



Doing Business in Uruguay: 2010 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Uruguay

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Market Overview

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- Welcome – “*Bienvenidos*”! Uruguay is a great place to do business, and the Commercial Section at the U.S. Embassy in Montevideo has compiled this guide to provide you with a brief background on the Uruguayan market as you consider export opportunities. Please don't hesitate to reach out to the Embassy at anytime.
- Uruguay is a market-oriented economy in which the State still plays a role. From 2004 through 2008 it experienced robust rates of growth ranging from 5.0% to 9.0%. The 2008 – 2009 global financial crisis put a brake on growth, mainly through lower foreign trade and investment, but had a very limited impact on wages and employment. In 2008 and 2009 Uruguay managed to avoid economic recession and growth of 2.0% and 4.0% is expected for 2009 and 2010.
- Uruguay has diversified its trade in recent years and reduced its longstanding dependency on Argentina and Brazil. It is a founding member of MERCOSUR, the Southern Cone trading bloc also composed of Argentina, Brazil and Paraguay, which is in the process of integrating Venezuela.
- Preliminary 2009 figures show that Uruguay's exports of goods (FOB) totaled \$5.5 billion and imports (CIF) \$6.3 billion. Brazil was the top export market (20%) followed by, Argentina (6%), China (4%), Russia (4%), Venezuela and the U.S. (with 3% each). Exports are concentrated in a few products, with meat, soy, rice, leather, dairy products and wood accounting for over half of total sales. Uruguay's top imports are oil and capital goods.
- Imports from the United States surged in recent years following the economic upturn, from under \$200 million in 2003 to \$620 million in 2009. The U.S. was fourth in market share with 10%. The top suppliers were Brazil (20%), Argentina (19%) and China (13%). Key U.S. sales in 2009 were fuels, fertilizers, computers and high-tech and agricultural machinery.
- Exports to the U.S. dropped 16 percent in 2009, for a total of \$180 million, as beef sales were shifted to other markets. Sales to the U.S. are concentrated in beef, wood, leather, food preparations and soy. Bilateral trade amounted to about \$800 million in 2009, with a favorable trade balance with the U.S. of \$437 million.

- The investment climate is generally positive. Foreign and national investors are treated alike, there is complete, free remittance of capital and profits, and investments are allowed without prior authorization. A 2007 decree that offers significant tax benefits to investors has helped prompt an increase in investment.
- Uruguay and the U.S. signed a latest-generation Bilateral Investment Treaty in 2005 and an Open Skies Agreement in 2004. In early 2007 both countries signed a Trade and Investment Framework Agreement that is providing a platform for active work on commercial issues.
- The Frente Amplio, the current ruling coalition, won a second term during the recent election held on October 2009. The new president will take office on March 1, 2010.

Please refer to Chapter 2 or the following links for further economic information:

U.S. Embassy's web page	http://uruguay.usembassy.gov
Ministry of Economy and Finance	http://www.mef.gub.uy/portada.php
Central Bank	http://www.bcu.gub.uy
National Institute of Statistics	http://www.ine.gub.uy
Presidency of the Republic	http://www.presidencia.gub.uy
Uruguay XXI (Export and Investment promotion agency)	http://www.uruguayxxi.gub.uy
Single Window for Investors	http://www.unasep.gub.uy
IMF	http://www.imf.org/external/country/URY/index.htm
World Bank	http://www.worldbank.org/uy
Mercosur Secretariat	http://www.mercosur.int

Market Challenges

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- The challenges Uruguay faces in promoting its local market are its small size (3.3 million) and the lack of trade-related financing. Uruguay is largely unknown to many U.S. companies. Local companies traditionally look first to neighboring MERCOSUR countries to develop trade. In recent years, attention has been increasingly turning to China. U.S. exporters need to be flexible in their minimum sales and payment requirements.
- While the government-elect recognizes the need to expand trade relations with all the countries across the board, it may focus more attention on regional markets. Bilateral relations with the U.S. during the first Frente Amplio Administration (2005-2010) have been considered by both governments as optimal and are expected to continue with the new authorities after March 1, 2010. Commercial relations continue to be strengthened through work under the auspices of the Trade and Investment Framework Agreement (TIFA).

- Government procurement and bidding processes are generally transparent, but slow. The bureaucracy for obtaining official investment information and procedures is also slow at times.
- High interest rates, limited financing for SMEs, and an almost non-existent capital market can limit market opportunities.

Market Opportunities

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- Current dollar depreciation and euro appreciation vis-à-vis the Uruguayan peso offers rising market opportunities for U.S. exports.
- Chemicals, Information technology and telecommunication equipment are the top U.S. exports to Uruguay, followed by fertilizers, medical equipment and supplies, and agricultural machinery.
- Uruguay offers good opportunities as a test market for the region, given the small size of its market, respect for the rule of law and good investment climate.
- Uruguay also boasts a highly educated population (97% literacy rate) and a dynamic services sector. Software development in particular is a growing sector, with Uruguay a leading software exporter in Latin America.
- New cellulose investment projects in the pipeline provide opportunities for U.S. companies in the forestry and paper and pulp sectors.
- The major infrastructure projects in the pipeline are:
 - Railway Rehabilitation (2010 – 2015 Administration priority)
 - Renewable Energy Projects
 - Construction and outfitting of cellulose and chipping plants
 - Sea and River Port Projects

For detailed information regarding these projects, please refer to [Chapter 4](#).

Market Entry Strategy

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- All import channels exist -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms. Sales outlets and supermarkets are traditional storefronts. There are no discount general merchandisers.
- U.S. suppliers should be thorough in their selection of a local agent or representative. The contractual relationship (employer-employee or commission-based) should be made clear. Failure to do so could result in supplier liability for severance if the U.S. company decides to end the business relationship.

- The best strategy recommended to enter the local market is to visit Uruguay, interview potential partners, and name a representative/agent. Business relationships and creative financing terms are very important.
- U.S. exporters are encouraged to take advantage of the export promotion services provided by the Commercial Section in the U.S. Embassy in Montevideo. Please check in <http://www.buyusa.gov/uruguay/en/10.html> for the full list of services provided. Another useful site for U.S. exporters is <http://www.export.gov>.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2091.htm>

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Using an Agent or Distributor

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A helpful way to find a local agent is to take advantage of the export promotion services provided by the U.S. Department of Commerce through the Commercial Section in the U.S. Embassy in Uruguay. For a modest fee, the Commercial Section will provide a Customized Contact List with up to 10 potential partners with additional information, such as a contact name, e-mail, a brief description of the firm, approximate number of employees, products/services, foreign companies represented, year established, and sales revenue if available.

Our Gold Key Service (GKS) is another great way to open doors, and allows U.S. executives to travel to Uruguay efficiently and effectively for face-to-face meetings with potential business partners. The Commercial Section will prepare a customized schedule of appointments with pre-screened potential agents, distributors, or other business contacts according to the company's needs.

In addition, The ICP (International Company Profile) is an in-depth confidential background report on the local firm. The report includes: local company's contact information, its size/approximate number of employees, products/services, financial and business references, company's reputation, and the Commercial Section's comments/evaluation.

For the full list of services provided, please check in <http://www.buyusa.gov/uruguay/en/10.html>

Establishing an Office

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A new enterprise or the acquisition of an existing Uruguayan company can be done freely. Shell corporations already formed but with no operations are also available for acquisition and can be purchased for about \$2,500. It is advisable to contract an experienced attorney who can provide guidance in completing the necessary legal paperwork. The foreign investor is free to adopt any desired legal organization structure. Corporations or branches are most common forms, but a personal partnership is also possible.

Franchising

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Franchising in Uruguay has to date been largely limited to food-related outlets, hotels, and car rental companies. There are no legal restrictions on operating a franchise in Uruguay. For general, please check in <http://www.mtgroup-uy.com>. For more information or assistance, please e-mail montevideo.office.box@mail.doc.gov

Direct Marketing

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U.S. exporters may sell and ship directly to Uruguayan consumers. Courier packages containing CDs, DVDs, books, and personal items valued at \$50 or less are exempt from import tariffs. The relevant regulations, however, are not always uniformly applied and are changed periodically. Telemarketing and e-mail campaigns are on the rise. Direct marketing is also popular in heavily transited street corners and during the summer at beach resorts, where hired promoters distribute flyers and samples of all types of products and services. Inserts in the Sunday edition of major newspapers are also a popular form of direct marketing. Catalog sales are not common as Uruguayans prefer to window shop and personally choose the goods to be purchased.

Joint Ventures/Licensing

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Both joint ventures and licensing are common in Uruguay and generally involve procedures similar to those practiced in most other countries.

Selling to the Government

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A G2B website, <http://www.comprasestatales.gub.uy>, has been established to increase transparency and reduce government procurement costs. Government agencies issue tenders for the purchase of the products and services.

Distribution and Sales Channels

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All customary import channels exist in Uruguay -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms, among others. Sales outlets are usually traditional storefronts and supermarkets. Very few discount general merchandisers operate in Uruguay.

Selling Factors/Techniques

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Foreign manufacturers with sustained sales in Uruguay generally use the services of an agent or distributor. Nearly all importers/distributors are based in Montevideo, although

some maintain sales networks in the Interior as well. A U.S. firm with a local representative has the advantage of keeping up-to-date with local market conditions as well as changes in policies affecting trade.

Uruguay is a good market for both new and used equipment and machinery. Pre-owned and/or refurbished equipment from the U.S. may be marketable to local industry. When making purchase decisions, Uruguayan consumers consider quality, price, payment terms, delivery time, after-sales servicing and compatibility with existing systems.

U.S. manufactured products are regarded as high in quality but occasionally lose price competitiveness vis-à-vis regional products. Also, they are sometimes rated poorly when it comes to financing, which is an important factor in sales in Uruguay. U.S. manufacturers offering flexible, innovative, and competitive credit terms will overcome a difficult hurdle to achieve export sales to Uruguay.

Electronic Commerce

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Uruguay has one of the highest levels of Internet penetration in Latin America, although its e-commerce figures remain comparatively low.

A 2009 survey among Internet users reported that 50% would be likely to purchase products or services if they found items of interest. Local advertisers agree that the Internet serves as a means to promote their products and services, but not to close business transactions. In January 2009 there were 1.3 million Internet users of which 64% live in the capital city of Montevideo. Only 16% have completed purchases through the Internet. Cellular phones are increasingly used for product promotion.

Uruguayan retailers began launching their websites and sales campaigns on-line in the early 2000's, however; they soon discovered that they were unable to attract on-line business due to the ongoing recession and the lack of interest among their clients. Because the costs of maintaining their websites were expensive, many of these companies subsequently removed their websites from the Internet. Since the economy began recovering in 2005, companies began using websites again and sought to increase sales on-line. Sales of computer accessories, computers and cell phones have the lead followed by home appliances and groceries. The items most frequently purchased on-line from overseas include books, CDs, clothing, hardware, sporting goods, home appliances, toys, games/DVDs, and software. In most cases, these items are purchased because they are unavailable locally. Other factors include lower prices, convenience, and the items' novelty. Google is the search engine preferred by 96% of Internet users. The recent survey also shows that 26% of the people that have never purchased on-line is due to lack of confidence in delivery, 18% do not find it convenient, 17% do not know how it works and 12% mistrust using credit cards.

The growth of e-business from abroad has also been negatively impacted by taxes and measures imposed by the Government of Uruguay, that affect the door-to-door delivery of goods arriving via international couriers. Most goods arriving via couriers that cost under \$50 enter free of duties, but the relevant regulations are not always applied uniformly.

It is advisable to work with a local advertising agency. "El Pais" and "El Observador" are the leading newspapers in terms of circulation followed by "Cronicas" while "Busqueda" is a highly respected weekly journal. Several major international advertising agencies maintain offices in Montevideo. Television and radio advertising are also popular. During the summer months of December-March, light aircraft trailing banners are commonly used to promote new products along the coast. Several local ad agencies produce TV commercials for clients abroad.

The Embassy periodically hosts industry-specific catalog exhibitions and trade missions. It also participates with a commercial booth in some trade fairs. Details concerning these fairs may be obtained from the Commercial Section, U.S. Embassy Montevideo, Tel: (5982) 418-7777, ext. 2325, Fax: (5982) 418-8581 or by e-mail at montevideo.office.box@mail.doc.gov.

Catalogs may be sent via regular U.S. mail to:
Econ/Commercial Officer
U.S. Embassy Montevideo
UNIT 3360 – Box 040
DPO, AA 34035 - 0040
USA

Pricing

The Uruguayan market price structure reflects world market prices plus import tariffs and transportation costs. In addition to tariff advantages, products from nearby MERCOSUR countries like Argentina and Brazil enjoy significantly lower transportation costs than do products from the U.S., Europe, and Asia.

A typical price structure for an item imported from the U.S. is as follows (i.e., restaurant equipment HS code 8509.40.20):

Price (CIF)		1,000.00
Import Tariff	10%	100.00
IMADUNI	10%	100.00
IRAE	4%	48.00
Extraordinary taxes	--	12.00
T.S.A	--	2.00
V.A.T. (recoverable on sale)	32%	384.00
Transit guide	--	6.30
Consular Tax	2%	20.00
Total Surcharges		672.30
TOTAL IMPORTED COST		1672.30

Source: Transaction Database

Sales Service/Customer Support

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Uruguayans consider sales support and customer service important factors when deciding which products to buy. U.S. manufacturers should seriously consider using an agent in Uruguay to provide customer support services. Company representatives resident in neighboring countries are less effective.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property (“IP”) rights in Uruguay. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Uruguay than in the U.S. Third, rights must be registered and enforced in Uruguay, under local laws. Your U.S. trademark and patent registrations will not protect you in Uruguay. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Uruguayan market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Uruguay. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Uruguayan law. The U.S. Commercial Service can provide a list of local lawyers upon request or is also available in <http://uruguay.usembassy.gov/usaweb/paginas/11-01EN.shtml>

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Uruguay require constant attention. Work with legal counsel familiar with Uruguayan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Uruguay or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Uruguay at: dorian.mazurkevich@mail.doc.gov.

Contacts for local IPR registration and enforcement include:

- National Directorate for Industrial Property, Ministry of Industry (trademark and patents)
Dirección Nacional de la Propiedad Industrial – DNPI
<http://www.miem.gub.uy/portal/hgxpp001?5,9,127,O,S,0,MNU;E;30;7;MNU;>
- Copyright Council, Ministry of Education – Consejo de Derechos de Autor
<http://www.mec.gub.uy/cda/index.htm>
- General Authors Association of Uruguay
Asociación General de Autores del Uruguay – AGADU
www.agadu.org.uy
- Uruguayan Disc Chamber – Cámara Uruguaya del Disco – CUD
www.cudisco.org
- Legal Software
Software Legal del Uruguay
www.softlegal.org
- Association of Video Producers
Asociación de Productores y Realizadores de Cine y Video del Uruguay – ASOPROD
www.asoprod.org.uy
- Uruguayan Video Union – Unión Uruguaya de Video
website not available

For information on protecting your intellectual property in Uruguay please go to Chapter 6 Protection of Property Rights.

Due Diligence

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It is advisable to obtain a local attorney before setting up operations in Uruguay or carrying-out substantial amounts of business. Local attorneys can be very helpful in sorting through the red tape and bureaucracy, which may otherwise be frustrating for a newcomer. A list of local attorneys may be obtained from the Embassy's website at <http://uruguay.usembassy.gov>, under American Citizen Services. For questions or further assistance, please contact montevideo.office.box@mail.doc.gov

Credit reports on Uruguayan firms may be obtained from the Commercial Section through the International Company Profile (ICP). For more information, please click on <http://www.buyusa.gov/uruguay/en/11.html>.

Local Professional Services

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Equifax:	http://www.clearing.com.uy , http://www.equifax.com/
Commercial Defense:	http://www.lideco.com.uy/online/html/index.php
D&B Uruguay:	http://www.mr.com.uy
PriceWaterhouseCoopers:	http://www.pwc.com

For additional services, please click on <http://www.buyusa.gov/uruguay/en/17.html>

Web Resources

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Newspapers:

Busqueda: busqueda@adinet.com.uy Web site not available, only on-line subscriptions for overseas.

El Observador: <http://www.observa.com.uy>

El Pais: <http://www.elpais.com.uy>

Crónicas: <http://www.cronicas.com.uy>

La Republica: <http://www.larepublica.com.uy/>

Ultimas Noticias: <http://www.ultimasnoticias.com.uy/>

T.V.

Channel 4

<http://www.canal4.com.uy/>
noticieros@montecarlo.com.uy

Channel 5 (TVEO):

<http://www.tnu.com.uy/>
contacto@tnu.com.uy

Channel 10:

<http://www.canal10.com.uy/>
subrayado@canal10.com

Channel 12:

<http://www.teledoce.com/>
telemundo@teledoce.com

VTV Uruguay:

<http://www.vtv.com.uy/>
prensa@vtv.com.uy

Major AM radios

690 AM Radio Sarandí

<http://www.sarandi690.com.uy/>

810 AM Radio El Espectador

www.espectador.com

850 AM Radio Carve

www.carve850.com.uy/

870 AM Radio Universal

<http://www.22universal.com/>

770 AM Radio Oriental

<http://www.oriental.com.uy/>

930 AM Radio Montecarlo
<http://www.radiomontecarlo.com.uy/>

1410 AM Libre
<http://www.1410amlibre.com/>

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Telecommunication Equipment

Overview

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	2007	2008	2009
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	207.2	585.9	229.3
Imports from the U.S.	27.1	38.9	35.5

Source: Transaction database – USD million

The growth of mobile communications in Uruguay greatly surpasses the growth of fixed communications (which has become almost stagnant). In 1997 there were 761,000 landline connections and 100,000 cellular subscribers. By mid 2009, there were 963,755 landline connections (and decreasing) and over 3.4 million cellular subscribers (80% of which pre-paid), representing a 106% penetration rate, creating a close-to-saturated market condition. In 2008 (latest data available), telecommunications represented 4.41% of GDP and grew 21.5% over 2007 figures.

Three carriers share the Uruguayan cellular market: The state-owned carrier ANCEL (ANTEL's cellular subsidiary), Spain's Telefónica/Movistar (formerly BellSouth), and Mexico's América Móvil/CTI/Claro. ANCEL lost its long-dominant market position for the first time in mid-2008, falling from 60% in 2006 to 37% in 2009.

Telefónica/Movistar currently has a 40% market share, and América Móvil / CTI/Claro has a growing 23% market share. ANCEL began service in 1994, the former BellSouth in 1991, and América Móvil /CTI/Claro in 2005. Stiff competition among the three cellular carriers forced the state-owned telecommunications company ANTEL to discontinue national long distance landline service. All long distance calls within Uruguay are now billed as local calls.

Fueled by aggressive commercial promotions, the number of cellular clients continues to rise and 2009 closed with over three million subscribers representing a 106% mobile penetration creating a close-to-saturation market condition.

Notwithstanding, experts believe that growth is still possible through the sale of new services, and the substitution of the estimated 100,000 analog cellular units still in circulation. Migration of approximately 30,000 remaining TDMA clients to 3G technologies is another possibility for growth.

In the twelve months ending December 2009, Sony-Ericsson had a 41% market share of cellular unit sales (led by the W760), Nokia 27.2% (led by the E-51), Samsung 11% (GTS5230), Motorola 5.31% (led by the A1200), and LG 3.3% (KP570), and Blackberry 0.01%. The Apple iPhone was also introduced by the two private carriers in late 2008 and also has a 0.01% market share. The three operators in Uruguay heavily subsidize the cost of cellular units which has created a small parallel export market of new cellular units.

In December 2005 the three carriers interconnected their systems to allow for the exchange of short message services (SMS.) The subsequent explosion in SMS messages resulted in network saturation and long message delivery times. As of 2009 the problem had somewhat improved, but was not completely resolved. On major holidays (e.g. Christmas), it may take two hours for a message to reach its destination – but down from an entire day a few years back. Just one carrier reported handling 5.4 million messages on December 24. An average of 320 million SMSs are sent per month among the three carriers at a cost of \$0.04 per message. ANCEL recently reported that SMS communications has become the principal uses of cell phones among teenagers -- more time is spent on sending SMSs than in making calls.

ANCEL and Movistar operate on 1800MHz and CTI on 1900MHz frequencies. GSM leads the market with 58% participation; CDMA follows with 24%, TDMA with 16%, and AMPS with a 2% share. In a recent press conference, CTI reported an average return per user (ARPU) of \$12 per month (against a U.S. industry average of \$43,) but consistent with an \$11.00 average in the rest of Latin America. According to CTI, this low ARPU could be increased by offering more value-added services (SMS, MMS, mobile TV, etc.) especially to regional tourists during the summer vacation months.

The vast majority (80%) of subscribers are pre-paid. Depending on the carrier and time of day, costs per minute range from US\$0.16 to \$0.60. Plans as those offered in the U.S. which include “anytime free minutes” are uncommon in Uruguay, even for subscribers with monthly contracts. An average 70 minute monthly contract to same-carrier calls fractioned every ten seconds costs approximately US\$ 20. Calls to other carriers and landline phones and messaging is extra. The average monthly cellular bill is US\$30.

Though Uruguay’s cellular telecommunications market is near saturation, all three carriers are continuing to invest in network and infrastructure upgrades. Thus, experts believe that growth is still possible through the sale of new value-added services, and high-tech replacement sets of the estimated 100,000 analog cellular units still in circulation. Migration of approximately 30,000 remaining TDMA clients to 3G technologies is another possibility for growth.

In respect to value-added services, content for teenagers and children continues to experience strong growth and demand. Wireless Application Protocol (WAP) and General Packet Radio Services (GPRS) are offered by all three carriers, thus creating a demand for network hardware/software, support services and consulting and multimedia content services. In January 2009 ANCEL announced it would invest \$81 million by year end, mainly to expand its GSM and 3G coverage. The 3G market is expected to surge in 2010 focusing on the provision of bundled packages, combining 3G services and broadband.

The replacement of the estimated 100,000 analog sets in the country will also be a focus of the three carriers. ANCEL plans to shut down its TDMA network and provide free GSM handsets to the remaining 3% of TDMA users still on its network.

HTSUS 8517 (telephone sets) represent almost 50% of total telecommunications imports.

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Overall, the U.S. maintains an approximately 6.5% market share in telecommunications-related products, down from 15% in 2008. This is due mainly to the strong increase of Chinese-made products.

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Given the strong entry of (Claro) CTI in late 2004, combining beefy promotion and low prices, the market for cellular phones and transmission antennas and equipment has risen considerably. Both Telefónica and Claro are increasing their networks to provide national cellular and mobile internet coverage.

Foreign ownership of cable TV is allowed by law. Thirty percent of homeowners are hooked up to cable TV (not counting satellite services.)

In August 2007, Uruguay became the second country in South America to select an HDTV standard. Europe's DVB-T standard was preferred over Japan's ISDB or the U.S.'s ATSC on the assumption that DVB-T allowed the greatest possibilities for local value-added content. In early 2009, ANTEL announced it was beginning negotiations with private-sector providers to offer low-cost triple-play (internet, telephony and television) facilities to local consumers. IPTV began test operations in mid 2009. Also in early 2009, the Uruguayan Government announced Plan Cardales, an ambitious five-year \$200 million dollar plan to bring internet and cable TV to each Uruguayan household.

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URSEC – Unidad Reguladora de Servicios de Comunicación
<http://www.ursec.gub.uy>

Movistar (Telefónica)
<http://www.movistar.com.uy>

CLARO (América Móvil)
<http://www.claro.com.uy>

ANCEL (ANTEL)
<http://www.ancel.com.uy>

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Fertilizers

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	2007	2008	2009
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	16.6	26.0	14.0
Total Imports	126.0	166.0	185.3
Imports from the U.S.	17.0	21.0	42.0

Source: Transaction database – USD million

Uruguay is essentially an agricultural country, and the use of fertilizers is increasingly important to maintain good pastures and increase soil fertility levels. Within the chemical sector, fertilizers play a significant role in Uruguay's imports. Uruguay imports 75% of the fertilizers it consumes.

In the period 2007/2009, imports of fertilizers increased by 47%. In 2009 the top five suppliers of raw materials for fertilizers (HS codes 3102/3105/3103/3824/3104) were the U.S. with a 23% market share, Argentina with 22%, Russia with 17%, Morocco with 8%, and Brazil with a 7% market share.

The most important products imported were:

- Fertilizers, mineral or chemical nitrogenated
- Ammonium Dihydrogenorthophosphate
- Diammonium Hydrogenorthophosphate
- Products and preparations based on organic compounds

The poor growth of natural pasture in winter, their medium to low quality, and deficiencies in phosphorus as well as nitrogen in the great majority of soils, has led to the introduction of nitrogen to the ecosystem through the application of inorganic fertilizers.

The use of fertilizers has increased in pasturelands and agricultural crops since the elimination of the 23 percent value added tax and zero import-tariffs.

In Uruguay, the amount of fertilized land varies according to the world price of livestock products. When beef prices decline, ranchers decrease the quantities of fertilizers used for agriculture.

The cost in Uruguay to adequately fertilize a hectare of land is estimated at \$35. This figure can vary depending on the kind of crop that is being cultivated.

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Imports of fertilizers from the U.S. were worth 42 million dollars in 2009. Agriculture in Uruguay is experiencing a favorable situation, and important growth in the fertilizer sector is expected.

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Best prospects are for U.S. producers of diammonium hydrogen orthophosphate, which is used in grasslands in an average of 150 to 200 kilograms per hectare. Ammonium sulfate and urea are also considered as two essential fertilizers used by Uruguay's agriculture sector. The increased rotation of crops generated in 2009 considerably increased the quantity and variety of chemical products imported for the production of fertilizers. U.S. manufactures of urea, ammonium sulfate, (diammonium hydrogen orthophosphate) and many other related products, will have good sales opportunities in the Uruguayan market.

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Medical Equipment

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	2007	2008	2009*
Total Market Size	n/a	n/a	
Total Local Production	n/a	n/a	
Total Exports	0	0	0
Total Imports	32	41	64
Imports from the U.S.	11	14	19

Source: Transaction database – USD million

Products under HS codes 9018, 9019, 9021 and 9022

* Preliminary figures

The demographic portrait of Uruguay ensures that demand for medical supplies and equipment is relatively steady and will continue. Compared to other Latin American countries, Uruguay has an aging society; 13 percent of the population is 65 years and over and the average life expectancy is 72 for males and 79 for females. The average age is 33 years. Uruguay's historical total expenditures on health are on average 8 to 9 percent of GDP.

Cardiovascular problems are the most common cause of death amongst the population over 45 years, with malignant tumors as the second. Oncology and pediatric care are key priorities.

On average, the private sector represents over 70 percent of health expenditures. Health sector funding is complex, mixed between public and private sources. Multiple funding comes from taxes, central government funds, sales, own sources, user contributions and state transfers. The public sector accounts for almost 60 percent of the beds and it is the sole provider of hospital beds for chronic patients.

All medical products and importers have to be registered and approved by the Ministry of Public Health (MPH). Only local companies approved by the MPH can register equipment, supplies, and pharmaceuticals. The MPH must also approve all purchases; both for the public sector and for private health institutions and clinics.

Customs duties and other taxes for medical equipment range from 0 to 20 percent. The only products that require special processing are those associated with orthodontics, on which a 5 percent Professional and University Orthodontics tax is applied. All medical products have to be registered and approved by the Ministry of Health. The Ministry's division of control is responsible for all registrations. With prior authorization from the MPH, orthopedic prosthesis as well as other items for handicapped patients or institutions may be exonerated of tariff duties.

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The majority of products for local distribution are imported from the U.S., Argentina, Brazil, the EU and China. In 2009, the U.S. was the number one origin of total imports for products that fall under HS codes 90.18 (26%), 90.19 (27%), 90.21 (33%) and in 90.22, was second to Italy (36%). Germany and other EU countries, Argentina and Brazil are the key competitors while China is catching up as a supplier. During the period 2005 – 2009, the U.S. has always maintained a leading market share in all medical equipment except in HS codes 90.22, yet imports from other origins continue to increase their share vis-à-vis the United States.

These imports include: CT scanners, X-ray equipment, angiography and angioplasty, optical and dental instruments and supplies, supplies for blood transfusions and IV, all cardiology and surgical equipment and supplies, catheters, probes and scalpels, prosthesis and implants as well as other medical equipment and supplies in general.

Very little production occurs in Uruguay. Except for low-tech monitors, almost none of the medical equipment and surgical supplies sold in Uruguay are produced locally. There is a demand for new, technologically advanced supplies and equipment, particularly those related to non-invasive procedures, ultrasound, magnetic resonance imaging and CT scans.

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The private sector has been investing in equipment and facilities in an effort to provide better and more competitive services. Both public and private institutions turn to U.S. sources for supplies and training/management services. U.S. suppliers should take advantage of these opportunities since professionals and patients value U.S. expertise and equipment. The government's major health reform is providing impetus for hospitals and clinics to update their facilities and equipment. An important component of the reform focuses on strengthening the MPH's ability to carry out the essential public health functions: regulation and stewardship, health promotion and prevention, and epidemiological surveillance and monitoring. Policies have sought to develop a new system that would serve a greater portion of the population by expanding coverage to a greater percentage of end-users, promote health and equity, and improve quality of life.

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Ministry of Public Health: <http://www.msp.gub.uy>

National Fund of Resources (procurement) <http://www.fnr.gub.uy>

For project and procurement updates check in:

Inter-American Development Bank: <http://www.iadb.org>

World Bank: <http://web.worldbank.org/>

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IT Computer Hardware

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	2007	2008	2009 *
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	78	142	144
Imports from the U.S.	31	39	23

Source: Transaction database – USD million
Products under HS codes 8471 and 8473

* Preliminary figures

Government and private sector initiatives to develop technological parks, a growing and strong software sector, combined with increasing Internet usage in Uruguay, have maintained hardware imports at high levels. Projections show a continued increase for 2010 – 2011. There is no local production of hardware. In 2004, a company launched the first local brand but it assembles equipment with imported parts. It is important to highlight that until 2002, the U.S. accounted for approximately 70 percent of total hardware imports.

The U.S. market share maintained first place until 2007 but its share continues to drop due to imports from China. In 2007, the U.S. market share stood at 31%, but dropped to 28% in 2008 and 23% in 2009 while China grew from a 35% market share in 2008 to 62% in 2009. This trend is due to U.S. companies shipping directly from Asia so exports of U.S. origin drop but U.S. brands maintain their leadership.

Various multinationals use Uruguay as a hub for their data and call centers. Sabre, RCI, Merrill Lynch, Raymond James and Ta-Ta Consultancy Services, for example, are already using Uruguay's centers in direct network with their head offices. The number of call centers continue to increase.

There are no tariffs for items of MERCOSUR origin; for third countries, the Common External Tariff (CET) ranges from 0 to 16%. However, Information Technologies and Telecommunications fall under a special regime – items under HS codes 84.71 have a 2% CET and items under 84.73 are exempt of import tariffs.

The Uruguayan government made the One Laptop Per Child (OLPC) program a top priority (locally known as Plan CEIBAL). Hence, sector specialists estimate that imports of hardware will continue to increase since the need for a computer will be considered a basic necessity. Local IT businesses are confident that the demands for equipment and qualified workers will rise over the next few years. In order to achieve the goal set by the Uruguayan IT Chamber (CUTI) of exporting software for \$500 million by originally the year 2010 but now targeting 2012, the industry will need to hire 2,500 employees each year and there will definitely be an increasing demand for equipment. The government is had been also focusing in implementing a

recently announced program (Plan Cardal) to provide telephone, cable and Internet service to low income homes across the board. The project was recently put on stand-by so its launching will depend on the new Administration.

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Hardware equipment and accessories traditionally had been the number one import from the U.S. Although the market share has dropped, local clients prefer U.S. distributors. Items under HS code 8471 such as CPUs, monitors, magnetic discs, printers, ATM equipment, hubs, network and digital equipment are key imports. For items under HS code 8473, the key items are boards, memory cards, ink cartridges, parts and accessories, discs, magnetic heads and cards among others. Due to low cost imports from third markets, U.S. exporters must be able to offer competitive prices. The drop is also a consequence of U.S. multinationals shipping from Asia.

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Demand for hardware and accessories will increase due to educational programs, increased Internet access, and continuing modernization of both the private and public sectors. Products need to have competitive prices. There are no restrictions on the importation of refurbished equipment.

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Renewable Energy Equipment

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Renewable energy sources will play an important role in the future of Uruguay. Import statistics may be somewhat misleading, as the country has not imported much equipment but projects in the pipeline justify paying attention to the local market.

The Government of Uruguay (GOU) strives to reduce energy costs and reduce the overwhelming dependency on imported resources. Uruguay has no known oil resources and must import 100% of its fuel needs. It also imports energy from Argentina and Brazil. Although the majority of the energy in Uruguay is hydraulic, recent and recurring draughts have caused major energy crises.

The GOU set up the 2005 – 2030 Energy Policy that aims to:

- ❑ focus on production and consumption efficiencies as well as on the security and quality of energy supply.
- ❑ cover basic energy requirements both in terms of quantity and quality for the entire population (3.3 million inhabitants).
- ❑ focus on diversifying energy sources, including the capacity to include natural gas and renewable resources.

The main objective has been to develop a matrix that will allow the use of different and/or combined technologies and resources. Improving and increasing the electrical interconnection with Brazil is another priority. The government is currently analyzing the use of coal, and strongly encouraging the production of bio-diesel and ethanol, focusing on wind and solar energy. In the case of solar energy the primary focus has been on rural areas, including rural schools far from the grid.

The government also designed a wind map available on-line at <http://www.energiaeolica.gub.uy/index.php?page=mapaeos>. Initial estimates show that the country could install between 200 to 300 MW of wind energy.

Biodiesel and ethanol production provide an opportunity to leverage efforts to achieve energy independence in support of the country's agricultural sector.

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Import statistics are almost non-existent because Uruguay has not imported much equipment for renewable energy. Existing biodiesel plants have been manufactured locally with some imports from the region. However, all of the projects in the pipeline, both public and private, predict a high growth rate with a definite need for imported equipment. Potential buyers are turning to U.S sources since the Brazilian industry is focused only on sugarcane and the equipment available is too large for

the Uruguayan market. Government policies will drive further equipment sales to meet requirements for 5 percent biodiesel and 5 percent bio ethanol motor fuel blends by 2012 and 2014 respectively.

The GOU also focuses on promoting the installation of small power plants throughout the country.

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National Directorate of Energy: <http://www.dnetn.gub.uy>

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Chemicals

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	2007	2008	2009
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	64.0	70.0	23.0
Total Imports	199.00	299.0	234.0
Imports from the U.S.	13.0	25.0	28.0

Source: Transaction database – USD million

In 2009, the four top suppliers of chemicals falling within HS code 3808 were: Argentina (34%), China (30%), Brazil (16%), and the U.S. with (3%) market share. Principal imports corresponded to 3808.93.23.00 (herbicides -- 28%), 3808.93.29.00 (other herbicides – 18%), 3808.92.29.90 (fungicides -- 19%) and 3808.90.29.90 (insecticides -- 10%).

Principal suppliers falling within HS code 3907 were: Brazil (23%), Argentina (22%), the U.S. (15%), and China with (13%) market share.

Principal imports corresponded to: 3907.60.00.00 – 3907.60.00.90 (polyethyleneterephthalate -- 90%) and 3907.91.00.00 / 3907.50.10.00 (other polyesters and resins10%).

The chemical industry is basically an industry of imported raw material transformation. Subsidiaries of multinationals account for approximately 60% of the chemical industry. During the last few years, the chemical sector underwent important transformations in investigation and development of new products, and the use of new technologies.

Uruguay's chemical industry is composed of three major sub-sectors:

- Petrochemical industries (including the production of fertilizers),
- Fine Chemistry and production of specialties including production of pesticides for the agricultural sector, pharmaceuticals and hygiene articles, and
- Production of plastics.

Uruguay has no petrochemical industry. It does not produce basic raw materials such as ethylene, propylene, etc. The Uruguayan industry is only involved in the final processing stages.

Fertilizers: ISUSA (Industria Sulfurica Sociedad Anonima) controls Uruguay's fertilizer production. This company has plants of sulphuric and oleum with a maximum capacity of 170 tons/day. Fifty-five percent of the production of sulphuric

acid is for the production of fertilizers, while the other 45 % is for the production of other chemical products.

Chemical industries and especially “fine chemistry” have been particularly dynamic in Uruguay since the 1980’s. Eighty-five companies comprise Uruguay’s pharmaceutical industry. Of these, 10 command 47% of the country’s sales. However, none of them has gained more than the 10% of the market. There are 65 laboratories, and small and medium firms that have 1/3 of the market. Uruguay’s pharmaceutical industry invoices approximately \$250 million per year.

Small and medium companies make up the cosmetic industry. Many multinational companies have bought small local firms to market their brand perfumes and cosmetics.

The plastic sector invoices about \$180 million per year. Raw material is almost entirely imported from different countries and represents between the 40-50% of the finished product price. Uruguay’s Plastic Association is comprised by 60 of the 120 companies acting in the country’s plastics sector. The sector processes 150,000 tons of plastic material; an important part of that production is for export.

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Regulatory issues:

A special program with the National Environment Office – DINAMA has been implemented for the recycling of plastics. As Uruguayans become more environmentally conscious, plastic recycling equipment may be a good opportunity for U.S. exports.

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In the Plastic Sector, there are good opportunities for U.S. producers of resins for the manufacturer of PET containers. Since almost all the raw material used for the production of fertilizers is imported, this is a very promising market for U.S. firms.

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Construction Equipment

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	2007	2008	2009
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	36.0	1.0	3.7
Total Imports	189.0	206.0	287.0
Imports from the U.S.	7.0	31.0	32.0

Source: Transaction database – USD million

The construction machinery market in Uruguay depends predominantly on imports. In 2009, total imports were valued at US\$ 287 million. Brazil held a 36% market share, with US\$ 104 million worth of exports, followed by China (13%), Argentina (11%), the U.S.(11%), and other countries with (29%) market share. Investment in heavy equipment is likely to continue over the next few years to support important growth in infrastructure construction activity.

Construction is one of Uruguay's most promising sectors. The capital city of Montevideo and resort of Punta del Este are the most important areas for construction. The biggest increase was in the construction of luxury apartment buildings. However, construction of high middle-class and lower-level buildings grew significantly.

The major construction-related projects in the pipeline are:

- Cellulose Plant (tentative)
- Port Projects
- Hotel/Casinos
- Residential Construction

Brazil is the main supplier of construction equipment and machinery to Uruguay, with a 36% market share and dominates the heavy equipment segments (bulldozers, levelers, scrapers, and excavators). The major U.S. manufacturers currently present in the Uruguayan market are Caterpillar, Case, New Holland, John Deere, and Ingersoll-Rand.

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Uruguay is an attractive market for U.S. construction machinery companies wanting to explore new opportunities in South America. Investment in heavy construction machinery is likely to continue over the next few years to support a rapid growth in infrastructure construction (private and public). According to local source, the highest demand in construction machinery is for mobile cranes, machinery for public works, off-highway dumpers, self-propelled bulldozers, grader/levelers, fork-lifts,

tractors, mechanical shovels, excavators, road rollers and many other construction related machinery and equipment.

Some major construction projects (hotel/casinos, ports, roads, buildings, etc.) for more than USD 300 million are being proposed for the capital city of Montevideo and Punta del Este. These new projects could generate opportunities for U.S. construction companies wanting to explore the Uruguayan market.

Used construction machinery has good market opportunities in Uruguay, since it competes in price with new equipment from Japan, China and some countries from Europe.

U.S. manufacturers offering flexible, innovative, and competitive credit terms fare best in achieving export sales to Uruguay.

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Uruguayan Construction Chamber (CCU) – www.ccu.com.uy

Association of Private Promoters of Construction (AAPCU) – www.appcu.org

Chamber of Industries (CIU) – www.ciu.com.uy

National Statistics Institute (INE) – www.ine.gub.uy

Uruguayan Real Estate Chamber (CIU) – www.ciu.org.uy

Construction Publications:

- En Obra - www.appcuy.org
- Ciudades – www.ciu.org.uy

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Agricultural Equipment

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	2007	2008	2009
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	123.5	139.7	193.8
Imports from the U.S.	16.9	17.7	45.7

Source: Transaction database – USD million

Stimulated by rising prices of international agricultural commodities and Uruguayan land prices, Uruguayan farmers have been investing heavily in the renewal of their stock of agricultural machinery and equipment. While imports of agricultural equipment jumped 37% from 2008 to 2009, imports from the U.S. jumped an impressive 158% in the same period. Agriculture plays the most important role in Uruguay's economic, political, and social sectors and represents 10% of GDP.

Uruguay should continue to present reasonable opportunities for U.S. suppliers of agricultural machinery during the next several years, a market in which it has traditionally been the third largest supplier, preceded by neighbors Brazil and Argentina. U.S. brands lead the market yet most equipment is manufactured in Brazil. Agricultural machinery is not subject to any import duties. There is strong demand for pre-owned and refurbished machinery. Uruguay is the world's seventh largest rice exporter (the U.S. is the fourth). Revenues of rice exports amounted to 447 million in 2009.

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The market for agricultural equipment is virtually 100 percent supplied by imports. The best sales prospects for U.S. equipment are as follows (not in specific order):

- ✓ Data collection equipment such as global positioning systems, yield monitoring, soil sampling, crop and field scouting, and remote sensing technologies used for monitoring soil properties and crop conditions. Only seven or eight percent of agricultural producers currently operate such equipment.
- ✓ Laser-controlled earth-leveling machinery.
- ✓ Computerized management systems (such as used for livestock). Agrifood machinery and equipment used by food processing companies may also provide opportunities. These could include grain processing equipment, fruit and vegetable processing equipment (separation, cleaning, etc.), meat processing equipment, poultry production equipment, etc.
- ✓ Chutes to discharge harvested grains into different storage devices.

- ✓ Advanced turbine sprayers (and associated pumps.)
- ✓ Combines and other harvesting equipment.
- ✓ Agricultural Tractors: sales of tractors in 2008 approached an all-time-high 800 units/year record for Uruguay. 2009 sales are expected to have dropped by a third.
- ✓ Parts and accessories for harvesters and tractors: demand is expected to increase in line with increased utilization of machinery. Farmers expect to plant 15% more crops in 2010 over 2009.
- ✓ Cultivators and other solid preparation equipment (including plows, harrows, cultivators, seeders, and fertilizer spreaders.)
- ✓ Pre-owned and refurbished machinery with good post-sales service will find good prospects if a supplier will ensure reliable and steady part supplies.
- ✓ Greenhouse and other vegetable production equipment.
- ✓ Irrigation equipment: increasingly used to improve yields in Uruguay's increasingly unpredictable rainfall.
- ✓ Dairy equipment: Uruguay is a major producer of dairy products. Milk production for 2009 is estimated at 1.4 billion liters (approx 400 million gallons), a 1.4% decrease over 2008 figures. In 2009, Uruguay exported \$385 million worth of dairy products (of which 74% was cheese and powdered milk), a decrease from \$448 million exported in 2008 (caused principally by a very lengthy draught). There are 3,346 farms in Uruguay dedicated exclusively to dairy production covering in excess of two million acres.
- ✓ Of particular interest is the growth of green-housing production of organic products that according to some estimates has more than doubled over the last five years. Uruguay has officially branded its natural and organic products "Uruguay Natural."
- ✓ Storage buildings, silos, etc. Prefabricated, light, inexpensive farm storage buildings have a good market in Uruguay.

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Given the ever more frequent periodic droughts in Uruguay, irrigation and well-drilling equipment should also have excellent market opportunities.

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Uruguayan Rural Association
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Overview Infrastructure Projects

There are major infrastructure projects in the pipeline that U.S. exporters of goods and services should follow-up on. For up-dates and more information, please contact montevideo.office.box@mail.doc.gov.

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- **Paraná-Paraguay River Transportation System:** The governments of Uruguay, Argentina, Brazil, Paraguay, and Bolivia are working together on what has become the largest Latin-American "regional integration" project, the joint use of the 2,500-mile long Paraná-Paraguay-Uruguay river system for the transportation of goods from these five countries to the Atlantic Ocean. The ongoing project calls for investment in civil construction, dredging and maintenance, ports (including equipment) and fleet. Further opportunities for U.S. involvement lay in the development of waterway administration. While the fate of the waterway remains uncertain due to environmental concerns, intensive work is being done in dredging and rock removal.

- **Railway Rehabilitation:** The President elect who will take office in March 2010 has declared on several occasions that he will make the rehabilitation of Uruguay's railway grid a priority during his administration. The railway system has been in constant decline for several decades. Except for very short stretches of the suburban grid, passenger service was discontinued in 1988. Besides sporadic purchases of cargo wagons, passenger wagons, and signaling systems, little maintenance has been done. The new administration plans to call for the total revamping of the railway system and investors are being actively sought. This would include the rehabilitation and maintenance of approximately 650 miles of railroad grid and the association of a private operator for cargo transportation basically for timber and wood products.

The Ministry of Transportation has identified the following stretches for the rehabilitation project:

- Montevideo Metropolitan grid: approximately 16 miles,
- Montevideo - Rivera stretch (on the border with Brazil): approximately 350 miles, for the transportation of lumber;
- Montevideo - Rio Branco stretch (on the border with Brazil): approximately 280 miles, for the transportation of rice;
- Montevideo - Minas stretch: approximately 80 miles, for the transportation of minerals (mainly cement).

AFE initially launched a tender in February 2007 for the rehabilitation of 650 miles of rail networks. In September of that year, one company and three consortiums submitted offers: Argentine firm Herso; Chilean consortium Icil

Icafal-Tecsa; Spanish-Uruguayan consortium Hispánica-Monalisa; and Uruguayan-Indian consortium Saceem-Ircon. However, all bids exceeded the budget established for the project so the government suspended the process. After evaluating the bids and the project itself, the country's public works and transport ministry, MTOP, announced that the state would rehabilitate half of the network, while a company would be hired through a new tender process to work on the remaining 50%. The consortiums Icil Icafal-Tecsa and Hispánica Monalisa submitted technical offers in the new tender but once again the price-tags were too high. As of this writing, Spain's Hispánica was very close to being awarded one of the four stretches.

- **Port projects:** The National Port Administration (ANP) will auction the construction and operation of a third major container terminal in March 2010 (the two current terminals are operated by a Uruguayan consortium – Montecon, and Belgium's Katoen-Natie.) The construction of a new fishing dock and a forestry terminal in Montevideo are also some of ANP's objectives for the upcoming period. Dredging projects are frequently tendered. Portugal's Portucel (paper plant) plans on deepening and expanding the Atlantic Port of La Paloma in case it should decide to centralize its forestry production in that area of the country.
- **Energy:** The main objective of the current administration has been to develop a matrix that will allow the use of different and/or combined technologies and resources. Improving and increasing the electrical interconnection with Brazil is another priority. The government is currently analyzing the use of coal, and strongly encouraging the production of bio-diesel and ethanol. The government designed a wind map. First estimates show that the country could install between 200 to 300 MW of wind energy. Biodiesel and ethanol production provide an opportunity to leverage efforts to achieve energy independence in support of the country's agricultural sector. Solar energy for rural areas, rural schools, hospitals and hotels is becoming a key tool. The President-elect has also emphasized the need to continue focusing on energy with long-term planning and political consensus.

Resources

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Embassy Contacts:

Robert Gorter, Sector Specialist – gorterrh@state.gov

Lilian Amy, Sector Specialist – (Energy only) lilian.amy@mail.doc.gov

Other resources:

National Ports Administration (ANP): <http://www.anp.com.uy>

National Railway Administration (AFE): <http://www.afe.com.uy>

Wind Energy Program – Ministry of Industry, Energy and Mining

<http://www.energieolica.gub.uy>

National Energy Directorate – Ministry of Industry, Energy and Mining

<http://www.miem.gub.uy/portal/hgxpp001?5,6,36,O,S,0,MNU;E;30;5;MNU;>

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Processed Food and Beverages, and Food Ingredients

MARKET OVERVIEW

As the Uruguayan economy continues to expand, although at a slower pace as the country is still recovering from the international economic crisis, imports of U.S. food and beverages (F&B) and food ingredients are expected to increase. The primary reasons are as follows:

- 1) High sanitary standards
- 2) Higher competitiveness because of the depreciation of the U.S. dollar vis-à-vis the euro, and
- 3) The influence of U.S. culture encouraged by cable TV, the Internet, and Uruguayans traveling and studying in the United States.

Traditionally, Uruguay was, and will continue to be, a net importer of several F&B and ingredients, which it does not produce domestically. With a purchasing power that has been recovering gradually, best prospects are for high-value F&B products and "commodity-type" products which are not manufactured locally, and food ingredients.

I) Imported F&B which are not produced locally, or whose production is not enough to supply the domestic market include:

- condiments, kiwifruit, grapefruit, tropical fruits, confectionery products, snacks, sauces, food preparations, chocolate, dehydrated potatoes, alcoholic beverages, energy drinks, beverage preparations, and pet food.

II) Food ingredients, especially those used for the manufacturing of more sophisticated products include:

- nutritional ingredients, dried fruits and nuts, cocoa paste/butter, additives, ingredients for the dairy and processed meat industries.

Some well-known types of F&B, which traditionally have a stable demand in Uruguay, are imported and packaged domestically (e.g., whisky, which accounts for the highest level of consumption in the region).

Prices of U.S. F&B products are relatively higher than their counterparts manufactured locally. However, prices are not expected to be an obstacle for imported foods among the most affluent segment of the population.

Uruguay has no quotas or restrictions, and reasonable transparent labeling and sanitary requirements. Most FDA-approved processed F&B can be imported into the country. However, some fresh products may have sanitary restrictions such as products of animal and vegetable origin.

Exports of U.S. food products to Uruguay have very good potential. Imported food products for mass consumption are typically purchased from Argentina, Brazil, and Chile, while imports from Europe and the United States are aimed at the middle and higher income sectors. U.S. companies with competitive prices should consider tapping the mass market through the development of the private label concept.

The Commercial Section foresees increased opportunities for U.S. food ingredients, especially for the dairy and processed meat sectors due to the following: (1) most local companies, after the devaluation of 2002, have become very competitive in world markets and have been focusing on increasing production and expanding exports; (2) the privileged sanitary status of Uruguay has also fostered a higher demand of ingredients for the manufacturing of products of animal origin to supply export markets. In addition, because many food ingredients are not produced locally, they must be imported. Food ingredients from the U.S. are considered to be high quality and innovative.

OUTLOOK FOR U.S. EXPORTS OF F&B PRODUCTS

Advantages

- Most Uruguayan consumers are aware of the wide variety and high quality of U.S. F&B.
- Influence of U.S. culture is significant and transmitted through cable TV, the Internet, and Uruguayans traveling or studying in the United States.
- Supermarkets are willing to have imported F&B on the shelves as a tool to differentiate from other retailers.
- During the past few years, the self-serve format and the display of food products have improved remarkably.
- Large supermarket chains are logistically ready to import foods directly.

- Cold storage facilities are good and can easily meet manufacturers' requirements.
- After the competitiveness gained with the devaluation of the Uruguayan peso against the dollar, the expansion of the food processing industry, primarily to supply export markets, created very good opportunities for U.S. food ingredient imports.
- There has been greater exposure of local retailers to U.S. exporters and products through FAS-sponsored marketing activities.

Challenges

- While purchasing power is on the rise, a still relatively high unemployment rate limits sales of imported F&B.
- In general, MERCOSUR intra-regional trade pays zero import tariffs, which prompts strong competition primarily from Argentina and Brazil. Import tariffs for other countries vary between 20-23 percent for most F&B.
- The relatively small size of the market and small import volumes discourage U.S. suppliers.

- There has been a lack of interest/responsiveness of U.S. F&B suppliers vis-à-vis the Uruguayan market.

Uruguayan official entities regulating F&B imports are as follows:

Montevideo City Hall - Food and Health Service (Intendencia Municipal de Montevideo - Bromatología)

Web: <http://www.montevideo.gub.uy> <<http://www.montevideo.gub.uy/>>

Uruguay's Technological Laboratory (Laboratorio Tecnológico del Uruguay - LATU)

Web: <http://www.latu.org.uy> <<http://www.latu.org.uy/>>

Ministry of Livestock, Agriculture, and Fisheries (Ministerio de Ganaderia, Agricultura y Pesca - MGAP)

Web: <http://www.mgap.gub.uy> <<http://www.mgap.gub.uy/>>

National Meat Institute (Instituto Nacional de Carnes - INAC)

Web: <http://www.inac.gub.uy> <<http://www.inac.gub.uy/>>

National Wine Institute (Instituto Nacional de Vitivinicultura -- INAVI)

Web: <http://www.inavi.com.uy> <<http://www.inavi.com.uy/>>

Ministry of Public Health (Ministerio de Salud Publica - MSP)

Web: <http://www.msp.gub.uy> <<http://www.msp.gub.uy/>>

Animal Genetics (Bovine Semen)

Thousand US\$ (FOB)	2007	2008	Jan-Sep2009
Total Imports	1,485	2,376	940
Imports fr U.S./U.S. mkt share (%)	677/46	1,374/58	461/49

Source: Global Trade Atlas and private sources

In January-September 2009, Uruguay imported \$940,000 in bovine semen with a U.S. market share of 49%, compared to 58% in CY 2008 and 46% in CY 2007. In 2009, semen imports decreased due to a severe drought that affected the condition of the cattle preventing insemination. The impact of the global economic and financial crisis, which decreased international meat prices, affected the financial situation of livestock producers who, in turn, decided not to invest in herd quality.

Uruguay has approximately 390,000 dairy cows (mostly Holstein) and 4 million beef cows (roughly 65% Hereford and 35% Angus). Of the total imported semen, dairy breeds account for about 70% (Holstein), and beef breeds account for the remaining 30%, of which about 60% is Angus semen, and 40% Hereford semen. During the past few years, there has been an increasing demand for imports of Angus semen.

Note: Report prepared by Agricultural Sector - FAS/USDA Argentina covering also Uruguay.

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Import Tariffs

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A MERCOSUR Common External Tariff (CET) on imports from non-member countries entered into effect on January 1, 1995. As of 2009, the CET rates range between 0% and 20%, with an average of 10.3%. Uruguay's mean (simple average) tariff is 9.5%. MERCOSUR's general rule is to apply a higher CET on higher value-added imports.

The number of special import regimes in member countries, and national and sector lists of exceptions have greatly eroded the bloc's CET. According to Mercosur's estimates, as of 2004 the CET was effectively charged on under 40% of MERCOSUR's extra-bloc imports. Each MERCOSUR member is free to choose the goods to include in its national lists of exceptions. Uruguay has 100 exceptions allowed until 2016 and 125 additional ones until December 31, 2010. In turn, sector lists grant differential treatment to imports of capital goods, IT and telecommunications in MERCOSUR countries. Uruguay's list of capital goods is revised every December 31 and its list on telecommunications and IT goods expires in 2016. However, in the past MERCOSUR has frequently extended the term of such lists. For further information on MERCOSUR's CET visit <http://www.mercosur.int>

The GOU applies import tariffs that are lower than the bloc's CET for the vast majority of goods included in the lists. Most goods entering Uruguay from MERCOSUR countries are exempt from import tariffs. Tariffs on non-locally-produced raw materials, intermediate goods and consumer goods range from 2 – 6%, 8 – 9% and 10 – 20%, respectively. Uruguay applies preferential tariffs on the import of vehicles and supplies for agriculture and hotels. The Uruguayan Government also gives special treatment to imports of raw materials and other inputs for the production of export goods.

Trade Barriers

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Quotas were eliminated in the mid-1970s and non-tariff barriers, including reference and minimum import prices, were substantially reduced in the 1990s. Certain imports (e.g. firearms, radioactive materials, fertilizers, vegetable products and frozen embryos)

require special licenses or customs documents. Bureaucratic delays may also add to the cost of imports, although importers report that a “de-bureaucratization” commission has improved matters.

Reference prices and a few remaining minimum export prices were eliminated in 1994 and 2002, respectively. In 2002 and 2003, Uruguay imposed specific import duties and inconvenient financing terms to discourage some imports from Argentina.

Uruguayan importers are required to pay a 4% ad-valorem tax on all freight arriving via foreign-registered airlines. Freight that arrives by the national airline, PLUNA, is exempt from the tax. A civil aviation agreement between Uruguay and the United States provides for equal treatment between U.S. and Uruguayan airfreight carriers. U.S. carriers are therefore also exempt from this tax.

Import Requirements and Documentation

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Only commercial firms, industrial firms, or individuals listed in the registry of importers may legally import products into Uruguay. A pro-forma invoice is required to start with the import procedures. Importers must use an agent to handle their customs entries. Required documents are standard and must include certificate of origin.

U.S. Export Controls

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Most export transactions do not require specific approval from the U.S. Government. In order to legally complete certain export transactions, an exporter must obtain a special export license in advance. Licenses are required in certain situations involving national security, foreign policy, short supply, nuclear non-proliferation, missile technology, chemical, and biological weapons, regional stability, crime control, or terrorist concerns and high performance computers amongst other products.

For additional information, please check in:
<http://www.bis.doc.gov/licensing/exportingbasics.htm>

Temporary Entry

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Products may be imported under temporary admission or drawback provisions. Products imported under temporary admission provisions are exempt from import duties but must be re-exported within 18 months.

Temporary admission is for processing, assembling, transforming or integrating imported inputs to the final production of exported goods. This system aims to improve Uruguay’s foreign competitiveness while it reduces costs of imported items.

The system covers: raw materials; parts and accessories; motors; packaging and packaging materials; matrix, molds and models; intermediate goods; agricultural products; products that are part of production process.

Labeling and Marking Requirements

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Labeling and marking requirements for all imported products are controlled by LATU (Technical Laboratory), Ministry of Public Health, and municipal offices. Basically, labels must contain a Spanish-language description of the main ingredients of the product, country of origin, expiration date, net weight, and the full name and address of the Uruguayan importer (plus validity and cooking instructions in the case of foodstuffs). Imported products may include the original label of the country/language of origin but should have a sticker/label attached to the package with the information requested by Uruguayan authorities. Manuals, product literature, and other written materials, while not required, will be more useful if written in Spanish. A consumer defense law, approved in 2000, regulates labeling requirements.

U.S. companies that can adapt their labels to local standards have a competitive advantage.

Prohibited and Restricted Imports

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Occasionally, the government bans imports of certain food articles and pet food containing ingredients that are prohibited or are originating from areas declared by the World Health Organization to be unfit. The municipality of Montevideo imposes strict, and at times, outdated and arbitrary regulations regarding the composition of food articles (e.g. dyes, etc.). Imports of used cars are prohibited.

Customs Regulations and Contact Information

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The National Customs Directorate, which falls under the Ministry of Economy and Finance, dictates on all customs regulations. Decree Law 15.691 dated December 7, 1984 regulates the current system.

Ricardo Prato (In office until 03/01/2010)
National Customs Director (Director Nacional de Aduanas)
Rambla 25 de Agosto de 1825 s/n
Montevideo, Uruguay
Tel: (5982) 916-2141; Fax: 916-4691
<http://www.aduanas.gub.uy>

Standards

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Overview

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Uruguay uses the metric system of weights and measures. The Laboratorio Tecnológico del Uruguay (LATU – <http://www.latu.org.uy>) is the officially approved agency that controls standards and quality control of imports and exports. A national quality

committee reviews and recommends issuance of ISO 9000/9001 certificates, if warranted. The Uruguayan Institute of Technical Norms (UNIT – <http://www.unit.org.uy>) carries out certification and elaborates technical norms. It is the exclusive representative of ISO, IEC, and the World Quality Council (WQC) in Uruguay.

Standards Organizations

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Laboratorio Tecnológico del Uruguay - LATU <http://www.latu.org.uy>
Uruguayan Institute of Technical Norms (UNIT) <http://www.unit.org.uy>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Product Certification

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UNIT and ASTM signed a Memoranda of Understanding (MOU) in November 2001. For more information check for MOUs in:

http://www.astm.org/cgi-bin/SoftCart.exe/SNEWS/JANUARY_2002/intl_jan02.html?L+mystore+gsw7960

UNIT (<http://www.unit.org.uy>) is the official Certification office for all industries with the exception of beef it is the National Institute of Beef (INAC <http://www.inac.gub.uy>).

Publication of Technical Regulations

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UNIT (<http://www.unit.org.uy>) is the official Certification office for all industries with the exception of beef it is the National Institute of Beef (INAC <http://www.inac.gub.uy>).

Trade Agreements

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Uruguay is a member of the World Trade Organization (WTO) and the Latin American Integration Association (ALADI, a Montevideo-based trade association that includes ten South American countries plus Mexico and Cuba). Uruguay holds numerous bilateral trade agreements of different depth with ALADI partners. In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country. Uruguay is a founding member of MERCOSUR and Montevideo is the headquarters of its Secretariat and its Parliament. MERCOSUR has free trade agreements with Chile, Bolivia, Ecuador, Peru, Colombia,

Venezuela and Israel. Uruguay's trade relations with neighboring Argentina and Brazil are particularly important and there are separate arrangements for certain products, mainly vehicles.

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Uruguayan Technological Lab (LATU)	http://www.latu.org.uy
Uruguayan Institute of Technical Norms (UNIT)	http://www.unit.org.uy
Diario Oficial (national gazette)	http://www.impo.com.uy
Communication Regulatory Agency:	http://www.ursec.gub.uy
Energy and Water Regulatory Agency:	http://www.ursea.gub.uy

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Government of Uruguay recognizes the important role foreign investment plays in economic development and works to maintain a favorable investment climate. Aside from a few sectors in which foreign investment is not permitted, there is neither de jure nor de facto discrimination toward investment by source or origin, national and foreign investors treated equally.

The Uruguayan Government's (GOU)'s Law 16906, adopted in 1998, declares promotion and protection of investments made by national and foreign investors to be in the nation's interest. The law states that: (1) foreign and national investments are treated alike, (2) investments are allowed without prior authorization or registration, (3) the government will not prevent the establishment of investment in the country, and (4) investors may freely transfer abroad their capital and profits from the investment. Decree 455/007 adopted in November 2007, regulates Law 16906 and provides significant incentives to investors.

The left-of-center Frente Amplio administration that governed from March 2005 through March 2010 stressed the importance of local and foreign investment for social and economic development. The GOU's macroeconomic policies have reduced Uruguay's vulnerability to external shocks and helped to keep the economy growing even through

the 2008-2009 global financial crisis. The Frente Amplio candidate was elected again in 2009, and President-elect Jose Mujica will take office in March 2010. Vice President-elect Danilo Astori, who served as minister of economy in the prior administration, will remain actively involved in economic management.

Some foreign investors put planned investments on hold due to Law 18.092 (passed in 2007), which requires corporations that purchase land to use registered shares held by individuals – instead of bearer shares. The GOU later exempted some large foreign firms from this requirement. The government has also passed labor legislation strengthening labor rights, some of which was opposed by business chambers. Some analysts believe this legislation has led to an increased number of labor conflicts, sometimes resulting in the occupation of workplaces.

In general, the GOU does not require specific authorization for firms to set up operations, import and export, make deposits and banking transactions in any particular currency, or obtain credit. Screening mechanisms do not apply to foreign or national investments, and special government authorization is not needed for access to capital markets or to foreign exchange. In tenders for private participation in state-owned sectors, foreign investors are treated as nationals and allowed to participate in any stage of the process. Bidders on tenders should be prepared for a lengthy adjudication process.

The World Bank's 2010 "Doing Business" Index, which ranks 183 countries according to the ease of doing business, placed Uruguay 114th globally and 9th within the Latin American region (17 countries). Uruguay gets high marks in the categories "getting a credit" and "closing a business," but lags in "paying taxes", "registering property," and "dealing with construction permits." Since 2004, Uruguay has made progress on cutting the cost of starting a business and dealing with construction permits as well as the number of days to export. However, the cost per container exported or imported has grown (by 19 percent and 12 percent, respectively).

Uruguay is ranked as a "mostly free economy" by the Heritage Foundation's Index of Economic Freedom.

Table 1	Index	Ranking	Year
– T.I. Corruption Index (10 is lack of perceived corruption)	6.7	25 in 180	2009
– Heritage Economic Freedom (100 is entirely free)	69	38 in 179	2009
– World Bank's Doing Business (1 is easiest for doing business)		114 in 183	2010

Although U.S. firms have not encountered major obstacles to investing in Uruguay, some have been frustrated by the length of time it takes to complete bureaucratic procedures and tenders.

Uruguay and the United States signed a Bilateral Investment Treaty (BIT) in November 2005, which entered into force on November 1, 2006 (available at www.ustr.gov/Trade_Agreements/BIT/Section_Index.html and <http://uruguay.usembassy.gov>). Uruguay and the United States also signed an Open

Skies Agreement in late 2004 (ratified in May 2006), a Trade and Investment Framework Agreement (TIFA) in January 2007, and a Science and Technology Cooperation Agreement in April 2008. Under the TIFA, in 2008, both countries signed agreements on business facilitation and environment.

Conversion and Transfer Policies

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Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad, even during the 2002 banking and financial crisis. Foreign exchange can be freely obtained at market rates.

Article 7 of the U.S. – Uruguay BIT provides that both countries "shall permit all transfers relating to investments to be made freely and without delay into and out of its territory." The agreement also establishes that both countries will permit transfers "to be made in a freely usable currency at the market rate of exchange prevailing at the time of the transfer."

There are no restrictions on technology transfer.

Expropriation and Compensation

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In the event of expropriation, the Uruguayan Constitution provides for the prompt payment of "fair" compensation.

Article 6 of the U.S. – Uruguay BIT rules out direct and indirect expropriation or nationalization, except under certain very specific circumstances. The article also contains detailed provisions on how to compensate investors, should expropriation take place.

Following a constitutional amendment to implement state control of water services, the GOU took over the operations of URAGUA, a Spanish water company that had operated locally from 2000 through 2005. The GOU and URAGUA subsequently reached a negotiated settlement.

Dispute Settlement

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The investor may choose between arbitration and the judicial system to settle disputes. Uruguay became a member of the International Center for the Settlement of Investment Disputes in September 2000. Uruguay's legal system is based on a civil law system derived from the Napoleonic Code, and the government does not interfere in the court system. The Judiciary is independent, albeit sometimes slow.

The U.S. – Uruguay BIT devotes over ten pages to establish detailed and expeditious dispute settlement procedures.

Performance Requirements and Incentives

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Article 8 of the U.S.-Uruguay Bilateral Investment Treaty bans countries from imposing seven forms of performance requirements to new investments, or tying the granting of existing or new advantages to performance requirements.

Local and foreign investors are treated equally. There are no preferential tax deferrals, grants, or special access to credit for foreign investors. Foreign investors are not required to meet any specific performance requirements. Furthermore, foreign investors are not inhibited by discriminatory or excessively onerous visa, residence, or work permit requirements. The government does not require that nationals own shares or that the share of foreign equity be reduced over time, and does not impose conditions on investment permits.

The Government of Uruguay's investment promotion plan is regulated by Law 16906 and Decree 455/007 passed in November 2007. Law 16906 grants automatic tax incentives to several activities, including personnel training; research, scientific and technological development; reinvestment of profits; and investments in industrial machinery and equipment. Other benefits provided exclusively to industrial and agricultural firms by Law 16906 (such as tax exemptions on imports of fixed assets and reimbursement of VAT on local purchases of goods and services for construction) have in practice been superseded by Decree 455/007, which has a wider scope.

Decree 455/007 grants significant tax incentives to investors in a wide array of sectors and activities. Certain activities – such as the purchasing of land, real estate or private vehicles – are not eligible for the benefits. The size of the benefit to be granted is determined according to the size of the investment and a pre-defined list of criteria. Investment projects are classified as small (defined in indexed units and equivalent to USD 0.35 million as of December 2009), medium (up to USD 7 million), large (up to USD 700 million) and of great economic significance (over USD 700 million). A matrix based on a pre-defined list of criteria includes the project's: (1) generation of jobs; (2) contribution to R+D and innovation; (3) impact on GDP, exports, and local value added; (4) contribution to geographic decentralization; and (5) use of clean technologies.

The principal incentive consists of the deduction from income tax of a share of total investment. Investors are allowed to cut their corporate income tax payments by between 51 percent to 100 percent of their investment (for up to a 25-year term) according to their score on the matrix. Other incentives include: i) the exoneration of tariffs and taxes on imports of capital goods that do not compete against local industry, ii) the exoneration of the patrimony tax on personal property and civil works, iii) refunding VAT paid on purchases of materials and services for civil works, and iv) special tax treatment to fees and salaries paid for research and development. Decree 455/007 also streamlined procedures for firms requesting tax exemptions and established a “single-window” process to channel investment requests and guide investors. For further information, please refer to <http://www.uruguayxxi.gub.uy>.

Local and foreign investors reacted positively to Decree 455/007. The number of investment proposals surged in 2008 to 310, valued at over \$1 billion, well above the average of 58 proposals submitted annually in 2002-2007. Despite the global crisis, investors submitted 308 proposals in the first three quarters of 2009, but it is unclear how many of these proposals have materialized.

There are also special regimes to promote the tourism industry, plantations of forestry and citrus, exploitation of hydrocarbon, production of biofuels, development and exports of software, production of vehicles or auto parts, and shipbuilding. Additional special regimes also apply to the development of the printing industry (printing and sale of

books, magazines, and educational material), communications (newspapers, broadcasting, television, theater and film exhibit and distribution), production of electronics and electric equipment (e.g. computers, telecommunication equipments, measurement tools, medical equipment and electrical appliances), and call centers. Investors can combine benefits, applying for certain tax benefits under Decree 455/007 and for other benefits under the sectoral special regimes. These regimes do not differentiate between foreign and national investors.

A government decree establishes that government tenders will favor local products or services, provided they are of equal quality and not more than 10 percent more expensive than foreign goods or services. U.S. and other foreign firms are able to participate in government-financed or subsidized research and development programs on a national treatment basis.

Right to Private Ownership and Establishment

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Private ownership does not restrict a firm or business from engaging in any form of remunerative activity, except in two areas -- national security interest, and legal government monopolies (see Competition from State Owned Enterprises). One hundred percent foreign ownership is permitted, except where restricted for national security purposes.

Protection of Property Rights

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In 2005, the GOU rescinded a 1966 decree that enabled employers to request police action to evict occupying workers. Occupations surged in 2005 and 2006 (from an annual rate of 15-20 per year prior to 2005 to 36 in 2006) and declined in 2007 to 30. In 2008, 150 plants were occupied for one day during a conflict involving the metal industry, and seven plants were occupied in a conflict involving the plastic industry in 2009. In 2006, the GOU passed Decree 156/06 to restrain excesses and provide for obligatory negotiations between employer and employees prior to employees resorting to occupations of the workplace. In practice, however, workers have sometimes resorted to occupations early in several labor conflicts. Furthermore, under certain circumstances, the decree considers occupations as a licit extension of workers' right to strike, a provision which is opposed by entrepreneurs. Courts have ruled to evict occupying workers in several instances. In November 2008, the International Labor Organization released a report, suggesting that Uruguay revise its legislation on this issue.

Secured interests in property and contracts are recognized and enforced. Mortgages exist, and there is a recognized and reliable system of recording such securities. Uruguay's legal system protects the acquisition and disposition of all property, including land, buildings, and mortgages. Execution of guarantees has traditionally been a slow process. A new Bankruptcy Act (Law 18387 passed in October 2008), seeks to expedite such executions, encourages arrangements with creditors before a firm goes definitively bankrupt, and provides the possibility of selling the firm as a single productive unit.

Uruguay is a member of the World Intellectual Property Organization (WIPO), and a party to the Bern and Universal Copyright Conventions, as well as the Paris Convention

for the Protection of Industrial Property. In 1998 and 1999, Uruguay passed trademark and patent legislation. In 2003, coordinating closely with U.S. and international IPR organizations, Uruguay passed new TRIPS-compliant copyright legislation. The 2003 copyright law represented a significant improvement over the 1937 law and led USTR to upgrade Uruguay from the "Priority Watch List" to the "Watch List." Uruguay signed the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) in 1997. Parliament ratified the WCT in October 2006 (Law 18036) and the WPPT on February 20, 2008 (Law 18253). The United States Trade Representative (USTR) removed Uruguay from the Special 301 Watch List in 2006 due to progress in IPR, especially with respect to copyright enforcement. The USTR statement commended the "positive progress" and was "encouraged that Uruguay has set a positive example by its efforts to combat piracy and counterfeiting."

Patents are protected by Law 17164 of September 2, 1999. Invention patents have a twenty-year term of protection from the date of filing. Patents for utility models and industrial designs have a ten-year term of protection from the filing date and may be extended for an additional five. The law defines compensation as "adequate remuneration" to be paid to the patent-holder. Some U.S. industry groups believe that the law's compulsory licensing requirements are not TRIPS consistent. On average, filing a medical patent takes two years longer than in the United States.

The GOU approved a trademark law on September 25, 1998, upgrading trademark legislation to TRIPS standards. Under this law, a registered trademark lasts ten years and can be renewed as many times as desired. It provides prison penalties of six months to three years for violators, and requires proof of a legal commercial connection to register a foreign trademark. Enforcement of trademark rights has improved in recent years.

Transparency of Regulatory System

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Transparent and streamlined procedures regulate foreign investment. However, long delays and repeated appeals can significantly delay the process to award international and public tenders.

Article 10 of the Uruguay – U.S. BIT mandates both countries to promptly publish or make public any law, regulation, procedure or adjudicatory decision related to investments. Article 11 sets transparency procedures that govern the accord.

Efficient Capital Markets and Portfolio Investment

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Foreign investors can access credit on the same market terms as nationals. As long-term banking credit has traditionally been more difficult to obtain, firms tend to roll over short-term loans.

The banking system is generally sound and has good capital, solvency and liquidity ratios. Profitability, in a context of low international interest rates and low demand for credit, has been a problem. The largest bank is the government-owned Banco de la Republica, which as of July 2009 accounted for 40 percent of total credits and deposits.

Uruguay's capital market is underdeveloped and concentrated in sovereign debt. While Uruguay is receiving "active" investments oriented to establishing new firms or gaining control over existent ones, it lacks major "passive" investments from investment funds that are an essential source of start-up capital and liquidity for new ventures and companies wishing to expand operations.

There is no effective regulatory system to encourage and facilitate portfolio investment. There are two stock exchanges. An electronic exchange concentrates on foreign currency transactions and a traditional exchange focuses on sovereign bonds. Only 12 firms are registered in the traditional stock exchange. Trading in shares and commercial paper is virtually nil, severely limiting market liquidity. There are few investment funds in operation, mostly serving domestic clients to invest their funds in Uruguayan sovereign debt. Risk rating firms first came to Uruguay in 1998.

However, there has recently been a good deal of discussion among the relevant Uruguayan actors about how to reinvigorate Uruguay's capital markets. A revised capital markets law is under discussion in the parliament.

Private firms do not use "cross shareholding" or "stable shareholder" arrangements to restrict foreign investment. Nor do they restrict participation in or control of domestic enterprises.

Corporate Social Responsibility (CSR)

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The concept of Corporate Social Responsibility is relatively new in Uruguay, but many companies do abide by the principles of CSR as a matter of course. Many multinational companies find it advantageous to stake out a CSR strategy and have made significant contributions in promoting safety awareness, better regulation, a positive work environment and sustainable environmental practices. Consumers do pay attention to the CSR image of companies, especially as it relates to a firm's work with local charity or community causes. U.S. companies have proven to be leaders in promoting a greater awareness of and appreciation for CSR in Uruguay.

Competition from State Owned Enterprises

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Uruguay has a history of maintaining state monopolies in a number of areas where direct foreign equity participation is prohibited by law. While privatization is generally opposed by the population, some government-run monopolies have been dismantled over the past few decades, and private sector participation in the economy has increased significantly. Several state-owned entities have contracted with foreign-owned companies to provide specific services for a given period of time under Build-Operate-Transfer (BOT) regimes. While basic telephone services remain a monopoly, government-owned ANCEL, Spain's Telefonica, and Mexico's America Movil provide cellular services. International long distance calling, data transmission, and value-added services are also open to the private sector. The Telecommunication and Postal Services regulatory agency (URSEC) aims to preserve a level playing field for private and public firms, but regulatory enforcement of government-owned entities varies.

Other sectors have varying levels of private sector participation. Although private power generation is allowed, the state-owned power company, UTE, holds a monopoly on

wheeling rights. The state-owned oil company, ANCAP, remains the only importer and refiner of petroleum products. ANCAP has established associations with foreign partners, especially in the area of off-shore exploration. For the latter, ANCAP organized an international road-show, including an event in the U.S. for interested oil companies. In the ports, private companies provide most services. The national airline, PLUNA, is 75% owned by a consortium of investors (including U.S. capital). The insurance and mortgage sectors are de-monopolized, but workers compensation insurance remains a government monopoly. An October 2004 constitutional amendment, approved by 64% of voters, declared waters a national resource to be controlled exclusively by the State.

Most State-owned firms are defined as autonomous but in practice coordinate certain issues, mainly tariffs, with their respective ministries and the Executive Branch. State-owned firms are required by law to publish an annual report and their balances are audited by independent firms.

Political Violence

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Uruguay is a stable democracy (Uruguay ranked as the most democratic country in Latin America, according to The Economist's 2008 Democracy Index) in which respect for the rule of law is the norm and the vast majority of the population is committed to non-violence.

Corruption

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Uruguay has strong laws to prevent bribery and other corrupt practices. In 2009, Uruguay ranked top in Transparency International's Corruption Perception Index in Latin America's, together with Chile (both countries ranked 25th among 180 countries worldwide, the U.S. ranked 19th) . Uruguay has gradually improved in Transparency International's Corruption Perception Index over time, from the 35th place in 2001 to the 25th place in 2009.

Despite Uruguay's favorable rating and effective legislation, other surveys indicate a perception of public sector corruption. Almost three out of four top tier executives polled by KPMG in 2007/2008 opined that there is fraud in the public sector –especially in the awarding of public contracts–, and one in three stated their firm had been affected by corruption.

Several former Uruguayan officials, customs officials and one judge were prosecuted for corruption in recent years. Overall, U.S. firms have not identified corruption as an obstacle to investment.

A law against corruption in the public sector was approved in 1998, and acceptance of a bribe is a felony under Uruguay's penal code. Money laundering is penalized with sentences of up to ten years (which also apply to Uruguayans living abroad). Laws 17835 and 18494 (passed in 2004 and 2009) establish a solid framework against money laundering and terrorism finance. Enforcement is improving at a steady pace.

Bilateral Investment Agreements

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In November 2005, Uruguay and the United States signed a Bilateral Investment Treaty (BIT) to promote and protect reciprocal investments, which was subsequently ratified by both legislatures and entered into force on November 1, 2006. The full text of the agreement is available at www.ustr.gov/Trade_Agreements/BIT/Section_Index.html and <http://uruguay.usembassy.gov>.

The 62-page agreement has 37 articles and 3 annexes, and was the first “latest generation” BIT signed by USTR. Among other benefits, the BIT grants national and most-favored-nation treatments to investments and investors sourced in each country. The agreement also includes detailed provisions on compensation for expropriation, and a precise procedure for settling bilateral disputes. The annexes include sector-specific measures that are not covered by the agreement and specific sectors or activities which governments may restrict further.

Uruguay also has BITs with Argentina, Brazil and Paraguay (its Mercosur partners, signed in 1994), Armenia, Australia, Belgium, Canada, Chile, China, Czech Republic, El Salvador, Finland, France, Germany, Great Britain, Hungary, Israel, Italy, Luxembourg, Malaysia, Mexico, Portugal, The Netherlands, Panama, Poland, Romania, Spain, Sweden, Switzerland, and Venezuela. BITs with India and Vietnam, signed in 2008 and 2009 respectively, await Parliamentary approval.

Uruguay has Double Taxation Agreements with Chile, Germany, Hungary, Israel, Norway, Panama, Paraguay, Poland and Switzerland. In 2009, following Uruguay’s inclusion by the OECD in a list of jurisdictions that “have not committed to implement the internationally agreed tax standard”, the GOU swiftly endorsed OECD standards on transparency and exchange of information, stating it would include tax-information sharing clauses in Double Taxation Agreements with OECD members. In 2009 Uruguay signed double taxation and fiscal transparency agreements with Spain and Mexico, which as of December 2009 are awaiting Parliamentary approval.

OPIC and Other Investment Insurance Programs

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The GOU signed an investment insurance agreement with the Overseas Private Investment Corporation (OPIC) in December 1982. The agreement allows OPIC to insure U.S. investments against risks resulting from expropriation, inconvertibility, war, or other conflicts affecting public order. OPIC programs are currently used in Uruguay.

Labor

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The Uruguayan labor force is well educated, and the government has instituted technical training programs to help meet industry’s skilled labor requirements. At 97 percent, Uruguay’s literacy rate is the highest in Latin America and on par with that of the United States.

Social security payments are high and increase employers’ basic wage costs by about 30 percent. In addition to the worker’s salary, employers must pay: (a) 7.5 percent of the wage to social security, (b) 5 percent to health insurance, (c) 0.125 percent to a labor restructuring fund, (d) a supplementary annual bonus equivalent to 1/12 of the annual pay (basically a 13th month’s wages), and (e) a vacation pay equivalent to about 80 percent of the net wage received by the employee times 20 (days of leave) divided by 30

(days a month). An employer can dismiss workers, as long as the dismissal is not discriminatory and if the employer pays the worker one month for each year of work, with a cap of six months.

Uruguay has ratified ILO conventions that protect worker rights, and generally adheres to their provisions. The Uruguayan constitution guarantees workers the right to organize and strike, and union members are protected by law against dismissal for union activities. Labor unions are nominally independent from the government. Sympathy strikes are legal. In labor trials, the Judiciary tends to rule in favor of the worker, as he/she is considered to be the weaker party.

The Vazquez administration introduced major changes to Uruguay labor regime with the passage of thirty-six laws, some of which were adamantly opposed by business chambers. The main changes include the reinstatement of collective bargaining; the creation of tri-partite salary councils; and the passage of several laws aimed at promoting and protecting the rights of unions and individual workers.

Occupations of workplaces increased in 2005-2010 following the elimination of a decree that enabled employers to request police to evict workers, and passage of legislation that favored unions. Under certain circumstances the GOU considers occupations as a licit extension of workers' right to strike, which is opposed by entrepreneurs (see Protection of Property Rights section).

In 2005, the GOU reinstated salary councils, a three party board consisting of representatives from unions, employers, and the government. The councils are responsible for setting the wage increases for individual sectors; if the unions and employers fail to reach an agreement to determine the wage increase to be applied for sectors, then the government makes the final decision. The councils were first instituted in 1943 and dissolved on several occasions, the last time in 1992.

In 2006, the administration passed a law on the "Promotion and Protection of Labor Unions" that renders any discriminatory action affecting the employment of unionized workers illegal. Among other measures, the law provides for the immediate reinstatement of the employee if any infringement of the law is proven. Business chambers strongly opposed the bill, arguing that it slanted labor relations heavily in favor of unions.

In January 2007 Parliament passed Law 18099 on outsourcing, which was opposed by the business community, as it made employers responsible for possible labor infringements on employees by third-party firms that were contracted by the employers. In November 2007, the GOU submitted another bill clarifying some of the private sector's concerns, which was passed in January 2008 as Law 18251. Parliament passed a law in December 2008 providing between 6 and 12 days of mandatory leave for students to prepare for exams.

Law 18395, passed in 2008, reduced retirement to age 60 for both men and women who have worked for at least 30 years, modified the system for advanced age retirement and provided more beneficial terms to mothers with children. Law 18399, also from 2008, modified the unemployment insurance regime, gradually, reducing unemployment benefits during the six month eligibility period, and extending coverage for employees over 50 years old to one year. Workers who become disabled on the job receive a

monthly payment from the government equal to 70 percent of their salaries, plus free medicine and medical care.

Another bill on Collective Bargaining for public sector employees, submitted in February 2008, is also before Parliament. The level of unionization has increased steadily since the governing Frente Amplio party took office on March 1, 2005. The umbrella labor organization PIT/CNT claims to have over 320,000 active members, or 28 percent of the workforce. Unionization is particularly high in the public sector.

Foreign-Trade Zones/Free Ports

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Law 15921 of December 17, 1987, regulates the operation of free trade zones (FTZs) within the country. Twelve free trade zones are located throughout the country. While most are dedicated almost exclusively to warehousing, three host a wide variety of tenants performing various services (e.g., financial, software and call centers). One in particular (Zonamerica) was developed as a technology park to provide services and infrastructure for competitive development of companies with international reach. Two FTZs were created exclusively for the development of the paper and pulp industry. These activities are considered to take place outside the national territory. When goods from an FTZ are introduced into Uruguay's customs territory, they are treated as "imports" and thus subject to customs duties and import taxes. Goods of Uruguayan origin entering into FTZs are treated as Uruguayan exports for tax and other legal purposes.

Goods, services, products, and raw materials of foreign and Uruguayan origin may be brought into the FTZs, held, processed, and re-exported without payment of Uruguayan customs duties or import taxes. Current government monopolies are not honored within FTZs. Local and foreign-owned industries alike enjoy several advantages in an FTZ, including the exemption from all domestic taxes. Customs duty exemptions are applicable to the entry and exit of goods. Additionally, the employer does not pay social security taxes for non-Uruguayan employees who have waived coverage under the Uruguayan social security system. However, Uruguayans must comprise 75 percent of a company's labor force to qualify for FTZ tenancy.

Uruguay is a founding member of MERCOSUR, the Southern Cone Common Market composed of Argentina, Brazil, Paraguay and Uruguay (as of December 2009 Venezuela's membership was pending). Since MERCOSUR regulations treat products manufactured in all member states FTZs as extra-territorial and hence charge them its common external tariff, with few exceptions, little manufacturing is done in local FTZs. Furthermore, products manufactured by Uruguayan or foreign firms in Uruguayan FTZs are not eligible for MERCOSUR certificates of origin and must pay the bloc's common external tariff upon entering other member countries.

Uruguay has other special import regimes in place, including industrial zones, private customs deposits, free ports and temporary admission. The free port and private customs deposits exempt goods that are kept within the premises from all import-related duties and tariffs. While in the premises, merchandises may be labeled, fractioned, re-packaged, or have any other process done to it as long as it does not modify the nature of the good. There are no limits for the length of stay of merchandise in the port, nor for the volume of stored goods. For more details see in <http://www.zfrancas.gub.uy/english/index.php>

Under the temporary admission regime, manufacturers can import duty-free raw materials, supplies, parts and intermediate products used to manufacture products that are later exported. Products that are consumed during the production process without being incorporated in the finished exported product, containers and packing material are also covered. The system requires a government authorization and that final products be exported within a period of 18 months.

Foreign Direct Investment Statistics

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Foreign Direct Investment (FDI) in Uruguay has been traditionally low (under 3 percent of GDP), even by Latin American and regional standards, because of the country's small market, the lack of major privatization initiatives, and the small number of firms that base their MERCOSUR-wide operations locally. However, FDI rose significantly in recent years – to 6 percent of GDP in 2008.

Annual inflows of FDI rose from \$397 million in 2004 to \$847 million in 2005, \$1.4 billion in 2006, \$1.1 billion in 2007 and \$1.8 billion in 2008. Surging inflows of FDI have led the stock of FDI to record levels (\$8.9 billion in 2008).

The sectors that received more FDI in 2003-2007 were agriculture (forestry, ranching, farming, and slaughterhouses), construction (real estate in Punta del Este, hotels, and office buildings), industry (chemical and food and beverages), and services (mostly financial intermediation).

While the economy continued growing in 2009, the global crisis had an impact on investment. FDI fell 52 percent in the first half of 2009 over the first half of 2008. Overall investment fell 20 percent in the January-September 2009 (over January-September 2008) mainly due to a declining inventory. A counter-cyclical increase in public sector investment (up 32 percent) offset the drop in private investment (down 10 percent).

Finnish Botnia's construction of a \$1.2 billion pulp mill in 2005-2007 was Uruguay's largest-ever foreign investment. Another cellulose producer, Spain's Ence, plans to build a pulp mill worth \$1.0 billion. In mid 2009 Ence sold the project to a Finnish-Swedish-Chilean firm, Stora Enso-Arauco, which has said it still intends to develop the plant. A dispute between Argentina and Uruguay over these pulp mills investments led to strained relations between the two countries. In March 2010 the GOU is due to auction the right to construct and operate a second major container terminal in the Port of Montevideo, an investment expected to be around \$270 million.

The United States was the fourth largest foreign investor in Uruguay in 2003-2007 with 3.2 percent of total FDI (\$144 million). Argentina, Spain and Brazil were the biggest investors, with 18.5 percent (\$820 million), 4.1 percent (\$180 million) and 3.9 percent (\$173 million) respectively.

According to the U.S. Department of Commerce, the 2008 stock of U.S. direct investment in Uruguay amounted to \$569 million. Major U.S. investments include Weyerhaeuser (forestry), Conrad Hotels (tourism and gambling), Sabre (call center), McDonald's (restaurants) and Pepsi (beverages).

Host country contact information for investment-related inquiries:

Uruguay XXI – Investment and Export Promotion Directorate

Mr. Roberto Villamil

Executive Director

Address: Rincon 518, Lobby

Montevideo, Uruguay

Tel: (5982) 915 3838 - Fax: (5982) 916 3059

Web page: <http://www.uruguayxxi.gub.uy>

UNASEP, Unidad de Apoyo al Sector Privado

(Ministry of Economy and Finance – Unit for Private Sector Investment)

Mr. Alvaro Inchauspe

Director

Rincon 528, 4th floor

Montevideo - Uruguay

Tel: (5982)915 8167 // 916 8580 ext.402

Web page: <http://www.unasep.gub.uy>

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How Do I Get Paid (Methods of Payment)

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Exports to Uruguay are usually financed through export letters of credit, sales on open account or drafts on foreign buyers. Local business practices do not include paying for goods in cash in advance.

There are no foreign currency restrictions in Uruguay. Payment for any kind of imports can be made in cash or on the terms agreed by the parties (i.e. a letter of credit or a sight draft with deferred payment). The international banking departments of major U.S. banks and special programs under EX-IM Bank, Overseas Private Investment Corporation (OPIC), and the Small Business Administration (SBA) generally finance U.S. exports.

For credit rating agencies see links below:

Equifax: <http://www.clearing.com.uy>, <http://www.equifax.com/>
Commercial Defense: <http://www.lideco.com.uy/online/html/index.php>
D&B Uruguay: <http://www.mr.com.uy>
PriceWaterhouseCoopers: <http://www.pwc.com/uy/>

How Does the Banking System Operate

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The financial sector in Uruguay is open to foreign participation and is sustained by a transparent supervisory and regulatory system. A severe banking crisis in 2002 put the entire system under risk but proper management allowed the system to get back on track. The crisis was overcome with timely U.S. and IMF support.

Since the crisis, the Government of Uruguay has implemented financial sector reforms enforcing greater financial controls, which empowered the supervisory role of the Central Bank. According to the IMF, Uruguay's recovery was fostered by strong macroeconomic policies and structural reforms generating remarkable economic and financial results.

Uruguay's financial sector consists of one government owned commercial bank (which has roughly half of total deposits and credits), one government owned mortgage bank, 12 foreign-owned banks, 6 offshore banks, 11 cooperatives of financial intermediation, 6 financial houses, 5 administrators of previous savings, 12 credit administrators, 85 exchange houses and 21 representative offices of foreign banks. The six offshore banks

are subject to the same laws, regulations, and controls as local banks, with the GOU requiring them to be licensed through a formal process that includes a background investigation.

Uruguay's government-owned banks have traditionally held a major share of the banking market. The Central Bank formulates monetary and exchange policies in coordination with the Executive Branch. Private banks supply Uruguay's private sector with short-term, dollar-denominated credit and receive mostly dollar-denominated deposits (about 80% of the private sector's deposits in the commercial banking system are dollar-denominated.) Most private banks, including U.S. – owned ones, successfully weathered the 2002-banking crisis and honored all deposits in a timely manner. There has been a consolidation of private commercial banks. In August 2006, Brazilian bank Itau bought U.S. Bank Boston. In January 2009 Spanish Santander bought Dutch ABN, and in January 2010 Spanish BBVA bought French Credit Agricole's operations in Uruguay.

Uruguay had traditionally been a common destination for Argentine depositors, and before the 2002-banking crisis, Argentines held over 40% of total deposits. However, many Argentine depositors withdrew their funds in 2002 and as of December 2009 they accounted for 19% of total deposits, limiting Uruguay's exposure to its neighbor. Credits started to recover from the crisis in mid-2005, well after deposits which had started in mid-2002. Deposits have reached pre-crisis levels but credits remain below.

Offshore financial institutions operate with limited functions as they cannot operate with residents. Several U.S. financial firms such as Raymond James, Prudential, Wachovia and Ocwen Financial also operate in Uruguay.

For more information, please check in <http://www.bcu.gub.uy> (English version is available.)

Foreign-Exchange Controls

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Uruguay does not apply foreign exchange controls.

U.S. Banks and Local Correspondent Banks

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Citibank (Citi)

Citibank is the only U.S bank remaining in Uruguay. The bank has had a presence in Uruguay since 1915, and according to its web site, has a consumer and corporate base of more than 57,000 individual accounts and businesses. For more information check in: <http://www.latam.citibank.com/uruguay/homepage/spanish/index.htm>

Tel: 5982-915-5687; Fax: 5982-916-0645; web: <http://www.citibank.com.uy>

Citibank does not open personal bank accounts for U.S. citizens residing in Uruguay due to U.S. withholding tax regulations.

All local banks have correspondent banking arrangements with some major U.S. bank.

Some of the major sources of project financing include:

- A. Export-Import Bank: Provides U.S. exporters with several financing programs, including working capital guarantees, export credit insurance, commercial bank guarantees, medium-term credits, small business credits, direct loans to foreign purchasers, and financial guarantees. Eximbank finances all types of U.S. goods and services as long as they contain at least 50% U.S. content and are not military-related. Further information on the bank's programs may be obtained at 1-800-565-exim. Eximbank's Uruguay Desk Officers may be contacted by phone at 202-565-3913, by fax at 202-565-3931, or at www.exim.gov.
- B. Overseas Private Investment Corporation (OPIC): OPIC's programs include loans and loan guarantees, investment funds, and political risk insurance (currency inconvertibility, expropriation, and loss of assets or income caused by political violence). OPIC may be contacted at 202-336-8400 or at www.opic.gov
- C. Commodity Credit Corporation (CCC): The CCC finances exports of U.S. agricultural commodities. The CCC may be reached by phone at 202 720-6301 or by fax at 202 690-0727 or at <http://www.fsa.usda.gov/cc>.
- D. Small Business Administration (SBA): SBA's export revolving line of credit loan helps small businesses export their products. SBA may be contacted at 1-800-827-5722 or at www.sba.gov.
- E. World Bank and Inter-American Development Bank: Both banks offer programs that allow U.S. companies to compete in major international infrastructure projects. The public information centers of both banks may be contacted through 202-458-5454 (or www.worldbank.org) and 202-623-2096 (or www.iadb.org) respectively.
- F. Trade and Development Agency (TDA): TDA has invested several million dollars in Uruguay for feasibility studies and other activities that support infrastructure development and modernization projects. TDA may be contacted at 703-875-4357 or at www.tda.gov.

Several States also have their own export financing programs.

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Embassy Contact: Lilian Amy, Sector Specialist – lilian.amy@mail.doc.gov,
<http://www.buyusa.gov/Uruguay/en>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Business dress and appearance, as well as one's general approach to business relations, should be very conservative. An advance appointment for a business visit is usually necessary and considered a customary courtesy. Punctuality is generally observed. Typically, business is discussed after social amenities. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

Travel Advisory

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For travel advisories, if any, please check in <http://uruguay.usembassy.gov> and/or http://travel.state.gov/travel/cis_pa_tw/cis/cis_1054.html

No inoculations are currently necessary for entry. International travelers are advised to contact their local public health department, physician, or travel agent at least two weeks before departure to obtain current information on health requirements.

Visa Requirements

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U.S. citizens need a valid American passport, but visas are not required for holders of regular passports. Those traveling on diplomatic or official passports must have a valid visa in addition to the passport. For more information, please check in http://travel.state.gov/travel/travel_1744.html

Business and tourist stays are limited to 90 days and may be extended for an additional 90 days.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy in Uruguay, Consular Section: <http://uruguay.usembassy.gov>

Telecommunications

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Uruguay has a fixed line tele-density of almost 80 percent, one of the highest in Latin America. Telephony is fully digitalized. Only ANTEL, the state owned company, can provide basic telephony. Eight other companies compete with ANTEL for international calls. There are three cellular providers with GSM/GPRS, TDMA, and/or CDMA services. High-speed Internet is easily accessible in major hotels, airports, and cyber-cafes are readily available. AT&T, MCI, and Sprint call cards are accepted.

Transportation

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American Airlines is the only U.S.-carrier with flights to and from the U.S. During the period November – April, it offers direct flights between Montevideo and Miami five days a week. During the rest of the year, direct flights are three times a week while the rest have a stopover in Buenos Aires. Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive.

Language

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Spanish is the official language. Although a vast majority of the business community speaks English or other languages, interpreters are commonly used during business meetings.

Health

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There are no major health hazards. Uruguay enjoys high health standards for food and drinking water.

Local Time, Business Hours, and Holidays

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Uruguay observes standard time (GMT-3). From October – March, Daylight Savings Time is in effect.

Normal business hours are Monday through Friday from 9:00 a.m. – 6:00 p.m. Banks are open to the public Monday through Friday from 1:00 – 5:00 p.m. Stores are also open on Saturdays from 9:00 a.m. to 1:00 p.m. Shopping centers open daily from 10:00 AM - 10:00 PM.

Local Holidays

Jan. 1	New Year's Day
Jan. 6	Three King's Day
Feb.	Two days for Carnival (6 weeks before Holy Week)

Apr.	Five days for Holy Week (dates vary from year to year)
May 1	Uruguayan Labor Day
May 18	Commemoration of Battle of Las Piedras
Jun. 19	Birthday of Artigas
July 18	Uruguayan Constitution Day
Aug. 25	Uruguayan Independence Day
Oct. 12	Columbus Day
Nov. 2	All Saints Day
Dec. 25	Christmas

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of business-related equipment (i.e. laptops, etc.) Refundable deposits may be required and are payable at the point of entry.

Web Resources

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Ministry of Tourism: <http://www.turismo.gub.uy>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Trade Events](#)

Contacts

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<http://www.buyusa.gov/uruguay/en>

Embassy web site: <http://uruguay.usembassy.gov>

Uruguay – U.S. Chamber of Commerce (AMCHAM)

e-mail: info@ccuruguayusa.com
<http://www.ccuruguayusa.com>

Country Trade or Industry Associations in Key Sectors

Chamber of Industries: <http://www.ciu.com.uy>

Chamber of Commerce and Services: <http://www.camaradecomercio.com.uy>

Chamber of Agro-Industries: <http://www.camaramercantil.com.uy>

Union of Exporters: <http://www.uruguayexporta.com>

Uruguay XXI: <http://www.uruguayxxi.gub.uy>

Uruguayan IT Chamber: <http://www.cuti.org.uy>

Government

Ministry of Industry, Energy, and Mining
<http://www.miem.gub.uy>

Ministry of Economy and Finance
<http://www.mef.gub.uy>

Ministry of Tourism

<http://www.turismo.gub.uy>

Ministry of Transport and Public Works

<http://www.mtop.gub.uy>

Ministry of Agriculture and Fishing

<http://www.mgap.gub.uy>

Office of the President of Uruguay

<http://www.presidencia.gub.uy>

Parliament

<http://www.parlamento.gub.uy>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

For events in Uruguay, please click on the link below

<http://www.buyusa.gov/uruguay/en/19.html>

For further assistance, please contact: montevideo.office.box@mail.doc.gov

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/uruguay/en/10.html>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.