OBEI
OBSERVATORIO DE ECONOMÍA INTERNACIONAL

# Paraguay and ASEAN: What's Next After the Mercosur-Singapore Free Trade Agreement

**Gustavo Rojas**

## Abstract

The Association of Southeast Asian Nations (ASEAN) is now the world's fifth-largest economy, with a current GDP of nearly USD 3.9 trillion and a population of 686 million spread across eleven countries (Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei Darussalam, Vietnam, Laos, Myanmar, Cambodia, and Timor-Leste). In 2026, Mercosur entered into its first free trade agreement with a member country of the bloc, Singapore, and is currently negotiating others with Vietnam and Indonesia. In August 2026, Brazil hosted the ASEAN Secretary-General for the first time and hopes to be elevated to the status of a full dialogue partner. In 2015, Paraguay closed its embassy in Indonesia; as a result, it currently does not have a single embassy in any of the eleven ASEAN member countries. However, former President Santiago Peña made presidential visits to Singapore and the Philippines over the last twelve months. Trade and investment between Paraguay and ASEAN remain limited. Nevertheless, there is significant room for growth in these political and economic relations, a topic this paper aims to discuss.

## The Rise of ASEAN

In 2025, the bloc received a record USD 243,900 million in foreign direct investment, accounting for 15% of the global total.[1] According to the International Monetary Fund (IMF), the trade dispute between the United States and China has been shifting production from both global powers since 2018 toward these economies, which have the infrastructure, labor force, and trade agreements necessary to accommodate it.[2] ASEAN exported USD 1.95 trillion in 2024 (22.5% within the bloc itself), and 25.4% of its imports came from China.[3] There are two major agreements that govern trade in the region and, in turn, present structural differences (Table 1). The Comprehensive and Progressive Agreement for Trans-Pacific Partnership **(**CPTPP) aims for deeper regulatory integration and covers fewer economies, while the Regional Comprehensive Economic Partnership (RCEP) encompasses a larger number of economies with fewer regulatory requirements. Peronja[4] notes that the average tariff concession under the RCEP is 91 percent and that of the CPTPP ranges from 95 percent to 100 percent, although the RCEP compensates for this with diagonal acumulation of origin among its fifteen members. Four ASEAN countries are part of both agreements, six are only in the RCEP, and Timor-Leste, for now, is in neither.

**Table 1. CPTPP and RCEP: Two Architectures for the Same Region**

| Dimension | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | Regional Comprehensive Economic Partnership (RCEP) |
|---|---|---|
| Effective Date | December 30, 2018 (Australia, Canada, Japan, Mexico, New Zealand, Singapore); the United Kingdom joined on December 15, 2024 | January 1, 2022, for the first ten ratifying countries; all fifteen in force as of 2023 |

[1] Invest ASEAN. (2026). ASEAN Attracts Record FDI in 2025 Amid a Shifting Global Investment Landscape. https://investasean.asean.org/asean-attracts-record-fdi-in-2025-amid-a-shifting-global-investment-landscape/

[2] International Monetary Fund. (2025). Regional Economic Outlook: Asia and the Pacific, October 2025. Chapter 2. https://www.imf.org/en/-/media/files/publications/reo/apd/2025/october/english/ch2.pdf

[3] ASEANstats. (2025). ASEAN Statistical Highlights 2025. https://www.aseanstats.org/wp-content/uploads/2025/10/ASH2025.pdf

[4] Peronja, M. N. (July 7, 2026). Key Aspects of MERCOSUR's International Integration: Is It Possible to Reach Asia? OLEGISAR. https://olegisar.org/claves-de-la-insercion-internacional-del-mercosur-es-posible-llegar-a-asia/

| Dimension | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | Regional Comprehensive Economic Partnership (RCEP) |
|---|---|---|
| Members | 12: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, the United Kingdom, Singapore, and Vietnam | 15: the ten original ASEAN members plus Australia, China, South Korea, Japan, and New Zealand |
| ASEAN Members | 4 out of 11: Brunei, Malaysia, Singapore, and Vietnam | 10 out of 11: all except Timor-Leste, which joined ASEAN in October 2025 |
| Economic clout | Approximately 580 million consumers and 15.6% of global GDP | Nearly 2.2 billion people and about 30% of global GDP; the largest trade agreement in effect today |
| Major Powers | Without the United States (which withdrew from the TPP in 2017) and still without China, which applied for membership in 2021 | Without the United States; China, Japan, and South Korea are part of the same agreement for the first time |
| Tariff reductions | 86% of tariff lines duty-free upon entry into force; 99% within 15 years | About 90% of tariffs eliminated over 20 years; full liberalization applies to only 63.4% of product lines, compared to 86.1% in the CPTPP; excludes sensitive agricultural products |
| Scope of the Agreement | 30 chapters: services, investment, government procurement, digital trade, state-owned enterprises, labor, and the environment | 20 chapters: goods, services, investment, intellectual property, and e-commerce; no chapters on labor, the environment, or state-owned enterprises |
| Rules of Origin | Full cumulation among the twelve parties and more stringent requirements on a product-by-product basis | A single rule per product for the fifteen members, with a 40% regional content requirement as the standard threshold; the most flexible criterion among the major Asian agreements |
| Political rationale | An agreement based on high standards, created in response to China's rise and transformed into a club open to economies that meet the Auckland Principles (readiness to meet high standards; a proven track record of trade compliance; and consensus among current members) | An ASEAN-centered agreement: it consolidates the five ASEAN+1 treaties and anchors value chains with China |
| Ongoing expansion | Costa Rica has concluded negotiations; Uruguay has been negotiating in a working group since 2025; Indonesia, the Philippines, and the United Arab Emirates have been in preparatory discussions since June 2026 | Accession working groups approved in September 2026 for Bangladesh, Chile, Hong Kong, and Sri Lanka |
| Latin American Presence | Chile, Mexico, and Peru are members; Costa Rica and Uruguay are on track | None so far; Chile, currently in negotiations, would be the first |

| Dimension | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | Regional Comprehensive Economic Partnership (RCEP) |
|---|---|---|
| As for Mercosur | Uruguay is negotiating its accession independently; Singapore (FTA in force) and Vietnam (under negotiation), current Mercosur partners, are members of both agreements | Indonesia, with which Mercosur is exploring an agreement, is only part of the RCEP; a future Mercosur-Vietnam agreement would provide access to an additional member (Singapore, already a member) present in both agreements |

**Sources:** Author's own analysis based on official documents from Singapore, the United Kingdom, Australia, and Canada, as well as specialized analyses.[5]

UN Comtrade data illustrates this rise in a single time series (Charts 1 and 2). ASEAN accounted for 7.1% of global merchandise exports in 2010 and 8.0% in 2023, peaking at 8.3% in 2022. With preliminary data for 2024 and 2025—which still rely on estimates for Vietnam and other countries that did not report their figures—the percentage could rise to 8.1% and 8.9%. For imports, the trend is the same but slower: from 6.3% to 7.4% in 2023 and 7.9% in 2025. Between 2010 and 2025, the region's annual exports increased by approximately USD 460,000 million. The surge is concentrated in 2017 and 2018, when the trade dispute between the United States and China began, coinciding with the shift of production to countries within the bloc. Since 2020, the share of exports has exceeded that of imports by about one percentage point—a gap that did not exist until then—reflecting a growing volume of investment in the establishment of factories whose sales are destined for third countries.

[5] Ministry of Trade and Industry, Singapore. (2026b, May 18). Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). https://www.mti.gov.sg/trade-international-economic-relations/agreements/free-trade-agreements-fta/cptpp/; Ministry of Trade and Industry, Singapore. (2026c, May 18). Regional Comprehensive Economic Partnership (RCEP). https://www.mti.gov.sg/trade-international-economic-relations/agreements/free-trade-agreements-fta/rcep/; Government of the United Kingdom. (2026, June 26). CPTPP joint ministerial statement on expansion, implementation, and cooperation: 10th Commission meeting. https://www.gov.uk/government/publications/cptpp-joint-ministerial-statement-from-the-10th-commission-meeting-26-june-2026/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-cptpp-joint-ministerial-statement-on-expansion-implementation-and-co-operatio; Department of Foreign Affairs and Trade. (2026). CPTPP Commission meetings. Australian Government. https://www.dfat.gov.au/trade/agreements/in-force/cptpp/commission-meetings; Global Affairs Canada. (2025a). CPTPP chapter summaries. Government of Canada. https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/chapter_summaries-sommaires_chapitres.aspx?lang=eng; Global Affairs Canada. (2025b). CPTPP explained. Government of Canada. https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/cptpp_explained-ptpgp_apercu.aspx?lang=eng; Ahn, C. Y. (September 25, 2024). China, Japan, and South Korea Can Offer Hope for East Asian Regionalism. Global Asia, 19(3). https://www.globalasia.org/v19no3/cover/china-japan-and-south-korea-can-offer-hope-for-east-asian-regionalism_choong-yong-ahn; Hogan Lovells. (December 23, 2020). RCEP: Bigger, but is it better? Taking stock of Asia's new free trade agreement. https://www.hoganlovells.com/en/publications/rcep-bigger-but-is-it-better-taking-stock-of-asias-new-free-trade-agreement; Asian Development Bank. (2022). Product-specific rules of origin in the Regional Comprehensive Economic Partnership. https://www.adb.org/sites/default/files/publication/792391/product-specific-rules-origin-rcep.pdf; Jakarta Globe. (September 21, 2026). Hong Kong, Chile a step closer to RCEP mega trade pact. https://jakartaglobe.id/business/hong-kong-chile-a-step-closer-to-rcep-mega-trade-pact

**Figure 1. ASEAN Exports as a Percentage of Global Exports, 2010–2025**

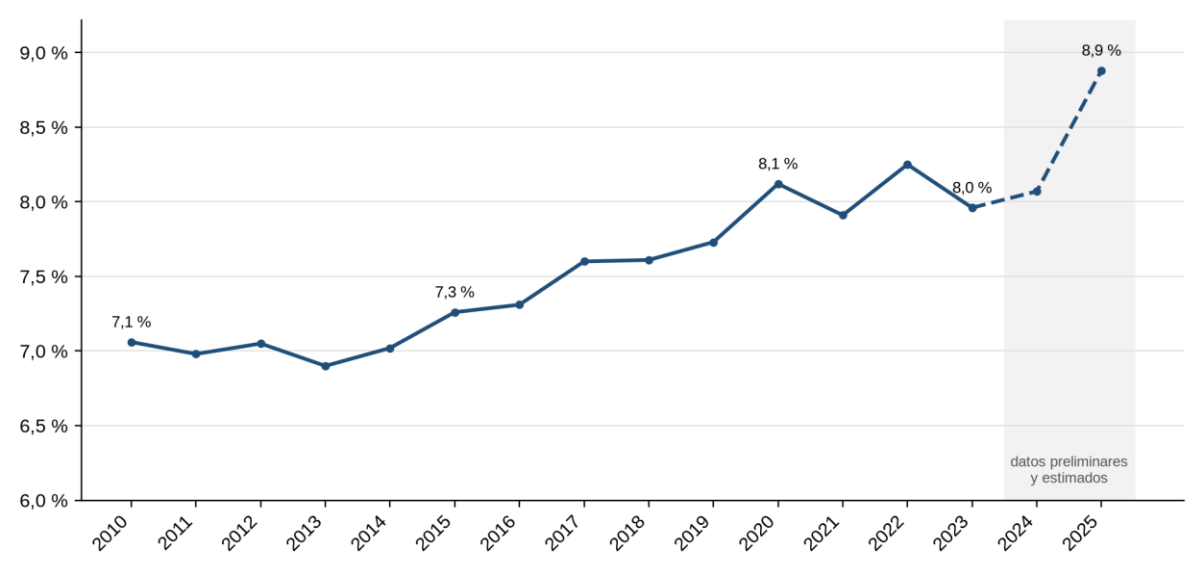
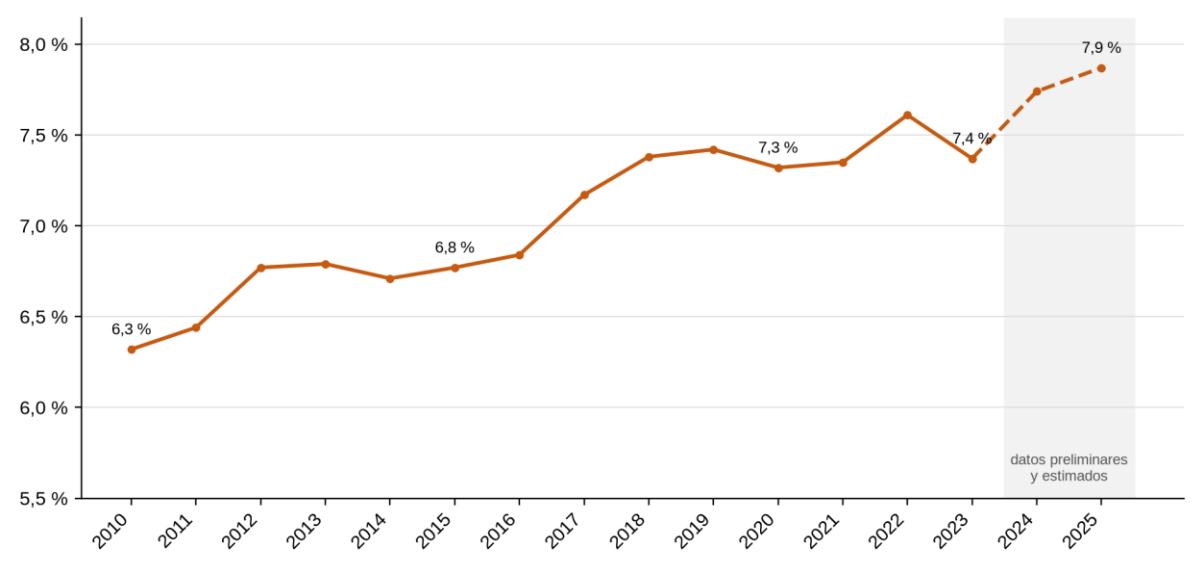



**Figure 2. ASEAN imports as a percentage of global imports, 2010–2025**




**Source:** Author's own analysis based on UN Comtrade data. Aggregate of the eleven ASEAN member states. The shaded area and the dotted line indicate preliminary data for 2024 and 2025, which include estimates for countries that have not yet reported.[6]

ASEAN countries do not choose between Washington and Beijing. They hedge their bets, and they do so methodically. Marston[7] identifies four recurring patterns among these countries: they strengthen their own capabilities, diversify their partners, take disputes to multilateral forums, and forge such close ties with the two global powers that severing them would be extremely costly. Vietnam is a textbook example. In 2025, it agreed to purchase F-16 fighter jets from the United States even as that same government announced a 46% tariff on its

[6] United Nations. (2026). UN Comtrade Database [Database, accessed September 25, 2026]. https://comtradeplus.un.org/. Total merchandise trade (HS, code TOTAL), current values. The global total is the sum of the countries that report annually. For 2024 and 2025, estimates were made for large non-reporting countries (Vietnam, the United Arab Emirates, Taiwan, Iran, and Iraq, among others) using mirror data calibrated by the reported/mirror ratio from the most recent available year, and for small non-reporting countries using the most recent reported value.

[7] Marston, H. (June 18, 2025). Southeast Asia deepens hedging amid Trump 2.0 turbulence. East Asia Forum. https://eastasiaforum.org/2025/06/18/southeast-asia-deepens-hedging-amid-trump-2-0-turbulence/

exportable goods.[8] Meanwhile, Patunru[9] describes the restrictions on raw nickel exports imposed by Indonesia as a tool to force the processing of nickel within the country—an industrialization effort funded largely by Chinese capital and a network of overlapping agreements. Indonesia is the fourth most populous country in the world, with nearly 290 million people, and the seventh-largest economy globally when measured in purchasing power parity (PPP), with a GDP of USD 5.45 trillion. The deadline was set for February 2026, when Jakarta signed a reciprocal trade agreement with Washington to circumvent a unilateral 32% tariff imposed by the United States on Indonesia. Indonesia negotiates on its own when it has no other choice, but it does not abandon the regional framework, because it knows that is where its influence is strengthened. That same approach ranks non-ASEAN partners in tiers. At the top are the dialogue partners (the United States, China, Japan, India, and the European Union); below them are the sectoral dialogue partners, such as Brazil, and the development partners, such as Chile and Peru.[10] Paraguay does not yet appear in any of these groups.

The process of admitting countries into ASEAN is slow. Timor-Leste applied for membership in 2011 and was not admitted as the eleventh member until October 26, 2025, following a roadmap with technical criteria and with Myanmar objecting until the very last day.[11] In July 2026, the foreign ministers approved revised criteria for evaluating applicants for dialogue partner status and set a two-year deadline for acceding to the Treaty of Friendship and Cooperation.[12] It is a ladder. Each rung is climbed by consensus. Meanwhile, Washington does the opposite: selective bilateralism , with tariffs becoming a permanent tool.[13] According to Ng Eng Hen[14] , Singapore's Minister of Defense: "For Asia, the United States, over the past 60 years… represented the moral legitimacy that justified its presence in our region. Now, whether we like it or not, the image of the United States has shifted from that of a liberator to that of a major disruptor and, ultimately, to that of a landowner seeking to collect rent." Given this context, his advice is for ASEAN to diversify its partnerships toward the Global South. Ultimately, ASEAN is growing because no single country controls it entirely.

## Mercosur is late to the party, but it's finally here

Mercosur and ASEAN have a long history, but with few tangible results. The idea of closer ties has been circulating since 1995.[15] The foreign ministers of the two blocs met for the first time in Brasília in 2008 and again in New York in 2017, with Paraguay at the table, when they

[8] Marston (2025), op. cit.

[9] Patunru, A. A. (2026). Indonesia's geoeconomic statecraft and the future of Southeast Asia's economic order. Asia Policy, 21(3), 67–81.

[10] Radulovich, N. (2025). The Association of Southeast Asian Nations and the Indo-Pacific: Building an Inclusive Vision. Asia/Latin America, 10(special issue), 23–52. https://www.asiaamericalatina.org/docs/17/17.2.E.pdf

[11] Valockova, B. (2025, November 19). Is ASEAN ready for Timor-Leste? Counterpoint Southeast Asia, 17. Lee Kuan Yew School of Public Policy. https://lkyspp.nus.edu.sg/cag/publications/center-publications/publication-article/detail/is-asean-ready-for-timor-leste

[12] ASEAN. (2026b, July 21). Joint communiqué of the 59th ASEAN Foreign Ministers' Meeting. https://asean.org/wp-content/uploads/2026/07/FINAL-Joint-Communique%CC%81-of-the-59th-ASEAN-Foreign-Ministers-Meeting-21-July-2026.pdf

[13] Ngamyingsanga, B. (2026, January 9). Southeast Asia global relations outlook part 2: U.S. and China. SEAPPI. https://seapublicpolicy.org/part-ii-asean-and-global-horizons/

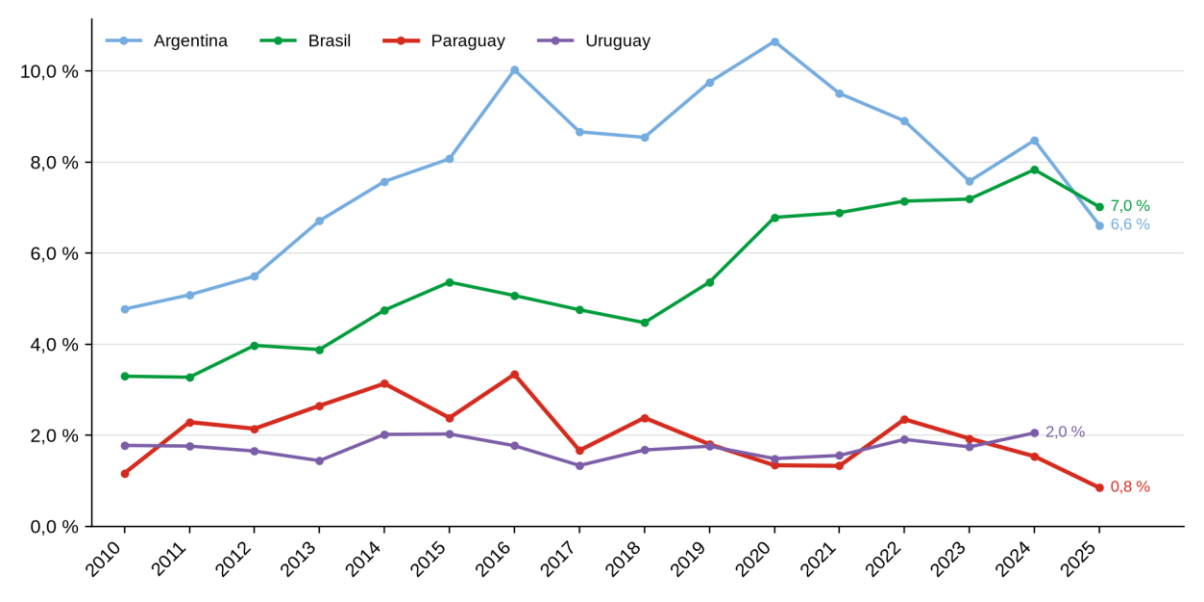
[14] Ng, E. H. (February 15, 2025). Remarks by Minister for Defense Dr. Ng Eng Hen at the BMW Foundation Herbert Quandt Annual Leaders Roundtable, "On the horns of a trilemma: Geopolitical recession, technological leadership, and energy security" on February 14, 2025 [Speech]. Ministry of Defense, Singapore. https://www.mindef.gov.sg/news-and-events/latest-releases/15feb25_speech/mindef.gov

[15] Fernández Guillén, O. E. (2026). South-South Interregionalism: The Mercosur-ASEAN Case (Gridale Collection, vol. 23). Ediciones Universidad Cooperativa de Colombia. https://doi.org/10.16925/9789587605945

agreed to hold regular meetings in Jakarta and adopt a joint action plan.[16] The ASEAN Secretariat itself noted in 2024 that none of this had been followed up on.[17] Trade between the two blocs reached USD 49 billion in 2025, and yet today there is no interregional institutional framework for such trade between them. Peronja[18] proposes that the recently enacted treaty with Singapore serve as the blueprint for an agreement with ASEAN, while Mercosur is currently advancing negotiations with Vietnam and Indonesia.

On the Mercosur side, the picture varies by country (Figures 3 and 4). Argentina is the country that exports the most to ASEAN in relative terms: the Asian region accounted for 10.7% of its exports in 2020 and 6.6% in 2025. Brazil went from 3.3% in 2010 to 7.0% in 2025, showing steady growth with almost no fluctuations. Paraguay and Uruguay have fluctuated between 1% and 3% for the past fifteen years. Paraguay ended 2025 at 0.85%, the lowest level in the entire series, with USD 94 million. When it comes to imports, the trend is reversed. Paraguay is currently the Mercosur country most dependent on ASEAN as a supplier: 6.2% of its imports in 2025, ahead of Argentina (6.0%) and Brazil (5.0%). Most of the imported goods consist of petroleum- s from Singapore, and electrical and electronic equipment from Thailand, Vietnam, Indonesia, and Malaysia. In other words, ASEAN has already become integrated into the Paraguayan economy on the import side, while Paraguay is expected to integrate with ASEAN on the export side. Paraguay imports twelve times more than it exports. This imbalance is the real starting point for any strategy.

**Figure 3. Exports from each Mercosur country to ASEAN as a percentage of their total exports, 2010–2025**




Source: Author's own analysis based on UN Comtrade data reported by each country. Uruguay has not yet reported data for 2025.

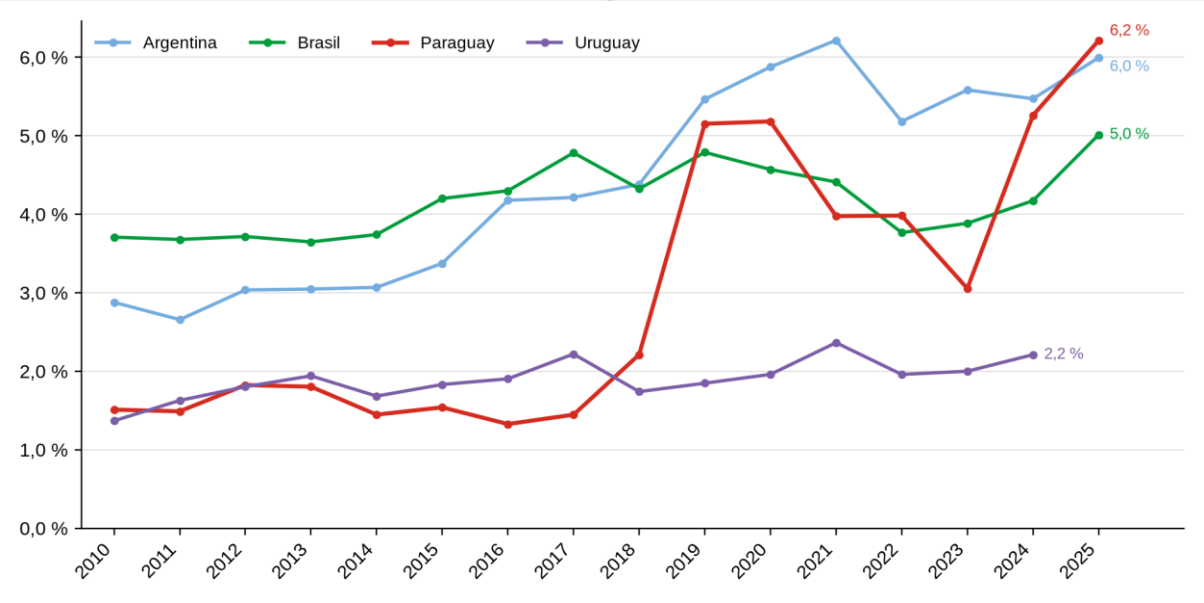
Bolivia and Venezuela are not included.

[16] ASEAN & MERCOSUR. (September 22, 2017). Press statement of the Second ASEAN-MERCOSUR Ministerial Meeting. https://asean.org/wp-content/uploads/2021/01/Press-Statement-of-2nd-ASEAN-MERCOSUR-Ministerial-Meeting.22Sept2017.NY_.pdf

[17] ASEAN. (January 2024). Overview of ASEAN-MERCOSUR relations (as of January 2024). https://asean.org/wp-content/uploads/2024/01/Overview-of-ASEAN-MERCOSUR-as-of-Jan-2024.pdf

[18] Peronja (2026), op. cit.

**Figure 4. Imports by each Mercosur country from ASEAN as a percentage of their total imports, 2010–2025**




Source: Author's own analysis based on UN Comtrade data reported by each country. Uruguay has not yet reported data for 2025. Bolivia and Venezuela are not included.[19]

The free trade agreement with Singapore, signed on December 7, 2023, has been in effect for Paraguay since February 1, 2026. Singapore eliminated 100% of its tariffs on the first day, while Mercosur will eliminate tariffs on approximately 96% of its tariff lines over a period of up to 15 years.[20] Negotiations for a preferential trade agreement with Vietnam began in December 2025, and the first round was held in Buenos Aires in August 2026.[21]

Within Mercosur, Brazil is leading the way. It has been a sectoral dialogue partner since 2022—the only Latin American country to hold that status—accredited an ambassador to ASEAN in 2024, and, in January 2026, requested promotion to full dialogue partner status.[22] Its trade with ASEAN reached USD 38.4 billion in 2025, nearly the same total trade volume as that with its three Mercosur partners.[23] Kao Kim Hourn, ASEAN Secretary-General, traveled to Brazil in August 2026—the first visit by a bloc leader to Latin America. At that time, he stated that ASEAN still has no Latin American dialogue partner and defended the importance of consensus with a phrase that Mercosur should take to heart: "Deciding is slow, but what

[19] United Nations (2026), op. cit. Data reported by Argentina, Brazil, Paraguay, and Uruguay; Uruguay has not yet reported data for 2025. Paraguayan imports from Singapore in 2025 totaled USD 423 million, of which USD 394 million consisted of fuels (HS Chapter 27); purchases from Thailand, Vietnam, Indonesia, and Malaysia were concentrated in machinery and electrical equipment (HS Chapter 85).

[20] Ministry of Trade and Industry, Singapore. (2026a, February 3). MERCOSUR-Singapore Free Trade Agreement enters into force for Singapore and Paraguay. https://www.mti.gov.sg/newsroom/mercosur-singapore-free-trade-agreement-enters-into-force-for-singapore-and-paraguay/

[21] ABC Color. (August 29, 2026). Mercosur: Paraguay Expresses Interest in a Trade Agreement with Vietnam. https://www.abc.com.py/politica/2026/08/29/mercosur-paraguay-expresa-interes-en-un-acuerdo-comercial-con-vietnam/

[22] Embrapa. (August 19, 2026). Southeast Asia learns about Brazil's agricultural development strategy. https://www.embrapa.br/busca-de-noticias/-/noticia/146738886/sudeste-asiatico-conhece-estrategia--de-desenvolvimento-agricola-do-brasil; Maresca (2026), op. cit.

[23] Ministry of Foreign Affairs. (July 21, 2026). Participation of the Minister of Foreign Affairs in the 3rd Brazil-ASEAN Trilateral Meeting and the Conference on the Treaty of Friendship and Cooperation in Southeast Asia. https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/participacao-do-ministro-das-relacoes-exteriores-na-3rd-trilateral-meeting-between-brazil-and-asean-and-conference-on-the-treaty-of-friendship-and-cooperation-in-southeast-asia

really takes effort is implementation."[24] At the same time, the Philippines—a Catholic country with a shared Hispanic heritage—is playing its own game. Its foreign minister, Maria Theresa Lazaro, toured Brazil and Chile in August 2026, positioning Manila as a gateway to ASEAN.[25]

In July 2026, Brazil's foreign minister, Mauro Vieira, participated in the third Brazil-ASEAN trilateral meeting and the conference of high-level representatives of the Treaty of Friendship and Cooperation in Manila; he hosted the ASEAN Secretary-General in August; and visited Singapore and Thailand in September. The year concluded with a visit by Brazilian President Lula da Silva in November 2026 to a new ASEAN summit, this time in the Philippines. A year earlier, in 2025, Lula had already traveled to Vietnam, Indonesia, and Malaysia, where he participated in the ASEAN-[26] , always accompanied by business leaders.

This momentum stems from a market-opening policy that, since 2023, has opened up more than 500 new markets for Brazilian agricultural products. This expansion effort was driven by three factors: the additional tariffs of 25% and 12.5% that the United States imposed in July 2026 on Brazilian exports worth USD 14.9 billion; European restrictions on Brazilian meat, announced in May, days after the European Union–Mercosur agreement took effect; and China's food self-sufficiency goal under the 15th Five-Year Plan, which casts doubt on a market that, in 2025, purchased USD 99.9 billion—28.7% of Brazil's total exports. Against this backdrop, ASEAN is already Brazil's fifth-largest trading partner, with USD 38.4 billion in trade, representing a trade surplus of USD 10.3 billion for the South American country, with trade volume growing 15% annually since 2020.

Brazilian Companies are moving faster than diplomacy: JBS invested USD 100 million in two plants in Vietnam in 2025, and in August 2026, it reached an agreement with Danantara, the Indonesian sovereign wealth fund, for a joint venture in which the fund is contributing USD 2.5 billion. Embraer is seeking airlines for its E2 aircraft and a maintenance center in the region. Petrobras exported USD 4.6 billion worth of crude oil and fuel oil to Southeast Asia between January and August 2026, with new buyers in the Philippines and Myanmar.[27] For Paraguay, this has two sides to it. The good news is that Brazil is paving the way, setting health standards, and drawing Mercosur toward ASEAN. The uncomfortable reality is that Brazilian meat and grains arrive before ours, with greater scale, more capital, and an established diplomatic presence.

Global forums add another dimension to this interregionalism. Indonesia is the only ASEAN country with a seat in the G20.[28] When Brazil held the BRICS presidency, it announced in January 2025 that Indonesia would become a full member of the group—the first from Southeast Asia—[29] . That same year, Malaysia, Thailand, and Vietnam joined as BRICS partner countries.[30] Following the BRICS summit in Rio de Janeiro, held in July 2025, Lula promised

---

[24] Kao, K. H. (August 21, 2026). Interview with the ASEAN Secretary-General at the conclusion of his working visit to Brazil [Television interview, transcript]. CNN Brasil, São Paulo. https://asean.org/secretary-general-of-asean-speaks-to-cnn-brasil/

[25] Beltran, S. (2026, August 24). Philippines stakes claim as Latin America's ASEAN gateway. South China Morning Post. https://www.scmp.com/week-asia/economics/article/3365014/philippines-stakes-claim-latin-americas-asean-gateway

[26] Bruno, M. (2026, September 30). Why is Brazil so interested in ASEAN? The Diplomat. https://thediplomat.com/2026/09/why-is-brazil-so-interested-in-asean/

[27] Bruno (2026), op. cit.

[28] G20 India. (2023). About G20. https://www.g20.in/en/about-g20/about-g20.html

[29] Planalto. (2025a, January 6). Brazil announces Indonesia as a full member of BRICS. https://www.gov.br/planalto/en/latest-news/2025/01/brazil-announces-indonesia-as-full-member-of-brics

[30] Louis, Y. M. (2026, September 18). India's role in Southeast Asia's BRICS bet. The Interpreter, Lowy Institute. https://www.lowyinstitute.org/the-interpreter/india-s-role-in-southeast-asia-s-brics-bet

Indonesian President Prabowo to move forward with negotiations on an agreement between Mercosur and Indonesia. Indonesia is already a member of BRICS and the G20, while also negotiating its accession to the Organization for Economic Cooperation and Development (OECD). A treaty with Mercosur would add to its geostrategic and geoeconomic clout.[31] Louis[32] notes that these countries are careful not to appear to be taking sides against the West and that the New Delhi Declaration, issued in September 2026 during the BRICS Summit, reaffirms the G20 as the primary forum for economic cooperation.

With no relations with Beijing and as a country that is not a member of either the G20 or the BRICS, Paraguay has two paths available to strengthen dialogue and integration with ASEAN: the institutional framework of ASEAN and bilateral relations with each country in the group.

## Paraguay: From Absence to the Agenda

In 2025, Paraguay and ASEAN finally began to pursue a pragmatic agenda. In May, Chargé d'Affaires Miguel Ángel Romero presented his credentials in Singapore, and two days later, Peña, then President of Paraguay, arrived on a state visit: Singapore opened its market to Paraguayan beef, pork, and poultry, and the two governments signed an implementation agreement on carbon credits under Article 6 of the Paris Agreement.[33] During the recent 2026 United Nations General Assembly, the foreign ministers of Paraguay and Singapore held another bilateral meeting, focusing on expanding and strengthening bilateral economic flows following the recent entry into force of the bilateral free trade agreement—a negotiation coordinated by Paraguay through Mercosur. Two years earlier, in May 2024, Javier Giménez, then Minister of Industry and Commerce, made the first visit by a MIC minister to Vietnam since 1995.[34]

In May 2026, Peña visited the Philippines and met with Philippine President Marcos Jr.[35] On that occasion, Paraguay informed Manila—which was chairing ASEAN at the time—of its intention to accede to the Treaty of Amity and Cooperation (TAC).[36] The TAC is a political act recognizing the "centrality" of ASEAN and serves as the gateway to formal relations[37] : it is the basis upon which ASEAN engages in dialogue with countries that do not yet have partner status, in accordance with the guidelines adopted in 2026 for TAC member states without formal association. Both leaders signed a visa waiver agreement for ordinary passports and a

[31] Agência Brasil. (2025, July 9). Lula advocates closer ties between Mercosur and Southeast Asia. https://agenciabrasil.ebc.com.br/en/internacional/noticia/2025-07/lula-advocates-closer-ties-between-mercosur-and-southeast-asia; Business Indonesia. (2025, October 23). Prabowo seeks Brazil's support to accelerate the Indonesia-Mercosur trade agreement. https://business-indonesia.org/news/prabowo-seeks-brazil-s-support-to-accelerate-indonesia-mercosur-trade-agreement

[32] Louis (2026), op. cit.

[33] IP Agency. (2025, May 23). Paraguay Consolidates Its Position as a Key Player in International Carbon Markets. https://www.ip.gov.py/ip/2025/05/23/hito-historico-paraguay-se-consolida-como-actor-clave-en-mercados-internacionales-de-carbono/; Ministry of Foreign Affairs. (2025a, May 21). Ambassador is accredited to the Government of Singapore. https://www2.mre.gov.py/index.php/noticias-de-embajadas-y-consulados/embajador-se-acredita-ante-el-gobierno-de-singapur

[34] Ministry of Industry and Commerce. (2025, June 26). Paraguay Begins Engagement with ASEAN with Historic Visit to Vietnam. https://www.mic.gov.py/paraguay-arranca-acercamiento-a-la-asean-con-historica-visita-a-vietnam/

[35] La Nación. (2026, May 14). Report on Peña's trip to Taiwan and the Philippines. https://www.lanacion.com.py/politica_edicion_impresa/2026/05/14/informan-sobre-viaje-de-pena-a-taiwan-y-filipinas/

[36] ABC Color. (2026, May 11). Paraguay and the Philippines agree to visa exemption. https://www.abc.com.py/politica/2026/05/11/paraguay-y-filipinas-acuerdan-exencion-de-visas/; Philippine News Agency. (2026, May 11). PH, Paraguay chart deeper ties on Peña's historic Manila visit. https://www.pna.gov.ph/articles/1274734

[37] These are the Latin American countries that have acceded to the TAC, along with the year of their instrument of accession: Brazil (2012), Chile (2016), Argentina (2018), Peru (2019), Colombia (2020), Cuba (2020), Panama (2023), and Uruguay (2025).

memorandum of cooperation between their diplomatic academies. Rediex signed another agreement with the Philippine Chamber of Commerce.

In July 2026, 45 years after the establishment of diplomatic relations between Paraguay and Indonesia, both countries launched the Bilateral Business Council, with bilateral trade reaching USD 151 million in 2025—the highest level in five years.[38] With Vietnam— 's main trading partner in ASEAN—trade totaled USD 296 million: Paraguay exported USD 72 million and imported USD 225 million.[39]

The complete list of bilateral agreements signed with the region since 2007 fits on a single page (Table 2). Aside from agreements waiving visa requirements for holders of diplomatic and official passports, it is worth noting the absence of bilateral agreements with Vietnam, Indonesia, Malaysia, and Thailand. The diplomatic missions of Indonesia, Malaysia, Vietnam, Thailand, and the Philippines are accredited to Paraguay but remain based in Buenos Aires. This also says something about how those countries view Paraguay. In Asunción, their presence is limited to the honorary consulates of Vietnam, Thailand, Indonesia, and the Philippines.

**Table 2. Agreements and Instruments Between Paraguay and ASEAN Countries, 2007–2026**

| Date | Counterpart | Instrument | Status |
|---|---|---|---|
| March 8, 2007 | Vietnam | Agreement on Visa Exemption for Holders of Diplomatic and Official Passports, signed in Asunción. | In effect since Oct. 26, 2008 (Law 3454/2008)[40] |
| Aug. 24, 2007 | Indonesia | Agreement on visa exemption for diplomatic, official, and service passports, signed in Asunción. | Effective as of Oct. 6, 2009[41] |
| September 24, 2007 | Singapore (via Mercosur) | Memorandum of Understanding on Cooperation in Trade and Investment and the Mercosur-Singapore Action Plan, signed in New York. | In effect; precursor to the 2023 treaty[42] |
| Nov. 24, 2008 | ASEAN (via Mercosur) | First ASEAN-Mercosur ministerial meeting in Brasília, with a joint press statement. The second took place on Sept. 22, 2017, in New York, with no subsequent follow-up. | Political declarations; no treaty[43] |
| Aug. 25, 2011 | Philippines | Agreement on visa exemption for holders of diplomatic and official passports, signed in Buenos Aires. | Pending: the MRE registry does not indicate entry into force[44] |

[38] Capeco. (July 20, 2026). Paraguay and Indonesia celebrated 45 years of diplomatic relations, and in this context, the Paraguay-Indonesia Business Council was launched. https://capeco.org.py/2026/07/20/paraguay-e-indonesia-celebraron-45-anos-de-relaciones-diplomaticas-y-en-este-contexto-se-lanzo-el-consejo-empresarial-paraguay-indonesia/

[39] Ministry of Economy and Finance. (August 28, 2026). MEF participated in the first round of trade negotiations between Mercosur and Vietnam. https://www.mef.gov.py/es/institucional/sala-de-prensa/noticias/mef-participo-primera-ronda-negociaciones-comerciales-entre

[40] Ministry of Foreign Affairs (n.d.), op. cit.

[41] Ministry of Foreign Affairs (n.d.), op. cit.

[42] Ministry of Foreign Affairs (n.d.), op. cit.

[43] ASEAN (2024), op. cit.; ASEAN & MERCOSUR (2017), op. cit.

[44] Ministry of Foreign Affairs (n.d.), op. cit.

| Date | Counterpart | Instrument | Status |
|---|---|---|---|
| Dec. 7, 2023 | Singapore (via Mercosur) | Mercosur-Singapore Free Trade Agreement, signed in Rio de Janeiro. Paraguay coordinated the negotiations on behalf of the bloc. | Law 7522 enacted on Sept. 16, 2025; in effect for Paraguay as of Feb. 1, 2026[45] |
| May 23, 2025 | Singapore | Implementation Agreement on Carbon Credits (Article 6 of the Paris Agreement), signed by Environment Ministers Grace Fu and Rolando de Barros Barreto. | Signed[46] |
| May 23, 2025 | Singapore | Approval by the Singapore Food Agency for Paraguayan beef, pork, and poultry, following nearly five years of efforts by SENACSA. It is not a treaty, but it opens the market. | In effect[47] |
| Dec. 20, 2025 | Vietnam (via Mercosur) | Launch of negotiations for a Mercosur-Vietnam preferential trade agreement. Argentina is coordinating; first round in Buenos Aires, August 24–28, 2026. | Under negotiation[48] |
| May 11, 2026 | Philippines | Visa waiver agreement for holders of ordinary passports, signed in Manila during Santiago Peña's official visit to Ferdinand Marcos Jr. | Signed[49] |
| May 11, 2026 | Philippines | Memorandum of Understanding on cooperation in diplomatic training between the Department of Foreign Affairs and the Ministry of Foreign Affairs. | Signed[50] |
| May 11, 2026 | ASEAN (via the Philippines, 2026 chairmanship) | Formal notification of Paraguay's intention to accede to the Treaty of Amity and Cooperation in Southeast Asia. | Intention communicated; accession pending[51] |
| May 12, 2026 | Philippines | Memorandum of understanding between the Philippine Chamber of Commerce and Industry and Rediex to foster closer ties between the private sectors. | Signed[52] |

[45] La Nación. (September 17, 2025). Law on the agreement between Mercosur and Singapore enacted. https://www.lanacion.com.py/politica_edicion_impresa/2025/09/17/promulgan-ley-de-acuerdo-entre-mercosur-y-singapur/; Ministry of Industry and Commerce. (2025). Paraguay's trade agreements. https://www.mic.gov.py/acuerdos-comerciales-de-paraguay/

[46] La Nación. (2025, May 24). Agreement Signed to Promote Cooperation on CO2 Credits. https://www.lanacion.com.py/negocios_edicion_impresa/2025/05/24/firman-acuerdo-para-impulsar-cooperacion-en-creditos-del-co2/

[47] ABC Color. (2025, May 23). Singapore's opening to Paraguayan beef comes after nearly five years of negotiations. https://www.abc.com.py/economia/2025/05/23/apertura-de-singapur-a-carne-paraguaya-llega-luego-de-casi-cinco-anos-de-negociaciones/

[48] Ministry of Economy and Finance (2026), op. cit.

[49] ABC Color (May 11, 2026), op. cit.; El Trueno (May 11, 2026). Peña and Marcos Jr. aim to strengthen ties between Mercosur and Southeast Asia. https://eltrueno.com.py/2026/05/11/pena-y-marcos-jr-apuntan-a-fortalecer-vinculos-entre-mercosur-y-el-sudeste-asiatico/

[50] El Trueno (2026), op. cit.

[51] Philippine News Agency (2026), op. cit.

[52] ABC Color. (May 12, 2026). Philippine Chamber of Commerce: Paraguay Will Be the Philippines' Base in South America. https://www.abc.com.py/politica/2026/05/12/camara-de-comercio-filipino-paraguay-sera-la-base-de-filipinas-en-america-del-sur/

| Date | Counterpart | Instrument | Status |
|---|---|---|---|
| July 16, 2026 | Indonesia | Launch of the Paraguay-Indonesia Business Council in Asunción, 45 years after the establishment of diplomatic relations. | Private initiative; no treaty[53] |

**Sources:** Compiled by the author based on the Ministry of Foreign Affairs' treaty registry and the documents cited in the footnotes.

## Why Deepen Ties

ASEAN imports more than 1.3 million metric tons of meat and offal per year[54] , and Paraguayan meat already enters Singapore duty-free. The bloc's food imports have increased fivefold since 2000, but exports from Australia and New Zealand enter under preferential terms, whereas Mercosur exports do not: Australian grain is subject to a 0% tariff, while South American grain faces a 30% tariff. Halal certification is a prerequisite for meat exports in a bloc where 42% of the population is Muslim.[55] In this context, tariff preferences and sanitary licenses are the easy part of a trade relationship that also requires logistics, information, financing, and business networks to reach its potential[56] .

The geopolitical argument is less obvious. The alliance with Taiwan generated USD 340 million in exports for Paraguay in 2025[57] , accounting for 58% of Paraguay's exports to the Asia-Pacific region this year, or 29% when considering all of our exports to Asia. The ten ASEAN countries combined accounted for just USD 94 million. In other words, Taiwan purchased nearly four times as much as the entire ASEAN bloc. This represents a significant degree of market concentration for our exports to the Asian market in a single country with a population of just 23 million. Diversification must be the *guiding principle* of our trade strategy in Asia, because anyone who relies on a single partner is exposed to changes beyond Asunción's control. Furthermore, we must foster our multipolar autonomy—that is, expand our portfolio of partners until no single one can exert coercive power. A small, landlocked economy benefits more from aligning with a region where risk mitigation is the norm than with blocs that demand alignment. Brazil's Foreign Minister predicts that ASEAN will surpass the United States and the European Union as one of his country's top trading partners within a few years.[58] When that happens, Paraguay should be prepared with a structured plan already in full implementation that strengthens its presence and influence in a region with a promising future.

## A Proposed Roadmap

With this objective in mind, and inspired by ASEAN's approach to setting goals, allowing for different paces, and measuring results[59] , we propose here a limited but realistic set of

[53] Capeco (2026), op. cit.
[54] Ministry of Industry and Commerce (2025), op. cit.
[55] Danielle, S. (2021). Mercosur-ASEAN: Current Trade Relations and Business Opportunities for the Latin American Block in the Food Sector. Asia/Latin America, 6(special issue), 81–93. https://www.asiaamericalatina.org/docs/ASEAN1/ASEAN.7.pdf
[56] Beltran (2026), op. cit.
[57] La Nación (2026), op. cit.
[58] CNN Brasil. (August 18, 2026). ASEAN Secretary Sees Room for Brazil to Be Included on List of Partners. https://www.cnnbrasil.com.br/economia/money/macroeconomia/secretario-da-asean-ve-margem-para-brasil-ser-incluido-em-rol-de-parceiros/
[59] Fernández Guillén (2026), op. cit.

suggested actions aimed at strengthening Paraguay's political and commercial presence and influence within this strategic and dynamic group of countries:

1. **Domestic Priorities (2026–2028)**. Despite the Asia-Pacific region's growing weight in the global economy, the region is currently covered institutionally on an aggregate basis by the Directorate for Asia, Africa, and Oceania (DAAO). Establish, by decree within the Ministry of Foreign Affairs, an Asia-Pacific unit with its own budget and published quarterly goals, enabling greater specialization in the negotiation agenda and issue tracking by diplomats, as well as the coordination of a unified strategy with the MIC, the MEF, Rediex, and SENACSA. Paraguay has eight embassies in Asia (Israel, Lebanon, Qatar, United Arab Emirates, South Korea, India, Japan, Taiwan) and none in ASEAN[60] . The proposed unit should focus, among other objectives, on training at least ten officials in the languages and institutions of the region. The recent Memorandum of Understanding on cooperation in diplomatic training with the Philippine Department of Foreign Affairs is a good starting point for this initiative.

2. Physical Presence (2027). Open a first resident embassy in Singapore, with coverage extending to Kuala Lumpur and Jakarta, and a Rediex office in Ho Chi Minh City.

3. **Vietnam (2027).** Make substantial progress in negotiating the free trade agreement with our main trading partner in ASEAN, prioritizing beef and pork, soybeans and soy products, corn, rice, biofuels, and leather. At the same time, both SENACSA and SENAVE should negotiate sanitary and phytosanitary protocols bilaterally, respectively.

4. **Singapore, Indonesia, and Malaysia (2026–2028).** Authorize meat processing plants to ship to Singapore, obtain halal certification recognized by Malaysian and Indonesian authorities, and approve the first carbon credit project under the agreement reached with Singapore in 2025.[61] With Indonesia, which has the potential to become the second or third-largest buyer of Paraguayan meat,[62] support the Mercosur-Indonesia negotiations with a specific offer in agribusiness, energy, and services, and with a bilateral agreement to avoid double taxation as a tool to attract investment.

5. **The Philippines and Thailand (2027).** Turn the recent presidential visit to Manila into a framework agreement on economic cooperation between Paraguay and the Philippines, paving the way for future free trade negotiations between Mercosur and the Philippines, and explore possibilities for market access to Thailand, a major industrial economy that is part of the RCEP and a BRICS partner country.

6. **Institutional Status (2026–2030).** Monitoring and strategic diplomacy to advance Paraguay's recent application for accession to the ASEAN Treaty of Amity and Cooperation. To this end, it would be very important to accredit a representative to the ASEAN Secretariat in Jakarta in 2027 and, once accession is confirmed, to apply for development partner status—the level currently held by Chile and Peru—[63] by meeting, one by one, the criteria revised in July 2026.[64] It took Brazil four years to progress from

[60] Ministry of Foreign Affairs. (2025b). Embassies of the Republic of Paraguay. https://www.mre.gov.py/embajadas/
[61] IP Agency (2025), op. cit.
[62] La Nación (2025c), op. cit.
[63] Radulovich (2025), op. cit.
[64] ASEAN (2026b), op. cit.

sectoral partner to candidate for full membership. Paraguay should expect a similar timeframe and be prepared to exercise strategic patience.

7. **Interregional institutional relations and coordination within Mercosur (2027–2030).** Paraguay can accelerate the process by proposing a formal Mercosur–ASEAN dialogue that begins with a cooperation agenda focused on technology, renewable energy, and food security, thereby reviving the regular meetings in Jakarta and the bi-regional action plan agreed upon in 2017.[65] Within Mercosur, there are three tasks: developing a Paraguayan position for the negotiation and implementation of trade agreements with each of the ASEAN members—starting with Singapore, Vietnam, and Indonesia—and for the bloc as a whole; and ensuring that, in the negotiations, Mercosur's common offer appropriately includes both Paraguayan products currently destined for this region and those with identified potential. Whatever Brazil achieves sets the baseline for the rest of Mercosur, and Paraguay must be at the table.

8. **Logistics, People, and Monitoring (2027–2030).** Publish country-specific access guides and freight costs to Singapore and Ho Chi Minh City; establish a pre-financing line for exports to the Asia-Pacific region through the Development Finance Agency; establish bilateral visa waiver agreements for tourism and business travel; and negotiate bilateral scholarship quotas with ASEAN universities and member countries. The National University of Singapore, ranked 10th in the world according to the QS WUR 2027, offers a variety of courses in English—a good place to start.

[65] ASEAN & MERCOSUR (2017), op. cit.