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U.S. Country Commercial Guides

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Uruguay

U.S. Department of Commerce | International Trade Administration

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Doing Business in Uruguay

Market Overview

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 us at any time. Our economic and commercial experts look forward to assisting U.S. exporters in finding local buyers and business partners.

Top five reasons why U.S. companies should consider exporting to Uruguay:

- Uruguay is a well-established democratic country with strong rule of law and a serious commitment to adhering to international agreements and norms.
- Relative to neighboring countries, Uruguay's economic growth has been steady in recent years.
- Uruguay has a relatively open trade policy. Many parts of the Uruguayan national and state governments are dedicated to attracting foreign investment and trade.
- The country is strategically located between Argentina and Brazil, and at the mouth of the inland waterway that includes the Rio de la Plata and Rio Uruguay rivers. It offers excellent opportunities as a regional distribution platform and a great test market.
- The U.S.-Uruguay bilateral relationship has been strong. Uruguayan officials and business sector representatives are welcoming to Americans.

Market Challenges

The challenges Uruguay faces in promoting its local market are its small size (3.3 million inhabitants), lack of trade-related financing, and powerful labor unions, which resist changes in the labor market.

Local companies have traditionally looked first to neighboring MERCOSUR countries to develop trade (due to lower shipping costs and absence of trade tariffs within MERCOSUR), and then to the European Union. In recent years their attention has turned increasingly to China. As of 2016, the top export destinations for Uruguay were China ($1.57 billion), Brazil ($1.16 billion), the United States ($579 million), Argentina ($404 million), and Germany ($331 million). Uruguay's top imports in 2016 came from China ($1.78 billion), Brazil ($1.69 billion), Argentina ($1.24 billion), the United States ($883 million), and Germany ($405 million). Uruguayans have historically had more affinity with European culture and markets than with the United States. U.S. companies entering the Uruguayan market should be prepared to establish trust and overcome negative preconceptions of U.S. culture and business practices. On labor relations with business managers/owners, the World Economic Forum's 2016-2017 Global Competitiveness Index ranked Uruguay 136th of 138 countries, echoing many domestic and foreign investors´ concerns about management-employee relations. There are concerns related to challenges in the areas of hiring and firing practices, limited flexibility in setting wages, and the existence of rules for payment for worker productivity, according to a recent report by KPMG in collaboration with Oxford Economics.

Capital markets in Uruguay remain under-developed. The stock and bond markets are small and a limited amount of trading is conducted each day. The lack of capital markets may limit financing options for foreign firms and inhibit potential engagement of U.S. small- to medium-sized enterprises.

Government procurement and bidding processes are generally transparent, conditioned by strong respect for the rule of law, though slow. Import duties have been high with products across the board and the cost of living in Uruguay is much higher than most countries in the region.

Market Opportunities

Uruguay has well-functioning democratic institutions, a culturally rule-abiding population, and perceptibly little corruption. Uruguay was one of the 21 top countries ranked by Transparency International as having the lowest perceived levels of corruption in 2016. Uruguay has a strong banking sector which works hard to adhere to the latest international financial-sector standards. Uruguay is strategically located, and has proven political stability. The current administration is maintaining a relatively open trade policy and has maintained good economic fundamentals.

Cellular phones, medical equipment, farm equipment, information technology, 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.

Uruguay's prospects for sustainable job creation remain in question. Many of the country's youth do not work or study, so the next generation of qualified professionals could be limited in size and unable to grow the economy like regional competitors. As a result of the deterioraring system of public education in Uruguay and a possible decrease in national productivity, market opportunities may shrink for U.S. firms operating in Uruguay.

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

- Road and highway rehabilitation
- Railroad infrastructure development
- River ports
- Building of Public Schools

According to *Doing Business Index 2017*, Uruguay has made trading across borders easier by implementing an electronic customs declaration system and a risk-based inspection system that reduced customs clearance time for both exports and imports. It also reduced the time to import by improving port efficiency and introducing electronic payment and pre-declaration systems for customs.

Market Entry Strategy

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 evaluation 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 important for success in Uruguay.

U.S. exporters are encouraged to take advantage of the export promotion services provided by the commercial unit of the U.S. Embassy in Montevideo.

For more information, please visit US Commercial Service Uruguay or contact: Office.Montevideo@trade.gov.

Political and Economic Environment

Political Environment

For background information on the political and economic environment of the country please see the U.S. Department of State Background Notes.

Selling U.S. Products & Services

Using an Agent to Sell U.S. Products and Services

Most exporters to Uruguay will find that a local distributor or representative is necessary to penetrate the market, although it is not legally required. Distributors can provide strategic support for positioning brands in the market through promotion and advertising. Furthermore, they understand the local culture and can assist with after-sales service. This value-added service is increasingly important for customers, and contributes to a positive image of U.S. firms doing business abroad. There are, however, situations in which the best solution is a representative rather than a stocking distributor.

A helpful way to find a local agent is to take advantage of the export promotion services provided by the U.S. Embassy in Uruguay. For a low fee, the Embassy's commercial experts will provide a Customized Contact List (CCL) with up to ten potential partners and information such as a contact name, e-mail address, 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) arranges face-to-face meetings with potential business partners, allowing U.S. executives to explore business opportunities in Uruguay efficiently and effectively. The Commercial Unit 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, U.S. businesses may request an International Company Profile (ICP), an in-depth background report on a local firm. The report includes a local company's contact information, its size/approximate number of employees, products/services, financial and business references, company reputation, and the Commercial Unit's evaluation.

For a full list of services provided by our Commercial Unit, please check the US Commercial Service Uruguay.

Establishing an Office

The founding of a new enterprise or the acquisition of an existing Uruguayan company can be done. It is advisable to contract an experienced attorney who can provide guidance in completing the necessary legal paperwork. A foreign investor is free to adopt any desired legal organizational structure. Corporations or branches are the most common forms, but a personal partnership is also possible. The Embassy's commercial experts can provide a list of attorneys who regularly work with foreign corporations wishing to establish a presence in Uruguay.

Franchising

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 industry has grown to include outlets in clothing, hardware, industrial cleaning, pest control, health-care, and IT supplies. There are no legal restrictions on operating a franchise in Uruguay. For general information, please consult the Uruguayan Franchising Chamber. The chamber organizes events open to U.S. companies wishing to enter the market.

For more information or assistance, please e-mail Office.Montevideo@trade.gov.

Joint Ventures/Licensing

Both joint ventures and licensing are common in Uruguay. Joint ventures are usually seen in major infrastructure projects when several national and international firms combine their expertise in providing the necessary solutions. Legislation also allows for joint partnerships between government entities and private-sector enterprises (PPP). While not as widespread, licensing arrangements are commonly used in media and retail.

Selling to the Government

Uruguay is not a member of the World Trade Organization´s Government Procurement Agreement, yet does participate as an observer in the WTO's Government Procurement Committee.

A Government-to-Business (G2B) website, Agency Procurement and Contracting, lists tenders for government agencies' purchase of products and services. This site aims to increase transparency and reduce government procurement costs. All government agencies issue tenders for the purchase of products and services on this website.

Many governments which finance public works projects borrow from multilateral development banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Distribution & Sales Channels

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

Express Delivery

Express delivery and courier services are widely used in Uruguay for both national and international transportation of packages. International courier companies provide parcel and package services to and from Uruguay.

U.S exporters may sell and ship directly to Uruguayan consumers. Courier packages valued up to $200 (not including freight value) are exempt from import tariffs or duties, and may be received up to three times per year per credit card holder (some specific products are excluded).

Selling Factors and Techniques

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 government policies affecting trade.

A wide array of new and used industrial and farm equipment and machinery is sold in the market. 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 may at times lose price competitiveness vis-à-vis regional products. U.S. manufacturers offering flexible, innovative, and competitive credit terms will overcome a difficult hurdle to achieve export sales to Uruguay.

eCommerce

Overview

ECommerce in Uruguay is still in an early stage, but is growing rapidly. In 2016, almost 1.3 million people in Uruguay made a web-based purchase. Some of these online stores are showing a 30 to 50 percent annual growth rate, although online purchase growth rates are even higher in Brazil, Argentina, Chile, México, Colombia and Perú. Only 45 percent of online purchases are paid with credit cards. Local advertisers mention that the Internet serves as an effective means to promote products and services, but not necessarily to close business transactions. Companies have increased website use as a way to increase online sales. Sales of computer accessories, appliances, clothing, and furniture have the lead, followed by books, hotel/restaurant reservations, and cellular phones. The items most frequently purchased online from overseas include clothing and shoes, videogames, auto-parts, and sporting goods. In most cases, these items are purchased because they are too expensive in the local markets or unavailable in local stores.

Many government-related procedures (requesting appointments for the renewal of a driver's license, for example) can now be done online.

Uruguay has one of the highest levels of Internet penetration in Latin America. Data released in December 2016 shows that 85 percent of Uruguayan households had access to at least one computer, and that 81 percent had used the Internet. When smartphones are included, the percentage of Uruguayan homes with access to the Internet increases to 94 percent. Use of the Internet in 2016 was mainly to search topics of interest (89 percent), navigate social media (85 percent), watch videos and/or download music (71 percent), secure information on products and services (60 percent), and read news (6 percent). Seventy-eight percent of users have e-mail accounts. Two thirds of Uruguayan homes have Wi-Fi. Ten years ago, Uruguay gave each school-child a laptop through Plan CEIBAL, Uruguay's ten-year-old educational-technological initiative. If requested, the State-owned telephone monopoly ANTEL provides a free monthly 1GB Internet connection to any household with a landline.

Current Market Trends

In July 2012, the GOU enacted a decree which allowed for the importation of five $200 online shipments per year per person exempt from duties. Due to intense lobbying from retail stores and shopping centers, the number of shipments was lowered to four and then again, as of 2016, to three shipments per year. E-commerce logistics lags somewhat behind and suppliers are rethinking strategies to deliver products in a convenient way.

Domestic eCommerce (B2C)

The majority of Internet purchases are apparel, sporting goods, spare parts for vehicles, and goods not generally found in the market or at a much higher price tag.

Consumers tend to buy products over the web and pick up the shipped product at the store. A major retail outlet with 25 locations throughout Uruguay recently reported that eCommerce sales represented only 3 percent of total sales, and aimed at reaching 9 percent by 2019. Other companies that sell through the web report a similar percentage of eCommerce sales.

Cross-Border E-Commerce

The United States and China are the countries from which over 90 percent of online purchases are made. Including shipping, these products tend to cost approximately 60 percent of similar products available in the market. Prohibited products include: makeup, enamel, creams, perfumes, shampoos, razors, toiletries, toys, alcoholic drinks, sun and reading glasses, cosmetics, perfumes, tobacco, cigarettes, lubricants and greases, cell phones, and seeds, as well as prohibited goods or those requiring licensing. Amazon, Ali Express, and eBay are the three major platforms used.

B2B eCommerce

There are no restrictions for B2B eCommerce, but given the relatively small industrial base in Uruguay, it is seldom seen. The Uruguayan Government publishes most of its tenders online at Agency Procurement and Contracting.

E-Commerce Services

Uruguay is a regional leader in software development. As such it possesses the necessary human capital and tools to support e-commerce activities in various industry sectors. A leading example that started in Uruguay and quickly spread throughout Latin America is a platform (and app) to request online food deliveries from restaurants. The development of software to enable electronic billing systems was wholly developed locally.

Popular eCommerce Sites

Among the most popular B2C sites are:

- MercadoLibre, a Latin American equivalent of eBay which commands 36 percent of eCommerce transactions in Uruguay.
- OLX Clasificados, no auctions, only straight sales. OLX charges no publishing fees or sales commissions.
- Woow, a local discount company similar to Groupon.

Online Payment

According to data from Grupo Radar (2016), 45 percent of Uruguayan customers pay with credit cards on eCommerce websites, 22 percent prefer to pay cash at the store, and 13 percent opt for paying for purchases through independent payment agencies. The remaining 20 percent use bank transfers, Paypal, and prepaid credit or debit cards.

There are almost 400 payment agency locations in Montevideo and 350 locations in more than 100 towns in the interior. Uruguayans use these agencies to pay utility and telephone/cable bills. These agencies also perform currency exchange, payment of salaries and pensions, and the sale of tickets for sporting and musical events, etc.

Local entrepreneurs have developed popular e-payment apps. Consumers can pay utility bills (and over 600 services such as schools, cable TV, HOA fees, HMOs, insurance, etc.) by scanning the bar codes which appear on the bills and having the amounts owed debited immediately from their bank accounts. The development of a local PayPal™ equivalent, Mercado Pago, an online wallet for payment processing) has facilitated eCommerce sales. This PCI-certified platform allows for payment using local credit cards in full or in installments (the Payment Card Industry Data Security Standard certifies that the platform accepts, stores, processes, and transmits cardholder data in a secure fashion).

Pagos Web and CobrosYa are similar yet less widespread applications used for online and telephone sales.

The use of electronic wallets, however, precludes customers from enjoying discounts offered by local credit cards when using certain services or purchasing from certain stores.

Mobile eCommerce
According to a recent poll, 2.2 million Uruguayans (total population is 3.3 million) have a smartphone. This figure increased by 18 times in the last four years. The number of smartphones with 3G and LTE connections increased 30 percent in 2016.

Digital Marketing
Several digital marketing firms operate in Uruguay and some universities and academies have begun offering specific short-term programs directed at companies and advertisers. Foreign firms doing business in Uruguay advertise mostly through traditional media.

Major Buying Holidays
Major shopping centers organize three or four "buying holidays" throughout the year in which the 22 percent value-added-tax (VAT) is refunded to customers. Purchases, however, must be done at the store. Uruguay's Digital Economy Chamber (CEDU) organizes a yearly three-day eCommerce buying spree (CyberMonday). The 2016 event registered 33 percent more buyers, and some stores reported an increase of almost 500 percent in sales over the 2015 event. Seventy percent of CyberMonday buyers were from Montevideo. In 2017, CyberMonday took place June 12-14.

Social Media
Overwhelmingly, Facebook (FB) is the most popular social medium. In a recent country-wide poll, 50 percent of those interviewed declared themselves "totally addicted" to social media. Chatting on FB, WhatsApp, or other social media platforms are the primary uses of the Internet.

Sources: Multi-Ahorro Hogar on eCommerce (Observador 3/22/17); Farmashop (Observador 2/17); Perfil del Internauta Uruguayo (2016).

Trade Promotion and Advertising

It is advisable to work with a local advertising agency. Several local ad agencies produce TV commercials for foreign clients.

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. Television and radio advertising are also popular. Several major international advertising agencies maintain offices in Montevideo.

Web Resources for Advertising

- Diario El País
- Diario El Observador
- Diario La República
- Radio El Espectador
- Saeta TV
- Montecarlo TV

- [Teledoce TV]
- [VTV]
- [TNU's (Televisión Nacional Uruguay) Newsroom (State-owned TV station)]

The Embassy periodically hosts industry-specific and/or horizontal trade missions. Details on how to participate in these trade missions may be obtained from the Commercial Unit, U.S. Embassy Montevideo, Tel: (5982) 1770-2776 or by e-mail at: Office.Montevideo@trade.gov.

Pricing

The Uruguayan market price structure reflects world market prices plus import tariffs, taxes, and transportation costs. Local taxes apply on sales prices. This includes the value-added tax (VAT) and excise tax (IMESI). VAT's basic rate is 22 percent, with a minimum rate of 10 percent only applicable to certain products and services. The Excise Tax (IMESI) is applied on products such as fuel, tobacco, beverages, cosmetics, and cars and the rate varies according to the item.

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 annual and monthly averages, see [Central Bank of Uruguay.]

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

Initial Price (CIF)		1000.00
Tariff Duty	20 percent	200.00
Extraordinary Taxes	--	12.00
T.S.A. (Customs Service Tax)	--	2.00
V.A.T. (recoverable upon sale)*	32 percent	384.00
IRAE (Corporate Tax)	4 percent	48.00
Consular Tax	2 percent	20.00
Customs Transit Guide	--	4.46
Professional Seal	--	5.31
Total Surcharges		675.77
Total Imported Cost		1676.00

** Regular VAT is 22% and imports are charged with an extra 10% of VAT Anticipation. VAT is calculated on CIF value plus tariff amount. Basic products pay 10% of VAT and 3% of VAT Anticipation.*

Sales Service/Customer Support

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

Protecting Intellectual Property

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on Protecting Intellectual Property and also Corruption.

IP Attaché Contact for Uruguay, resident in Brazil
Laura Hammel
Av. Presidente Wilson, 147, 4th floor
20030-020 - Rio de Janeiro
Brazil
Tel. +55 21-3823-2499
laura.hammel@trade.gov

Local Professional Services

Equifax
Commercial Defense*

** Local equivalent of Better Business Bureau – BBB*

Principal Business Associations

Uruguay–U.S. Chamber of Commerce (AmCham): info@ccuruguayusa.com
Country Trade or Industry Associations in Key Sectors
Chamber of Industries
Chamber of Commerce and Services
Chamber of Agro-Industries
Union of Exporters
Uruguay XXI
Uruguayan IT Chamber

Government
Ministry of Industry, Energy, and Mining
Ministry of Economy and Finance
Ministry of Tourism
Ministry of Transport and Public Works
Ministry of Livestock, Agriculture and Fishing
Office of the President of Uruguay
Parliament
Ministry of Foreign Affairs

Limitations on Selling U.S. Products and Services

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 such as 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.

Over the last several years, the Uruguayan government has prohibited the importation of U.S. genetically modified organism (GMO) seeds. The U.S. Government has addressed this issue with Uruguay and remains hopeful that U.S. GMO seeds will be allowed to be exported to Uruguay in the near future.

Web Resources

U.S. products and services are usually sold through the websites of local importers. Alternatively, popular "catch-all" websites include MercadoLibre and OLX. Social media is also considered an effective sales platform for selling products online in Uruguay.

Leading Sectors for US Exports & Investments

Telecommunication Equipment

Overview

	2014	2015	2016
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	538	382	202
Imports from the U.S.	97	70	63

Source: Transaction database – USD million
HTSUS: 8517, 8518, 8522, 8525, 8527, 8529, 8531, 8543, 8544, 9001

The U.S. market share of telecommunications equipment grew from 14 percent in 2012 to 31 percent in 2016. In 2016, state-owned ANTEL was the largest overall importer of telecommunications equipment with 27 percent of the total, followed by Spain's Telefonica with 12 percent and México's Claro with 6 percent.

June 2016 data shows that telecommunications makes up 1.4 percent of Uruguay's GDP, continuing a decreasing trend which began in 2006 (3.26 percent). Sector-wise, the growth of telecommunications was 8.3 percent in 2015, but down from 12 percent in 2012.

Uruguay's landline density is 32 landlines per 100 people (82 percent residential and 18 percent commercial). Cellular density is 159 lines per 100 people and is stable over the last two years. Seventy-five percent of mobile services are pre-paid. HTSUS 8517 (cellular handsets) make up 57 percent of total telecommunications imports (down from 65 percent in 2014). Three carriers share Uruguay's market: ANTEL has 53 percent market share; Spain's Telefonica/Movistar has 32 percent of market share; and, Mexico's America Movil/CTI/Claro have 15 percent of the market share. Mobile service in Uruguay was introduced by BellSouth in 1991. ANTEL began service in 1994 and America Movil/CTI/Claro in 2005. As of mid-2016, 85 percent of cellular handsets had access to the Internet.

The number of mobile clients continues to rise towards near-saturation. Experts believe growth is still possible through the sale of new services, especially for smartphone users. Content for teenagers and children continues to show strong growth. All three carriers offer Long Term Evolution (LTE–4G) services, although mainly among the most populated areas along the coast between Colonia and Punta del Este. Forty-six percent of smartphones are connected via GSM, 30 percent by LTE, and 24 percent by 3G. Uruguayan consumers change their handsets on average every 1.5 years.

SMS messaging peaked in 2012 and has been in decline since. Messaging, however, is the principal use of cell phones among teenagers, followed closely by social-media navigation.
There were 15,000 public phones in operation in Uruguay 2007, but by mid-2016, only 2,200 were still in service.

Leading Sub-Sector
Overall, the United States maintains a market share of approximately 31 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 transmission in late 2017 may present opportunities for U.S. companies providing content and equipment.

Opportunities
In December 2010, Uruguay dropped the decision to adopt the European HDTV standard and announced the adoption of the hybrid Japanese/Brazilian (ISDB-T) standard. Implementation has been continuously postponed.

Web Resources
Embassy Contact: Office.Montevideo@trade.gov
URSEC – Unidad Reguladora de Servicios de Comunicación
Movistar (Telefónica)
CLARO (América Móvil)
ANTEL
Dedicado

Renewable Energy

Overview
An absence of tapped fossil fuel resources, coal, and natural gas has made Uruguay historically dependent on hydroelectric power, imported oil, and imported electricity from its neighbors Argentina and Brazil. The fact that 15 percent of Uruguay's imports are energy products, primarily petroleum, makes the economy vulnerable to external shocks as oil prices rise and fall. Uruguay is pursuing increased electricity interconnectivity in the Southern Cone Region as a strategy to maintain energy supplies in the medium term.

In the last 10 years, Uruguay has shifted dramatically to electricity from renewable sources. Currently 97 to 100 percent of electricity comes from renewable sources compared to just 40 percent as recently as 2012. At times, Uruguay has surplus electricity that it exports to Argentina and Brazil. Uruguay has become one of the leading countries in renewable energy generation, primarily from hydro (60 percent), with the remainder from wind, solar, and biofuels. In less than 10 years, the country has slashed its carbon footprint and lowered electricity costs, without government subsidies. A driving force behind the diversification of Uruguay's energy sector is a desire for energy security and independence.

Alternatives such as wind, biomass, and solar have become cost competitive. Aided by aggressive power purchasing agreements (PPA) to promote renewables, the country has gone from being an importer to an exporter of electricity in just a few years.

Uruguay is one of the most electrified countries in the hemisphere, with 99.4 percent of homes receiving electricity. The government's objective is to reach 100 percent by 2030.

Uruguay also moved away from petroleum-based generation. As of 2016, hydroelectric capacity was 1,500 MW, but this is unlikely to grow significantly given that the country is already exploiting all its large-scale hydro resources. Uruguay also has more than 1,331 MW of installed wind capacity, which is expected to grow to over 1,650 MW by mid-2018. At that point, there will be 42 wind farms operating in 13 of the country's 19 departments (states). This conversion will allow Uruguay to use wind energy for base power and hydroelectric to meet peak demand. This will allow the country to keep hydroelectric reservoirs at near-maximum capacity. When needed, the reservoirs could be opened with as little as 15 minutes' notice to meet additional demand.

Uruguay has discussed developing a liquefied natural gas (LNG) terminal for many years but the government's projects have not advanced. The government is now evaluating a specific private proposal to develop a LNG terminal. If Uruguay develops such a project, the country will have an LNG reserve as back-up energy source, in case hydro-resources are reduced due to drought.

As the GOU continues to promote greater energy independence and improved efficiency from renewable sources we expect a favorable market for new opportunities.

Investments in wind, solar and other renewables have outpaced other energy projects. The National Director of Energy noted that in 2016 renewable sources provided 63 percent of Uruguayan energy while 37 percent came from fossil fuel resources. The government is also strongly encouraging the production of bio-diesel and ethanol in addition to its focus on wind, biomass, and solar energy.

Per government reports, since the beginning of the government's "2005–2030 Energy Plan," the total investment in renewable energy (public and private) has been 17 percent of GDP or approximately $7 billion. This ratio quintuples the average Latin America GDP investment ratio in renewable energy. Uruguay, Mauritania, Morocco, and Jamaica were among the top countries for investment in new renewable power and fuels relative to annual GDP according to the 2016 Renewables Global Status Report.

Leading Sub-Sector

Biomass

Uruguay has potential for the development of renewable energies from biomass; 30 percent of which currently comes from agricultural residuals (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. Investments on biomass increased considerably in 2013, when it reached more than 400 MW of installed power generation. By 2016 biomass represented 18 percent of the total amount of electrical generation, behind hydro and eolic sources.

Wind

In 2016 between 97 and 100 percent of the electricity consumed in Uruguay came from renewable sources and of this amount, 25 percent was from wind power. The potential to harness wind energy in Uruguay is significant. Average wind profile measures at heights of 90 meters show speeds of 6 to 9 m/second. Adequate sites for wind energy in the country have exceeded expectations and there are opportunities for further investments in eolic energy, if there is an increase in demand due to electricity exports to Argentina and Brazil. The government designed a wind map. Further information is available (in Spanish only) at Energía Eólica.

Imports of wind energy equipment soared in 2013 and continued to increase significantly in 2015. Wind equipment is mostly imported from Spain, Denmark, and China. The increase in U.S. energy equipment imports to Uruguay 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.

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 has existed since 2013, 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.

Uruguay's solar map
GOU's solar plan

Up to 2017, there were investments of more than 100 million dollars in solar projects, which provides a maximum capacity of 84 MW to the power system. There are 14 new projects being developed, which will increase the amount of energy supply by 150 MW. These projects are all located in the west of the country.

Opportunities
Uruguay is committed to moving forward rapidly on setting up biodiesel, ethanol, and solar plants as well as continued investments in wind energy. There are opportunities in the development of transmission lines that Uruguay has been working on during the last five years. Import duties are applied to Incoterm CIF (Cost, Insurance, and Freight) 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. (Note: Argentina, Brazil, Paraguay, and Uruguay suspended Venezuela from MERCOSUR in December 2016).

Uruguay is a good market for both new and used/refurbished equipment and machinery. When making purchase decisions, Uruguayan buyers 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 U.S. products 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.

Web Resources
Embassy Contact: Office.Montevideo@trade.gov
Ministry of Industry, Energy and Mining
National Directorate of Energy
National Electricity Utility - UTE

IT–Computer Hardware

Overview

	2014	2015	2016
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	172	146	124
Imports from the U.S.	38	32	25

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

Imports of information technology (IT) hardware and accessories declined again in 2016, but an increase is expected in 2017 due to educational programs, increased Internet access, and continuing modernization of both the private and public sectors. U.S. market share of computer hardware imports declined to 20 percent in 2016 (down from 22 percent in 2014 and 21 percent in 2015). China had almost 53 percent of market share in computer hardware in 2016.

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 Apple, Dell, HP, IView, Lenovo, Samsung, and Sony, among others, are easily found. Data about market share by brand is not available, but buyers have become very price conscious. Pricing and financing are key factors for buyers 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 (94 percent). Since Uruguay does not manufacture computer hardware, further growth in Internet usage is expected to generate greater demand for computer imports.

Multinationals consider Uruguay an excellent IT hub for back office, data, and call centers. Companies such as RCI, Colgate-Palmolive, Microsoft, Sabre, and PWC are among the many which have set up operations in Uruguay. Following a 50 million dollar investment, in 2016 the State-owned telecommunications company Antel inaugurated its tier III data center, one of five in Latin America. Note: data centers fall into one of four tiers, the fourth being the best. Tier III guarantees 99.982 percent uptime, no more than 1/6 hours of downtime per year, and N + 1 redundancy.

There are no tariffs for items from MERCOSUR; for third countries Common External Tariff (CET) ranges from zero 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 zero to two percent CET, and most items under 84.73 are exempt from import tariffs.

Leading Sub-Sectors

Traditionally, hardware and accessories were the number one import from the U.S. While the U.S. market share has dropped, local clients still 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 directly.

Opportunities

The Uruguayan government made the "One Laptop per Child" (OLPC) program a top priority (locally known as Plan CEIBAL). Sector analysts estimate that imports of hardware will continue to increase since a computer will likely 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 readily accepted by consumers, particularly for first time users. The current government administration also supplies tablets to all retirees as part of the OLPC program and will require health institutions to transition to having only electronic medical records, further increasing the need for IT updates.

Web Resources

Embassy Contact: Office.Montevideo@trade.gov
Uruguayan IT Chamber

Security Equipment

Overview

	2014	2015	2016
Total Exports	9.1	12.0	6.2
Total Imports	178.0	159.2	178.0
Imports from the U.S.	18.4	18.1	15.0

Source: Transaction database—Millions of USD—HS: 8701, 8704, 8709, 9425, 8426 , 8705, 8479)

After a drop in 2015, imports of safety and security equipment grew 12 percent in 2016. U.S. products enjoy an 8.4 percent market share and compete directly with lower-priced products from Germany, Argentina, China, 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, closed-circuit television (CCTV) units, panels, and many other related products.

Leading Sub-Sectors

The sub-sector of intrusion alarm systems fell by 15.6 percent in 2016, reaching $81 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 will continue growing especially in the commercial and industrial fields.

Opportunities

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 2016 in the following four sub-sectors: access control, CCTV, fire detection systems, and intrusion alarm systems.

2016 Uruguay's Electronic Security Imports	
Access Control Systems	87.0
CCTV	3.0
Fire Detection Systems	7.0
Intrusion Alarm Systems	81.0
Total	178.0

Source: Transaction Database—Millions of USD

The following products are the best-prospect products for importation due to high demand, out of the four sub-sectors:

- *Access Control Systems:* smart cards, biometrics, controllers, local area network (LAN) devices, readers, digital processors.
- *CCTV:* cameras, domes, monitors, transmission devices, television transmission apparatus, TV receivers, multiplexers, and CCTV systems.
- *Fire Detection Systems*
- *Intrusion Alarms:* indicator panels, signaling devices, key pad LEDs, batteries, sirens, and magnetic contacts.

Traditionally, U.S. goods have competed very successfully in Uruguay. However, there is significant competition on price from Germany, Argentina, China, Spain, and Mexico, among others.

Web Resources
Embassy Contact: Office.Montevideo@trade.gov
Uruguayan Chamber of Electronic Security Systems
(Cámara Uruguaya de Seguridad Electronica) – CIPSES cipses@montevideo.com.uy
National Statistics Institute (Instituto Nacional de Estadísticas or INE)
Uruguay Chamber of Industry (Cámara de Industrias del Uruguay or CIU)
Ministry of Interior (Ministerio del Interior)
Uruguayan Security Fórum (Foro de Seguridad)

Chemicals

Overview

	2014	2015	2016
Total Exports	92.0	100.0	58.0
Total Imports	411.0	293.0	253.0
Imports from the U.S.	42.0	31.0	29.0

Source: Transaction database—USD million

In 2016, the six top suppliers of chemicals falling within HS codes 3808, 3907, 3824, and 3101 were: China (30 percent), Argentina (19 percent), India (15 percent), the U.S. (12 percent), Brazil (10 percent), and Mexico (3 percent). In the period 2014–2016, Uruguay's worldwide imports of chemical products decreased by 38.4 percent, including a 31 percent drop of imports from the U.S.. The main imports were:

- 3907600090–Polylatic Acid
- 3808932400–Weed-killers based on Paraquat Dichloride
- 3808929990–Weed-killers to be used in sanitary domestic operations
- 4382902900–Preparations containing fatty alcohols or carboxylic acids
- 3808919990–Fungicides for direct use in sanitary domestic operations
- 3808911900–Insecticides based on acephate or bacillus thuringiensis

The local chemical industry primarily processes imported raw materials. Subsidiaries of multinationals account for approximately 60 percent of the industry. During the last five 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:

- Petrochemical industries (including the production of fertilizers).

- Fine chemistry and production of specialties, including production of pesticides for the agricultural sector, pharmaceuticals, and hygiene articles.
- Production of plastics.

Uruguay 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 several plants producing sulphuric acid and oleum with a maximum capacity of 180 tons a day. Fifty 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. During 2016, ISUSA imported $67 million worth of fertilizers.

Chemical industries and especially "*fine chemistry*" have been particularly dynamic in Uruguay since the 1980s. Eighty-five companies constitute Uruguay's pharmaceutical industry. Of these, ten command 47 percent of the country's sales; however, none 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 is one of the most dymaic in the country with sells of more than $500 million per year, and employs more than 6,300 people.

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* is composed of more than 250 companies and employs approximately 4,800 people. Raw materials are almost entirely imported and represent between 40 percent and 50 percent of the finished product price. Uruguay's Plastic Association is comprised of 60 of the approximately 250 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.

Plastic products range from simple articles like bottles and cups to specialized molded parts for the automotive, agricultural, and medical products industries. In Uruguay, the most important sub-sector is containers and packaging, followed by construction products like PVC pipes.

There are also a considerable number of companies engaged in the manufacture of plastic housewares products. Plastics also play an important role in medicine with the manufacture of syringes, catheters, and many other plastic-related products.

Opportunities

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 materials used inthe production of fertilizers are imported, this is also potential market for U.S. firms (see next section on fertilizers), although imports in general decreased by 36 percent in the period 2014-2016.

The investment climate is generally positive. Foreign and national investors are treated the same, there is completely free remittance of capital and profits, and investments are allowed without prior authorization. A 2007 decree offers tax benefits to investors.

Web Resources
Embassy Contact: Office.Montevideo@trade.gov
Chamber of Industry
Uruguayan Plastic Association – within the Chamber of Industry-auip@ciu.com.uy

Fertilizers

Overview

	2014	2015	2016
Total Exports	15.0	11.0	14.0
Total Imports	302.0	212.0	193.0
Imports from the U.S.	28.0	7.0	9.3

Source: Transaction database—USD million-HS (3102, 3105, 3103, 3104)

Uruguay is essentially an agricultural country, and the use of fertilizers is very 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 almost 80 percent of its fertilizer consumption.

During the period 2014-2016, the importation of fertilizers fell for the second consecutive year. The drop in fertilizer imports is mainly due to lower international prices for grains, milk, and meat. As a result, less fertilizer is used as the demand for these products declines. Consequently, fertilizer imports from the United States were also affected and fell 67 percent in the same period. In 2016, the main suppliers of raw materials for fertilizers (HS codes 3102, 3105, 3103, 3104) were China (13 percent market share), Morocco and Russia with (12 percent each), Egypt (11 percent), Saudi Arabia (7 percent), Mexico and Chile (6 percent each), and the United States (5 percent). Other countries supply the remaining 28 percent of market share.

The most important products imported were:

- Fertilizers, mineral or chemical nitrogenated (urea)
- Ammonium Dihydrogenorthoposphate
- Diammonium Hydrogenorthophosphate
- Potassium chloride
- Granulated superphosphates with more than 45 percent by weight of phosphorus pentoxide.

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, aided by zero import tariffs. The cost in Uruguay to adequately fertilize a hectare of land can vary from $60 to $150, depending on the kind of crop cultivated.

Leading Sub-Sectors

Despite the significant drop in fertilizer imports (36 percent in the period 2014-2016), agriculture in Uruguay continues to be the key driver of the economy. The trend of reduced fertilizer imports indicates that the agriculture sector is going through difficulties because of a drop in global demand. Uruguay is highly dependent on fertilizer imports; therefore, the fertilizer trade will continue in the coming years, but at a slower pace. Fertilizers are an important factor in the cost of crop production.

Opportunities

The best prospects are for U.S. exports of diammonium hydrogen orthophosphate, which is used in grasslands an average of 150 to 200 kilograms per hectare. Ammonium sulfate and urea are also in great demand. U.S. manufacturers of urea, ammonium sulfate, diammonium hydrogen orthophosphate, and many other related products can good sales opportunities in the Uruguayan market. However, they must compete with very competitive prices from other countries including China, Morocco, Russia, and Mexico.

Web Resources

Embassy Contact: Office.Montevideo@trade.gov
Ministry of Agriculture

Agricultural Equipment

	2014	2015	2016
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Imports	460	268	195
Imports from the U.S.	107	50	27

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

Overview

Agriculture, which makes up 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 increased land prices, Uruguayan farmers have been investing heavily in the maintenance of their agricultural machinery and equipment. As exports grew, imports of agricultural equipment jumped 25 percent from 2012 to 2013. Once Uruguay's economy slowed to one- or two-percent growth in 2016-2017, such imports declined sharply. Uruguay should continue to present opportunities for U.S. suppliers of agricultural machinery during the next several years, as the U.S. market has traditionally been the second or third largest supplier. In 2016, the United States decreased its market share and came in second after Brazil (26 percent) and ahead of China (12 percent). U.S. brands manufactured in Brazil and Argentina do very well in the market, but Chinese brands have been gaining ground. As of 2016, Brazil remains the largest supplier of agriculture equipment to Uruguay with a 26 percent market share (U.S. brands assembled in Brazil are included in the figures). Although demand has declined, there is still room for pre-owned and refurbished machinery. Apart from tractors which are imported mostly from Europe, U.S. machinery is highly regarded and competes favorably.

In 2016, Uruguay remained the world's ninth largest dairy, seventh largest rice, and sixth largest soybean exporter.

Leading Sub-Sectors

The market for agricultural equipment is supplied by imports. The best sales prospects for U.S. equipment are as follows (not ranked):

- 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 (used for livestock). Agri-food machinery and equipment used by food processing companies such as grain processing equipment, fruit and vegetable processing equipment (separation, cleaning, etc.), meat processing equipment, poultry production equipmentmay also provide opportunites.
- 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. 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 because of 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.
- 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*."
- Irrigation equipment: increasingly used to improve yields in Uruguay's unpredictable rainfall environment.
- Dairy equipment: Uruguay is a major producer of dairy products and the world's ninth largest exporter.
- Storage buildings such as silos. Prefabricated light, inexpensive farm storage buildings have a good market in Uruguay.

Opportunities
Given periodic water scarcities 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 take place in late 2017.

Web Resources
Embassy Contact: Office.Montevideo@trade.gov;
Uruguayan Ministry of Agriculture
Uruguayan Rural Association
Uruguayan Mercantile Chamber

Pharmaceutical Products

Overview

	2014	2015	2016
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Imports	250	241	248
Imports from the U.S.	28	24	24

Source: Transaction database—USD million—Products under HS codes: 3001, 3002, 3003, 3004, 3005, 3006.

Uruguay has over 30 pharmaceutical facilities authorized by the Ministry of Public Health (MSP), some with the Good Manufacturing Practice certificate. There has been investment in modern technologies for sterile filling of vials and syringes with biological products, as well as for the production of molecular biology and immunodiagnostic and recombinant protein kits. The concept of patents and trademarks has been described by several Uruguayan political parties as "imperialistic." Although such thinking has not seemingly had an impact on national policy, the voices against alleged "imperialism" of intellectual property are loud in Uruguay, and may have an impact on businesses dependent on IP protection in the future.

Leading Sub-Sectors
There are pharmaceutical laboratories managed by multinational companies, manufacturers of patented products who belong to the Chamber of Pharmaceutical Specialties and Related Products (CEFA), and national and regional companies. These companies manufacture and sell similar or generic pharmaceutical products, and are part of the National Association of Laboratories (ALN), founded in 1943.

Opportunities
Uruguay's pharmaceutical production exports products and drugs packaged for retail sale, along with vaccines and antisera. Pharmaceutical laboratories in Uruguay are dependent on imported raw material; basic chemicals are not domestically produced. The absence of basic chemical production in the region propels companies to import raw materials for pharmaceuticals from China.

Web Resources
Embassy Contacts: Office.Montevideo@trade.gov
Ministry of Public Health (MSP)
Uruguay's Chemistry and Pharmacy Association (AQFU)

Infrastructure Projects

Overview
The Uruguayan Parliament approved a Public-Private Partnership (PPP) law in late 2011 that formalized the procedures, responsibilities, and obligations of State and private investors. The GOU designed this law so as to attract foreign investment, mainly in much-needed infrastructure projects. Previously, 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, railway modernization, and deep-water port construction and operation. To date, the Ministry of the Interior has awarded a PPP concession to build a new jail, and the Ministry of Transportation has issued a contract for road rehabilitation.

Potable water resource management is an emerging issue. In 2013 and again in early 2015 isolated incidents of water resources tainted by microorganisms highlighted the need for urgent government investments in upgrading and monitoring water quality. Besides equipment such as sensors and filters, the government plans to construct a new dam to supply water to the population.

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.

Leading Sub-Sector Railways
In mid-2016, the Uruguayan Government announced that a Finnish paper mill expressed an interest in constructing its second plant on Uruguayan soil. Total project investments were announced at $5 billion, of which $1 billion was forecasted as a Government investment in railway and road improvements. The railway portion includes the complete overhaul of a 250-mile stretch of track, including new access to the Port of Montevideo. As of mid-2017, specific tenders for these projects have not been issued and are pending initial environmental impact studies.

Education
In November 2016, the GOU announced it would invest $400 million dollars over five years in 150 PPP infrastructure projects (mainly for the rehabilitation or construction school buildings).

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 shipping. 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.

Web Resources
Embassy Contacts: Office.Montevideo@trade.gov
Ministry of Transportation and Public Works (MTOP)
National Ports Administration (ANP)
National Railway Administration (AFE)

Processed Food and Beverages and Food Ingredients

Overview
Uruguay will continue to be a net importer of several foods and beverages (F&B) and ingredients that it does not produce domestically. 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:

- Dressings
- Spices
- Condiments
- Bananas
- Kiwifruit
- Grapefruit
- Tomato paste/ketchup
- Confectionery products
- Chocolates
- Coffee
- Snacks
- Sauces
- Prepared foods
- Soups
- Dehydrated potatoes
- Pet food
- Alcoholic beverages (whiskey, beer, and wine)
- Energy drinks
- Prepared beverages
- Cookies/pastries
- Power bars
- Healthy snacks

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 manages 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 account for almost 80 percent of total imports. Imports from Europe and the U.S. are aimed at the middle and higher income sectors. The opening in 2015 of the Uruguayan market for U.S. beef and poultry products presents a good opportunity for American exporters since several Uruguayan importers have expressed interest in bringing those products, especially sweetbreads, into the country. Some importers have already brought the first containers of both chicken and sweetbreads into Uruguay, although shipments have been small. The government is expected to continue with awareness campaigns promoting consumption of healthy snacks at primary and secondary schools; this brings new opportunities for imported power bars, dried fruits snacks, and other healthy foods.

The USDA Foreign Agricultural Service Office is based in Buenos Aires and covers Argentina, Paraguay, and Uruguay. The office 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.

Opportunities

- Most Uruguayan consumers are aware of the wide variety and high quality of U.S. foods and beverages, and may be willing to try new products.
- Influence of U.S. culture is significant and transmitted through cable TV and the Internet. Many Uruguayans travel or study 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 and 23 percent for most F&B.
- The relatively small size of the market and small import volumes many times limits import opportunities.

Web Resources

Montevideo Municipality Food and Health Service (Intendencia Municipal de Montevideo — Bromatología and Regulacion Alimentaria)

Uruguay's Technological Laboratory (Laboratorio Tecnológico del Uruguay [LATU])
Ministry of Livestock, Agriculture, and Fisheries (Ministerio de Ganadería, Agricultura y Pesca [MGAP)]
National Meat Institute (Instituto Nacional de Carnes – [INAC])
National Wine Institute (Instituto Nacional de Vitivinicultura [NAVI])
Ministry of Public Health (Ministerio de Salud Publica [MSP])

For more information please check with USDA Foreign Agricultural Service in Buenos Aires, Agricultural Specialist Maria.Balbi@fas.usda.gov.

Education

Overview

Uruguay has faced major challenges in its education system. The decline of public education over the last decade has been a leading issue in the public sphere. The number of Uruguayans interested in studying in the United States has increased in recent years. Since 2014, Embassy Montevideo has seen a 20 percent increase in the number of student (F) visas it issues to Uruguayans.

In support of the U.S. government's 100,000 Strong in the Americas Initiative, Embassy Montevideo expanded its network of advisors that work with Uruguayan students, giving them direction on how to apply to U.S. universities. In September 2016, the Embassy held its fourth annual EducationUSA University Fair. Approximately 1,000 students attended the event, featuring representatives from 20 U.S. universities. A private-sector event with representatives of twelve U.S. universities was held in April 2017 and attracted a similar number of interested students. Another EducationUSA Fair was held in August 2017.

Web Resources

Embassy Contact: Office.Montevideo@trade.gov
Ministry of Education
EducationUSA Uruguay

Customs, Regulations & Standards

Trade Barriers

Uruguay has a relatively open trade and investment regime, with few border restrictions and limited use of non-tariff measures. Its trade strategy continues to liberalize trade and investment at both the multilateral and regional levels. However, in recent years, increased import taxes have raised prices on foreign products. The current government's taxation of imports has been aimed at increasing revenue, not protecting domestic production, given the low incidence of manufacturing in Uruguay. Particularly high tariffs.

Uruguay has established particularly high tariffs for products that are imported from non-MERCOSUR countries. Tariffs over 25 percent apply to many products including specific milk products, oils, canned foods, clothing, and vehicles.

Valued Added Taxes (VAT) and Specific Internal Tax (IMESI) can significantly increase the prices on certain imported products. Products that are subject to the highest IMESI rates are alcoholic beverages, tobacco, and refined petroleum products.

Restrictions on selling to the government of the country.

The government procurement and contracting function is governed by the Harmonized Text of the Law on Accounting and Financial Administration (TOCAF). Over the past decade, Uruguay has taken steps to enhance the efficiency and transparency of government procurement procedures and to strengthen the system's institutional framework. At the same time, Uruguay has resorted to a government procurement system as a tool for promoting domestic industry by granting preference margins. For products to benefit from preferential margins and qualifying as national products the percentage of local components cannot be less than 35 percent.

Import licensing requirements
Uruguay applies non-automatic import licensing to certain products, such as motor vehicles, sugar, acetic acid, textiles, shoes, and steel for structural uses. Licenses should be requested prior to the product's arrival to Uruguay to avoid demurrage costs at points of entry. After being approved, the license is valid for 60 days (90 days for motor vehicles).

Anti-dumping and countervailing duty measures
At the moment, Uruguay is not making active use of any contingency measures. No countervailing or safeguard investigations were initiated in the last years. The country has not had any anti-dumping measures in force since 2006, when the anti-dumping duties imposed for three years on imports of pure refined vegetable oil from Argentina expired.

Measures for agricultural products
Although there are no quarantine measures for agricultural products, products of animal or plant origin require prior authorization from a government authority for sanitary or

phytosanitary, safety, or environmental protection reasons. In general, sanitary and phytosanitary certificates are required depending on the level of risk and are issued by the country of origin.

Import Tariff

Most goods entering Uruguay from MERCOSUR countries or Mexico are exempt from tariffs. 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. There are numerous sectoral and national exceptions to MERCOSUR's CET. Sectoral 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. These exceptions, and the number of special import regimes in member countries, have greatly eroded the bloc's CET. MERCOSUR also lacks other mechanisms to become an effective Customs Union, such as a mechanism to distribute tariff revenues. Thus, a good imported into a MERCOSUR country must pay another duty if re-exported to another member country.

Uruguay applies preferential tariffs on some imports such as equipment for agriculture and hotels, capital goods, and on goods for projects that have been declared of national interest which are also eligible for tax exemptions. Examples of recent projects declared of national interest are the construction of buildings valued above 15 million USD presented before December 31, 2017 and the development of parking facilities before January 1, 2020.

The WTO reports that Uruguay has bound all its tariff lines, allows 1,674 items to enter duty-free, and applies a mean (simple average) tariff of 11 percent to the rest. Tariffs range from two to 35 percent. Uruguay's tariff structure is available at its Ministry of Economy.

Import Requirements and Documentation

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, and importers must use an agent to handle their customs entries. Required documents are: commercial invoice, transportation document, and certificate of origin. However, the country may require other certificates depending on the type of product (HS Code).

U.S. Export Controls

The Consolidated Screening List API is a list that consolidates eleven export screening lists of the Departments of Commerce, State, and Treasury into a single source to aid industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Products may be imported under temporary admission or drawback provisions. Products imported under temporary 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.

This mechanism also applies to those products which are imported for a short period with specific purposes and are then exported back, for example, materials to set up stands in international events, and cars for international races.

Labeling/Marking Requirements

The *Laboratorio Tecnológico del Uruguay* (*LATU*, Uruguay's Technical Laboratory), the Ministry of Public Health, and *Intendencia* municipal offices control labeling and marking requirements for all imported products. Labels 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 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 or label attached to the package with the information required 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. Companies that can adapt their labels to local standards have a competitive advantage.

Prohibited & Restricted Imports

Occasionally, the government bans imports of certain food articles and pet food containing ingredients which are prohibited or which originate from areas declared by the World Health Organization to be unfit.

There are certain products completely prohibited, such as: paint with excess of lead, organochlorine-based insecticides, potassium bromate for food, used cars, asbestos or products containing asbestos, certain insecticides-herbicides.

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.

Customs Regulations

At a national level, the General Customs Bureau (*Dirección Nacional de Aduanas, DNA*) applies, collects, and controls taxes under the Uruguayan Customs Code. *DNA* falls under the Ministry of Economy and Finance; it dictates all customs regulations and controls import and export transactions.

For Customs-related information or questions, contact:
Dirección Nacional de Aduanas
Rambla 25 de Agosto 199 | Tel: 2 915 00 07 | info@aduanas.gub.uy

Standards for Trade

Overview
Under the National System of Quality, *UNIT (Uruguayan Institute of Technical Norms),* was nominated as the National Normalization Organization, *LATU (Laboratorio Tecnológico del Uruguay*) as the National Institute of Metrology and *OUA (Organismo Uruguayo de Acreditación*) as the National Accreditation Organization.

The MERCOSUR Standards Association, *AMN (Asociación MERCOSUR de Normalización*) composed of the standards institutes of Argentina, Brazil, Paraguay, and Uruguay, develops and harmonizes standards. The Executive Secretariat of the *AMN* is in Sao Paulo, Brazil. Voluntary standards are developed in 16 technical committees and deal mostly with steel, cement and concrete products, and electrical safety. Several hundred standards are at different stages of preparation or in the work plan.

Regional technical regulations are developed or harmonized by the MERCOSUR governments in Sub Working Group Three in the following fields: automotive, foods, metrology, safety issues for electrical products, toys, and pre-measured products. Separate working groups, such as those on telecommunications and health issues, also focus on mandatory technical requirements for their sectors. Approved MERCOSUR regulations are not automatically applicable in each country; each country must adopt harmonized regulations for them to be applicable. The five countries generally adopt all MERCOSUR regulations, though at different speeds.

Standards
In Uruguay, *UNIT* carries out certification and establishes technical norms, and is the member body representative to f ISO (International Organization for Standardization), IEC (International Electrotechnical Commission), and the World Quality Council (WQC). It is also a member of *AMN (Asociación MERCOSUR de Normalización*), created within the framework of the general objectives of achieving regional integration among the signatory countries of MERCOSUR, *AMN* has the task of establishing harmonized standards to be used within the region.

UNIT mainly transposes standards developed by other organizations such as ISO, IEC, and Occupational Health and Safety Assessment Series (OHSAS) for the national standardization system. OHSAS is a British standard for occupational health and safety management systems.

LATU (Laboratorio Tecnológico del Uruguay) is the officially approved agency which controls standards and quality control of imports and exports. A national quality committee reviews and recommends issuance of ISO 9000/9001 certificates, if warranted.

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.

Product Certification
UNIT and ASTM signed a Memorandum of Understanding (MOU) in November 2001. UNIT is the official certification office for all industries except beef, which is the National Institute of Beef (INAC)

Depending on the type of product or service, special certifications may be requested from LATU, UNIT, the Ministry of Health, the Ministry of Education, etc.

There are other private companies, such as SGS and LSQA-Quality Austria, which certify products and processes and management systems.

Accreditation
The national accreditation body is Organismo Uruguayo de Acreditación (OUA). The OUA has been a member of the ILAC (International Laboratory Accreditation Cooperation) since 2010 and the IAF (International Accreditation Forum), since 2011.

The OUA signed the Multi-Lateral Recognition Agreement (MLA) of the Inter-American Accreditation Cooperation (IAAC). As a result, Uruguay considers IAAC as the accreditation body for testing and calibration laboratories (ISO/IEC 17025), the certification body for the quality and environmental management system (ISO/IEC 17021), and the product certification body (ISO/IEC 17065).

Organismo Uruguayo de Acreditación
Phone/Fax: + 598 2 9081653

Testing, inspection and certification
There are certain products, such as foods and beverages, that require certification from governmental agencies prior to being sold in the market. The importing company must request the inspection of the product by LATU (Laboratorio Tecnológico del Uruguay) in order

to esnure that it complies with bromatological regulations before receiving the Comercialization Certificate that allows its sale.

A manufacturer can only place a product in the Uruguayan market when it meets all applicable requirements . The government states that its main objective is to help ensure that unsafe or otherwise non-compliant products do not find their way to the market. Such services are provided by LATU or private companies such as Swiss-based SGS (inspection, verification, testing, and certification company).

There is no international recognition between Uruguayan and U.S. testing laboratories, so the certification of U.S. products must be done by domestic laboratories, which control regulatory requirements. U.S. testing laboratories can do test reports on certain products such as toys, but this does not avoid the certification required by LATU.

Publication of technical regulations
UNIT has been nominated by the Uruguayan goverment as the entity in charge of publishing and promulgating all technical regulations and coordinating their elaboration. They also must keep a register of updated regulations.

Contact Information
Uruguayan Institute of Technical Norms (UNIT)
Instituto Nacional de Calidad
LATU
LSQA

Trade Agreements

In addition to being a member of the WTO, Uruguay is also a member of the ALADI and the MERCOSUR.

ALADI
ALADI is a Montevideo-based trade association that includes ten South American countries plus Cuba, Mexico, and Panama. Uruguay holds numerous bilateral trade agreements of different scopes with ALADI partners. Under ALADI's Economic Complementation Agreements, Uruguay enjoys and grants special preferential access to trade with Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, and Venezuela. ALADI's general regional tariff preference mechanism (PAR, by its Spanish acronym) applies to goods traded between all member countries and it results in a reduction in the percentage of applicable tariffs.

MERCOSUR
Uruguay is a founding member of MERCOSUR, the Southern Cone Common Market composed of Argentina, Brazil, Paraguay, and Venezuela (Venezuela was suspended from MERCOSUR in December 2016 for failure to incorporate membership requirements), which entered into force in January 1991. Bolivia, Chile, Colombia, Ecuador, and Peru joined the pact as associate members. Montevideo is the headquarters of its Secretariat and its Parliament.

MERCOSUR—Andean Community of Nations (Bolivia, Colombia, Ecuador, and Perú)
The agreement (Acuerdo de Complementación Económica No 59) took effect in October 2004 and contemplated the liberalization of 80 percent of trade between the blocs.

MERCOSUR–Mexico
In July 2004, Mexico was accepted by MERCOSUR as an "observer country" within the bloc, with a view to its inclusion as associate member.

MERCOSUR–European Union
The two blocs made a commitment to reach an agreement on integration by October 2004, but several differences between them impeded final negotiations. These differences are broad and include goods, services, investments, government procurement, and intellectual property rights, among other issues. Long-stalled negotiations were re-launched in 2010, and the two blocs have expressed their intentions to finish with negotiations by the end of 2017. Negotiations continue as of this writing and Uruguay places high hopes on a potential agreement between MERCOSUR and the European Union (EU).

Free Trade Agreements
In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country. In October 2016, Uruguay signed a free trade agreement with Chile.

Over the past decade, Uruguay faced major problems in exporting to Argentina and has diversified its exports away from MERCOSUR. Trade relations with Argentina and Brazil are still important as the countries account for 20 percent and 30 percent of Uruguay's exports and imports, respectively. In addition to MERCOSUR, there are separate bilateral agreements with Argentina and Brazil providing for administered trade of certain products, mainly vehicles.

Licensing Requirements for Professional Services

Those wishing to provide professional services in Uruguay need to have any license available and be certified by the appropriate Uruguayan authorities.

Web Resources

There do not seem to be publicly-accessible websites that contain Uruguayan trade regulations. It is possible that the Embassy's Commercial Section can assist in tracking them down.

Central Bank - Foreign Trade, Statistics and Studies
Uruguay XXI
Customs of Uruguay
Chamber of Industries
Union of Exporters

Trade Policy Advising Unit at the Ministry of Economy and Finance

Other Web Resources

Uruguayan Technological Lab (LATU)
UTE
Diario Official (national gazette)
Communication Regulatory Agency
Energy and Water Regulatory Agency
Ministry of Public Health
Organismo Uruguayo de Acreditación

Investment Climate Statement

Executive Summary

The GOU recognizes the important role foreign investment plays in economic development and continues to maintain a favorable investment climate that does not discriminate against foreign investors. Uruguay also has a stable legal system in which foreign and national investments are treated alike, most investments are allowed without prior authorization, and investors may freely transfer abroad the capital and profits from their investments. Investors can choose between arbitration and the judicial system to settle disputes. Local courts recognize and enforce foreign arbitral awards.

The World Bank's 2017 "Doing Business" Index placed Uruguay fourth out of twelve countries in South America (and 90 out of 190 worldwide). There are significant tax incentives for investors which, together with strong economic growth and booming commodities prices, contributed to a strong increase in domestic and foreign direct investment (FDI) over the past decade. Major investments in pulp mills—but also in construction, agriculture and industry—drove annual average FDI inflows to 5.4 percent of gross domestic product (GDP) from 2006 to 2015, the third highest ratio in South America.

With the fourth largest amount of foreign investment, the United States is an important investor in Uruguay. About 130 U.S. firms operate locally and distribute their investments amongst a wide range of sectors, including forestry, tourism and hotels, services, and telecommunications.

U.S. firms have not identified corruption as a problem for investment. In 2016, Transparency International ranked Uruguay as the most transparent country in Latin America and the Caribbean. Uruguay is a stable democracy. Political risk is low and there have been no recent cases of expropriation.

Uruguay has free trade agreements with its MERCOSUR partners, as well as Chile, Bolivia, Colombia, Ecuador, Mexico and Peru. Its strategic location (in the center of MERCOSUR´s wealthiest and most populated area) and its special import regimes (such as free zones and free ports) make it a well-situated distribution center for U.S. goods into the region. Several U.S. firms warehouse their products in Uruguay's tax free areas and service their regional clients effectively. With a small market of high-income consumers, Uruguay is a good test market for U.S. products.

Labor unions are vocal and labor conflicts can escalate quickly, with strikes having an impact on overall productivity. The World Economic Forum's 2016-2017 Global Competitiveness Index ranked Uruguay 73rd of 138 countries surveyed. On labor relations with business, Uruguay ranked 136th of 138 countries in that survey, echoing many investors' concerns with Uruguayan labor unions.

Uruguay has bilateral investment treaties with over 30 countries, including the United States. The United States does not have a double-taxation treaty with Uruguay. Both countries have also signed agreements on open skies, trade facilitation, cooperation in science and technology, customs issues, and social security totalization.

Table 1

Measure	Year	Index/Rank	Website
TI Corruption Perceptions Index	2016	21 of 175	Transparency International
World Bank's Doing Business Report "Ease of Doing Business	2017	90 of 190	Doing Buisiness
Global Innovation Index	2016	62 of 128	Global Innovation Index
U.S. FDI in partner country ($M USD, stock positions)	2015	1572	BEA
World Bank GNI per capita	2015	15,720	World Bank

Openness To, & Restrictions Upon, Foreign Investment

Policies towards Foreign Direct Investment

The GoU 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 has a stable legal system in which foreign and national investments are treated alike, most investments are allowed without prior authorization and investors may freely transfer abroad the capital and profits from their investment. Investors can choose between arbitration and the judicial system to settle disputes. The judiciary is independent and professional.

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.

Uruguay treats foreign investors as nationals in public sector tenders. Investors are allowed to participate in any stage of the tender process.

Uruguay's export and investment promotion agency, Uruguay XXI provides information on Uruguay's business climate and investment incentives, both at national and sectoral levels. The agency also has several programs to promote the internationalization of local firms and regularly participates in trade missions.

There is no formal business roundtable or ombudsman that establishes regular dialogue between government officials and investors. Some private business associations have suggested that formal, regular dialogue may ease concerns regarding perceived or actual government biases towards labor unions.

Limits on Foreign Control and Right to Private Ownership and Establishment
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 foreign exchange.

Other Investment Policy Reviews
Uruguay is not a member of the Organization for Economic Co-operation and Development (OECD). It is a member of the UN Conference on Trade and Development (UNCTAD), but the organization has not done a policy review on the country. The most recent investment policy review on Uruguay was conducted by the World Trade Organization (WTO) in 2012.

Business Facilitation
Domestic and foreign businesses can fully register their operations without a notary in about seven days at AGESIC. Uruguay is ranked sixtieth in the World Bank's "starting a business" indicator, above its position in the "doing business" general indicator ranking previously stated (90 out of 190).

Uruguay receives high marks in electronic government. It was ranked third in the entire Western Hemisphere according to the UN's 2014 Electronic Government Development Index, (after the United States and Canada), and third globally according to the UN's Electronic Participation Index.

The World Bank's 2017 Doing Business Report ranks Uruguay fourth out of 12 countries in South America for its ease of doing business; Uruguay ranked 90 out of 190 countries worldwide.

Outward Investment
The government does not promote nor restrict domestic investment abroad.

Bilateral Investment Agreements & Taxation Treaties

In November 2005, Uruguay and the United States signed a Bilateral Investment Treaty (BIT) to promote and protect reciprocal investments. The BIT, which entered into force on November 1, 2006, grants national and most-favored-nation treatment 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 investment disputes. The annexes include sector-specific measures that are not covered by the agreement and specific sectors or activities which governments may restrict further.

In addition to the the United States, Uruguay has Bilateral Investment Agreements in force with 29 countries from different regions.

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

The GoU endorsed OECD standards on transparency and exchange of information and upgraded several regulations as a result of the OECD including Uruguay in the 2009 grey list of jurisdictions that had not "committed to implement the internationally agreed tax standard." In 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. Most recently, in 2016 the GoU passed a fiscal transparency law. Starting in 2017, Uruguay will begin implementing an automatic exchange of tax information with countries with which it has tax information exchange agreements (TIEAs). Also, the GoU signed a social security totalization agreement with the United States in January 2017 that is expected to be ratified by both parties by late 2017 or early 2018.

The OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes indicates that, as of March 2017, Uruguay had signed 37 TIEAs, 21 of which include double taxation provisions.

Legal Regime

Transparency of the Regulatory System

Transparent and streamlined procedures regulate local and foreign investment in Uruguay. Uruguay's constitution has state and national regulations, though it lacks supra-national regulations. Most laws, except those having an impact on public finances, can either start in the executive branch or in the parliament; decrees are issued by the President and one or more ministers, and resolutions by the ministers alone. All regulatory actions—including bills, laws, decrees and resolutions—are publicly available at Presidency of the Republic.

Accounting, legal, and regulatory procedures are transparent and consistent with international norms. Proposed laws and regulations are only occasionally published in draft form for public comment. Parliamentary commissions typically engage stakeholders while discussing a bill. There are no informal regulatory processes managed by non-governmental organizations or private sector associations. Article 10 of the U.S.-Uruguay BIT mandates that both countries publish promptly or make public any law, regulation, procedure or adjudicatory decision related to investments. Article 11 sets transparency procedures that govern the accord.

International Regulatory Considerations

Uruguay is a member of several regional economic blocs, including MERCOSUR and ALADI, neither of which have supranational legislation. In order to become local law, either of these blocs' decisions must be ratified by the nation's parliament.

Uruguay does not send notifications of draft technical regulations to the WTO Committee on Technical Barriers to Trade.

Legal System and Judicial Independence

Uruguay's legal system is based on a civil law system derived from the Napoleonic Code, with written commercial and civil laws consolidated into specialized codes. Over the last decade, Uruguay has been preparing to undergo a transition from the written, non-adversarial, inquisitorial judicial system to the oral, public, accusatory judicial system for its Criminal Procedure Code (CPP). Uruguay had planned to implement the new CPP system on July 16, 2017, but now plans its transition for November 1. Many of the difficulties foreseen in the judicial reform process involve challenges with logistics, infrastructure, information technology, training, and resources. A full transition to the accusatorial system will take years to fully implement, but Uruguay's system of justice will ultimately be streamlined and more effective.

The judiciary is transparent and remains independent of the executive branch. However, critics complain that the judiciary system can be slow. The executive branch rarely interferes directly in judiciary matters, but at times voices its dissatisfaction with court rulings. Investors can appeal regulations, enforcement actions, and legislation and may choose between arbitration and the judicial system to settle disputes.

Laws and Regulations on Foreign Direct Investment

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, which have contributed to a strong increase in foreign and local investment.

Uruguay's Investment and Promotion agency's website helps potential investors navigate the laws, rules and incentives available to both foreign and local investors.

Competition and Anti-Trust Laws

Uruguay has transparent legislation and a special commission at the Ministry of Economy to foster competition. The main legal pillars (Law No. 18,159 and decree 404) both passed in 2007) are available at the commission's website.

The GoU created the regulatory agencies Unidad Reguladora de Servicios de Comunicaciones (URSEC) for telecommunications and Unidad Reguladora de Servicios de Energía y Agua(URSEA) for water and energy in 2001 to 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 regulatory control attributes.

The GoU passed an Audiovisual Communications Law (No 19,307) in December 2014. Also known as the media law, it includes provisions on market caps for cable TV providers that could limit competition. In April 2016, Uruguay's Supreme Court ruled that these market caps and some local content requirements were unconstitutional. While being debated, this law remains pending and unenforced as of March 2017.

Expropriation and Compensation

Uruguay's Constitution declares property rights an "inviolable right" subject to legal determinations that may be taken for general interest purposes, and states that no individual can be deprived of this right—except in the case of public need and with fair compensation. Article 6 of the U.S-Uruguay BIT rules out direct and indirect expropriation or nationalization of private property except under specific circumstances. This article also contains detailed provisions on how to compensate investors, should expropriation take place. There have been no cases of expropriation of foreign investment in the past five years.

Dispute Settlement

ICSID Convention and New York Convention

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

Investor-State Dispute Settlement

Local courts recognize and enforce foreign arbitral awards issued against the government. The U.S.-Uruguay BIT devotes over ten pages to establishing detailed and expedited dispute settlement procedures. Over the past 10 years two investment disputes have arisen. In 2010, the tobacco company Philip Morris International sued the GOU, 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. This case closed in 2016 with the ICSID ruling in the GoU's favor. In 2016, a U.S. telecommunications enterprise filed a complaint before ICSID under the U.S.-Uruguay BIT. The case is currently under arbitration, and is the only active investment dispute between a U.S. person and the GoU.

International Commercial Arbitration and Foreign Courts

Commercial contracts frequently contain mediation and arbitration clauses, which are recognized by local courts. Investors may choose between arbitration and the judicial system to settle disputes. Local courts recognize and enforce foreign courts' arbitral awards.

Duration of Dispute Resolution
Uruguay's judiciary is independent. The time to resolve a dispute, counted from the moment the plaintiff files the lawsuit in court until the responsible party makes payment, is about two years.

Bankruptcy Regulations
The Bankruptcy Law passed in 2008 (No. 18,387) expedites bankruptcy procedures, encourages arrangements with creditors before a firm declares bankruptcy, and offers the possibility of selling the firm as a single unit. Bankruptcy has criminal and civil implications with intentional or deliberate bankruptcy deemed a crime. The rights of creditors are protected by law according to the nature of the credit, and workers have privileges over other creditors.

The World Bank's 2017 Doing Business Report ranks Uruguay third out of 12 countries in South America for its ease of "resolving insolvency."

Industrial Policies

Investment Incentives

The investment promotion regime is regulated by Law 16,906 (passed in 1998) and Decree 002/12 (passed in January 2012) which grant significant tax incentives to investors in a wide array of sectors and activities. Law 16,906 grants automatic tax incentives of up to 40 percent of corporate income tax to several activities, including personnel training; research, scientific and technological development; reinvestment of profits; and, investments in industrial machinery and equipment. The GoU provides other benefits to industrial and agricultural firms by regulatory decree.

In addition to the automatic tax exemptions, Uruguay has several other incentives for activities that help achieve specific goals. The principal incentive consists of the deduction from corporate income tax of a share of total investment (up to 100 percent) over a pre-defined period. The amount of the deduction depends on the score the project gets in a matrix of pre-defined criteria that takes into account the project's: generation of jobs (quantity and quality); contribution to research, development and innovation, or increase in the usage of clean technologies; increase in exports; contribution to geographic decentralization away from the capital, Montevideo; and, 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). Certain activities—such as the purchasing of land, real estate, or private vehicles—are not eligible for these deductions.

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

A government decree establishes that government tenders will favor local products or services, provided they are of comparable quality, and any cost increase is no more than 10 percent. U.S. and other foreign firms are also able to participate in local or national government-financed or subsidized research and development programs. There are also special regimes to promote specific sectors. A detailed list of incentives to investment is available, in English, at Uruguay XXI, and which has an Investment Promotion Schemes investor guide.

Foreign Trade Zones/Free Ports/Trade Facilitation

The GoU has increasingly promoted Uruguay as a regional, world-class logistics and distribution hub. In 2010, the GoU created the National Logistics Institute (INALOG), a public-private sector institution that seeks to coordinate efforts towards establishing Uruguay as a leading MERCOSUR distribution hub. Uruguay XXI has several reports on Uruguay's role and advantages as a logistics hub.

The GoU established free trade zones (FTZs) in 1987 (Law 15,921). Key legislation and regulations of FTZs can be found at Free Zones Area.

There are 11 FTZs located throughout the country. Most FTZs host a wide variety of tenants performing various services such as 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. 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 charge them the common external tariff upon entering any member country. As a result, industrial production in local FTZs is usually destined for non-MERCOSUR countries.

Firms may bring foreign and/or Uruguayan origin goods, services, products, and raw materials into the FTZs, and they may be held, processed, and re-exported without payment of Uruguayan customs duties or import taxes. Firms operating in FTZs are also exempted from national taxes. Laws governing legal monopolies do not apply within the FTZs. The GoU exempts firms operating in an FTZ 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. Goods of Uruguayan origin entering FTZs are treated as Uruguayan exports for tax and other legal purposes.

Law 17,547 passed in August 2002 allows for the establishment of industrial parks. Several additional decrees signed since 2007 allow for the establishment of sector-specific industrial parks. Industrial park advantages include tax exemptions and benefits, and that can be established by the private sector or national or local governments.

Uruguay has other special import regimes in place called "temporary admission," "bonded warehouse," and "free port." The temporary admission regime allows manufacturers to import duty-free raw materials, supplies, parts, and intermediate products that they will use in manufacturing products for export. However, the regime requires government authorization, and all finished products must be exported within 18 months. Firms do not have to be located in a specific location to benefit from temporary admission.

Free port and bonded warehouse are special areas where goods that remain on the premises are exempted from all import-related duties and tariffs. Firms may re-label and re-package merchandise while on the premises. There are two differences between the free port and the bonded warehouse regimes. Goods can stay for an unlimited amount of time in a free port, while a bonded warehouse restricts the stay to one year. Also, processes completed in free ports cannot modify the nature of the good and industrialization is allowed in bonded warehouses only.

Performance and Data Localization Requirements
Foreign investors are not required to meet any specific performance requirements, and are not impeded 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 the number of foreign workers or on investment permits. The only labor-related requirement is that tenants of free trade zones employ at least 75 percent Uruguayan workers.

Article 8 of the U.S.–Uruguay BIT bans both countries from imposing performance requirements on new investments, or tying the granting of existing or new advantages to performance requirements.

Uruguay does not require foreign investors to use local content in goods or technology in order to invest. However, local content may be required in some sectors in order to become eligible for special tax treatment or government procurements. For instance, in 2016 the state-owned electric utility offered a number of long-term purchase agreements for wind- and solar-generated electricity that included a 20 percent local content requirement.

Uruguay does not require foreign IT providers to turn over source code or provide access for surveillance. Companies can freely transmit customer or business-related data across borders. Local legislation states that the computer systems of the central government administration should be housed in secure data centers located in Uruguay, except those that do not constitute a risk for the government. The GoU's Agency for e-Government and Information Society (*AGESIC*) is in charge of enforcing this regulation. In June 2016, the state-owned telecommunications company, ANTEL, inaugurated a USD 50 million tier III data center (99.98 percent availability with a maximum 1.6 hours of interruption per year, and full back-up redundancy). The data center is one of five such facilities in Latin America.

Protection of Property Rights

Real Property
The GoU recognizes and enforces secured interests in property and contracts. Uruguay has a recognized and reliable system of recording mortgages. Uruguay's legal system protects the acquisition and disposition of all property, including land and buildings.

Law 19,283, passed in 2014, prevents foreign governments from buying land, either directly or in association with private companies. Traditional use rights are not applicable as there is no indigenous community in Uruguay. The vast majority of land has clear property titles.

For over a decade, there has been a debate over the government's and unions' positions considering sit-ins or the occupying of workplaces as an extension of workers' right to strikes, thus enabling workers to lawfully occupy workplaces. Business chambers have opposed extending the definition of the right to strike to occupy a workplace in such a manner that the job site's work cannot take place normally (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 quality of IP protection and level of enforcement has improved over time, and in 2006 the Office of the U.S. Trade Representative (USTR) removed Uruguay from its Special 301 Watch List due to Uruguay's progress in enforcing intellectual property rights, especially with respect to copyright enforcement. As of March 2017, Uruguay remains off the Watch List.

Uruguay was included in USTR's 2014 Notorious Markets Report (for an increase in reports of counterfeiting and piracy from its free trade zones), and removed from the Report in 2015 (due to the passage of a decree that imposed stricter customs controls on free zones). The 2015 decree gave Customs officials the authority to operate inside free trade zones, control the flow of in-coming and out-going goods, and fine both the owners of counterfeit goods and the storage providers that facilitate distribution of counterfeits. In 2016, Uruguay was not included in the Notorious Market Report.

Some industry groups criticize the slowness of the patent-granting process, as well as the lack of data protection. They also criticize an amendment to the Patent Law (passed in a 2013 omnibus) which eliminated the ability of patent right holders to claim damages for infringement of their rights from the date of the patent application filing to its granting date.

In March 2017, the Executive sent a bill to Parliament for Uruguay to adhere to WIPO's Patent and Cooperation Treaty (PCT).

While enforcement of trademark rights has improved in recent years, local citizens have sometimes managed to register trademarks without owners' prior consent.

Customs officers have border measures authority for trademark protection. After temporarily freezing a shipment of suspicious goods, Customs has to communicate with the local representatives of the trademark right-holders to determine the legality of the goods and seek cooperation. Customs is responsible for paying for the storage and the local representatives are responsible for paying for the destruction of any counterfeit goods.

Uruguay tracks and reports on Custom's seizures of goods, some of which are counterfeit. However, there is no centralized, dedicated reporting system for seizures.

Resources for Rights Holders
Post's Economic Officer covering IP issues is:
Mr. Lawrence Pixa, Chief of Economic-Commercial Section
Lauro Muller 1776
Tel: (5982) 1770-2449
e-mail: Office.Montevideo@trade.gov

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles.

For questions concerning this section or anything related to IP, please contact EB/TPP/IPE Charles Randolph at RandolphC@state.gov or EEB-A-IPE-DL@state.gov.

Financial Sector

Capital Markets and Portfolio Investment
The government maintains an open attitude towards foreign portfolio investment, but there is no effective regulatory system to encourage and facilitate it. Uruguay does not impose any restrictions on payments and transfers for current international transactions.

A capital markets law (No. 18,627) was passed in 2009 to jumpstart the local capital market. However, despite some very successful bond issuances by public firms, the local capital market remains underdeveloped and highly concentrated in sovereign debt. This underdevelopment makes it very difficult to finance through the local equity market, and restricts the flow of financial resources into the product and factor markets. As a result of this underdevelopment and the lack of sufficient liquidity in the markets to enter and exit sizeable positions, Uruguay regularly receives "active" investments oriented to establishing new firms or gaining control over existing ones, but lacks "passive investments" from major investment funds.

Credit is allocated on market terms, but long-term banking credit has traditionally been difficult to obtain. Foreign investors can access credit on the same market terms as nationals.

The GoU banned widely used "bearer shares" 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.

Money and Banking System
Uruguay's Central Bank was created in 1967, and the GoU restructured the banking system significantly after the severe 1999-2002 local economic and financial crisis. The local system successfully weathered the 2008 global financial crisis and as of March 2017 shows good capital, solvency, and liquidity ratios. In order to promote wider banking and financial

services, the GoU passed Law 19,210 to foster greater use of financial instruments ("financial inclusion") in 2014.

Foreign banks or branches are allowed to establish operations in Uruguay, and are subject to the measures imposed by the Central Bank's Superintendent of Financial Services. With over 40 percent of the market, government-owned *Banco de la Republica del Uruguay (BROU)* is the nation's largest bank. The rest of the banking system is comprised of another government-owned mortgage bank and nine international commercial banks. Mostly related to Foreign Account Tax Compliance Act (FATCA) provisions, there have been some cases of U.S. citizens having difficulties establishing a first-time bank account.

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

Foreign Exchange and Remittances

Foreign Exchange

Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad. Free purchases of any foreign currency and free remittances were preserved even during the severe 2002 banking and financial crisis.

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 official rates when purchasing local currency.

Remittance Policies

Uruguay maintains a long tradition of not restricting remittance of profits abroad. 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."

Sovereign Wealth Funds

There are no Sovereign Wealth Funds in Uruguay.

State Owned Enterprises

There is no consolidated published list of SOEs. The state still plays a dominant role in the economy and Uruguay maintains government monopolies in several areas, including the importing and refining of oil, workers' compensation insurance, landline telephony, internet services, and water sanitation.

Uruguay's largest entirely government-owned enterprises include the petroleum company ANCAP, telecommunications company ANTEL, electric utility UTE, water utility OSE, and

Uruguay's largest bank *BROU*. While they are defined as autonomous, in practice they coordinate in several areas—mainly on tariffs—with respective ministries and the executive branch. Their boards are appointed by the executive branch, require parliamentary ratification, and remain in office for the same term as the executive branch. SOEs are required by law to publish an annual report, and their balances are audited by independent firms.

However, some traditionally government-run monopolies are open to private-sector competition. Cellular and international long-distance services, insurance, and media services are open to local and foreign competitors. Private-sector generation of power is allowed and increasing, especially in renewable energies, but the state-owned power company UTE holds a monopoly on the transfer of electrical power through transmission and distribution lines from one utility's service area to another's (or wheeling rights). State-owned companies tend to have the largest market share even in sectors open to competition. Potential cross-subsidies likely give SOEs an advantage over their private sector competitors.

Uruguay does not adhere to the OECD's Guidelines on Corporate Governance of State-Owned Enterprises. The multi-million dollar losses of the government-owned oil company ANCAP, which were investigated by a parliamentary commission in 2015, triggered a debate about the need to reform the corporate governance of SOEs. As of March 2017, the World Bank is providing assistance to the GoU to strengthen the management of SOEs.

Privatization Program

Uruguay has not undertaken any major privatization program in recent years. While some previously government-run monopolies were opened to private-sector competition, the government continues to maintain a monopoly in the key sectors already referenced.

Parliament passed a public-private partnership (PPP) law by consensus in July 2011 and created regulations with decree 07/12. 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 implementation of the PPP law was launched anticipating it would attract private sector participation in major infrastructure projects such as highway and railway construction and operation, waste disposal, and energy. With limited results and given current GoU budget constraints and an urgency to address infrastructure needs, the GoU passed new regulations (Decree 251/15) in 2015 to simplify the procedures and expedite the PPP process. As of March 2017, the procedural simplifications have resulted in PPP in road, sanitary, and educational infrastructure improvement projects, all of which are at different stages of development.

Responsible Business Conduct

The concept of Responsible Business Conduct (RBC) is relatively new to producers, consumers and the government, which does not have a high-profile plan to encourage it. Many companies do abide by the principles of RBC as a matter of course. Many multinational companies develop RBC strategies and make significant contributions in promoting safety awareness, better regulation, a positive work environment and sustainable environmental practices. U.S. companies have proven to be leaders in promoting a greater awareness of and appreciation for RBC in Uruguay. In 2015, a U.S. company was awarded the Secretary of State's Award for Corporate Excellence for its work on environmental sustainability.

Consumers tend to pay attention to the RBC image of companies, especially as it relates to a firm's work with local charities or community causes. The Catholic University (Universidad Catolica) has a program in place to monitor RBC matters. In the late 1990s, the Catholic University also founded DERES, a non-profit business organization to promote corporate social responsibility, which currently has over 120 member companies.

Corruption

Uruguay was ranked as the least corrupt country in Latin America and the Caribbean in the 2016 edition of Transparency International's Corruption Perception Index. Overall, U.S. firms have not identified corruption as an obstacle to investment.

Uruguay has laws to prevent bribery and other corrupt practices. The GoU approved a law against corruption in the public sector in 1998, and the acceptance of a bribe is deemed a felony under Uruguay's penal code. Some high-level Uruguayan officials from the executive, parliamentary, and judiciary branches have been prosecuted for corruption in recent years.

Laws 17,835, 18,494, and 19,355 (passed in 2004, 2009, and 2015, respectively) establish a framework against money laundering and terrorism finance and include corruption as a preceding crime. The executive branch submitted bills to parliament in January 2017 to strengthen laws against money-laundering and counterterrorism and bring Uruguay into compliance with OECD and UN norms. Money laundering is penalized with sentences of up to ten years (and also applies to Uruguayans living abroad). Prosecutions have been gradually increasing since 2005. More detailed information on legislation and cases is available at National Anti-Money Laundering Secretary.

The Transparency and Public Ethics Committee is the government office responsible for combating public sector corruption. The government neither encourages nor discourages private companies establishing internal codes of conduct. There are no major NGOs involved in investigating corruption.

UN Anticorruption Convention, OECD Convention on Combating Bribery

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.

Resources to Report Corruption
Government agency responsible for combating corruption:
Ricardo Gil
President
Junta de Transparencia y Etica Publica
Address: Rincon 528, 8th floor, ZC 11000
Tel: (598) 2917 0407
e-mail: secretaria@jutep.gub.uy

Transparency International

Political & Security Environment

Uruguay is a stable, first-world democracy in which respect for the rule of law and national debates to resolve political differences are the norm, and the majority of the population is committed to non-violence. In 2016, The Economist magazine ranked Uruguay as the only "full democracy" in Latin America, and one of only two in the world "outside of the rich western countries of Europe, North America, and Australasia." There have been no cases of political violence or damage to projects/installations over the past decade.

Labor Policies & Practices

Tracking strong economic growth, from 2011 to 2014 Uruguay's labor market operated at virtually full employment (the unemployment rate fluctuated between five and seven percent) with rising labor costs. As the economy cooled down, in 2015 and 2016 the unemployment rate fluctuated between seven and nine percent and wage increases slowed. Unemployment is structurally higher among youth, especially young women. In recent years, there has been a significant increase in migrant workers, especially from Central America, Venezuela, and the Dominican Republic.

Except in the construction sector, social security payments are approximately 13 percent of workers' basic salary. There is also a mandatory annual bonus and vacation pay, which result in employers paying the equivalent of 14 months of salary per employee each year.

Uruguay's labor system is compliant in law and practice with international labor standards and does not pose a reputational risk to investors. The Uruguayan constitution guarantees workers the right to organize and strike, and union members are protected by law against dismissal for union activities. Uruguay has ratified numerous International Labor Organization (ILO) conventions that protect worker rights, and generally adheres to their provisions. Reports by the UN's Economic Commission for Latin America and the Caribbean (ECLAC) indicate that the percentage of informal workers has dropped significantly over the past decade, to about 24 percent of the workforce in 2013.

Labor provisions apply practically across the board and are not waived to attract or retain investment. The only exception applies to free trade zones tenants, whose labor forces must be at least 75 percent Uruguayan.

Labor laws do not differentiate between layoffs and firing. Employers must pay dismissed workers one month for each year of work with a cap of six months, except in cases of "for cause" firings. Private sector employers are prohibited from firing workers for discriminatory or anti-union reasons. It is not uncommon for dismissals to result in labor conflicts, even dismissals required to adjust employment to fluctuating market conditions. Workers get paid a percentage of their salary through unemployment insurance for up to six months. In the past, the government has extended the term of the unemployment insurance for certain groups of dismissed.

Collective bargaining is the rule. Salary Councils are responsible for assessing wage increases annually at a sectoral level, and any wage increases are then applied to all individual firms in the sector. Councils consist of a three-party board which includes representatives from unions, employers, and the government. If unions and employers fail to reach an agreement to determine the wage increase to be applied for the sectors, the government makes the final decision.

Since 2005, the government has passed over 30 labor laws. Some of these laws currently promote and protect labor unions, reinstate collective bargaining, regulate outsourcing activities, regulate work times in rural activities, extend the term to claim workers' rights, relate to the eviction of employees who occupy workplaces, and impose criminal sanctions on employers who fail to adopt safety standards in their firms. 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 relationship with the ruling *Frente Amplio* party. Unionization quadrupled from about 110,000 in 2003 to over 400,000 in 2015 (almost one-fourth of employed workers), and is particularly high in the public sector and some private sectors, such as construction, the metal industry, and banking.

Arguing that unions are aggressive and that labor conflicts escalate quickly; a range of private sector representatives call for the creation of a labor-dispute process that would define the necessary steps needed before workers may strike or occupy a workplace. Some foreign investors report high absentee rates by employees and resultant lower-than-average productivity rates (productivity is not included in the negotiations that take place in the Salary Councils).

The World Economic Forum's 2016-2017 Global Competitiveness Index ranked Uruguay 73rd of 138 countries surveyed. On labor relations with business, Uruguay ranked 136th of 138 countries, echoing private sector concerns with Uruguayan labor unions.

Despite its very high literacy rate and tradition of quality public education, Uruguay now experiences challenges with employment-readiness. Dropout rates at the high school level are high and Uruguayan students have performed poorly in the OECD's Program for International Student Assessment (PISA) tests. These challenges may limit the number of qualified workers available over the mid-term, but in 2008, the government launched a special institute, INEFOP, to bolster workforce development.

In particular, there is a structural shortage of workers in the IT sector and other specialized, technical industries.

OPIC

OPIC programs are active in Uruguay, though few U.S. companies or projects request their services due to Uruguay's stability and access to foreign currency. The GoU signed an investment insurance agreement with OPIC in December 1982.

Foreign Direct Investment & Foreign Portfolio Investment Statistics

Table 2: 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: BEA; IMF; Eurostat; UNCTAD; other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2015	$53,533	2015	53,440	BCU World Bank
Foreign Direct Investment	**Host Country Statistical Source***		**USG or International Source**		**USG or International Source of Data: BEA, IMF, Eurostat, UNCTAD, or other**
U.S. FDI in Partner Country ($M USD, stock positions)	2015	$839	2015	$1572	BEA
Host Country's FDI in the United States ($M USD, stock positions)	n/a	n/a	2015	$391	BEA
Total Inbound Stock of FDI as Percent Host GDP	2015	41%			

*Central Bank of Uruguay

Table 3: Sources and Destination of FDI

Uruguay's Central Bank reports that in 2015 the United States held the country's fourth largest stock of investment, after Argentina, Brazil, and Spain. U.S. investment is distributed among a wide array of sectors, including forestry, tourism and hotels, services (e.g. call centers or back office), and telecommunications.

Direct Investment from/in Counterpart Economy Data, 2015					
From Top Five Sources/To Top Five Destinations (U.S. Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	21750	100	Total Outward	n/a	100
Argentina	6246	29			
Brazil	1574	7			
Spain	1534	7			
United States	839	4			
Netherlands	511	2			
"0" reflects amounts rounded to +/- $500,000					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets, 2015								
Top Five Partners ($M)								
Total Debt Securities			**Equity and Inv. Fund Shares**			**Total**		
All Countries	5480	100	All Countries	681	100	All Countries	479 9	100
United States	2199	40	Luxembourg	288	42	United States	2069	43
Luxembourg	452	8	United States	130	19	Netherlands	281	6
Brazil	321	6	Brazil	80	12	Sweden	249	5
Netherlands	289	5	Bermuda	74	11	Brazil	240	5
Sweden	249	5	U.K.	36	5	France	234	5

Source: IMF Coordinated Portfolio Investment Survey

Contact Information

Mr. Larry Pixa
Chief of Economic-Commercial Section
Lauro Muller 1776
Tel: (5982) 1770-2449
e-mail: Office.Montevideo@trade.gov

Trade & Project Financing

Methods of Payment

Exports to Uruguay are usually financed through export letters of credit (L/C), sales on open account, or drafts on foreign buyers. Multinationals, large-, and medium-sized firms are still the main users of L/Cs. Local business practices do not generally include paying for goods with cash in advance. Payments by credit cards or electronic mechanisms are gaining popularity, although resistance to the use of credit cards remains. Many Uruguayans point to the country's 2002 banking crisis as the cause of people's hesitation to use credit cards as a form of payment.

There are no foreign currency restrictions in Uruguay. Payment for any kind of import 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
Commercial Defense (BBB equivalent)
Price Waterhouse Coopers

Banking Systems

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. 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.

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 thanks to timely U.S. and IMF support. After the crisis Uruguay reformed its Central Bank's charter and enhanced its regulatory and supervisory roles. At present the local banking sector is sound, as it was mostly unaffected by the 2008-2009 global financial crisis.

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 are prohibited from working with residents. U.S. financial firms such as Raymond James operate in Uruguay, mainly within free trade zones.

For more information, please check Central Bank (Some information is also available in English).

Foreign Exchange Controls

The local currency is Uruguayan Peso (UYU). Uruguay does not apply foreign exchange controls.

U.S. Banks and Local Correspondent Banks

Citibank (Citi)
Citibank has maintained a presense in Uruguay since 1915, and is the only U.S. bank currently operating in Uruguay. Citibank sold its private banking operation to Itau bank in 2013, and is currently operating only in corporate banking.

All local banks have correspondent banking arrangements with major U.S. banks. All of them, including government-owned Banco de la Republica and private banks, which are either subsidiaries or branches of international banks, are in the process of adapting to Foreign Account Tax Compliance Act (FATCA) regulations.

Project Financing

Some of the major sources of project financing include:

- 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 by calling 1-800-565-EXIM.
- 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.
- Commodity Credit Corporation (CCC): The CCC finances exports of U.S. agricultural commodities. The CCC may be reached by phone at 202 720-6301,by fax at 202 690-0727.
- 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.

Several states also have their own export financing programs.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank and the World Bank.

Web Resources

Commercial Liaison Office to the Inter-American Development Bank
Commercial Liaison Office to the World Bank

Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team
Export-Import Bank of the United States
Country Limitation Schedule
OPIC
Trade and Development Agency
SBA's Office of International Trade

Business Travel

Business Customs

Business dress and appearance, as well as one's general approach to business relations, should be conservative. Uruguay prides itself on its slow pace of change, so new products and concepts may face a skeptical public eye. Many businesspeople orient themselves more towards European markets, and may be less enthusiastic to engage with U.S. companies. Many Uruguayans, however, are positively disposed towards the United States. An advance appointment for a business visit is usually necessary and considered a customary courtesy. Punctuality is generally observed in business settings. Typically, business is discussed after social niceties. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

Travel Advisory

For travel advisories, if any, please check:
U.S. Embassy in Uruguay
U.S. Department of State

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. Health insurance coverage is highly recommended.

Visa Requirements

U.S. citizens need a valid American passport, but visas for temporary visits of less than 90 days are not required for holders of tourist passports. Those traveling on diplomatic or official passports must have a valid visa in addition to the passport. For more information, please check U.S. Department of State. 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 decisions are handled via an interagency process. Visa applicants should go to the following links.
State Department Visa Website
U.S. Embassy in Uruguay, Consular Section

Currency

Uruguay's local currency is the Uruguayan peso; as of May 2017 it traded at approximately 28pesos to the U.S. dollar. Purchases of large items such as real estate and automobiles are always quoted in dollars, as are appliances and many types of household goods and services.

U.S. currency is accepted almost anywhere at the official exchange rate. Credit and debit cards are accepted in most shops and restaurants. To promote tourism, payment of certain services with a foreign-issued credit card is exempt from the local 22 percent value-added-tax. Argentine and Brazilian cash is accepted mainly in border towns. Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad. Free purchases of foreign currency and remittances were even preserved during the severe 2002 banking and financial crisis. Uruguay has not seemingly engaged 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. Most U.S. ATM networks are easily accessible and will provide U.S. dollars or local currency. Traveler's checks are not common.

Telecommunications/Electric

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 accessible in major hotels, airports, cyber-cafes, shopping centers, and some public parks. AT&T, MCI, and Sprint calling cards are accepted.

Transportation

American Airlines is the only U.S. carrier with daily direct non-stop flights between Montevideo and Miami seven days a week. Both Delta and United Airlines service Montevideo daily with "codeshare" flights, United using a Copa aircraft coming and going to Panama, and Delta using a flight through Sao Paulo, Brazil.

Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive. Uber and Cabify are operating and widely used in Montevideo, and have recently been regulated by government.

Language

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

Health

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

Local Time, Business Hours, & Holidays

Uruguay observes standard time (GMT-3).

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

Local Holidays for Calendar Year 2017

Jan. 1	New Year's Day
Jan. 6	Three King's Day
Feb. 27-28	Two days for Carnival (6 weeks before Holy/Easter Week)
Apr. 13-14	Holy Week/Easter (dates vary from year to year)
Apr. 19	Landing of the 33 Orientals
May 18	Batalla de Las Piedras
June 19	Natalicio de Artigas
July 18	Uruguayan Constitution Day
Aug. 25	Uruguayan Independence
Oct. 10	Columbus Day
Nov. 2	All Souls Day
Dec. 25	Christmas Day

Temporary Entry of Materials or Personal Belongings

There are no restrictions on the temporary entry of business-related equipment such as laptops. Refundable deposits on some equipment may be required and is payable at the point of entry.

Web Resources

[Embassy in Uruguay]
[Ministry of Tourism]