Paraguay
Latin America’s rising star

Paraguay’s economic performance has been better than any other in the region in the wake of the Covid-19 pandemic. GDP growth rebounded to 7.4% in Q3 2020, and its 1.1% annual GDP contraction was the smallest in Latin America. The World Bank has praised the country for its strong recent growth and a sharp recent reduction in poverty, and Paraguay’s GDP contracted by less than 1% in 2020 despite the pandemic. Growth is forecast to rebound to 4% this year, leaving the country well-positioned to leverage its position as a leading regional investment destination.

Under the presidency of Mario Abdo Benitez, the country has already made major strides. Elected in 2016, Abdo has maintained a strong focus on attracting foreign direct investment into Paraguay by keeping taxes and energy costs low, and investing heavily in human capital and infrastructure. His efforts are paying off, with FDI inflows surging from $308 million in 2015 to $478 million in 2019, a 55% increase. With Paraguay standing as the world’s fourth-largest soybean producer and a rising star in Latin America, the country is well-positioned to leverage its position as a rising star in Latin America. The World Bank has praised the country for strong recent growth and a sharp recent reduction in poverty, and Paraguay’s GDP contracted by less than 1% in 2020 despite the pandemic. Growth is forecast to rebound to 4% this year, leaving the country well-positioned to leverage its position as a leading regional investment destination.

One major factor driving Paraguay’s growth has been its competitive advantage in logistics. According to the World Bank, Paraguay’s competitive advantage is that it is well-diversified, and has a strong team. “We are very focused as a company. We sell tires, and that’s all we do. The group has other branches. But me, as the president of SUNSET TIRES, I’m focused 100% on the production and distribution of tires. I believe this is the big point regarding the development of the company and how we became the leader in this market,” said Nabil Chamseddine, president and CEO. The company is currently working to expand its recycling activities, with the aim of entering into agreements with Brazilian companies to ensure unused tires can find a new life, while boosting sustainability and environmental best practices along the way. Although tire recycling is a time-consuming process requiring intensive investment in machinery, the country’s forward-thinking strategy that has guided the company for more than three decades. Investment in recycling activities is also planned in the near- and medium-term. A market leader in the future, Chamseddine is optimistic about his company’s prospects. A strong knowledge base and forward-looking strategy and well-developed supply chain will keep SUNSET TIRES on an upwards trajectory, he said: “Through our production facilities in China, Vietnam, Malaysia, South Korea, Pakistan and Turkey we are able to deliver the right amount of product to large and small clients. Our technology supply chain and the quality of our products underscores our commitment to our customers. Furthermore, we are always studying our markets to ensure we have the right amount of product for each region. This enables us to be competitive in prices. Since we have the knowledge beforehand, we’re always ahead.”

SUNSET TIRES
Growth drivers

SUNSET TIRES was founded in July 1988, and originally active in importing, exporting and distributing tires. It rose rapidly to become a market leader in Latin America, and today it produces, distributes and recycles a variety of own- and internationally branded tires and wheels across the region, while holding a 50% share of the domestic market. Nabil Chamseddine, president and CEO, explained that the company’s strong focus on core business activities helped it attain and maintain its market-leading position: “We are very focused as a company. We sell tires, and that’s all we do. The group has other branches. But me, as the president of SUNSET TIRES, I’m focused 100% on the production and distribution of tires.” The president of SUNSET TIRES, I’m focused 100% on the production and distribution of tires. I believe this is the big point regarding the development of the company and how we became the leader in this market.”

In that sense the situation the world is in now is advantageous for us. We have bad road conditions, high temperatures, overloaded cargo trucks, so we have been working intensively to improve the composition of our tires. If you bring in a tire made for Russia, it wouldn’t work here. This is our specialty: products specific to the conditions of our transportation networks and roads, and the development of new kinds of rubber.”

SUNSET TIRES’s focus on innovation has also included sustainability, and the company is currently working to expand its recycling activities, with the aim of entering into agreements with Brazilian companies to ensure unused tires can find a new life, while boosting sustainability and environmental best practices along the way. Although tire recycling is a time-consuming process requiring intensive investment in machinery, the country’s forward-thinking strategy that has guided the company for more than three decades. Investment in recycling activities is also planned in the near- and medium-term. A market leader in the future, Chamseddine is optimistic about his company’s prospects. A strong knowledge base and forward-looking strategy and well-developed supply chain will keep SUNSET TIRES on an upwards trajectory, he said: “Through our production facilities in China, Vietnam, Malaysia, South Korea, Pakistan and Turkey we are able to deliver the right amount of product to large and small clients. Our technology supply chain and the quality of our products underscores our commitment to our customers. Furthermore, we are always studying our markets to ensure we have the right amount of product for each region. This enables us to be competitive in prices. Since we have the knowledge beforehand, we’re always ahead.”

SUNSET TIRES is set to benefit from resurgent demand for road and trade transport.

Paraguay’s rapid recent economic growth has put it at the forefront of Latin American economies, and the knock-on benefits to personal incomes have been significant: The World Bank reports that GDP per capita soared by nearly 50% between 2009 and 2019, giving a burgeoning consumer class significantly higher purchasing power. As the country moves towards a robust economic rebound in 2021, leading homegrown manufacturers and distributors like SUNSET TIRES are set to benefit from resurgent demand for road trade transport.

Our number one focus is of course of the Covid-19 pandemic. Fitch Ratings to praise the country’s resilient growth. Economic recovery is expected to be strong in 2021, supported by rising demand for new technology in a post-Covid world. One leading tech distributor and service provider representing the world’s leading tech brands is based in Paraguay. In 2009, the company business lines today distributor and service provider representing the world’s leading tech brands.

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Paraguay's strong recent economic growth has been underpinned by rising personal incomes and domestic consumption, with its middle class doubling in size between 2003 and 2019. Rising domestic consumption is especially evident in the pharmaceuticals sector, which saw imports rise by 38% between 2014 and 2019 to hit $263.4 million. Pharmaceutical demand is expected to continue increasing steadily over the medium-term as the economy exits recession and demand rebounds, leaving top local leaders like Index Saci poised to profit.

Founded more than four decades ago, Index Saci is a 100% Paraguayan family-owned pharmaceutical company representing the world’s biggest brands. Employing more than 250 people directly and 500 indirectly, the company has risen to become a leader in its field and an important supplier to the government of Paraguay. It recorded more than $44 million of turnover in 2020, a 12% gain over 2019. This is a stellar performance in a year marked by lockdowns and pandemic-related economic shocks, but as Dr. Ernesto Wasmosy Monti, president of Index Saci explained, the company’s forward-thinking approach to medicine and hormone therapy will continue to resonate in the market.

“As president of the company, I insisted that we had to have and know the most up-to-date medicines available in order to grow and cope with a year with so many challenges. I am sure that this information has been accommodated some purchasing policies such as increasing the stock to four months, in order not to leave patients without their treatment, since air and land logistics to Paraguay were very complicated due to the border closure and limited connections to our country.”

In addition, the company has continued to accommodate some purchasing policies such as increasing the stock to four months, in order not to leave patients without their treatment, since air and land logistics to Paraguay were very complicated due to the border closure and limited connections to our country. The strategy paid off, but it’s hardly the first time Index Saci has been ahead of the curve. The pioneering company was the first to introduce contraceptives to the Paraguayan market, which has supported strong and steady growth over the years and cemented the company’s stellar reputation. Today it is among the country’s top 10 government suppliers and one of its top taxpayers, boasting solid and solvent financial backing and a strong liquidity ratio to boot. An intense focus on quality control and optimal storage conditions has further bolstered the company’s strong track record in Paraguay.

As a result of an independent approach that has anticipated market trends with the highest-quality products and patient outcomes, Dr. Wasmosy also works as an advisor to the health ministry, supporting development of new healthcare facilities and hospital buildings, and undertaking its lifelong efforts to serve the public good.

“I have advised the health ministry that there should be many more such projects in the future, and we are all very involved in it. We have a very capable team that supports all branches in which we operate. The stability of the country and economy also determines our future.”

LT has a family-owned Paraguayan company founded 25 years ago. Operating mainly in construction and transportation, with the aim of expanding Paraguay’s road networks and infrastructure, the company’s deep experience has made it a destination partner for the Paraguayan government. Omar Bustos, President of LT, explained that the constancy and responsibility of the company has allowed it to achieve its position in the market.

“Our success is the sum of several factors, the most important is consistency over time. This is in line with its history and type of work. We have a very capable team that supports all branches in which we operate. The stability of the country and economy also determines our future.”

LT has built a name for itself as a trusted partner capable of delivering with the highest quality and efficiency as possible. Approximately 80% of its business is focused on the construction of road works including asphalt roads, culverts and bridges, and concrete paving, as well as civil construction, including industrial parks, service stations, homes, buildings and industrial plants. The growth of the company is that it develops the entire construction value chain from the production of its own aggregates, transportation, project engineering and the execution of projects throughout the country, leading the largest diversified fleet of more than 250 machines and 300 trucks. It has 8 industrial units with its own quarries strategically located in different areas of the country, with a production of 10,000 tons per day of aggregates, making it the country’s largest producer of crushed stone for concrete, asphalt and road construction.

LT benefits from a simple structure and simplified decision-making process that has kept it agile and responsive to any changes. LT is an important business line, LT Hormax concrete, adding to the growing portfolio of the group of highly successful projects. As Paraguay looks beyond the pandemic, the government’s infrastructure development agenda will see LT build bigger in the coming years. Bustos is now seeking new partnerships with foreign companies looking to invest in Paraguay either as a partner in infrastructure projects or as a supplier with knowledge and technology. The joint venture with Hormax has been a resounding success, and he is confident that the next collaboration will follow suit.

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In addition to its construction business, LT is active in transportation, offering shipments for dry, liquid, refrigerated and consolidated cargo to and from Paraguay, with a scope that extends to the entire Mercosur. Clients benefit from comprehensive services, including deconsolidation of containers in ports with additional area goods, as well as multimodal deliveries and collections.

LT Hormax can produce up to 300 cubic meters per hour, has six automatic batching plants, and is supported by 40 mixer trucks and eight concrete pumping machines. Large infrastructure projects in Paraguay have been built with LT Hormax concrete, adding to the growing portfolio of the group of highly successful projects. As Paraguay looks beyond the pandemic, the government’s infrastructure development agenda will see LT build bigger in the coming years. Bustos is now seeking new partnerships with foreign companies looking to invest in Paraguay either as a partner in infrastructure projects or as a supplier with knowledge and technology. The joint venture with Hormax has been a resounding success, and he is confident that the next collaboration will follow suit.

"In terms of partnerships, know-how and technology are very important to us. Innovation - in capabilities, engineering and new knowledge - is important, so we would be interested in a partnership that could contribute technological factors and innovation."