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FEATURED Q&A

What Factors Are Fueling Paraguay's Agricultural Sector?

Paraguay has experienced significant strength this year. A combine harvesting soybeans is pictured. // File Photo: Geza Farkas via Adobe Stock.

Q **Paraguay's agricultural sector has seen notable strength this year. Soybean exports rose 43 percent in the first six months of the year as compared to the same period in 2025, while wheat exports were up 30 percent year-on-year for the nine months through June, according to the Paraguayan Chamber of Exporters and Marketers of Grains and Oilseeds, or Capeco. What are the main reasons behind the surges in Paraguay's agricultural exports? What would it take for the country to become a more competitive exporter of agricultural goods? How can Paraguay's agricultural sector become more resilient to challenges such as climate shocks, changing global trade patterns and fluctuating commodity prices?**

A **Benigno López, former Paraguayan finance minister:** "Paraguay's 2025-2026 agricultural campaign was a genuine success. A record 12.5 million metric tons harvested, soybean exports up 43 percent, wheat up 30 percent and the soy complex crossing $3 billion in first-half revenue for the first time. These results didn't happen by chance. They reflect years of steady capacity building by producers—adoption of better technology, improved agricultural practices and sustained investment in land productivity that lifted yields even as planted area grew only modestly. The sector has earned the recognition it's getting. The task now is turning one strong campaign into a durable position. Two challenges deserve attention, not as warnings but as the next problems to solve. Argentina absorbed 86 percent of Paraguay's raw soybean exports this year, a concentration that leaves Paraguay's trade balance exposed to a single buyer's demand and

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TODAY'S NEWS

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Trump Threatens Higher Tariffs Against Canada as Conflict Escalates

U.S. President Donald Trump on Monday threatened higher tariffs on vehicles and vehicle parts from Canada, escalating a trade conflict between the two countries. Trade talks broke down last Friday.

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At Least 47 Killed in Haiti Gang Massacre

At least 47 people were killed and 22 were injured in a gang raid on the neighborhood of Kenscoff outside Port-au-Prince.

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POLITICAL

Colombia's De la Espriella Vows Deportations

Colombian President Abelardo de la Espriella vowed to deport thousands of migrants living in the country without legal status. He ordered immigrations raids as early as this week.

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De la Espriella // File Photo: defensoresdelapatria.com via Wikimedia Commons CC0 1.0.

ECONOMIC NEWS

Trump Threatens Higher Tariffs Amid Conflict With Canada

U.S. President Donald Trump on Monday threatened higher tariffs on vehicles and vehicle parts from Canada starting in January, the latest salvo in a spiraling trade conflict between the two countries. Tariffs on cars, trucks, automotive parts and steel will be increased to 50 percent on Jan. 1, Trump said in a post on his Truth Social platform. U.S. tariffs on automobiles from Canada currently stand at 25 percent, with discounts for U.S.-made content, while tariffs on steel are already at 50 percent, The Wall Street Journal reported. "Canada has been ripping off the United States of America for years. Their ridiculously high tariffs on our Farmers and farm products has made life impossible for these great American Patriots, and has long created a 60 Billion Dollar Deficit between our two Countries," Trump said in a post. According to the U.S. Trade Representative's Office, the United States last year had a $48.3 billion trade deficit with Canada in goods and a $27.7 billion surplus in services, for a combined trade deficit of $20.6 billion. Trump's latest threat came after his administration imposed 50-percent tariffs on $20 billion worth of goods from Canada on Saturday following the breakdown of trade talks between the two countries on Friday night. The tariffs that the Trump administration imposed Saturday led Canadian Prime Minister Mark Carney to announce that Canada would impose retaliatory tariffs on U.S. goods, including steel, appliances and dairy products, beginning Sept. 8. Canada's government is expected to announce more details of its tariffs on U.S. goods today, along with measures to support workers who are affected by the escalating trade conflict, the Associated Press reported. "An attitude at the negotiation table that Canada is a subsidiary of the United States" is "not something we're going to accept," Carney said Monday, the AP reported. "We learned during the negotiations that the Americans want to destroy our major industries, including autos, steel and aluminum," he added. "That was one of the main reasons we said no. It was a bad deal." Ontario Premier Doug Ford told the AP on Monday that Trump has underestimated Canadians' willingness to shoulder economic pain rather than succumb to pressure from the United States. "We're all in," said Ford, the wire service reported. "Up here, we're at a fever pitch; everyone's in for an economic war. They know they're going to have to sacrifice," he added. Trump responded with a barrage of insults, calling the Ontario premier "the less charismatic, intelligent, and overall unimpressive brother of the late, great, Rob Ford," who served as mayor of Toronto and died in 2016. Trump also referred to Canada's prime minister as "Governor Carney," continuing his long-running taunts about making Canada the 51st U.S. state. Just before 7 a.m. today, Trump also threatened in a social media post to change the name of Lake Ontario, which lies along the countries' shared border. "The United States is giving serious consideration to changing the name of Lake Ontario to Lake America in that we don't expect to doing much business with Ontario any longer," he said.

POLITICAL NEWS

Colombia's De la Espriella Vows Migrant Deportations

Colombian President Abelardo de la Espriella pledged to deport thousands of migrants living in the country without legal status, mainly Venezuelans, ordering immigration raids by police as early as this week, the Associated Press reported Monday. De la Espriella, who was sworn in nearly three weeks ago, announced the policy in a video, saying enforcement would first target migrants "committing crimes" before moving to those without regular status. "First Colombians, second Colombians and third Colombians," De la Espriella said during a security council meeting in Barranquilla, according to El Tiempo. "I will not accept illegal immigrants

NEWS BRIEFS

At Least 47 People Killed in Haiti Gang Massacre

At least 47 people were killed and 22 others were injured in a gang raid on a neighborhood overlooking Haiti's capital, Port-au-Prince, the United Nations Integrated Office in Haiti said Monday, Reuters reported. The death toll from the massacre in the community of Kenscoff could still change, the office said. The neighborhood, which overlooks routes into Port-au-Prince, has been the site of a dozen attacks by gangs since last year, forcing thousands of people to flee their homes, Reuters reported. The raid started at about 10:30 p.m. on Sunday. Residents demanded the resignation of the local police chief, saying police failed to even protect people killed near the police station.

U.S.-Mexico Cattle Trade Reopens After Pause Due to Screwworm

Mexico resumed live cattle exports to the United States on Monday after a nearly two-year pause tied to a screwworm outbreak, easing pressure on Mexico's ranching industry, the Associated Press reported. Cattle crossed from Sonora into Arizona after inspections confirmed the animals were free of the parasite, which has spread to 30 Mexican states and parts of Texas and New Mexico.

Gas Flaring at Mexico's Pemex Nearly Doubles From Last Year

Mexican state oil company Pemex increased gas flaring by 99 percent in the second quarter, averaging 778 million cubic feet daily compared with 391 million a year earlier, El Economista reported. The figure marks the highest flaring level for a comparable period in at least a decade, with flaring up 4.8 times since 2018, when Mexico's ruling Morena party took office. Pemex captured 88.3 percent of gas produced, below the 98 percent standard.

from wherever they come who are committing wrongdoing in Colombia. They leave and we deport them." El Tiempo reported that the operational capacity of Colombia's immigration authority, Migración Colombia, to carry out the announced raids remains unclear, citing sources familiar with the agency. Additionally, the government has not yet specified how it will distinguish between migrants with irregular status and those linked to criminal activity, as immigration violations alone do not constitute a crime under Colombian law, the newspaper reported. About 2.8 million Venezuelans live in Colombia, the largest Venezuelan diaspora globally, according to the United Nations. Colombia has granted temporary residency to roughly 2.3 million Venezuelans since 2021, the AP reported.

BUSINESS NEWS

JPMorgan, Santander Lead Argentina LNG Financing: Report

JPMorgan Chase and Banco Santander are arranging a roughly $14 billion to $15 billion financing package for Argentina LNG, a project aimed at liquefying and exporting the country's shale gas reserves, Bloomberg News reported Monday, citing unnamed people familiar with the matter. Argentina LNG is led by state oil company YPF alongside Italy's Eni and Abu Dhabi's XRG, which hold roughly equal stakes. The partners are continuing talks with other lenders, including export credit agencies, and no final decision has been made, Bloomberg News reported. The venture, part of a broader $51 billion investment plan submitted for approval under Argentina's RIGI large-investment incentive program, includes the construction of an offshore terminal on the Atlantic coast producing 12 million tons of LNG annually, which would make it among the world's largest floating facilities, according to YPF's RIGI application. The partners aim to reach a final investment decision by late November, Bloomberg News reported.

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policy choices. And producers themselves are already watching the El Niño outlook with caution as they plan the next campaign, aware of how much a single bad weather cycle can undo. None of this diminishes what was achieved. It defines what comes next: diversifying export markets beyond a single dominant buyer, and continuing the investment in resilience—irrigation, technology, better agricultural practices—that has driven productivity gains so far. Paraguay has shown it can grow. The next test is making that growth repeatable through cycles it doesn't control."

A Gustavo Rojas, researcher at the Center for Analysis and Dissemination of the Paraguayan Economy (CADEP) in Asunción and visiting researcher at the United Nations University Institute on Comparative Regional Integration Studies: "The boom in Paraguay's agricultural exports is mainly due to a strong recovery in the 2025-2026 soya harvest—which totaled approximately 12.29 million metric tons—following years of reduced yields caused by drought, coupled with record volumes of domestic crushing and exceptional demand from Argentina, which absorbed around 86 percent of soya shipments to supply its own processing industry. Favorable international prices amplified the rise in revenue beyond volume gains, accompanied, to a lesser extent, by an expansion in the area under cultivation. Soya oil, for example, recorded a 22 percent increase in export revenue with a rise of just 4 percent in volume. The even more pronounced 63 percent increase in wheat volume reflects the same favorable rainfall pattern that boosted the soya harvest. To achieve greater competitiveness, it will be necessary to diversify beyond raw soya and away from a single dominant buyer. Paraguay's heavy reliance on Argentina increases its vulnerability; it is therefore recommended that there be greater industrialization of soya derivatives, alongside the opening up of new markets through the E.U.–Mercosur agreement, Singapore, the United Arab Emirates, Chile and the European Free Trade Association. Given that up to 80 percent of exports pass through the Paraguay-Paraná waterway, investment in dredging—bolstered by Japanese cooperation—and in barge capacity is equally essential, as low-water periods have already reduced soya exports by 14 percent in a single quarter. Resilience to climate crises requires urgent action: Future years of extreme drought could reduce agricultural value added. The drought in Paraguay in 2021-2022 cost approximately $3 billion. Integrated water management linking agriculture and hydroelectric power, stronger institutions for climate adaptation and the development of the fledgling but promising pig and poultry industry—which requires soya, maize and new jobs—and the diversification of crops beyond soya monoculture—such as fruit and vegetables—would act as a buffer against future climate and price volatility, strengthening the country's macroeconomic stability and food security."

A Steven E. Hendrix, managing director at Hendrix LLC and former USAID senior coordinator at the U.S. State Department: "Paraguay's export surge begins with production. A strong 2025-2026 soybean crop put substantially more grain into the export pipeline, while demand for vegetable protein and biofuels supported the soy complex. Wheat has also benefited from stronger production and export volumes. But the numbers expose vulnerabilities: Argentina and Brazil account for 95 percent of soybean shipments, while Brazil takes 99 percent of wheat exports. The next step should be diversification—not away from successful commodities such as soybeans, but beyond dependence on a few crops and markets. Paraguay can compete by improving transport and river logistics, expanding agro-processing and value-added production, opening new export markets and helping more small and medium producers

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connect with commercial buyers. Farmers invest when they have reliable markets and withstand shocks better when risk is manageable. That is also the resilience agenda today. Paraguay needs better climate information and adaptation, wider access to crop insurance and finance, more diversified production and export markets, and infrastructure that keeps products moving. Record exports are welcome; lasting competitiveness requires making the agricultural system less vulnerable to the next drought, price decline or trade disruption."

A **Gerardo Ramón Ruiz Godoy, founding partner at PCG Auditores–Consultores:** "Paraguay's export surge combines a supply shock and a demand shock. On supply, the 2025-2026 crop was a record, around 11.5 million metric tons, with yields above three metric tons per hectare, after drought-hit seasons. On demand, Argentina absorbed 86 percent of the 5.89 million metric tons of beans shipped in the first half ($2.27 billion): Rosario's crushers are running with idle capacity, and roughly one in four metric tons they process is now imported. Wheat repeats the pattern: 99 percent to Brazil and, for the first time, sales to Argentina on protein quality. The performance is real, but it rests on an exceptional harvest and a single buyer. To compete better, Paraguay needs three things. Logistics: 80-85 percent of foreign trade moves on the Paraná-Paraguay waterway, which is now at historic lows, with freight costs doubling and a concession toll set to climb from $3.80 to $5.78 per metric ton. Value addition: crushers run at 78 percent of a 4.8-million-metric ton capacity while raw beans leave the country; fixing the fiscal asymmetry, VAT refunds for the sector, is the cheapest lever available. Paraguay also needs market diversification, with Taiwan, the European Union and Asia cutting Paraguay's exposure to Argentina's trade policy. Resilience requires less volatile yields, index-based insurance and deeper price hedging. And it requires turning the traceability and the E.U. Deforestation Regulation demands, with 94.5 percent of Paraguay's soy grown on already-cleared land, into a market premium rather than a cost."

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>
> **— Gerardo Ramón Ruiz Godoy**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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