Doing Business in Uruguay: 2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Uruguay

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Market Overview Return to top

Welcome – "*Bienvenidos*" The Commercial Section of 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 do not hesitate to reach out to the Embassy at any time. The Commercial Section looks forward to assisting U.S. exporters in finding local buyers and business partners.

Uruguay is a market-oriented economy in which the State still plays a significant role. Following a deep crisis in 1999-2002, Uruguay's economy grew robustly from 2003-2013 led by private consumption –fueled by full employment, rising wages and a weak dollar– and exports related to record-high commodity prices. Growth decelerated from an annual average of 6.0% in 2004-2008 to 5.2% in 2009-2013, and is expected to be about 3.0% in 2014. Growth performance, foreign trade and investment, and the banking system were largely unaffected by the 2009 global financial crisis. In mid-2012 Uruguay regained investment grade status by major risk rating agencies.

Uruguay is a founding member of MERCOSUR, the Southern Cone trading bloc also composed of Argentina, Brazil, Paraguay and Venezuela. Chile, Bolivia, Peru, Colombia and Ecuador have free trade agreements with MERCOSUR as associate members, but are not part of the customs union. MERCOSUR's Secretariat and Parliament are located in Montevideo.

Uruguay and the U.S. enjoy a very good bilateral relationship. Uruguayan President Mujica met with President Obama at the White House in May 2014 and the occasion reinforced the positive dialogue that exists between the two countries. Commercial relations continue to develop under the auspices of the Trade and Investment Framework Agreement (TIFA). Bilateral trade of goods amounted to about $1.35 billion in 2013 and the U.S. trade surplus has increased dramatically since 2007 to $659 million in 2013.

Imports from the U.S surged in recent years following the local economic upturn and sales of refined fuels and wind turbines, turning it into Uruguay's fourth largest supplier after China, Brazil and Argentina. The top five Uruguayan imports from the U.S. in 2013 consisted of refined fuels ($150 million, 15 percent of total exports), wind turbines, fertilizers, cell phones, and agricultural machinery. The best opportunities for U.S. exports are telecommunication equipment, security equipment, computer hardware, fertilizers, renewable energy equipment, chemicals, heavy equipment, hand tools, and agricultural equipment. For more details, please see Chapter 4. Uruguayan exports to the U.S. declined significantly in 2005-2009–from $763 million to under $200 million– as Uruguayan exporters of mainly beef and refined oil reoriented to other markets. Exports to the U.S. have grown robustly since 2009 to $350 million in 2013. The U.S. is currently Uruguay's fifth largest export market (after China, Brazil, Argentina and Venezuela). Sales to the U.S. are largely concentrated in beef, beef products, honey, leather, and refined oil.

Uruguay's overall imports of goods amounted to $11.6 billion in 2013 and exports of goods totaled $9.0 billion. Its top imports are comprised of crude and refined oil and capital goods.

Brazil is Uruguay's top export market, followed by China and the Nueva Palmira Free Trade Zone (a re-export base mainly for soybeans and cellulose pulp to China and Finland), Argentina, Venezuela and the United States. Uruguay has diversified its export portfolio in recent years by incorporating new products such as soybeans and cellulose pulp. The top six export products –soybeans, frozen and fresh beef, rice, powdered milk and wood account for about half of total sales. Uruguay is also a major exporter of cellulose pulp and beverage concentrates produced in free trade zones.

Uruguay boasts a dynamic services sector with tourism as its largest source of revenue. With a population of slightly under 3.4 million, Uruguay welcomes about 2.5 million tourists a year, mainly from within the region, though increasingly from Mexico, the U.S. and Europe. Transportation and logistics are also important elements of the services sector. Uruguay is well-situated to serve as a distribution platform for U.S. firms wishing to sell their products to the entire MERCOSUR region. Its centralized location, with comprehensive free-trade zones, a free port, adequate infrastructure, and drawback regimes, is naturally oriented towards stocking products for regional distribution or showcasing for regional buyers. Software development is another growing industry, with Uruguay already a leading software exporter in Latin America.

Uruguay's investment climate is generally positive. A decree passed in 2007 and modified in 2012 provides significant incentives, mainly corporate income tax cuts, to local and foreign investors. Foreign and national investors are treated alike; there is free remittance of capital and profits, and investments are commonly allowed without prior authorization. Overall, U.S. firms have not identified corruption as an obstacle to investment.

Uruguay has bilateral investment treaties with several countries – including a 2005 agreement with the U.S. – and several Double Taxation Agreements (although not with the U.S.). Uruguay and the U.S. also signed an Open Skies Agreement in 2004, a Trade and Investment Framework Agreement in 2007 that provides a platform for ongoing work on commercial issues, a Science and Technology Agreement in 2008, and a Customs Mutual Assistance Agreement signed on May 13, 2014.

About 120 U.S. firms operate in Uruguay. The U.S. was its fourth largest investor during 2001-2012 (preceded by Argentina, Spain and Brazil). Annual average U.S. investment more than tripled to $87 million in 2007-2012 from $23 million in 2002-2006. U.S. investment is distributed among a wide array of sectors – mainly forestry, tourism and hotels, services, and telecommunications.

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

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

Inter-American Development Bank (English)
http://www.iadb.org/en/countries/uruguay/uruguay-and-the-idb,1028.html

Market Challenges

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The challenges Uruguay faces in promoting its local market are its small size (3.3 million inhabitants) and the lack of trade-related financing. Uruguay is consequently unfamiliar to many U.S. companies.

Local companies have traditionally looked first to neighboring MERCOSUR countries to develop trade. In recent years, their attention has turned increasingly to China, causing the U.S. to lose market share to the Chinese in many sectors. U.S. exporters need to be flexible in their minimum sales and payment requirements. The distance and added cost in shipping products from the U.S. (vis-à-vis neighboring countries) can at times be a deterrent when sourcing imports.

Government procurement and bidding processes are generally transparent, but slow. The bureaucracy for obtaining official investment information and procedures can be sluggish at times.

Presidential elections will take place in October 2014. If no one candidate achieves a majority of the vote, a second round will take place in November. Voting is compulsory and campaigns are vigorous, so Uruguayans tend to be very politically aware. The new Administration will take office in March 2015 and serve through March 2020. No major changes or challenges are expected in the economic/financial arena, but as the political agenda tends to dominate during the election year, the business community is traditionally less active during the elections and transition period.

Uruguay passed a Public-Private Partnership (PPP) law that could provide market opportunities for U.S. companies, but Uruguay is experiencing a steep learning curve. Both public and private sectors need to learn PPP success stories in other countries, best practices, potential problems, and financing opportunities.

A new labor law that emphasizes safety and security measures for employees, with major legal implications for violations, could be a challenge for companies undertaking new projects.

Market Opportunities

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Uruguay has little corruption; it is one of the 20 top countries that were ranked as having the lowest perceived levels of corruption in 2013. It has a strong banking sector, it is strategically located, is a leader in Internet fiber optics and has proven political stability. The current leftist administration has maintained an open trade policy with strong economic fundamentals.

A combination of favorable exchange rates, higher wages, historically low unemployment, and consumer confidence in Uruguay's economy fueled increasing demand for imported products in 2013, with projections for 2014 indicating similar trends. Cellular phones, information technology, agricultural machinery, and chemicals are the top non-commodity U.S. exports to Uruguay. Uruguay offers good opportunities as a test market for the region, given the small sample size, respect for the rule of law, and sound investment climate.

In late 2011, the Uruguayan Parliament approved a Public-Private Partnership (PPP) law. While this type of association had already existed, the new PPP legislation formalizes the procedures, responsibilities, and obligations of the State and private investors. The Government of Uruguay (GOU) anticipated that this law would further attract foreign investment, mainly in much-needed infrastructure projects. Among these are:

- Road and railway rehabilitation;
- Renewable energy;
- Sea and river ports;

For detailed information regarding these projects please check in Chapter 4.

Market Entry Strategy

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All import channels are available -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms. Sales outlets and supermarkets are traditional storefronts. There are very few discount general merchandisers.

U.S. suppliers should be thorough in their selection of an in-country agent or representative. The contractual relationship (employer-employee or commission-based) should be made clear from the start. Failure to do so could result in supplier liability for severance if the U.S. company decides to end the business relationship.

The recommended strategy to enter the local market is for interested parties 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 of the U.S. Embassy in Montevideo. Please check http://export.gov/uruguay/servicesforu.s.companies/index.asp for the full list of services provided. For more information please visit: http://export.gov/uruguay/index.asp or contact Office.Montevideo@trade.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

In order to provide information on how Uruguay is viewed from different perspectives, the U.S. Embassy's Economic and Commercial Section selected several surveys that cover Uruguay's first, second and third place rankings. Please click on the link below:

http://photos.state.gov/libraries/uruguay/19452/pdfs/UruguayTop10Apr2014.pdf

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Chapter 3: Selling U.S. Products and Services

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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 of the U.S. Embassy in Uruguay. For a low fee, the Commercial Section will provide a Customized Contact List [CCL] with up to 10 potential partners with additional information, such as a contact name, e-mail, 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 a local firm. The report includes the local company's contact information, its size/approximate number of employees, products/services, financial and business references, company reputation, and the Commercial Section's comments/evaluation.

For the full list of services provided, please check the following link:
http://export.gov/uruguay/servicesforu.s.companies/index.asp

Establishing an Office

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The founding of a new enterprise or the acquisition of an existing Uruguayan company can be done freely. 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 the most common forms, but a personal partnership is also possible. The Commercial Section of the U.S. Embassy can provide a list of attorneys who regularly work with foreign corporations wishing to establish a presence in Uruguay.

Franchising

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Franchising in Uruguay is a small but growing sector. The franchising concept has been developing over the years. Initially limited mainly to food related services, the sector has grown to include outlets in the clothing, hardware, industrial cleaning, pest control, health-care, IT supplies, and several other industries. There are no legal restrictions on operating a franchise in Uruguay. For general information, please consult the Uruguayan Franchising Chamber http://www.caufran.org/. The Chamber organizes events open to the participation of U.S. companies wishing to enter the market. For more information or assistance, please e-mail office.montevideo@trade.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 up to $200 are exempt from import tariffs. Courier regulations, however, are not always uniformly applied and may change periodically. The use of telemarketing and e-mail campaigns is on the rise. Direct marketing is also popular on 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 Government-to-Business (G2B) website, http://www.comprasestatales.gub.uy/ is available and aims to increase transparency and reduce government procurement costs. All government agencies issue tenders for the purchase of 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 of the country 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. In addition, they often rate 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.

Data released in October 2013 showed that almost 80 percent of Uruguayan households had at least one computer and 71 percent had access to and used the internet (an increase of 17% in usage over 2012).

Usage was mainly to seek information on topics of interest (82%); social media (78%), watch videos (71%), chat (70%), download music (63%), e-mail and news reading (63%), and secure information on products and services (60%).

Thirty-two percent of internet users purchased products on-line (a 26 percent increase from 2012 and a 54% increase over 2010 levels). Attempts to increase the use of e-commerce clash with a cultural reality: many Uruguayans prefer to deal face to face and distrust the electronic format. Seventy-seven percent of those who purchased through the internet did not do so using their credit cards as form of payment. Notwithstanding, the implementation in July 2012 of new Customs regulations that allow citizens to import duty free up to five shipments per year (up to a maximum of $200/shipment CIF) has provoked a substantial jump in e-commerce imports from the United States. Y-T-Y imports of packages since the implementation of the new regulations increased 192% and provoked strong criticisms from local businesses impacted by the increase in imports.

Local advertisers agree that the Internet serves as a means to promote their products and services, but not necessarily to close business transactions. Companies have increased website use seeking to increase sales online. Sales of computer accessories, appliances, clothing, and furniture have the lead, followed by books, hotel/restaurant reservations, and cellular phones. It is not unusual, however, that e-mails sent to addresses published on websites go unanswered. The items most frequently purchased online from overseas include clothing, books, CDs, hardware, sporting goods, 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.

Trade Promotion and Advertising

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

The Embassy periodically hosts industry-specific catalog exhibitions and trade missions. It also participates with a commercial booth in some local trade fairs. Details concerning these fairs may be obtained from the Commercial Section, U.S. Embassy Montevideo, Tel: (5982) 1770 2776, Fax: (5982) 418 8581 or by e-mail at office.montevideo@trade.gov.

Catalogs may be sent via regular U.S. mail to:
Econ/Commercial Officer
U.S. Department of State
3360 Montevideo Place
Washington, D.C. 20521-3360

Pricing

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The Uruguayan market price structure reflects world market prices plus import tariffs, taxes, 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.

For information on foreign exchange rates year and monthly averages check in http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Promedio-Mensual-de-Arbitrajes.aspx

A typical price structure for an item imported from the United States is as follows (i.e., shipment of 1 domestic kitchen mixer HS code 8509.40.20.00):

Price (CIF)		1.000.00
Tariff Duty	10%	100.00
Import Tax	10%	100.00
Extraordinary taxes	- -	12.00
T.S.A	- -	2.00
V.A.T. (based on Price plus Corporate Tax – recoverable on sale)	32%	384.00
Corporate Tax (IRAE)	4%	48.00
Consular Tax	2%	20.00
Customs Transit guide	- -	6.48
Total Surcharges		**672.48**
TOTAL IMPORTED COST		**1.672.48**

Sales Service/Customer Support	Return to top

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.

Property	Return to top

Protecting Your Intellectual Property in Uruguay:

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, including Uruguay, 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 potential exporters 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 you can also check in http://uruguay.usembassy.gov/uscitizenservices-notary-attorneys.html.

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 visit **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**, or visit http://www.uspto.gov/.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**, or visit http://www.copyright.gov/.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at http://www.stopfakes.gov/resources.

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.stopfakes.gov**/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contains contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For the IP attaché who covers Uruguay contact**:** **Albert.Keyack@trade.gov**

- Contacts for local IP registration and enforcement include:

  - National Directorate for Industrial Property, Ministry of Industry (trademark and patents), Dirección Nacional de la Propiedad Industrial – DNPI
    http://www.dnpi.gub.uy/

  - Copyright Council, Ministry of Education – Consejo de Derechos de Autor
    http://www.mec.gub.uy/innovaportal/v/333/2/mecweb/derechos_de_autor?leftmenuid=333

  - General Authors Association of Uruguay
    Asociacion General de Autores del Uruguay – AGADU
    www.agadu.org.uy

  - Uruguayan Disc Chamber – Camara Uruguaya del Disco – CUD
    www.cudisco.org

  - Association of Video Producers
    Asociación de Productores y Realizadores de Cine y Video del Uruguay – ASOPROD
    www.asoprod.org.uy / http://www.ixohost.com/Asoprod/

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

Due Diligence

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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 of the country 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.

It is advisable to contract the services of 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/uscitizenservices-notary-attorneys.html.
For questions or further assistance, please contact Office.Montevideo@trade.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://export.gov/uruguay/servicesforu.s.companies/eg_uy_028844.asp

Local Professional Services

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Equifax:	http://www.clearing.com.uy, http://www.equifax.com/
PWC:	http://www.pwc.com/uy/en/index.jhtml

Commercial Defense *: http://www.lideco.com.uy/online/html/index.php
Note: * Local equivalent of Better Business Bureau – BBB

Web Resources

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Daily Newspapers

El Observador	http://www.observa.com.uy
El Pais	http://www.elpais.com.uy
La Republica	http://www.larepublica.com.uy/
La Diaria	http://www.ladiaria.com.uy

Weeklies

Busqueda	http://www.busqueda.com.uy/home.asp – (Online subscription only)
Crónicas	http://www.cronicas.com.uy
Brecha	http://www.brecha.com.uy

Television

Channel 4	http://www.canal4.com.uy/
Channel 5 (TN)	http://www.tnu.com.uy/
Channel 10	http://www.canal10.com.uy/
Channel 12	http://www.teledoce.com/
VTV Uruguay	http://www.vtv.com.uy/

Major AM radios

690 AM Radio Sarandi	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/
22 Radio Universal	www.22universal.com.uy
Alfa FM	www.alfafm.com.uy
Oceano FM	www.oceanofm.com.uy

On-line

Ultimas Noticias	http://www.ultimasnoticias.com.uy/
Montevideo.com	http://www.montevideo.com.uy/index.html
El Diario	http://www.eldiario.com.uy
Radio El Espectador [Business]	http://www.espectador.com.uy

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Telecommunication Equipment
- Security
- IT Computer Hardware
- Fertilizers
- Renewable Energy Equipment
- Chemicals
- Construction – Heavy Equipment and Tools
- Agricultural Equipment
- Overview Infrastructure Projects

Agricultural Sectors

- Processed Food and Beverages, and Food Ingredients

The rate of exchange for 1 USD for the data included in each sector was as follows:

Annual Average in pesos

2011	2012	2013
19.97	19.30	21.36

For more information and details see in http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Promedio-Mensual-de-Arbitrajes.aspx

TELECOMMUNICATIONS

Overview

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	2011	2012	2013
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	334	389	431
Imports from the U.S.	49	56	63

Source: Transaction database – USD million

The U.S. market share of telecommunications equipment remains at approximately 15%. Notwithstanding, in 2013 the U.S. was the second largest supplier of products and equipment after China (which commanded a 52 percent market share) and followed by Brazil with 9 percent, Mexico with 5 percent and France with 3 percent. In 2013 the major importers were the three cellular carriers which continue to subsidize sales of handsets. State-owned ANTEL was the major importer with 28 percent of the total, followed by Spain's Telefonica with 8 percent and México's Claro with 7 percent.

Telecommunications represents 2.2 percent of Uruguay's GDP, continuing a decreasing trend which began in 2009. Sector-wise, growth of the telecommunications sector has also been decreasing steadily since 2008.

Uruguay's landline density is 31.7 landlines per 100 people. Cellular density is 159 lines per 100 inhabitants. Sixty-eight percent of cellular services are pre-paid. HTSUS 8517 (cellular handsets) represents 65 percent of total telecommunications imports. Three carriers share the Uruguayan cellular market: The state-owned carrier ANTEL – 49 percent market share, Spain's Telefonica/Movistar – 35 percent market share, and Mexico's America Movil/CTI/Claro -16 percent market share. BellSouth introduced cellular service in Uruguay in 1991. ANTEL began service in 1994 and America Movil/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 from one Uruguayan location to another Uruguayan location are billed as local calls.

Fueled by aggressive commercial promotions, the number of cellular clients continues to rise towards near-saturation. Notwithstanding, experts believe growth is still possible through the sale of new services, especially for smart-phone users. Content for teenagers and children also continues to grow strongly. All three carriers offer Wireless Application Protocol (WAP), General Packet Radio Services (GPRS), and Enhanced Data rates for GSM Evolution (EDGE). Long Term Evolution (LTE – 4G) is offered by ANTEL along coastal areas between the capital city of Montevideo and Punta del Este. Local consumers change their handsets approximately once every 1.5 years.

The three carriers interconnected their systems to allow for the exchange of short message services (SMS) in December 2005. The subsequent explosion in SMS messages resulted in network saturation and long message delivery times, especially during holidays. An average of 550 million SMSs are sent per month among the three carriers at a cost of $0.04 per message. ANTEL recently reported that SMS communications is the principal use of cell phones among teenagers, followed closely by social-media navigation. The use of free-SMS services is increasing rapidly.

There were 15,000 public phones in operation in Uruguay 2007, but by the end of 2013, only 6,800 were still in service.

After being tested successfully at CalPoly, ANTEL will launch its first domestically-produced telecommunications satellite (CubeSat) on June 19, 2014, from Russia's Yasni launch base.

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Overall, the United States maintains a market share of approximately 15 percent in telecommunications-related products, up from 7 percent in 2008. The use of fiber optics throughout the country for Internet connection and the new HDTV channels expected to begin transmissions in late 2014 may present opportunities for U.S. companies providing content and equipment.

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In December 2010, Uruguay dropped its former decision of adopting the European HDTV standard and announced the adoption of the hybrid Japanese/Brazilian (ISDB-T) standard. Implementation is due by late 2014.

In mid-2011 ANTEL announced a $100 million investment in order to expand the fiber optic network to reach approximately 240,000 new households in the second half of 2013 and is well on its way to reaching its target. It will also ensure universal access to internet through the use of fixed lines.

ANTEL has also associated itself with the Municipality of Montevideo to build a new 15,000-seat sports complex (Antel Arena).

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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
ANTEL:	http://www.antel.com.uy
Dedicado:	http://www.dedicado.com.uy

Security

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Overview

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	2011	2012	2013
Total Exports	12.0	11.0	10.7
Total Imports	144.0	133.0	154.0
Imports from the U.S.	26.0	20.0	20.0

Source: Transaction database – USD million

The increase in demand for security products and the robust economic recovery that Uruguay has experienced during the past four years assures that this sector will generate business opportunities. The electronic security sector increased by 16 percent in the period 2012 - 2013. U.S. products enjoy a 13 percent market share and compete directly with lower-priced products from China, Brazil, Argentina, Spain, and Mexico.

Imported electronic components play a very important role in locally manufactured products. Local security importers will continue to import high-tech components to be used in the production of alarms, CCTV, panels, and many other related products.

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Sub-sectors like access control systems and intrusion alarms systems grew significantly in 2013, reaching $141 million. Major construction projects are underway in Montevideo and Punta del Este (Uruguay's principal seaside resort) in which electronic security products will play a very important role. According to the Uruguayan Chamber of Electronic Security Systems (CIPSES), the electronic security business has a promising future in commercial and industrial fields.

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The Uruguayan electronic safety and security market relies heavily on imported products and services. In order to import security equipment and technology, local companies form joint ventures with international firms or become authorized dealers. Uruguayan Customs is the official institution that regulates the importation of all safety and security items, and local importers have to report all imports to Customs. The following chart shows the dollar value of all imports made during 2013 in the following four sub-sectors: CCTV, intrusion alarm systems, access control, and fire detection systems.

2013 Uruguay's Electronic Security Imports	
Access Control Systems	66.0
CCTV	6.0
Intrusion Alarm Systems	75.0
Fire Detection Systems	7.0
Total	**154.0**

Source: Transaction Database – USD millions

The following products are best prospects in the four sub-sectors:

1. Access Control Systems: smart cards, biometrics, controllers, local area network (LAN) devices, readers, digital processors.

2. Intrusion Alarms: indicator panels, signaling devices, key pad LEDs, batteries, sirens, and magnetic contacts.

3. CCTV: cameras, domes, monitors, transmission devices, television transmission apparatus, TV receivers, multiplexers, and CCTV systems.

4. Fire Detection: sensors, smoke detectors, conventional control panels, and conventional detectors.

Traditionally, U.S. goods have competed very successfully in Uruguay. However, there is significant competition from China, Brazil, Argentina, Spain, and Mexico, due to very competitive prices.

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National Statistics Institute (Instituto Nacional de Estadísticas) - INE
http://www.ine.gub.uy

Uruguay Chamber of Industry (Cámara de Industrias del Uruguay) – CIU
http://www.ciu.com.uy

Ministry of Interior (Ministerio del Interior)
http://www.minterior.gub.uy

Uruguayan Security Association (Asociación Uruguaya de Seguridad) – AUSPA
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IT Computer Hardware

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	2011	2012	2013
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	153	197	203
Imports from the U.S.	43	50	43

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

Demand for information technology (IT) hardware and accessories continue to increase due to educational programs, increased Internet access, and continuing modernization of both the private and public sectors. U.S. companies must offer good products at competitive prices in order to cope with rising imports from China (nearly 60 percent market share in 2012) as well as other markets.

Distributors of hardware normally sell both equipment assembled abroad and products assembled locally using imported components and parts. Imports of hardware are mainly handled by distributors. Brands such as Acer, Apple, Dell, HP, IBM, Lenovo, Samsung, and Sony, among others, are easily found, including in hypermarkets. Data about market share by brand is not available, but buyers have become very price conscious. Pricing and financing are key factors when deciding which brand to purchase.

Uruguay has one of South America's highest literacy rates (over 98 percent), the telecoms network is 100 percent digital, and the Internet penetration rate is one of the highest in Latin America. Since Uruguay does not manufacture computer hardware equipment, further growth in Internet usage is expected to generate greater demand for computer imports. In terms of computers per person, Uruguay is third in Latin America after only Costa Rica and Chile, and ahead of the region's three largest economies, Argentina, Mexico, and Brazil.

Multinationals consider Uruguay an excellent IT hub for back offices as well as data and call centers. Companies such as Colgate-Palmolive, Microsoft, Sabre, and PWC are among the many companies that have set up their operations in Uruguay.

There are no tariffs for items from MERCOSUR; for third countries, the Common External Tariff (CET) ranges from 0 to 16 percent. However, Information Technology and Telecommunications fall under a special regime until 2019 – the majority of items under HS codes 84.71 have 0 to 2 percent CET, and most items under 84.73 are exempt from import tariffs.

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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, and magnetic heads, among others. Due to low cost imports from third markets, U.S. exporters must be able to offer competitive prices. The drop in market share has also been a consequence of U.S. multinationals shipping from Asia.

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The Uruguayan government made the One Laptop per Child (OLPC) program a top priority (locally known as Plan CEIBAL). Hence, sector analyst estimate that imports of hardware will continue to increase since a computer will be considered a basic necessity. Local IT businesses are confident that demand for equipment and qualified workers will continue to rise over the next few years. Refurbished equipment is totally accepted by consumers, particularly for first timers.

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

Fertilizers

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	2011	2012	2013
Total Exports	40.0	29.0	28.0
Total Imports	358.0	351.0	329.0
Imports from the U.S.	12.0	17.0	56.0

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. Within the chemical sector, fertilizers play a significant role in Uruguay's imports; the country imports 75 percent of its fertilizer consumption.

During 2012–2013, imports of fertilizers decreased by 7 percent. However, imports from the United States tripled in the same period. In 2013 the main suppliers of raw materials for fertilizers (HS codes 3102/3105/3103/3104) were Russia (32 percent market share), the United States (17 %), Tunisia (6%), Saudi Arabia (6%), and Argentina (5%). Other countries supply the remaining 34 percent market share.

The most important products imported were:

- Fertilizers, mineral or chemical nitrogenated
- Ammonium Dihydrogenorthoposphate
- Diammonium Hydrogenorthophosphate
- Granulated superphosphates with more than 45% by weight of phosphorus pentoxide.
- Mixtures of Ammonium Sulfate and Nitrate

The poor growth of natural pasture in winter, their medium-to-low quality, and deficiencies in phosphorus and nitrogen in the great majority of soils have 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 22 percent value added tax and zero import tariffs. The cost in Uruguay to adequately fertilize a hectare of land can vary from US $60 to $150, always depending on the kind of crop that is being cultivated.

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.

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Imports of fertilizers were $329 million in 2013. Agriculture in Uruguay is in peak condition, with positive trends expected to continue over the medium to long term.

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The best prospects are for U.S. exports 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 in great demand. The rotation of crops generated in 2013 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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Ministry of Agriculture
http://www.mgap.gub.uy

Chamber of Industry
http://ciu.com.uy

Renewable Energy Equipment

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As a country that lacks coal, oil, and natural gas, Uruguay has historically relied on hydroelectric power, imported oil, and imported electricity from its neighbors, Argentina and Brazil. Although the government aims to become one of the leading countries in renewable energy source generation, primarily from wind, solar, and biofuels, increased interconnection in the Southern Cone region is being pursued to maintain energy supplies in the medium term.

Renewable energy sources play a very important role in discussions about the future of Uruguay's energy matrix. The country seeks to strengthen its energy security in order to avoid recurring energy crises and its 100 percent dependence on imported oil. Although overall renewable energy import statistics are not currently significant, wind energy equipment imports soared in 2013 and projects in the pipeline justify paying attention to the local market. The Government of Uruguay's (GOU's) attempts to promote greater energy independence and efficiency from renewable sources are favorable and should provide new market opportunities.

In recent years, the need for Uruguay to expand and diversify its national energy portfolio has come into sharper focus. Under optimum conditions, up to 70 percent of the country's annual electrical energy requirement of 2500 megawatts (MW) is generated by large-scale domestic hydroelectric power plants, with the remaining 30 percent being met mainly by oil, along with a small amount of gas and imported electricity. However, rising demand and limited rainfall have forced Uruguay to supplement its electricity supplies from Argentina and Brazil.

Uruguay's lack of domestic oil leaves it completely dependent on imported oil supplies. Uruguay's state-owned petroleum company ANCAP has a series of commercial ventures with Venezuela's PdVSA – which holds a minority stake in ALUR, a subsidiary of ANCAP that produces biofuels and also runs a sugar refinery.

A driving force behind the diversification of Uruguay's energy sector is a desire for energy security and independence. The GOU also has a long-term social goal that it would like to meet in 20 years: To provide basic energy requirements in terms of both quantity and quality for the entire population of 3.3 million.

Investments in wind, solar and other renewables have outpaced other energy projects. The National Director of Energy noted that the government's target for renewable sources is to provide 55 percent of the energy balance by 2015. It currently represents 47 percent. The government is also strongly encouraging the production of bio-diesel and ethanol, in addition to its focus on wind and solar energy.

According to government reports, since the beginning of the 2005 – 2030 Energy Plan the total investment in renewable energy [public and private] has been approximately $7 billion, which represents 17% of GDP. This ratio quintuples the average Latin America GNP investment ratio. As per the Renewables 2014 Global Status Report, Uruguay, Mauritius, and Costa Rica were among the top countries for investment in new renewable power and fuels relative to annual GDP.

Several projects in both the private and public sector, especially in the areas of biomass, wind and solar generation are bringing the country closer to actually being able to capitalize on its strategic location, regional partnerships and stable investment climate.

- **BIOMASS**

  Uruguay has great potential for the development of renewable energies from biomass; 30 percent is from agricultural residue (from agro industries and forestry). Although forestry is the main source of biomass, Uruguay has other sources available from the beef industry and edible oil.

- **WIND**

  The potential to harness wind energy in Uruguay is significant. The national electricity utility (UTE) has proposals in the pipeline worth $2 billion. Adequate sites for wind energy in the country have exceeded expectations. The government also designed a wind map available on-line at http://www.energiaeolica.gub.uy/index.php?page=mapa-eolico-de-uruguay. Average wind profile measures at heights of 90m show speeds of 6 to 9 m/second. Further information is available in Spanish only at http://www.energiaeolica.gub.uy

  Imports of wind energy equipment soared in 2013 and projections for 2014 – 2015 expect imports to double considering projects that are underway. In 2012 the United States had a 6% share and in 2013 it had a 51% share. Traditionally, wind equipment was imported from Spain, Denmark and China, among others. The increase in U.S. market share in 2013 was primarily due to EU companies shipping from their manufacturing plants in the U.S. Both EXIM and OPIC financing contributed to sourcing equipment from the United States. In 2013, wind generators represented 93% of total generators imported.

Imports	2011	2012	2013
Wind generators	0.1	5	127
Total generators	6	12	136

Source: Transaction database – USD million

- **SOLAR**

  The potential for solar power in Uruguay is encouraging; Uruguay receives an average of 1700 KW/m^2 of sunlight a year. This puts it on a par with Mediterranean countries and makes solar energy a viable option. Legislative support for solar power exists through a law that promotes the use of solar energy. Benefits are also available under the Investment Promotion Law that offers incentives for investing in manufacturing; implementing; and utilizing solar energy. There is a strong emphasis on local production, and the priorities for solar energy include rural areas – particularly rural schools far from the grid, hospitals, hotels, sports clubs, and new public buildings.

For Uruguay's solar map check in: http://les.edu.uy/servicios/mapa-solar-del-uruguay/. Information on the GOU' solar plan is available only in Spanish at https://www.energiasolar.gub.uy/cms/

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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 for biomass equipment are turning to U.S sources since the Brazilian industry is focused on sugarcane and the available equipment is too large for the Uruguayan market. Solar equipment traditionally imported from China started to lose market share to the European Union and the United States, primarily due to favorable local exchange market vis-à-vis the U.S. dollar.

The National Directorate of Energy housed within the Ministry Industry, Energy and Mining, has also been focusing on promoting the installation of small power plants throughout the country.

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Uruguay is committed to moving forward rapidly on setting up biodiesel and ethanol plants as well as wind and solar energy. Import duties are applied to CIF values. For renewable energy, generators and equipment (if classified as capital goods) do not pay import duties. In other cases, a 14 percent duty is applied to products that are not from the MERCOSUR member countries (Argentina, Brazil, Paraguay, Venezuela, and Uruguay).

Uruguay is a good market for both new and used/refurbished equipment and machinery. 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. Sometimes they rate poorly when it comes to financing, an important factor in sales in Uruguay. U.S. manufacturers offering flexible, innovative, and competitive credit terms will have an advantage.

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

National Directorate of Energy:
http://www.miem.gub.uy/web/energia

National Electricity Utility - UTE:
http://www.ute.com.uy

Chemicals

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	2011	2012	2013
Total Exports	72.0	125.0	113.0
Total Imports	380.0	400.0	428.0
Imports from the U.S.	49.0	40.0	39.0

Source: Transaction database – USD million

In 2013, the five top suppliers of chemicals falling within HS codes 3808-3907-3824-3101 were: China (30 percent), Argentina (24 percent), Taiwan (10 percent), the United States (9 percent), and Brazil with (8 percent) market share. In the period 2011 – 2013, Uruguay's worldwide imports of chemical products increased by 13 percent. However, imports from the United States decreased by 26 percent in the same period. The main imports were:

- 3907600090 - Polylatic Acid
- 3808932400 - Weed-killers based on Paraquat Dichloride
- 3808929990 - Weed-killers to be used in sanitary domestic operations
- 3808932900 - Weed-killers based on other products
- 3824908900 - Products and preparations based on organic compounds
- 3808919990 - Fungicides for direct use in sanitary domestic operations

The local chemical industry basically processes imported raw materials. Subsidiaries of multinationals account for approximately 60 percent of the chemical industry. During the last few years, the chemical sector underwent important transformations in research and development of new products, and the use of new technologies.

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

1. Petrochemical industries (including the production of fertilizers).
2. Fine chemistry and production of specialties, including production of pesticides for the agricultural sector, pharmaceuticals and hygiene articles.
3. Production of plastics.

Uruguay has no domestic 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 producing sulphuric acid and oleum with a maximum capacity of 180 tons/day. Fifty-five percent of the production of sulphuric acid is for the production of fertilizers, while the other 50 percent is for the production of other chemical products.

Chemical industries and especially “fine chemistry” have been particularly dynamic in Uruguay since the 1980s. Eighty-five companies comprise Uruguay’s pharmaceutical industry.

Of these, ten command 47 percent of the country’s sales. However, none of them has gained more than 10 percent of the market. There are 65 laboratories, and small and medium firms control a third of the market. Uruguay’s pharmaceutical industry sells more than $250 million per year.

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

The plastics sector invoices about $200 million per year. Raw material is almost entirely imported from different countries and represents between 40 percent and 50 percent of the finished product price. Uruguay’s Plastic Association is comprised of 60 of the 120 companies 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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In the plastics 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 – Heavy Equipment and Hand Tools

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	2011	2012	2013
Total Exports	3.3	0.5	1.9
Total Imports	290.0	315.0 + (17.0*)	370.0 + (17*)
Imports from the U.S.	46.0	44.0 + (3.0*)	47.0 + (2.8*)

Source: Transaction database – US$ million - (* hand tools figures)

The construction machinery market in Uruguay depends predominantly on imports. In 2013, total imports of heavy machinery and related equipment were valued at $370 million. Brazil held a 30 percent market share with $176 million, followed by China (16%), Argentina (13%), the United States (8%), Mexico (5%), and the rest of the world (28%). 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 the resort of Punta del Este are the most important areas for development, with the largest increases occurring in the market for luxury apartment buildings. However, construction of middle-class and low-cost buildings also grew significantly.

The major construction-related projects in the pipeline are:

- Hotels
- Residential Construction
- Port Projects
- New Arena
- Convention Center in Punta del Este
- Industrial, Science and Technology, Business and Service Parks
- Iron plant in Valentines, province of Treinta y Tres

Brazil 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.

Sub-Sector Best Prospects

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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 development (private and public). Some major projects (hotels, port projects, roads, buildings, new arena, etc.) accounting for more than $400 million are being proposed for the capital city of Montevideo, Punta del Este, and other cities in the interior of the country.

Currently, the construction sector employs around 53,000 people. The cost of construction per square meter can vary from $1,900 to $4,000, depending on site conditions, local regulations, and the availability of qualified workers. Construction in

Uruguay has historically used traditional materials (concrete and bricks), but lately new construction technologies and methods have emerged.

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

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According to local sources, the highest demand in construction machinery is for mobile cranes, machinery for public works, off-highway dumpers, self-propelled bulldozers, graders/levelers, fork-lifts, tractors, mechanical shovels, excavators, and road rollers. Many other pieces of construction related machinery and equipment could find a market, as well.

End users of construction equipment include both public sector enterprises and private sector contractors. They are involved in privately and publicly funded projects, such as infrastructure improvements as well as residential and non-residential developments. Used construction machinery has good market opportunities in Uruguay, since it competes in price with new equipment from China and some European countries.

Hand Tools for Construction

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Uruguay has practically no local production of hardware products except for paint, shovels, spades, folding stairs, and carts. China is the main supplier of overall hardware products, followed by the United States and Brazil. The Uruguayan market for hardware products includes hand and power tools (HS codes 8205-8206-8207-8407). In 2013, total Uruguayan imports for this sector were valued at $17 million. China is the main supplier of hardware products to Uruguay, with 30 percent market share, followed by the United States (16 percent), Brazil (13 percent), and Japan (7 percent). Other countries together account for 34 percent market share.

The hand and power tools market is divided into large, medium and small equipment segments. Large equipment is used in construction projects; medium tools in electricity and sewerage work; and small tools for residential maintenance and repair work. Power tools can be electric or pneumatic. Product categories include: drills, screwdrivers, staplers, nail guns, hammers, impact wrenches, shears, polishers, sanders, circular saws, jigsaws, chainsaws, and grinders. Hand tools include a wide variety of products like: presses, guillotine shears, hammers, brushes, shovels, spades, rakes, hoes, forks, picks, and cutting tools (manual hedge shears/trimmers).

According to local distributors, innovative U.S. products at competitive prices show significant potential in the Uruguayan hardware market.

Web Resources

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Uruguayan Construction Chamber (CCU)
http://www.ccu.com.uy

Association of Private Promoters of Construction (AAPCU)
http://www.appcu.org

Chamber of Industries (CIU)
http://www.ciu.com.uy

National Statistics Institute (INE)
http://www.ine.gub.uy

Uruguayan Real Estate Chamber (CIU)
http://www.ciu.org.uy

Uruguayan Hardware Association
http://www.afbadu.org.uy

Construction Publications:

"En Obra" - http://www.appcuy.org

"Ciudades" – http://www.ciu.org.uy

Agricultural Equipment

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	2011	2012	2013
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Imports	376	394	491
Imports from the U.S.	72	86	110

Source: Transaction database – USD million
Products under HS codes: 8424,8432,8433,8434,8435,8436,8437,8479,8701,8716.

Agriculture, which represents about 8 percent of GDP, plays a leading role in Uruguay's economy, politics, and society. Stimulated by rising prices of international agricultural commodities and Uruguayan land prices, Uruguayan farmers have been investing heavily in the renewal of their agricultural machinery and equipment. Imports of agricultural equipment jumped 25 percent from 2012 to 2013. U.S. market share remained a near steady 19 to 22 percent during the last three years. U.S. brands manufactured in Brazil and Argentina dominate the market.

Uruguay should continue to present 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 (30%) and Argentina (14%). In 2013 the United States increased its market share and came in second after Brazil (26%) and ahead of Argentina (10%). Agricultural machinery is not subject to any import duties. There is strong demand for pre-owned and refurbished machinery. Apart from tractors which are imported mostly from Europe, U.S. machinery is highly-regarded and competes very well. Uruguay is the world's fifth largest exporter of rice, sixth exporter of soybeans and the eighth largest exporter of malt.

Sub-Sector Best Prospects

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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 a fraction of agricultural producers currently operate such equipment.
- ✓ Laser-controlled earth-leveling machinery.
- ✓ Computerized management systems (such as used for livestock). Agri-food 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 refurbished tractors have been increasing heavily. U.S. brands lead the market, but approximately 80 percent are imported from Europe.
- ✓ Parts and accessories for harvesters and tractors: demand is expected to increase in line with increased utilization of machinery.
- ✓ 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 unpredictable rainfall environment.
- ✓ Dairy equipment: Uruguay is a major producer of dairy products.
- ✓ Of particular interest is the growth of greenhouse 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 increasingly frequent periodic droughts in Uruguay, irrigation and well-drilling equipment should also have excellent market opportunities. The GOU has announced incentives for the use of irrigation equipment, though implementation will only take place later in 2014.

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Embassy Contact: Robert Gorter, Sector Specialist – gorterrh@state.gov
http://www.export.gov/Uruguay

Uruguayan Ministry of Agriculture
http://www.mgap.gub.uy/opypa

Uruguayan Rural Association
http://www.aru.org.uy

Overview Infrastructure Projects

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The Uruguayan Parliament approved a Public-Private Partnership (PPP) law in late 2011. While this type of association already existed, the new PPP legislation formalized the procedures, responsibilities, and obligations of the State and private investors. The GOU trusted that this law would further attract foreign investment, mainly in much-needed infrastructure projects. In times of slower economic activity, the GOU had announced it would maintain its objective of investing in priority infrastructure projects to improve the country's competitiveness. Among those were the construction of low-cost housing projects, the building of jails, road refurbishing, and railway modernization, LNG for a regasification plant, and deep-water port construction and operation. To date, only the construction of a new prison has attracted any interest, and a concession has been awarded. The regasification plant was recently removed from the list of possible PPP projects and is being jointly undertaken by Uruguayan state-owned entities and the private sector, albeit not within the PPP framework.

For other infrastructure projects in the pipeline that U.S. exporters of goods and services should follow-up on as well as for updates and more information, please contact Office.Montevideo@trade.gov.

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- **Railway Rehabilitation:** President Mujica has declared on numerous occasions that the rehabilitation of Uruguay's railway grid is a top priority of his administration. The railway system has been in steady decline for decades. Except for very short stretches of the suburban grid, national passenger service was discontinued in 1988. Apart from sporadic purchases of cargo wagons and signaling systems, little maintenance or upgrade has been undertaken. Trains move 1.4 million tons per year, 5 percent of Uruguay's total cargo. The current railway administration hopes to raise that figure to 1.8 million tons in 2014. The railway administration receives yearly subsidies of approximately $20 million. Revamping the railway is expected to cost approximately $700 million.

  Previous administrations planned on tendering for the total revamping of the railway system and private-sector investors were actively sought. The tender would have included 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). Union antipathy, lackluster private-sector interest, and delays in awarding projects forced the administration to commence the project on its own and some segments have since been refurbished. Railway cargo transportation continues to decline almost 12 percent a year. A presidential decree signed in late 2011 hopes to transform the railway administration into a more competitive organization.

- **Highways:** The GOU plans to use the PPP regime to rehabilitate highways that are highly transited by cargo trucks taking commodities to nearby ports. These include Route 21 (115 miles), Route 24 (60 miles) and the east-west Route 26 (250 miles). Tenders for these projects were to be issued in 2013 but have been delayed.

- **Port projects:** The tender for 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) attracted no bidders. The GOU, however, has not totally discarded the idea of rewriting the conditions and specifications and calling for a new round of bids. There is much discussion concerning the need for this third container terminal and even more so after new regulations were passed by the Government of Argentina in 2014 forbidding transshipment of Argentina goods through Uruguayan Ports. The construction of new fishing docks and forestry terminals in Montevideo are some of the Port Administration's other objectives for the next few years. Dredging projects are frequently tendered. However, larger and badly-needed projects that fall under the bi-national (Uruguay-Argentina) river administration jurisdiction and that would give better access to the Port of Nueva Palmira have been stalled.
  The need for a new deep-water port on the Atlantic coast in or near La Paloma has been discussed for several years. Investment for this port is calculated at over $1 billion and has so far attracted interest from 40 firms from 13 countries. The construction of this port is highly dependent on mining projects that would increase its economic feasibility. The port would be a thirty-year BOT project built under the new PPP laws and should be adjudicated by 2015. The GOU intends this to be a "regional Port project."

- **Paraná-Paraguay River Transportation System:** The governments of Uruguay, Argentina, Brazil, Paraguay, and Bolivia are working together on one of the largest Latin-American "regional integration" projects, 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 exist 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.

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Embassy Contacts:

- Robert Gorter, Sector Specialist: gorterrh@state.gov
- Lilian Amy, Sector Specialist (Energy): lilian.amy@trade.gov

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.energiaeolica.gub.uy

National Energy Directorate – Ministry of Industry, Energy and Mining
http://www.dne.gub.uy/en

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Information on Food, Beverages and Food Ingredients is prepared jointly with USDA Foreign Agricultural Service.

Processed Food and Beverages, and Food Ingredients

Market Overview

, Uruguay will continue to be a net importer of several foods & beverages (F&B) and ingredients that it does not produce domestically. Due to the sharp increase in local purchasing power in recent years, the best prospects are for food ingredients, high-value F&B products, and "commodity-type" products which are not manufactured locally.

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

- Spices, condiments, bananas, kiwifruit, grapefruit, tomato paste/ketchup, confectionery products, chocolates, coffee, snacks, sauces, prepared foods, dehydrated potatoes, alcoholic beverages (whisky and wine), energy drinks, prepared beverages, cookies/pastries, and pet food.

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.

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

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 which together accounted for almost 80 percent of the total imports. Imports from Europe and the U.S. are aimed at the middle and higher income sectors. The recent opening of the Uruguayan market for US beef and poultry products presents a good opportunity for American exporters since several Uruguayan importers have expressed interest in bringing those products into the country.

The USDA Foreign Agricultural Service Office, based in Buenos Aires and with regional coverage of Argentina, Paraguay, and Uruguay, foresees increased opportunities for U.S. food ingredients, especially for the dairy and processed meat sectors as most local companies have been focusing on increasing production and expanding exports. The privileged sanitary status of Uruguay has much to do with the growth of these sectors. 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. foods and beverages.
- 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.
- The expansion of the food processing industry (especially the beef and dairy sectors), 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 USDA/FAS-sponsored marketing activities.

Challenges

- Imported food products from the U.S. are more expensive than regionally-produced products.
- 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 many times discourage U.S. suppliers.

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

Montevideo Municipality - Food and Health Service (*Intendencia Municipal de Montevideo – Bromatología* and *Regulacion Alimentaria*)
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/>

For more information please check with USDA Foreign Agricultural Service in Buenos Aires - Agricultural Counselor Melinda D. Sallyards – Melinda.Sallyards@fas.usda.gov

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Chapter 5: Trade Regulations, Customs and Standards

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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 in 1995. MERCOSUR´s general rule is to apply a higher CET on higher value-added imports. The CET rates range between 0% and 20%, with an average of 10.3%.

There are **numerous** sectorial and national exceptions to MERCOSUR's CET. Sectorial exceptions apply to capital, information technology, and telecommunication goods. At a national level, each MERCOSUR member is also allowed to exempt a certain number of goods from the CET. The list of exceptions for each Mercosur member is available at Mercosur's Secretariat webpage http://www.mercosur.int/sim/es/siaec/view_list/search_exceptions

These exceptions and the number of special import regimes in member countries have greatly eroded the bloc's CET. A Mercosur Customs Code was approved in 2010 but has not yet taken effect since it lacks Parliamentary ratification of all members. Mercosur also lacks other mechanisms to become an effective Customs Union such as a mechanism to distribute tariff revenues. As a result, a good imported into a Mercosur country has to pay another duty if re-exported to another member.

Uruguay applies 2,335 lines of exceptions to Mercosur's CET. The tariff structure that is effectively applied is available at its Ministry of Economy webpage https://www.mef.gub.uy/apc/ncm_aranceles.php.

The GOU also gives special treatment to imports of raw materials and other inputs for the production of export goods. Uruguay applies preferential tariffs on some imports such as equipment for agriculture and hotels, as well as on goods for projects that have been declared of national interest and are also eligible for tax exemptions. Capital goods are exempt from import duties. The GOU applies tariffs that are lower than the bloc's CET for the vast majority of goods included in the sectorial and national lists. Most goods entering Uruguay from MERCOSUR countries are exempt from tariffs.

Uruguay has bound all its tariff lines before the WTO, with an average 31 percent (35 percent for agricultural products and 30 percent for non-agricultural ones). The WTO reports that Uruguay has 1,672 duty-free items and applies a mean (simple average) tariff of 9.3 percent. Tariffs range from 2-55%. Tariffs on non-locally-produced raw materials, intermediate goods, and consumer goods range from 2-6 percent, 8-9 percent and 10-20 percent, respectively.

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In addition to tariffs, Uruguay levies other charges exclusively on imports, for example, a commission for the government-owned Banco de la Republica Oriental del Uruguay on Cost, Insurance, and Freight (CIF) value. The tax burden on imports is therefore higher than the average tariff.

There are special requirements for customs procedures and/or documentation in certain cases, for example, certain food products, textiles and motor vehicles, as well as for various goods in transit. Some of these products, such as oils, vehicles, crude and refined sugar, textile products and printing paper, are also subject to import licenses. Certain imports (e.g. firearms, radioactive materials, fertilizers, vegetable products and frozen embryos) require special licenses or customs documents. Some products require prior authorization from a government authority for sanitary or phytosanitary, safety, or environmental protection reasons. Other products, such as oil, can only be imported by the government.

Import quotas were eliminated in the mid-1970s and non-tariff barriers, including reference and minimum import prices, were substantially reduced in the 1990s. Reference prices and a few remaining minimum export prices were eliminated in 1994 and 2002, respectively.

For detailed information on import barriers please refer to Uruguay's WTO Trade Policy Review, http://www.wto.org/english/tratop_e/tpr_e/tp363_e.htm

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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; and products that are part of production processes.

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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 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 Return to top

Most export transactions do not require specific approval from the U.S. Government. In order legally to export certain products, 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

Labeling and Marking Requirements Return to top

LATU (Uruguay's Technical Laboratory), the Ministry of Public Health, and municipal offices control labeling and marking requirements for all imported products. They must contain a Spanish-language description of the main ingredients or components 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 must also 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 Return to top

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. Imports of used cars are prohibited.

Customs Regulations and Contact Information Return to top

The National Customs Directorate, which falls under the Ministry of Economy and Finance, dictates all customs regulations. Decree Law 15.691 dated December 7, 1984 regulates the current system. A new Customs Code and Reform Bill are currently under discussion.

Contact Information:
Enrique Canon (CPA)
National Customs Director (Director Nacional de Aduanas)
Address: Rambla 25 de Agosto de 1825 s/n
Montevideo, Uruguay

Tel: 011 598 2 916 – 2141; Fax: 011 598 2 916 – 4691
URL: http://www.aduanas.gub.uy

Standards

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Uruguay uses the metric system of weights and measures. The Laboratorio Tecnologico 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 Tecnologico del Uruguay - LATU Uruguay's Technical Laboratory	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. UNIT (http://www.unit.org.uy) is the official Certification office for all industries with the exception of beef, which is the National Institute of Beef (INAC http://www.inac.gub.uy).

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Uruguayan Institute of Technical Norms (UNIT)
http://www.unit.org.uy

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Uruguay is a member of the World Trade Organization (WTO) and the Latin American Integration Association (ALADI). ALADI is a Montevideo-based trade association that includes ten South American countries plus Cuba, Mexico and Panama, and to which Nicaragua has applied for full membership.

Uruguay holds numerous bilateral trade agreements of different scopes with ALADI partners. It grants tariff preferences for imports from Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, and Venezuela under ALADI Economic Complementation Agreements. ALADI's general regional tariff preference mechanism (PAR by its Spanish acronym) applies for goods not covered by these agreements,

Uruguay is a founding member of MERCOSUR, the Southern Cone Common Market composed of Argentina, Brazil, Paraguay and Venezuela. Montevideo is the headquarters of its Secretariat and its Parliament. MERCOSUR has free trade agreements with Chile, Bolivia, Ecuador, Peru, Colombia and Israel. It has less ambitious agreements that include fixed preferences with India, Cuba, Egypt and the South African Customs Union. The latter two are considered building blocks towards comprehensive agreements. Mercosur also has framework agreements with Mexico, Jordan, Morocco, Turkey, Pakistan, Syria and Palestine.

In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country. Long-stalled negotiations between MERCOSUR and the European Union (EU) were re-launched in 2010 with great expectation, but momentum soon stalled.

Uruguay's trade relations with neighboring Argentina and Brazil are particularly important, and in addition to MERCOSUR, there are separate bilateral agreements providing for administered trade of certain products, mainly vehicles. Trade with Brazil has flowed smoothly, but since 2011 trade with Argentina has slowed.
For more information, check the Trade Policy tab in http://www.mef.gub.uy/portada.php (in Spanish)

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Web Resources for Trade

Central Bank	http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Intercambio-Comercial-.aspx and http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Default.aspx
Uruguay XXI	http://www.uruguayxxi.gub.uy
Customs	http://servicios.aduanas.gub.uy/luciapub/luciapublico.htm

Chamber of Industries	
	http://www.ciu.com.uy/innovaportal/v/15505/1/innova.front/informes_de_comercio_internacional.html
Union of Exporters	http://www.uruguayexporta.com/Infocoex/default.aspx
Trade Policy Directorate	
	Trade Policy tab at Ministry of Economy's web page: http://www.mef.gub.uy. Publications and newsletters: http://www.mef.gub.uy/apc/publicaciones.php

Other Web Resources

Uruguayan Technological Lab (LATU)	http://www.latu.org.uy
Uruguayan Institute of Technical Norms (UNIT)	http://www.unit.org.uy
Diario Official (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
Ministry of Public Health	http://www.msp.gub.uy

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- Efficient Capital Markets and Portfolio Investment
- Competition from State Owned Enterprises
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Openness to Foreign Investment

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The Government of Uruguay has traditionally recognized the important role that foreign and local investment plays in economic and social development and works to maintain a favorable investment climate.

Uruguay and the United States signed a Bilateral Investment Treaty (BIT) in November 2005, which entered into force on November 1, 2006. 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, both countries signed two additional protocols on business facilitation and on the environment in 2008.

Law 16,906 (passed 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 002/12 (passed in January 2012 superseding Decree 455/007 from 2007) regulates Law 16,906 and provides significant incentives to investors that have contributed to a strong increase in foreign and local investment.

Aside from a few limited sectors involving national security and limited legal government monopolies in which foreign investment is not permitted, there is neither *de jure* nor *de facto* discrimination toward investment by source or origin, with national and foreign investors treated equally. 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 sector 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. Although U.S. firms have not encountered major obstacles in Uruguay's investment climate, some have been frustrated by the length of time it takes to complete bureaucratic procedures and tenders. In addition, the ease by which losing parties may ask for annulment of bid results and force a rebid can result in significant delays in the process.

Private-Public Partnerships were instated in July 2011 by Law 18,786, which was passed in Parliament by consensus. Implementing regulations were established in January 2012 by Decree 07/12.
http://www.wto.org/english/tratop_e/tpr_e/tp363_e.htm

The World Bank's 2014 "Doing Business" Index, which ranks 189 countries according to the ease of doing business, placed Uruguay 88th globally and 13th within the Latin American and the Caribbean region (32 countries). Uruguay gets high marks in the categories “getting electricity,” "starting a business" and "resolving insolvency," but lags in "registering property," "dealing with construction permits," and "paying taxes."

Uruguay held the same standing as the United States in the 2013 edition of Transparency International Corruption Perception Index (19th), and has consistently been ranked as a “moderately free economy” by the Heritage Foundation. The following chart summarizes several well-regarded indices and rankings.

Measure	**Year**	**Rank or value**	**Website**
TI Corruption Perceptions index	2013	19 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation’s Economic Freedom index	2013	38 of 178	http://www.heritage.org/index/ranking
World Bank’s Doing Business Report “Ease of Doing Business”	2013	88 of 189	http//doingbusiness.org/rankings
World Bank GNI per capita	2012	$13,580	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies Return to top

Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad, even during its severe 2002 banking and financial crisis.

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."

Uruguay does not engage in currency manipulation to gain competitive advantage. Since 2002 the peso has floated freely, albeit with intervention from the Central Bank aimed at reducing the volatility of the price of the dollar. Foreign exchange can be freely obtained at market rates and there is no black market for currency exchange. The U.S. Embassy uses the official rate when purchasing local currency. There are no restrictions on technology transfers.

Uruguay is considered a Jurisdiction of Primary Concern for money laundering in the US Department of State's International Narcotics Control Strategy Report (INCSRII).

Expropriation and Compensation Return to top

There have been no cases of expropriation of investment –neither from the United States nor from other countries– in the past five years and there is no reason to believe that such actions would take place in the near future.

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.

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The investor may choose between arbitration and the judicial system to settle disputes. 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.

Uruguay became a member of the International Center for the Settlement of Investment Disputes (ICSID) in September 2000 and is also a signatory of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

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

In February 2010 tobacco company Philip Morris International sued the Government of Uruguay, arguing that new health measures involving cigarette packaging amounted to unfair treatment of the firm. The case was filed under the Uruguay-Switzerland Bilateral Investment Treaty and, as of April 2014, remains before ICSID. The United States does not support Philip Morris International, its position on this issue or the sales of its product.

Performance Requirements and Incentives Return to top

Article 8 of the U.S.-Uruguay Bilateral Investment Treaty bans both 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. Moreover, 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 investment promotion regime is regulated by Law 16,906 (passed in 1998) and Decree 002/12 (passed in January 2012). Law 16,906 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 16,906 have in practice been superseded by the regulating decree.

Decree 002/12 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 principal incentive consists of the deduction from corporate income tax of a share of total investment (up to 100%) over a certain period. The amount of the deduction depends on the score the project gets in a matrix of pre-defined criteria. The matrix takes into account the project's: (1) generation of jobs (quantity and quality); (2) contribution to research and development and innovation, or increase in the usage of clean technologies; (3) increase of exports; (4) contribution to geographic decentralization away from the capital Montevideo; and (5) sectoral indicators that vary according to the nature of the investment (e.g. capital market development, hiring of workers from vulnerable groups or contribution to tourism services and infrastructure).

Other incentives include: 1) exoneration from tariffs and taxes (including VAT) on imports of capital goods and materials for civil works that do not compete against local industry; 2) exoneration from the patrimony tax on personal property and civil works; 3) refunding of VAT paid on local purchases of materials and services for civil works; and 4) special tax treatment of fees and salaries paid for research and development.

Local and foreign investors reacted positively to Decree 455/007. The number of investment proposals approved for tax exemptions doubled in 2008 to 310, valued at over US$1 billion, well above the 58 proposals submitted annually in 2002-2007. Investment proposals kept increasing since then, to a record high of US$ 3 billion in 2013. It is unknown how many of these proposals materialized into concrete projects.

There are special regimes to promote tourism, communications, call centers, production of electronics and electronic equipment, software exports, biotech, printing activity, naval and aeronautic industries, forestry, production of vehicles or auto parts, and construction of agricultural machinery. The exploration and exploitation of hydrocarbons is also incentivized, as well as the production of biofuels and the generation of renewable energies.

None of the promotion systems described above differentiates 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 Return to top

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.

A bill that is in its early parliamentary process as of April 2014 would, if approved, ban foreign states' public companies or their sovereign funds (directly or indirectly) from purchasing land locally.

Protection of Property Rights Return to top

- Real Property

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 Bankruptcy Law passed in 2008 (No. 18,387) 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.

As of 2005 the GOU considers occupations of workplaces as a licit extension of workers' right to strike thus enabling workers to lawfully occupy workplaces. This point of view was generally opposed by employers. In November 2008, the International Labor Organization (ILO) released a report suggesting that Uruguay revise its legislation on this issue. (See Labor Section for further information)

- Intellectual Property Rights

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.

The Office of the U.S. Trade Representative (USTR) removed Uruguay from its Special 301 Watch List in 2006 due to progress in enforcing Intellectual Property Rights (IPR), especially with respect to copyright enforcement.

In 2003, Uruguay passed new TRIPS-compliant copyright legislation, which represented a significant improvement over the 1937 law.

Patents are protected by Law 17,164 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 industry groups criticize the slowness of the patent-granting process as well as the lack of data protection.

The GOU approved a trademark law on September 25, 1998, upgrading trademark legislation to TRIPS standards. Registered trademarks last ten years and the license can be renewed as many times as desired. The law provides prison penalties of six months to three years for violators, and requires proof of a legal commercial connection to register a foreign trademark. While enforcement of trademark rights has improved in recent years, local citizens have sometimes managed to register trademarks without owners' prior consent.

Transparency of Regulatory System

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Uruguay has policies and laws to foster competition. The two pillars are Law 18,159 and Decree 404, both from 1997. There is also a special division at the Ministry of Economy to promote and defend competition.

Two regulatory agencies for telecommunications (URSEC) and water and energy (URSEA) were created in 2001 to, among others, regulate and control their respective markets. In 2010 the Executive Branch transferred URSEC's policy-design capacity to the National Telecommunications Directorate (DINATEL), leaving it only with control attributes.

As of June 2014, a draft Audiovisual Communications Law, known locally as the media bill, is under debate in the Parliament. The draft includes provisions on market caps for cable TV providers that could limit competition.

Proposed laws and regulations are only occasionally published in draft form for public comment. It is common that parliamentary commissions receive stakeholders while discussing a bill.

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 publish promptly 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 Return to top

The banking system is generally sound and has good capital, solvency and liquidity ratios. Profitability, in the context of low international interest rates and low demand for credit, is a problem. With over 40 percent of the market, government-owned Banco de la Republica is the nation's largest bank. Long-term banking credit has traditionally been difficult to obtain. Foreign investors can access credit on the same market terms as nationals.

A capital markets law (No. 18,627) was passed in December 2009 to try to jumpstart the local capital market. The 138-article law is a substantial revision of the 1996 law that was only 53 articles long. The law sought to increase market transparency, competitiveness and efficiency and protect investors' interests while complying with the guidelines of the International Organization of Securities Commission (IOSCO) and the IMF.

Despite the 2009 law, Uruguay's capital market remains underdeveloped and highly concentrated in sovereign debt, making it hard to finance through the local equity market. There are two stock exchanges; a purely electronic one (BEVSA), which encompasses the vast majority of transactions, and one that combines floor and electronic operations (Bolsa de Valores de Montevideo, BVM). Trading in shares and commercial paper is virtually non-existent (only six firms are registered with BVM to issue shares), severely limiting market liquidity. Pension funds handle funds that are ten-fold the local market's capitalization.

As a result of such underdevelopment, Uruguay regularly receives "active" investments oriented to establishing new firms or gaining control over existent ones, but lacks “passive” investments from investment funds. There is no effective regulatory system to encourage and facilitate portfolio investment.

Bearer shares, which were widely used, were banned in 2012 as part of the process of complying with OECD requirements (see Bilateral Investment Agreements section).

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. There are eight investment funds authorized but most are not operating. Risk rating firms first came to Uruguay in 1998.

Competition from State Owned Enterprises Return to top

Uruguay is not a party to the WTO’s Plurilateral Agreement on Government Procurement.

Uruguay maintains state monopolies in a number of areas where direct foreign equity participation is prohibited by law. These include the importing and refining of oil, workers’ compensation insurance, and landline telephony. Water sanitation, which had been opened to private-sector participation in the mid-1990s, returned to government control in 2004 after a referendum determined that water is a natural resource to be administered exclusively by the State.

Some previously government-run monopolies have been opened to private-sector competition. Cellular and international long distance services, insurance, and media services are open to local and foreign competitors. Despite competition, state-owned companies have the largest market share in all the aforementioned sectors. Private-sector generation of power is allowed and is increasing, especially in renewable energies, but the state-owned power company UTE holds a monopoly on wheeling rights.

State-run monopolies sometimes contract with foreign-owned companies to provide specific services over a period of time under Build-Operate-Transfer (BOT) systems. Road construction and maintenance, and the construction and operation of both Montevideo’s port container terminal and the international airport, are examples of BOT projects. The state-owned oil company ANCAP has also established associations with foreign partners for off-shore and on-shore exploration.

In an attempt to address its major infrastructure shortage while preserving fiscal balance in July 2011 Uruguay passed a Public-Private-Partnerships (PPP) law (No. 18,786). The law was passed in Parliament by consensus and regulated in January 2012 by Decree 07/12. The law formalizes the procedures, responsibilities, and obligations from the State and private investors.

The law allows various kinds of contracts that enable private sector companies to design, build, finance, operate and maintain certain infrastructures, including brownfield projects. With some exceptions (such as medical services in hospitals or educational services in schools) PPPs can also be applied to social infrastructure. The return for the private sector company may come in the form of user payments, government payments or a combination of both. The procurement process is clear in the law and requires fair and open competition. Interested PPP bidders must demonstrate the background and financial strength asked for in the terms of reference of the PPP procurement process.

The PPP law was launched with high hopes that it would attract private sector's participation in major infrastructure projects such as highway and railway construction and operation, waste disposal, and energy. However, as of April 2014, the only PPP project underway is a prison for about 2,000 inmates.

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.

Corporate Social Responsibility Return to top

The concept of Corporate Social Responsibility (CSR) 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.

Political Violence Return to top

There have been no recent cases of political violence.

Uruguay is a stable democracy in which respect for the rule of law is the norm and the majority of the population is committed to non-violence.

The Economist's 2012 Democracy Index ranked Uruguay as the most democratic country in Latin America and the Caribbean (LAC), and one of only two "full democracies" in the region (together with Costa Rica). A 2011 Latinobarometro study pointed to Uruguay as the country that is the second most supportive of democracy and the most opposed to authoritarian governments among 18 Latin American countries.

Corruption Return to top

Corruption, including bribery, raises the costs and risks of doing business.

Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Uruguay signed in 2005 and ratified the Convention in January 2007.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html). Uruguay signed in 1996 and ratified the Convention in 1998.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco)

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. Uruguay and the United States do not have an FTA.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Uruguay signed and ratified the UN's Anticorruption Convention. It is not a member of the, OECD and therefore not party to the OECD's Convention on Combating Bribery.

Uruguay has laws to prevent bribery and other corrupt practices. 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. Some high level Uruguayan officials, from the Executive, Parliament and the Judiciary, have been prosecuted for corruption in recent years.

Overall, U.S. firms have not identified corruption as an obstacle to investment.

Uruguay was ranked as the least corrupt country in the Latin America and the Caribbean region in the 2013 edition of Transparency International's Corruption Perception Index. Uruguay shared the 19th position globally (among 177 countries) with the United States.

Laws 17,835 and 18,494 (passed in 2004 and 2009) and Decree 226/10 establish a strong framework against money laundering and terrorism finance and include corruption as a preceding crime. Money laundering is penalized with sentences of up to ten years (and also applies to Uruguayans living abroad).

The Transparency and Public Ethics Committee (http://www.jutep.gub.uy/) is responsible for combating corruption. There is no major local “watchdog” organization.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements Return to top

Uruguay and the United States do not have double taxation or tax information agreements in place.

In November 2005, Uruguay and the United States signed a Bilateral Investment Treaty (BIT) to promote and protect reciprocal investments that 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.

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 (a general agreement signed in MERCOSUR in 1994) and 32 other countries (Armenia, Australia, Belgium, Canada, Chile, China, Czech Republic, El Salvador, Finland, France, Germany, Hungary, India, Israel, Italy, Luxembourg, Malaysia, Mexico, Portugal, The Netherlands, Panama, Peru, Poland, Portugal, Romania, South Korea, Spain, Sweden, Switzerland, United Kingdom, Venezuela and Vietnam).

- Bilateral Taxation Treaties

In 2009, the GOU reacted to its inclusion by the OECD in a grey list of jurisdictions that had not "committed to implement the internationally agreed tax standard" and has since endorsed OECD standards on transparency and exchange of information.

Since 2009, the GOU has upgraded several regulations to meet such standards, including signing several tax information exchange agreements (TIEAs), relaxing bank secrecy provisions, and modifying its bearer shares system. In October 2012, the OECD acknowledged the GOU's progress and allowed Uruguay to move on to the second phase of the review process, consisting of a survey of the practical implementation of the standards.

According to the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, as of April 2014 Uruguay had signed 27 TIEAs, 13 of which include double taxation provisions. Twelve of the TIEAs still lack parliamentary ratification.

Uruguay has TIEAs with double taxation provisions with Ecuador, Finland, Germany, Hungary, India, Liechtenstein, Malta, Mexico, Portugal, South Korea, Spain and Switzerland (agreements with Belgium and Romania are pending parliamentary ratification).

Uruguay also has TIEAs in effect –without double taxation provisions– with Argentina, France and Iceland. TIEAs with nine other countries are pending parliamentary ratification (Australia, Brazil, Canada, Denmark, Faroe Islands, Greenland, The Netherlands, Norway, Sweden and the United Kingdom).

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 available in Uruguay.

Labor

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The 2013-2014 edition of the World Economic Forum's Global Competitiveness Report identified restrictive labor regulations as the most problematic issue for doing business locally. Uruguay got the lowest rating, globally, in the flexibility of wage determination and pay/productivity categories. It also ranked in the lowest decile globally regarding cooperation between labor and employers and its hiring and firing practices.

Salary Councils –consisting of a three party board including representatives from unions, employers, and the government– are responsible for setting the wage increases for individual sectors that apply to firms. If unions and employers fail to reach an agreement to determine the wage increase to be applied for sectors, the government makes the final decision. Labor costs have been increasing over time.

Social security payments increase employers' basic wage costs by about 30 percent. Private sector employers can dismiss workers as long as the firing is not deemed discriminatory or motivated by anti-union reasons. The employer must pay the worker one month for each year of work, with a cap of six months.

Despite its very high literacy rate, Uruguay endures longstanding problems in its educational system (including a high dropout rate in high school and poor performance in the OECD’s Program for International Student Assessment, PISA) that could reduce the number of qualified workers available over the mid-term.

Some foreign investors have also reported concerns about the productivity level of Uruguay’s workforce. Productivity is usually not included in the negotiations that take place in the salary councils. Given the strong economic growth, very low current unemployment (that limits future growth based on labor accumulation) and inflationary pressures, the GOU is concerned about fostering productivity and intends to include productivity measures in upcoming wage negotiations.

Milestone legislation and developments since 2005:

- In 2005, soon after taking office, the Frente Amplio coalition 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 later stabilized. In some occasions tens of firms from the same activity were simultaneously occupied during conflicts. Occupation of the plant by workers is frequently an early measure in labor conflicts.

- On December 2, 2010 the GOU passed a decree providing expedited procedures for evicting occupants of public-sector workplaces. The PIT-CNT (Uruguay’s largest labor union federation) initially assessed the measure as unconstitutional. The business community thought the decree was as a positive step forward, but criticized that the GOU for using a different standard to deal with workers´ occupations in the private and public sectors.

- Several labor laws strengthening unions and labor rights have been passed since 2005. The law on the “Promotion and Protection of Labor Unions,” passed in 2006, 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 argued the bill slanted labor relations heavily in favor of unions. Unionization tripled from about 110,000 in 2003 to over 350,000 in 2013 (about 21 percent of employed workers), and is particularly high in the public sector and some private sectors, such as construction and banks.

- Law 18,099 (passed in 2007) on outsourcing was adamantly 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. The GOU later passed Law 18,251 (also in 2007) to mollify some of the private sector's concerns.

- A law on Collective Bargaining (No. 18,566) was passed in September 2009, which among other things established a bargaining system structured at three levels: national scope; branch of activity or productive chain; and bipartite collective bargaining at the company level. The law was opposed by the two most representative local business chambers and the International Organization of Employers, which filed a case against the government before the International Labor Organization's Freedom of Association Committee in February 2009.

- Law 19.196, passed in March 2014, provides penal sanctions ranging from three months to two years imprisonment on those employers or their representatives who fail to adopt labor safety standards and thus generate a grave and concrete danger to the life or physical integrity of workers.

Uruguay has ratified numerous International Labor Organization (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. Sympathy strikes are legal. In labor trials, the Judiciary tends to rule in favor of the worker, as s/he is considered to be the weaker party. Labor unions are nominally independent from the government but in practice have a close affinity with the ruling Frente Amplio party.

Although investment is rising, there is an ongoing discussion about the impact of the labor situation on productivity and whether labor conflicts scare foreign investors.

Foreign-Trade Zones/Free Ports

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Thirteen free trade zones (FTZs) are located throughout the country. Most FTZs host a wide variety of tenants performing various services (e.g., financial, software, call centers, warehousing and logistics). One FTZ was created exclusively for the development of pharmaceuticals, and two for the production of paper pulp. Since MERCOSUR regulations treat products manufactured in most member states' FTZs (with the exception of Tierra del Fuego and Manaus located in Argentina and Brazil) as extra-territorial –and hence charge them the common external tariff upon entering any member country– industrial production in local FTZs is destined to non-MERCOSUR countries.

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. Firms operating in FTZs are also exempted from national taxes. Government monopolies are not honored within FTZs. Local and foreign-owned industries alike enjoy several advantages in an FTZ, including exemption from all domestic taxes. 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 at least 75 percent of a company's labor force to qualify for FTZ tenancy. Goods of Uruguayan origin entering into FTZs are treated as Uruguayan exports for tax and other legal purposes.

Key regulations of free zones:

- The operation of free trade zones (FTZs) is regulated by Law 15,921 (from 1987) and the Ministry of Finance's Free Trade Zone Directorate.

- Decree 344/010 passed in November 2010 introduced some changes in the free zone regime in order to discourage the establishment of shell or "paper" corporations in free zones for tax evasion purposes. The Decree requires companies to submit a business plan and limits the term of the authorization to ten years, which is renewable upon GOU review.

- Article 309 of Law 18,996 (passed in November 2012) regulates the kind of activities that FTZ users can perform outside the FTZs. For instance, the law prevents them from performing commercial activities of substantial nature (e.g. selling, exhibiting or delivering) related to goods destined to Uruguay's regular (i.e. non-free zone) territory. The law also requires users to request a GOU permit to perform non-substantive activities outside FTZs.

- As of April 2014 there is a bill before Parliament that would introduce further changes to the FTZ regime.

Law 17,547 passed in August 2002 allows for the establishment of Industrial Parks. Several decrees signed since 2007 have made Industrial Parks more attractive and since then a number, some of which are sector-specific, have been created. Advantages include fiscal exemptions and tax benefits. Industrial Parks can be established by the private sector or the national or local governments.

Uruguay has other special import regimes in place, including Temporary Admission, Private Customs Deposits and Free Ports. The Temporary Admission regime allows manufacturers to import duty-free the raw materials, supplies, parts and intermediate products they will use to manufacture products that will later be exported. The system requires a government authorization and that final products be exported within a period of 18 months. Firms do not have to be located in a specific location to benefit from Temporary Admission.

The Free Port and Bonded Warehouses are special areas where goods that are kept within the premises are exempted from all import-related duties and tariffs. While in the premises, merchandise may be labeled, fractioned and re-packaged. The two differences between the Free Ports and the Bonded Warehouses regimes are that goods can stay for an unlimited amount of time in Free Ports (Bonded Warehouses restrict the stay to one year), and processes done in Free Ports cannot modify the nature of the good (industrialization is allowed in Bonded Warehouses)

The GOU has been increasingly promoting Uruguay as a regional world-class logistics and distribution center. In December 2010 it created the National Logistics Institute (INALOG by its Spanish acronym), a public-private sector institution that seeks to coordinate efforts towards establishing Uruguay as the leading MERCOSUR distribution hub. Follow this link to a report by Uruguay's Investment Promotion Agency on the Uruguay's role and advantages as a logistics hub.

Foreign Direct Investment Statistics

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Table 1 – Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data					
Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	(2013)	55.75	(2012)	49.92	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (BEA; IMF; Eurostat; UNCTAD, Other)
U.S. FDI in Uruguay (*Millions U.S. Dollars, stock positions)*	(2012)	894	(2012)	1,435	(BEA)
Uruguay's FDI in the United States (*Millions U.S. Dollars, stock positions)*		N/A	(2012)	399	(BEA)
Total inbound stock of FDI as % Uruguay's GDP	(2012)	35%			

* http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Default.aspx

Table 2: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment (2011)			Outward Direct Investment		
Total Inward	15,190	100%			
Argentina	3,762	25%			
Brazil	1,099	7%			
Spain	991	7%			
United States	759	5%			
Netherlands	651	4%			
"0" reflects amounts rounded to +/- USD 500,000.					

Table 3: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total (2012)			Equity Securities			Total Debt Securities		
World	4,754	100%	World	949	100%	World	3,805	100%
United States	1,563	33%	United States	264	28%	United States	1,299	34%
Brazil	264	6%	Spain	217	23%	Cuba	190	5%
Spain	225	5%	Luxembourg	99	10%	Brazil	183	5%
United Kingdom	197	4%	Brazil	81	9%	Chile	180	5%
Cuba	190	4%	Mexico	54	6%	Canada	161	4%

While Foreign Direct Investment (FDI) in Uruguay has been traditionally low (even by Latin American and regional standards), it surged in the last decade with a seven-fold growth in 2001-2012. Annual inflows of FDI rose gradually from US$332 million in 2004 (2.4 percent of GDP) to $3.0 billion in 2012 (5.8 percent of GDP). Except for a drop in 2008, FDI has not been hit by the global economic and financial crisis. In 2005-2012, Uruguay ranked second in South America in its FDI to GDP ratio, after Chile but about two-and-a-half times that of neighboring Brazil or Argentina
The sectors that receive the greatest amount of FDI are pulp mills, construction (real estate in Punta del Este, hotels, and office buildings), agriculture (forestry, ranching, farming, and slaughterhouses), and industry (food and beverages and chemicals).

In recent years Uruguay has received unusually large-scale investments. In 2005-06 Finnish firm UPM (ex-Botnia) made Uruguay's largest-ever foreign investment with the construction of a $1.2 billion pulp mill. In 2011-14 Finnish-Swedish-Chilean Montes del Plata invested an even larger projected sum –$1.9 billion in plant and $0.7 billion in land– in another pulp mill project. As of April 2014 there are ongoing discussions about a large open-pit mining project (in which an Indian/UK firm plans to invest about $3.0 billion) and the possible construction of a deep water port along the eastern seaboard.

Four countries –Argentina, Spain, Brazil and the United States– account for about half of total FDI in 2008-12. Argentina was the largest investor with 30 percent of total FDI, followed by Brazil (7 percent), Spain (6 percent) and the United States (4 percent). Annual average U.S. investment more than tripled to $87 million in 2007-2012 from $23 million in 2002-2006

Uruguay's Central Bank reports that the United States and held the 4th largest stock of investment in 2012 –$894 million (the U.S. Department of Commerce's Bureau of Economic Analysis indicates an investment stock of $1.4 billion in 2012). U.S. investment is distributed among a wide array of sectors –mainly forestry, tourism and hotels, services (e.g. call centers or back office) and telecommunications.

About 130 U.S. firms operate in Uruguay and directly employ over 15 thousand workers. Major firms include Weyerhaeuser (forestry), Conrad Hotels (tourism and gambling), Sabre (call center), McDonald's (restaurants) and Pepsi (syrups).

Contact Point at Post

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Uruguay's Investment Promotion Agency, Uruguay XXI, also provides relevant information on the investment and trade regimes to potential investors.

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Central Bank	www.bcu.gub.uy
Uruguay XXI [investment promotion]	http://www.uruguayxxi.gub.uy/
Ministry of Economy and Finance	http://deuda.mef.gub.uy/investor-relations
Statistic Institute	www.ine.gub.uy
Uruguay Brand	http://marcapaisuruguay.gub.uy/en/

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Chapter 7: Trade and Project Financing

- How Do I Get Paid (Methods of Payment)
- How Does the Banking System Operate
- Foreign-Exchange Controls
- U.S. Banks and Local Correspondent Banks
- Project Financing
- Web Resources

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 generally include paying for goods in cash in advance. Payments by credit cards or PayPal-type mechanisms are gaining popularity.

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

For local credit rating agencies see links below:

Equifax:	http://www.clearing.com.uy, http://www.equifax.com
Commercial Defense:	http://www.lideco.com.uy – BBB equivalent
PriceWaterhouseCoopers:	http://www.pwc.com/uy

How Does the Banking System Operate

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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, is a problem. The largest bank is the government-owned Banco de la Republica, which accounts for over 40 percent of total credits and deposits. Long-term banking credit has traditionally been difficult to obtain. Foreign investors can access credit on the same market terms as nationals.

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. After the crisis Uruguay reformed its Central Bank's Charter and enhanced its regulation and supervisory roles. At present the local banking sector is sound as it was unaffected by the 2008/2009 global financial crisis.

Uruguay's financial sector currently consists of one government owned commercial bank (Banco de la Republica) and one government owned mortgage bank (BHU). Government-owned banks have traditionally held a major share of the banking market. The market has foreign banks, cooperatives, offshore banks, external financial institutions, credit administrators, foreign exchange houses and financial service companies. For list of institutions and more details please check in http://www.bcu.gub.uy/Servicios-Financieros-SSF/Paginas/Default.aspx

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. Offshore financial institutions operate with limited functions as they cannot operate with residents. U.S. financial firms such as Raymond James operate in Uruguay, mainly within free trade zones.

For more information, please check the Central Bank's website at http://www.bcu.gub.uy (Some information is also available in English).

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Uruguay does not apply foreign exchange controls.

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Citibank (Citi)

Citibank is the only U.S bank currently operating in Uruguay. The bank has had a presence in Uruguay since 1915. Web: http://www.citibank.com.uy

Citibank is currently operating only in corporate banking since it sold its private banking operation to Itau in 2013.

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

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Some of the major sources of project financing include:

A. EXIM 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. EXIM Bank finances all types of U.S. goods and services as long as they contain at least 50 percent U.S. content and are not military-related. Further information on the bank's programs may be obtained at 1-800-565-EXIM. EXIM Bank's Uruguay Desk Officers may be contacted by phone at 202-565-3913, by fax at 202-565-3931, or at http://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/ccc.

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.

Several States also have their own export financing programs.

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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/ - Uruguay is no longer eligible

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

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

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

Inter-American Development Bank – Uruguay:
http://www.iadb.org/en/countries/uruguay/uruguay-and-the-idb,1028.html

World Bank – Uruguay: http://data.worldbank.org/country/uruguay

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Chapter 8: Business Travel

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- Visa Requirements
- Telecommunications
- Transportation
- Language
- Health
- Local Time, Business Hours and Holidays
- Temporary Entry of Materials and Personal Belongings
- Web Resources

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 niceties. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

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For travel advisories, if any, please check 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.

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U.S. citizens need a valid American passport, but visas for temporary visits of less than 90 days, not to reside in or work permanently in Uruguay, 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 the following website: 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 visa-related security opinions are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/

U.S. Embassy in Uruguay, Consular Section: http://uruguay.usembassy.gov/visas2.html

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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 and airports, and cyber-cafes are readily available. AT&T, MCI, and Sprint calling cards are accepted.

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American Airlines is the only U.S. carrier with flights to and from the United States using their own aircraft. This calendar year it will continue to offer direct flights between Montevideo and Miami seven days a week. Both Delta and United Airlines service Montevideo on a daily basis with codeshare flights: United using a Copa aircraft coming and going to Panama and Delta using a GOL flight through San Pablo.

Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive.

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Spanish is the official language. Although many in the business community speak English or other languages, interpreters are commonly used during business meetings.

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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 Return to top

Uruguay observes standard time (GMT-3) from March-October. From October-March, Daylight Savings Time is in effect (GMT-2).

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 a.m.-10:00 p.m.

Local Holidays for Calendar Year 2014

Jan. 1	New Year's Day
Jan. 6	Three King's Day
Mar. 3-4	Two days for Carnival (6 weeks before Holy/Easter Week)
Apr. 14-18	Five days for Holy Week / Easter (dates vary from year to year)
May 1	Uruguayan Labor Day
Jun. 19	Birthday of Artigas

July 18	Uruguayan Constitution Day
Aug. 25	Uruguayan Independence Day
Oct. 13	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.

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U.S. Embassy in Uruguay: http://uruguay.usembassy.gov
Ministry of Tourism: http://www.turismo.gub.uy

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts Return to top

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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 Livestock, 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

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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, and is free.

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Please click on the link below for information on upcoming trade events:
http://export.gov/uruguay/tradeevents/index.asp

For events in Uruguay, please visit: http://www.zonaeventos.com/english/

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. 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
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:

http://export.gov/uruguay/servicesforu.s.companies/index.asp

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

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