

Paraguay National Day

Strong relations built on long history of friendship

NAOYUKI TOYOTOSHI
AMBASSADOR OF PARAGUAY



Today, May 15, the Republic of Paraguay marks the 206th Anniversary of Freedom and Independence, when Paraguay's founding fathers, without spilling a drop of blood, forced the resignation

of the Spanish governor and created the Republic of Paraguay.

On this great occasion, on behalf of the government of President Horacio Cartes and the people of Paraguay, I would like to convey a respectful message of best wishes for a long and fruitful life, full of good health to Their Imperial Majesties Emperor Akihito and Empress Michiko. I extend similar wishes to all the members of the Imperial family. To the government of Japan, we express our gratitude for its consistent and continuous concern for our well-being. Last, but certainly not any less important, to the Japanese citizens, our deep gratitude for your

generous hospitality.

For this opportunity of reaching its fine readership, I am also grateful to The Japan Times and all its sponsors.

Briefly recalling Paraguay's history, our country achieved its independence from Spanish colonial rule without the need for any armed struggle or bloodshed on May 14 and 15, 1811.

By the 1860s Paraguay was one of the most economically progressive countries in the region and built, for example, the railway in 1861, being not only the first in the region, but also 11 years before Japan built its first railway between Shinbashi and Yokohama in 1872.

Unfortunately, Paraguay got involved in the Triple Alliance War against Brazil, Argentina and Uruguay; one of the biggest wars in the 19th century in the Americas and a very cruel war that wiped out almost its entire population, leaving small children and women to rebuild, against insurmountable odds, the country from its literal ashes.

It is said that this is the historical origin of why Paraguayan women are considered strong and hardworking, and why Pope Francis called them "the most glorious of

America."

Within the framework of the very excellent relations that Paraguay maintains with Japan, it is very important to mention that last year the Japanese and Paraguayan communities together celebrated a major milestone, namely the 80th anniversary of Japanese immigration to Paraguay. Princess Mako visited Paraguay in September to attend the ceremony marking the occasion, and efficaciously carried out a very busy one-week schedule, which included a four-day car trip to all of the Japanese colonies — La Colmena, Encarnacion, La Paz, Federico Chavez, Pirapo, Colonia Yguazu and Ciudad del Este — covering more than 900 kilometers. In each colony she visited, she shook hands with every elder immigrant, many of whom were close to tears with emotion.

In addition, Princess Mako was received and appreciated by all Paraguayans, further extending the relationship between Paraguay and Japan beyond a common diplomatic one.

The strong relationship between Paraguay and Japan goes back to 1919 when the Treaty of Commerce was signed between the two nations. In 1936, the first 81 Japanese immigrants disembarked in Paraguay and established in La Colmena, 132 km from Asuncion, the capital of Paraguay. However, World War II interrupted the flow of immigrants, but it resumed in 1954 after the war ended in 1945. With the aid of the governments of Paraguay and Japan, immigration has continued and currently more than 10,000 Japanese and their descendants are living in various parts of the country.

The majority of the Japanese immigrants devoted themselves to agriculture and introduced various vegetables such as the tomato and other produce. In subsequent years, they, together with Paraguayan farmers, have



Clockwise from top left: The Most Holy Trinity of Parana, a former Jesuit reduction in Paraguay, is a UNESCO World Heritage site; A lapacho tree in bloom near a cathedral; The hydroelectric Itaipu Dam SENATUR



Cattle are herded on a ranch. SENATUR

begun to sow soybeans, which are a basic food in their native country. In fact, soybeans represent one of Paraguay's major export products, ranking the country the fourth-largest exporter of soybeans in the world.

You may recall that a mere month after the Great East Japan Earthquake and tsunami, Japanese and their descendants, who are soybean producers in Paraguay, mobilized and joined forces to donate 100 tons of non-genetically modified soybeans from which 1 million packages of tofu were made and distributed as aid to the Tohoku region from April 10, 2011, through Feb. 12, 2012.

The Japanese immigrants and their descendants are recognized for their diligence, as they have contributed significantly to the agriculture industry and ultimately, the growth of Paraguayan economy.

Meanwhile, the government of Japan through the Japan International Cooperation Agency has strongly supported the economic

development of Paraguay, mainly in the areas of agriculture, infrastructure, health and education by non-reimbursable cooperation, special loans and technical assistance, for which we are always deeply appreciative and grateful.

Also, I would like to mention that we have received various goodwill donations from the private sector, for example, 58 used, but well-maintained, fire engines and ambulances through the years 2010 to 2016, as well as 140 refurbished wheelchairs for children in 2010 and 80 in 2014. Moreover, these vehicles and wheelchairs were transported from Japan to Paraguay free of charge through collaboration with a shipping company.

From an economic perspective, Paraguay, which is centrally and strategically located in the heart of the South America, has shown outstanding and consistent economic growth in recent years, attracting the attention of many investors and businesses from

not only neighboring countries, but also from Japan and the world.

In 2016, Paraguay's gross domestic product growth rate was at 4 percent, and for 2017 it is expected to be 3.7 percent, according to the International Monetary Fund, placing Paraguay's growth rate higher than the expected average of Latin America and the Caribbean.

This outpacing growth is prominently due to the production of 9 to 10 million tons of soybeans, and the renewing record of exports of high-quality beef each year.

In addition to soybean production, Paraguay has become the sixth-largest beef exporter in the world with over 15 million head of cattle (more than double the country's human population), consisting primarily of hybrid breeds from Cebu mixed with European breeds that are well adapted to the tropical climate and make for delicious

Continued on page 7 →



Congratulations!

to the Republic of Paraguay on the 206th Anniversary of Independence

The history of 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.



ASTILLERO TSUNEISHI PARAGUAY S.A.

<http://www.tsuneishi-g.jp>

Paraguay National Day

Many incentives attract diverse industries

→ *Continued from page 6*

meat. Unfortunately, Paraguayan meat is not available in Japan as regulations in the country dictate that meat is not imported from countries that have experienced foot and mouth disease (that does not pose any threat to human consumption, but affects livestock in the country), even if they are controlled by vaccines (as is the case in Paraguay).

Constant macroeconomic stability with a 3.9 percent inflation rate in 2016, combined with a high percentage of international reserves, free currency exchange, free unrestricted flow of capital and a low tax rate make Paraguay a high-priority destination for both domestic and foreign investment.

The industrial sector has also been growing thanks to the incentives for domestic and foreign investment such as the Law 60/90 and the Maquila Law.

According to the Law 60/90, national or foreign investment projects approved under this policy will be exempt from various charges. These include fees and internal taxes on the import of capital goods, raw materials and other materials intended for use in the local manufactur-

ing of goods or services identified in the investment projects, as well as value added tax exemption when acquiring capital goods that will be used in industrial, agricultural or livestock production cycles. Additionally, there is an exemption of taxes applied on remittances abroad for the payment of interest and commissions and reimbursement of capital and on taxes imposed on the establishment, incorporation and registration of companies or enterprises. Finally, there is an 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 in which companies localized in Paraguay can produce goods and services for export. The main benefits from this regime include exemptions of import duties on raw materials, inputs, parts and components that enter the country temporarily for their local transformation and later export, as well as import duties on machinery and equipment related to the Maquila activity during the period established in the contract. There is also a possibility of national

goods and services provision as a complement to the Maquila production system and a single tax of 1 percent is levied on the export value.

Maquila exports have increased from \$159 million in 2013 to \$285 million in 2015, and to \$313 million in 2016.

Currently 126 companies are approved under the Maquila Law and of these 80 have been created under the current president, bringing vital employment much needed by Paraguayan families.

Also, a young and abundant labor force (with 73.7 percent of the population younger than 34 years old) with no labor conflict, as well as clean and cheap energy from hydroelectric power, make Paraguay a true land of opportunities, where many hopes and dreams can become a reality.

To conclude, as the ambassador of the Republic of Paraguay in Japan, I am very pleased to be able to celebrate the 206th anniversary of our independence day, along with the 80th anniversary of Japanese immigration to Paraguay, with my fellow Paraguayans and Nikkei-Paraguayans, who live in Japan alongside our Japanese friends, and share the joy and depth of our friendship and respect.



Above: A Paraguayan harp; Below: Japanese immigrants drink terere. SENATUR

Congratulations
to the People of
the Republic of Paraguay
on the Occasion of
the 206th Anniversary of
Their Independence



YAZAKI Corporation
www.yazaki-group.com

Yazaki Paraguay S.R.L.