenance work is also being undertaken on the Paraná River between the Yacyretá area and the confluence with the Paraguay River.

From an investment perspective, these projects reveal something fundamental about Paraguay's logistics system.

Its competitive advantage does not come merely from possessing a navigable river. It depends on **continuously maintaining that river as commercial infrastructure**.

Water level should be treated as a financial variable

This has practical consequences for companies whose business models depend on large-volume river transport.

A financial model that assumes a constant cost per tonne can be misleading.

During favourable hydrological conditions, barges can operate close to their designed loading capacity. During low-water periods, draft restrictions reduce payload. Additional convoys may then be required to transport the same amount of cargo.

The result can affect inventory cycles, freight rates, export timing and working-capital requirements.

For commodity traders this may already be familiar. For industrial investors it is less obvious.

A fertiliser importer, for example, may need larger inventory buffers if low water delays deliveries. A manufacturer dependent on imported components may need to diversify between containerised river transport and road freight. A fuel distributor must consider how draft restrictions affect supply continuity.

The relevant risk is therefore not simply whether the river becomes completely unnavigable.

More commonly, the risk is that it remains navigable but becomes **less economically efficient**.

That should be incorporated into logistics sensitivity analysis in much the same way as exchange rates, interest rates or energy prices.

Paraguay controls only part of its logistics chain

There is another structural issue that distinguishes the waterway from domestic infrastructure.

Paraguay can dredge its own river, improve its ports and modernise its fleet. But cargo still has to navigate through other countries before reaching the ocean.

This makes international governance of the waterway commercially important.

The clearest example is the continuing disagreement over tolls imposed on the Argentine section between the confluence with the Paraguay River and Santa Fe.

Paraguay, along with other waterway countries, originally challenged the Argentine toll when it was introduced in 2023. A temporary arrangement subsequently reduced the charge applicable to international traffic to **USD 1.30 per net register tonne** pending a more permanent solution.

The issue became more complicated in 2026.

Argentina awarded a **25-year concession** for the modernisation, dredging, signalling and maintenance of its Vía Navegable Troncal to a consortium formed by Belgian dredging company Jan De Nul and Argentina's Servimagnus, operating through Vía Navegable Argentina S.A. The concession covers the system from the Paraná confluence to deep water in the Río de la Plata.

The winning economic offer included a base tariff of **USD 3.80**, 13.5% below the USD 4.30 benchmark used in the bidding process. From an Argentine perspective, that represents a tariff reduction for the principal trunk route.

For Paraguayan users, however, the comparison is different because international traffic on the Santa Fe–Confluence section had benefited from the much lower transitional tariff.

As of September 2026, Paraguayan authorities and private-sector organisations were therefore still discussing the future tariff structure with Argentina and evaluating the legal and economic implications of the new concession.

This is precisely the kind of issue that foreign investors should understand.

The Paraguayan logistics system is highly competitive, but part of its final cost depends on infrastructure and regulatory decisions taken outside Paraguay.

Ports matter almost as much as the river

The second frequently underestimated part of the system is the port.

River transport is competitive only when cargo can enter and leave the waterway efficiently.

Over several decades Paraguay has developed a substantial network of privately operated terminals specialising in grain, fuel, containers, general cargo and project cargo. Major logistics activity is concentrated around the Asunción metropolitan region, Villeta and San Antonio, while additional terminals serve agricultural and industrial production elsewhere.

For companies selecting an industrial site, proximity to a competitive port can therefore be as important as proximity to a motorway.

A factory importing machinery and raw materials in containers must model the entire chain: ocean freight, transshipment, barge feeder service, terminal handling, customs clearance and final road delivery.

For large industrial equipment, port infrastructure may determine whether project cargo can be imported economically at all.

For agricultural products, storage capacity and loading speed can directly influence how rapidly production can be moved during the harvest season.

The port decision should consequently be made together with the site decision rather than after a factory or warehouse has already been acquired.

The next logistics opportunity may come from regional cargo

Paraguay's shipping industry has historically developed around Paraguayan exports and imports.

The larger opportunity may be regional.

Brazilian iron ore, Bolivian products and cargo originating elsewhere in the interior of South America can also use the waterway. At the same time, development of the Bioceanic Corridor is creating a new east-west road axis across the Paraguayan Chaco.

These two systems should not be viewed as competitors.

The road corridor provides access towards Brazil, northern Argentina and Pacific ports. The river system provides high-capacity access south towards the Atlantic.

Together they potentially allow Paraguay to become a **multimodal logistics platform** rather than merely a landlocked exporter.

This has implications for warehousing, distribution centres, container depots, customs services and industrial parks.

A regional company may eventually choose Paraguay not simply because its final customer is Paraguayan, but because Paraguay offers access to several surrounding markets through different transport modes.

The economics will vary enormously by product, but the strategic possibility is real.

Where foreign investment opportunities may emerge

The most obvious opportunities are in shipping and terminals, but the river economy is broader than either.

Fleet expansion creates demand for tugboats, barges, engines, navigation equipment and financing. Older vessels require repowering and maintenance. More sophisticated operations require satellite communications, fleet management, hydrographic information and real-time cargo tracking.

Shipyards can provide construction, repair and conversion capacity.

Ports require cranes, storage, silos, bonded warehouses and container-handling technology.

Low-water risk increases demand for shallow-draft vessel design and more efficient propulsion.

Environmental pressure creates opportunities for lower-emission engines and fuel-efficiency technology.

Growth in containerised manufacturing and Maquila exports can increase demand for feeder services linking Paraguayan terminals with ocean carriers in Argentina and Uruguay.

And expanding regional trade can support specialised logistics services ranging from customs representation to cargo inspection, insurance and trade finance.

None of these opportunities is automatic.

But Paraguay already has something that emerging logistics hubs often lack: meaningful cargo volumes and an established operating ecosystem.

What investors should include in due diligence

Foreign companies whose projects depend materially on river transport should test several variables before committing capital: the draft available at the relevant port and its historical variation; the proportion of cargo that can be redirected by road during low-water periods; realistic transit times to transshipment ports; storage capacity at origin and destination; freight-rate sensitivity to reduced barge loading; the contractual allocation of toll increases; customs and border procedures; and whether alternative Argentine or Uruguayan transshipment ports can be used if relative costs change.

They should also distinguish between **physical transport capacity and contractual transport capacity**.

The existence of thousands of barges does not guarantee that space will be available at an acceptable price during the peak agricultural season.

Long-term freight contracts, guaranteed capacity or ownership of logistics assets may therefore have strategic value for businesses whose margins are highly sensitive to transport costs.

A strategic advantage with genuine vulnerabilities

Paraguay's waterway produces an interesting paradox.

Its lack of direct access to the sea is clearly a constraint. Yet the response to that constraint has created one of the country's most sophisticated industrial ecosystems.

Paraguay has developed a major river fleet, specialised private ports, shipyards and logistics companies precisely because international trade cannot function without them.

The system is now entering another phase.

Foreign logistics capital is arriving. Fleet capacity is expanding. The Paraguayan government is investing more systematically in dredging and navigation infrastructure. Argentina has begun a new long-term concession for its section of the river. Road infrastructure is simultaneously opening alternative regional corridors.

But important risks remain.

Water levels fluctuate. Dredging must be continuous. Foreign regulatory decisions affect freight costs. Ocean access still requires navigation through neighbouring jurisdictions.

None of these factors invalidates Paraguay's logistics proposition.

They simply mean that the slogan "landlocked country" is not analytically useful enough.

Paraguay is better understood as an **inland river economy with access to the Atlantic through one of South America's most important transport corridors**.

For international investors, that difference is substantial.

The waterway is not merely Paraguay's route to world markets. It is itself becoming an investable part of the Paraguayan economy.

Sources

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