

Paraguay national day

Lauding Paraguay independence

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AMBASSADOR OF PARAGUAY

On the occasion of 203rd Anniversary of the Independence Day of the Republic of Paraguay, and on behalf of the government of President Horacio Cartes and people of Paraguay, I would like to convey our respectful greetings, best wishes, and health to Their Imperial Majesties Emperor Akihito and Empress Michiko, members of the Imperial family and His Excellency Prime Minister Shinzo Abe, members of the Japanese government and the people of the friendly nation of Japan.

On the evening of May 14 and morning of May 15, 1811, Paraguay achieved independence from Spain in a bloodless struggle. Jose Rodriguez de Francia, the first president of the newly independent Paraguay pushed for the integration of the Spanish and the indigenous population and in the process all but erased any socioeconomic stratification of society along bloodlines, race and color with a truly mestizo society unique in its conception and timing compared with other countries in the region. Today, the population is 97 percent mestizo, 2 percent European and 1 percent others, including Japanese.

By the late 1860's Paraguay was an economically and educationally progressive country and one of the first in the region to have railroads in 1861 — fully 11 years before Japan laid its first railway from Shinbashi to Yokohama in 1872.

From 1864 to 1870, Paraguay found itself pushed to war against Brazil, Argentina and Uruguay after ironically attempting to play a peaceful regional role outside its borders. The War of the Triple Alliance as it was later known decimated most of the adult Paraguayan population almost wiping out the country itself leaving only old men, women and very young children the daunting task of rebuilding the country. This is said to be the origins of the hard-working reputation that women are known for in the country. As a historical parallel, this is the same time as the Meiji Restoration in Japan.

On the economic front, thanks to its vast and fertile land, Paraguay is characterized by its agricultural production. This — and the cattle business in particular — has contributed to the biggest economic growth rate in South America and the third in the world with a 15.3 percent GDP growth in 2010. After a slowdown in 2011 with a GDP growth rate of 4.3 percent and in 2012 a negative growth rate of minus 1.2 percent, the Paraguayan economy bounced back with a robust 13.6 percent GDP growth rate in 2013 with over 9 million tons of soybeans produced, making Paraguay the 4th largest exporter in the world.

Of special note is that just a month after the Great East Japan Earthquake and tsunami, descendants of Japanese, who are soybean growers in Paraguay, mobilized and joined forces to donate 100 tons of nongenetically modified (non-GMO) soybeans. This was used to make 1 million servings of tofu, which

were distributed as aid to the Tohoku Region on Feb. 12, 2012.

In addition to soybean production, Paraguay is now the 8th largest beef exporter in the world with over 14 million head of cattle, which is more than twice the human population. These cattle are primarily hybrid breeds consisting of regional zebu cattle mixed with European breeds well-adapted to the tropical climate conditions and make for delicious meat.

Unfortunately, Paraguayan meat is not available in Japan as regulations in Japan dictate that no meat can be imported from countries that have experienced foot and mouth disease (which does not pose any threat to people, only livestock) even if it is controlled through vaccinations as it is in Paraguay.

Another of Paraguay's agricultural products consumed in Japan is white sesame. About 60 percent of the white sesame consumed in Japan is imported from Paraguay, making Paraguay an important food provider to Japan.

Paraguay's continuing challenge however, is to achieve not only consistent economic growth but also sustainable development on other economic fronts and a more uniform distribution of that growth to drastically reduce poverty and social exclusion in the process. Although the poverty index indicates improvement from 41.2 in 2007 to 23.8 in 2013, there is still much work to be done with both internal and external investments to continue increasing employment in more nontraditional economic activities to the many young and aspirational youth joining the workforce everyday.

In this sense, Paraguay has an open policy for the attraction of foreign investments for those interested in establishing themselves in the country. From its Constitution to its specific and very attractive special investment laws, the legal, political and economic contexts provide an ideal framework for new investments to land and flourish.

Article 107 of the Constitution establishes that everybody has the right to work in their preferred lawful economic activity, within a framework of equal opportunities. At the same time, the Investment Law No.117/91 establishes the following principles:

- Equality: Foreign investment receives equal treatment as domestic. Consequently, it is not admissible to impose either conditions or discriminatory or favorable treatment on either domestic or foreign investments.
- Property rights: National and foreign investors can acquire goods and real estate in Paraguay with no limitations other than the ones established in the Constitution and national laws.
- Free exchange: This law guarantees the inflow and outflow of capital, the remittance of dividends, interests, commissions, royalties for the transfer of technology and others without restrictions.
- Freedom to hold investment insurance locally or abroad.
- Freedom of commerce: Freedom to produce and commercialize goods and services; freedom in price-setting with the exception of those goods

and services which production and commercialization are regulated by law; freedom to import and export goods and services, with the exception of those prohibited by law.

The industrial sector also has been growing with incentives to domestic and foreign investment such as the 60/90 and the Maquila laws respectively.

The Law 60/90 offers a policy of fiscal incentives for domestic or foreign capital investments. According to the law, domestic or foreign investment projects approved under this policy will be exempt from the following charges:

- Fees and internal taxes on the imports of capital goods, raw materials and other materials intended for use in the local manufacturing of goods or services identified in the investment projects.
- Value added tax (VAT) exemption when acquiring capital goods that will be used in industrial, agricultural or livestock production cycles.
- Exemption on taxes applied on remittances abroad for the payment of interest, commissions or reimbursement of capital.
- Exemption of all taxes imposed on the establishment, incorporation and registration of companies or enterprises.
- Exemption of all taxes and other fees on remittances abroad for the payment of interest, commissions, and reimbursement of capital when the investment is financed from abroad and is more than \$5 million.

The Maquila Law is a production regime under which companies located in Paraguay can produce goods and services for export. The production is done under the request of a foreign company through an international contract, and the products can be sent to any country in the world. The main benefits of this law are:

- Exemption of import duties on raw materials, inputs, parts and components that enter the country temporarily for their local transformation and later export.
- Exemption of import duties on machinery and equipment related to the Maquila activity during the period established in the contract.
- Possibility of national goods and services provision as a complement to the Maquila production system.
- Single tax of 1 percent to be levied on the value added in national territory.

Moreover, other vital factors are favorable to the establishment of new industries such as abundant clean energy (Paraguay is the biggest producer of hydroelectricity per capita and the number one exporter in South America) and a young and trainable labor force, with 73.7 percent of the population younger than 34 years old. Par-



(Clockwise from above) The house, from which a group of brave Paraguayans emerged to declare independence on May 15, 1811, is today the Casa de la Independencia Museum; Palacio de los Lopez in the capital of Asuncion serves as workplace for the president of Paraguay; Soybeans are the main export product of Paraguay, including non-GMO soybeans to Japan; A torii in the Yguazu colony is a symbol of Japanese roots; The Itaipu Dam on the Parana River on the border between Brazil and Paraguay, is the largest operating hydroelectric facility in terms of annual energy generation.

EMBASSY OF PARAGUAY



aguay also boasts competitive labor costs, centralized access to the biggest MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) markets some of region's most long-term stable macroeconomic conditions and policies.

In regards to the relationship between Paraguay and Japan, formal diplomatic relations were established in 1919 and Japanese immigrants started landing in Paraguay in 1936 following the practical closure of Brazil as an immigration destination.

However, it was not until the 1950s that programmed migrations to Paraguay were first organized by the Japanese government. Currently, there are about 7,000 Japanese descendants living in the country. Japanese immigrants initially grew garden vegetables and fruit, playing a major role in introducing the tomato and other vegetables to the Paraguayan diet. In more recent times, a great portion of the nation's soybeans are produced by Japanese descendants, who continue to be major contributors to the economic development of Paraguay.

Since 1956, Japan's technical and financial cooperation has reached more than ¥240 billion and Japan's official development assistance is the most important aid for economic growth in Paraguay. This solid relationship can be explained thanks primarily to the open and always welcoming doors Paraguay has historically had

for the Japanese people and from Japan's extensive ODA and contributions of its descendants.

The relationship extends beyond common diplomatic relationships, with profound ties to the Imperial family with four visits dating back to the 1978 visit by then Crown Prince Akihito and Princess Michiko; followed in 1986 by Prince and Princess Hitachi visiting to celebrate the 50th Anniversary of Japanese immigration. Additionally, in 1999, Prince and Princess Takamado visited for the South American Soccer Cup in which Japan participated as a special guest and more recently in 2006 Prince Akishino visited to celebrate the 70th anniversary of Japanese immigration to Paraguay. These visits transcend the formal ties and strengthen the relation-

ship and strong bonds that unite the people of Paraguay and Japan. The Japan-Paraguay Parliamentary League and the Nippon-Paraguay Friendship Association respectively played their part in strengthening the bilateral relationship between both countries, to which I would like to express my heartfelt appreciation. Lastly, as Ambassador of the

Republic of Paraguay in Japan, I would like to extend my gratitude to the Japanese government and people for their hospitality and support. I am very happy to be able to celebrate the 203rd Anniversary of our Independence Day together with my fellow Paraguayan citizens who live in Japan, alongside our Japanese friends and share in the joy and depth of our friendship.

Congratulations

to the Republic of Paraguay
on the 203rd Anniversary of Independence

The history of the Tsuneishi group in Paraguay started from emigration projects in the 1950s. Since then, the group has been assisting the Japanese emigrants and communities in Paraguay through various activities and by building a good relationship with them.

Congratulations
to the People of
the Republic of Paraguay
on the Occasion of
the 203rd Anniversary of
Their Independence



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Introduced by the Spaniards, *nanduti* (spider web), a very popular hand-knitted lace, is one of the most renowned local handicrafts in Paraguay. EMBASSY OF PARAGUAY