



Cover Image Attribute: File photo from May 21, 2024 - President Lai Ching-te met with a delegation led by Paraguayan President Santiago Peña Palacios, who traveled to Taiwan to attend the inauguration of Lai and Vice President Bi-khim Hsiao and to show support for Taiwan internationally. / Source: Office of the President, Republic of China (Taiwan)

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Loyal Paraguay: The Peña Government's Strategic Choice to Stay with Taiwan

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From August 11-15, 2025, the author was in Asuncion, Paraguay, in an [International Republican Institute](#) (IRI) event hosted by that nation's President Santiago Peña, bringing together government officials, diplomats, businesspersons, and civil society, to talk about Paraguay's unique experiences and path to development. The event was a building block for a [broader forum to be held at the Summit of the Americas](#) in Punta Cana, the Dominican Republic in November.

In Washington D.C., Paraguay is most commonly associated with activities by the terrorist group Hezbollah in the "[triple frontier](#)" where Paraguay, Argentina and Brazil converge. It also has the [reputation for corruption](#), highlighted by the 2023 condemnation of former Paraguayan President Horacio Cartes for "[significant corruption](#)" by the Biden Administration.

Paraguay's image problem mask a more important reality, with significance for the United States and the region: The government of Santiago Peña, working with strategic allies [Taiwan, Israel, and the United States](#), is working to transform the country and [tell Paraguay's positive story](#) as a politically stable, pro-business, conservative country presenting multiple opportunities for its own people and foreign investors, owing to its [abundant, inexpensive green energy, fertile land](#), and role as a low-cost potential manufacturing center with tariff-free access into the larger [MERCOSUR market](#) of full members in good standing [Brazil, Argentina, and Uruguay](#).

The Peña government's pro-U.S. orientation and steadfast support for Taiwan makes Paraguay strategically important for Washington in resisting the economic, political and military [advance of the People's Republic of China](#) (PRC) in the region. By contrast to other leaders in the region seduced by hoped-for benefit of exports to and investment from the PRC, President Peña, as an economist and former Finance Minister, is [clear in his public discourse](#) about the likelihood that Paraguay would emerge as a net loser if it abandoned Taiwan's significant and expanding purchases of Paraguayan agricultural products, development support, and investment. President Peña has an impressive, technically-based clarity, incorporating the experiences of other countries that have abandoned Taiwan such as [Costa Rica, Honduras, and Nicaragua](#), only to discover that hoped-for massive exports of Paraguayan meat to the PRC market are unlikely to emerge. President Peña is also cognizant of the risks of a possible flooding of the Paraguayan market by PRC products and retail establishments, displacing local producers, as has occurred in [Costa Rica, Honduras, and Nicaragua](#), among others. Even more importantly, he demonstrates an awareness of the risks to the democratic Paraguayan political system, from the webs of influence that the PRC weaves once the political and economic doors for their expansion into a country are opened. Such webs which undermine a country's democracy and autonomous voice [arguably include](#) paid trips to the PRC for [journalists, politicians, government personnel](#), academics and [think tanks](#), the

creation and PRC courtship of local organizations such as China-facing Chambers of Commerce, PRC friendship [committees in legislatures](#), and unregistered lobbying by PRC-based entities such as the [telecommunications company Huawei](#). Indeed, in December 2024, Huawei employees in Paraguay were [caught spying on the Taiwanese ambassador](#) in Asuncion, and in the same month, a Paraguayan Congressman, Liberal Party Congresspersons Ever Villalba and Billy Vaesken, brought senior PRC diplomat Xu Wei into the country [on false pretenses](#) of attending a United Nations Education, Science and Cultural Organization (UNESCO) event, but instead, brought him to the Paraguayan parliament to lobby the body for a change in recognition.

Taiwan's economic and other support for Paraguay, its geographically largest diplomatic partner and its last in South America, has been substantial, and arguably has contributed strongly to President Peña's vision for developing the country. As part of its trade support for Paraguay, Taiwan has cut or eliminated tariffs on [19 different Paraguayan products](#). It is now the [largest importer](#) of [Paraguayan pork](#), absorbing [90% of the nation's production](#). Those imports expanded [more than 75%](#) last year alone. Taiwan is also the [second largest importer](#) of [Paraguayan beef](#) following [Chile](#). It is currently seeking to expand imports of [Paraguayan poultry](#).

Taiwan's aid and investment also supports President Peña's vision to build Paraguayan human capital, as his government works to establish an indigenous technology sector leveraging the nation's cheap abundant energy, Taiwan provides [technical scholarships](#) for 30-35 Paraguayans per year, with hundreds currently studying in the Republic of China (ROC). With the initiative of President Peña, Taiwan is building a brick-and-mortar [polytechnical university](#) in Paraguay, concentrating on four engineering specialties, and which will include Taiwanese professors and technical education adhering to Taiwanese standards, further supporting President Peña's vision of a vibrant indigenous technology sector.

Beyond education and Training, Taiwan has also provided Paraguay with substantial development support including the digitation of the nation's [medical system](#), with 90% of Paraguayan hospitals and clinics soon to have their records and patient interactions on line, creating opportunities for future progress such as the use of artificial intelligence in diagnosis and treatment recommendations.

In security affairs, Taiwan has provided helicopters, HUMMMWV trucks and other equipment to Paraguay, most recently donating [four Bell UH-1H helicopters](#) to the [country in August 2025](#).

Over the long term, Taiwan is working with President Peña to go beyond aid, to encourage its companies to [invest in Paraguay](#). In July 2024, Taiwan's Foreign Minister Lin Chia-lung, [traveled to Paraguay with a delegation](#) from semiconductor, information and communications technology (ICT) and smart transportation companies, to explore setting up operations in Paraguay, including building on the [Taiwan-Paraguay Smart Technology Park](#). The Taiwan-based electric bus company Master Bus currently has plans to build a [\\$30 million factory](#) in the country that would supply electric busses not only to Paraguay, but also to the rest of Mercosur. The plant, when completed, would create an estimated [1,200 Paraguayan jobs](#). Over the long-term, major Taiwanese information technology companies such as [Nvidia and Foxconn](#) are also exploring the construction of facilities in the country. The Peña government hopes to compliment [such investment](#) with the attraction of complimentary ones by technology firms from other friendly countries including the U.S., European Union, Japan and South Korea.

Despite Paraguay's solid partnership with Taiwan, PRC-based companies and products have a significant role in the Paraguayan market. The PRC is actually Paraguay's [largest source of imports](#). Numerous PRC car and truck brands are expanding in the Paraguayan market including BYD, JAC, Haval, Geely, Jetour, and Chang'an, among others. The Chinese digital device companies Huawei, Xiaomi, Oppo, and Honor all have a presence in the country. The PRC-owned agrologistics firms [COFCO Agri](#) and [Syngenta](#) (ChemChina) also operate in Paraguay. There is further a PRC-owned iron mine in the Chaco region in the west. Chinese product distributors such as [Qin Yi American](#) operate in the country. Malls dedicated to PRC merchandise, such as businessman [Felipe Cogorno's "Shopping China,"](#) eerily resemble the more than [400 PRC merchandise outlets](#) that have appeared in Nicaragua in the four years since that country changed its recognition from Taiwan to the PRC. Such outlets suggest what could happen to Paraguay's local retail sector and producers if a future government abandons Taiwan for the PRC.



Monica Lewinsky, 51, Flaunts Her Huge Size In New Bikini Photos

Beyond commerce, Chinese mafia activities are another problem that could grow with the expanded economic relations with the PRC that would likely come with diplomatic recognition. Examples include a methamphetamine lab involving Chinese criminal actors, discovered in May 2025 in the border town of [Mingua Guazu](#),

While most Paraguayans engaged by the author support the continuation of relations with Taiwan, there continue to be voices in the Paraguayan Congress such as Vice-president of the Chamber of Deputies [Hugo Meza](#), [Ever Villalba](#), and [Carlos Nunez Salinas](#), among others, who advocate for abandoning Taiwan for the PRC. Similarly, within the Paraguayan press, media personalities like [Leo Rubin](#) and Enrique “Kike” Gamarra, continue to make the case for PRC recognition. The Communist Chinese government also continues to [apply diplomatic pressure](#) on Paraguay, with statements whose [timing appears to reflect coordination](#) with friends within that country.

President Peña’s commitment to Taiwan is both based in values and a pragmatic compliment to his vision for Paraguay’s development. From the [author’s engagements with President Peña](#) over the past two years, however, it is also about something often missed in Washington, the sincere [resonance for Paraguayans of values](#), the associated determination of President Peña to position the country on the democratic side of history, and a sincere commitment to Paraguay’s friends, including [Taiwan](#), [Israel](#), and [the United States](#). For Washington, such friendship is worth recognizing and building upon.

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