

URUGUAY

A NATURAL DESTINATION FOR BUSINESS





URUGUAY: A RELIABLE COUNTRY

Uruguay has a long democratic tradition, distinguished by political and social stability that is among the strongest in Latin America. It has a pleasant climate — free of natural disasters — with plenty of water, the greatest asset of the future. It is considered one of the 25 least corrupt countries in the world. The level of education and civility of its people is one of the greatest assets of the country where school is mandatory, secular and free. Nearly 100% of the population is literate. Open to the world, a land of immigrants, Uruguay is governed by a constitution that guarantees freedom of religion and the absolute protection of private property. The country has approximately 3.5 million inhabitants, most of whom are descended from Spanish and Italian immigrants. Uruguay has the highest citizen safety index in the region. Traffic is manageable in all its cities, including the capital of Montevideo, where it is possible to get across town in minutes.

Uruguay topped the list of Latin American countries with the best economic climate for the May-July 2011 period, according to the Economic Climate Index developed by German research institute Ifo with the Getulio Vargas Foundation (FGV) in Brazil. ☀

INTERCONNECTED WITH THE WORLD

URUGUAY is a member of Mercosur, a common market comprising Argentina, Brazil, Paraguay and Uruguay, with a GDP of more than US\$2.45 trillion. The country also has free trade agreements (FTA) with Mexico, and with Israel and Egypt via Mercosur.

Uruguay's foreign trade has registered high rates of growth. In 2010, the value of goods exported from the country reached a new high at US\$6.7 billion, a 23% increase over the previous year. The total rises to US\$8 billion if exports from duty free zones

are taken into account.

Uruguay has been able to diversify its export markets. Brazil is the leading destination but China, Argentina, Russia, the United States and various European countries are also priority markets. ☀

A Business Climate that Protects Investment

Uruguay is particularly well positioned to attract investment. Distinguishing factors include its strategic location in the region, political and economic stability, first-rate infrastructure, a highly developed telecommunications system, the educational level of its people, the right legal framework and a level of security that is outstanding in the region.

The Vice President of Uruguay, Danilo Astori, emphasizes Uruguay's advantages as a safe place for investment, in "a business climate that the country has been building in recent years, which has three main components."

"First, Uruguay has achieved significant fiscal and financial equilibrium. Uruguay's fiscal position is now very solid. At the same time, it has profoundly restructured

its finances. It has managed its debt very professionally while increasing its presence and reputation in international financial markets. This reality is reflected in the steady improvement of the country's sovereign-debt ratings. Uruguay's fiscal and financial achievements have been complemented by social programs that have successfully reduced poverty and homelessness, thereby achieving stability in important segments of society. This is the first very important component for creating a good business climate," said Vice President Astori.

"The second component of the business climate has been a significant modernization of institutions that have included new spheres that allow the country to look forward and progress in very important areas, such as the creation of the National Research and Innovation Agency," he said.

"The third component is the set of very important stimulus measures that Uruguay has in place to promote investment. At the same time, we set up a streamlined system to administer and implement those measures, including tax breaks that are consistent with national interests, such as: employment, technological innovation and decentralization. These measures also include special duty-free port and airport zones. Uruguay is the only country on the South American Atlantic coast to offer such advantages. These economic stimulus measures together form a very important part of the business climate," he said.

Astori emphasized that Uruguay has other advantages that enhance its business climate.

"Uruguay's geographic location is absolutely strategic within the southern part of the continent as a gateway to the large expanded market represented by our neighbors, Brazil and Argentina. For this reason, Uruguay is in a privileged position to attract substantial investments from the logistics industry."

The vice president added that Uruguay has other strengths compared to the rest of the region.

"Human capital; public safety; the value that Uruguayan society places on freedom and democracy (first in the region); its position as the country with the lowest corruption index; a strong reputation for playing by the rules; and the predictability of its public policy all combine to foster confidence in investors. The country's tradition of honoring the promises it makes, even during difficult times, is another factor worth considering. The 2002 crisis is one of the best examples. Uruguay faced extreme difficulties and still met one hundred percent of its obligations."

In recent years, with its economy on the rise, Uruguay has been able to successfully weather the global crises.

In this regard, "in both the 2008-2009 international crisis and the current one, Uruguay has preserved its own level of liquidity while also maintaining contingent lines of credit in the international arena, [all of] which has allowed it to proceed calmly at times of major international instability," the vice president said.

"In addition, Uruguay has maintained a solid, well-founded fiscal policy and made very significant changes to its international integration. From the business perspective, the country now boasts a high level of diversity in its products, services and markets, with strong connections to areas of the world that are experiencing this crisis differently, particularly the Asia-Pacific region. So, for example, China is our second largest export market — something unheard of in Uruguay's history.

"It is clear that the business climate Uruguay has created, combined with its comparative advantages, generates investor confidence that is reflected in the numerous large investment projects that are coming to the country in diverse sectors of the economy," said Vice President Astori. ☀



Danilo Astori
Vice President of Uruguay



DIGITAL NATION, INTERNET ACCESS

URUGUAY has one of the highest penetration rates of Internet, PCs and telephone lines in Latin America. It is the largest exporter of software services in Latin America, with annual sales of US\$68 per capita. Approximately 12,000 people work in this sector, which is at full employment.

Uruguay is seen as a model, as the first country in the world to implement the “One Laptop per Child” Program, through which every child enrolled in public school receives

a computer. The program is known in Uruguay as the “Ceibal Plan.” The program is extended to high schools throughout the country, and subsequently to private schools.

Five years after its implementation, the Uruguayan model of free access to a laptop for every student is now being exported to other countries.

The audiovisual industry is also gaining strength in Uruguay. This includes a “cluster” that consists of a production complex with film

production and other audiovisual companies at its core.

There are over 100 production companies in the cluster. They are dedicated to content development and production services for the advertising, film, television, animation and video game industries.

The audiovisual industry is experiencing growing demand from abroad. Numerous multinational campaigns have been filmed on location in Uruguay. ☀

We aim to strengthen ties with Asia and the Middle East

Uruguay maintains strong business ties with Latin America, the United States, China and Europe, but it is also seeking to build a presence in other markets.

“Our strategy seeks to strengthen ties with Asia and the Middle East, without neglecting the strong relationship we have with this region. As part of Mercosur, it is also our priority to negotiate an economic and business association deal with the European Union,” said Dr. Luis Almagro, the Minister of Foreign Affairs.

Uruguay has demonstrated its interest in building a greater presence in these regions by opening new embassies in Southeast Asia and the Middle East.

“Vietnam is a reference point in Asia and that is why we opened an embassy there. It is an extremely well-respected country that holds a lot of sway over the political and economic decisions made in its region,” Almagro said.

Vietnam, Singapore and Hong Kong are

Uruguay’s primary Asian markets, after China.

Many investments in Uruguay started at the Uruguayan Embassies where the staff “guided” the projects to an advanced point.

“While I was in China, contracts were signed for investments to be made in Uruguay by automakers Chery and Lifan, and discussions began on contracts with the BBKA Group biochemical company and other agricultural chemical companies,” said Minister Almagro, who served as Uruguay’s Ambassador to China and to Singapore from 2007-2010.

Uruguay’s relationship with China has strengthened in recent years. The Asian country is now the second largest importer of Uruguayan products, a status symbolizing the market diversification that Uruguay has achieved.

“Obviously, Uruguay is a country with 3.5 million inhabitants and must sell its products abroad. The greatest mistake would be for Uruguayan foreign trade to concentrate on a single market or region,” Minister Almagro cautioned.

An important part of Uruguay’s diversification strategy is the new commercial agreements Mercosur may finalize in addition to those already in place with Israel and Egypt.

“Mercosur’s foreign agenda must become more dynamic. It is very important that negotiations with the European Union be completed successfully,” the minister said. ☀



Luis Almagro
Minister of Foreign Affairs



URUGUAYAN ECONOMY GROWING AT A RECORD RATE

URUGUAY is one of the countries with the greatest economic growth rate in Latin America. In 2010, gross domestic product grew at a rate of 8.5%, a rate achieved by few other countries in the world.

The economic bonanza is reflected in Uruguayans' household income. Between 2005 and 2010, Uruguayans' annual per

capita income more than doubled, increasing from US\$5,300 to US\$11,820.

Record low unemployment also reflects the country's economic wellbeing. Uruguay ended 2010 with an unemployment rate of 6.1% among its active population, the lowest rate in decades. The trend continued in 2011, and in June unemployment had fallen to 5.5%, close to the na-

tion's historic low.

The country's industrial activity is supported by a very reliable electricity supply, most of which comes from renewable resources.

In the first four months of 2011, the industrial activity index of physical volume rose 5.1%, maintaining the previous year's trend. ☀

Focus on Diversifying the Production Structure

“Over a period of six years, industrial activity has grown 40%,” according to Roberto Kreimerman, Minister of Industry, Energy and Mining. Kreimerman says that Uruguay's industrial sector enjoys several advantages that have allowed it to export record amounts of goods and services, on the order of USD 11 billion per year.

“Uruguay has achieved significant market diversification in comparison to the past. Brazil is our primary trading partner and imports 18% of Uruguayan exports,” according to the secretary of state.

“Secondly, Uruguay has a diversified industrial production. Traditionally, most production activity was centered on meat production. There has been significant growth in agro-industrial activity led by grain production, the industrialization of dairy products and forest products,” the minister said.

Over the last eight years, Uruguay has had an average growth rate of over 6%. To foster future growth, the country is looking to diversify the production base, by adding new areas and complementing existing sec-

tors with higher added-value products and services.

“Policies have been implemented to encourage the development of industries such as information technology, which has become very international; pharmaceuticals, which is attracting large new investments; the automobile industry, which has grown as the result of an agreement signed with Brazil; and the logistics industry, which now boasts exports on the order of US\$1 billion per year,” Kreimerman explained.

“The goal is to increase businesses' competitiveness by encouraging 'clusters.' Clusters have been developed in the naval, audiovisual and dairy industries, among others, which optimize the export chain and make the sector more competitive,” the minister said.

Uruguay offers energy security and the goal for 2015 is to have a diversified matrix with 50% of power from renewable energy sources. The state-owned electric company UTE expects to reach installed wind-power capacity of 600 megawatts by purchasing from private companies. The country consumes an average of 1,100 megawatts of instant power, with usage peaks of 1750 megawatts. Biomass is also

being promoted as are biofuels (biodiesel and bioethanol) via the ANCAP oil company.

“Regarding the non-renewable energy supply, the idea is to reduce dependence on oil by generating more natural gas. That way we can reduce import dependence, price volatility and greenhouse gasses,” Kreimerman said.

“Over the next five years, the investment budget for government-owned companies in the energy industry will be on the order of US\$2.3 billion over five years. Another US\$2.5 billion is expected to be invested by the private sector,” the minister added. ☀



Roberto Kreimerman
Minister of Industry, Energy and Mining

Uruguay is Well Positioned to Deal with Global Crises

Between 2004 and 2010, the average real growth of Uruguay's GDP was 6.3% annually, one of the highest rates in the region. Even in 2009, when the global financial crisis battered the region's economies, Uruguay's economy grew 2.6%. According to Fernando Lorenzo, Uruguay's Minister of the Economy and Finance, the country is well positioned to handle the crisis that is affecting developing countries this year.

"Short- and medium-term growth perspectives are excellent, and there is widespread agreement that the country will grow 4% in the coming years," said the minister. An economist, Minister Lorenzo bases his statements on the fact that the government's average debt maturity between 2012 and 2015 is very low, at about 1% of the GDP per year. Lorenzo added that the country has managed to strengthen an already solid fiscal position, which has allowed it to bring down the ratio of total government debt to GDP.

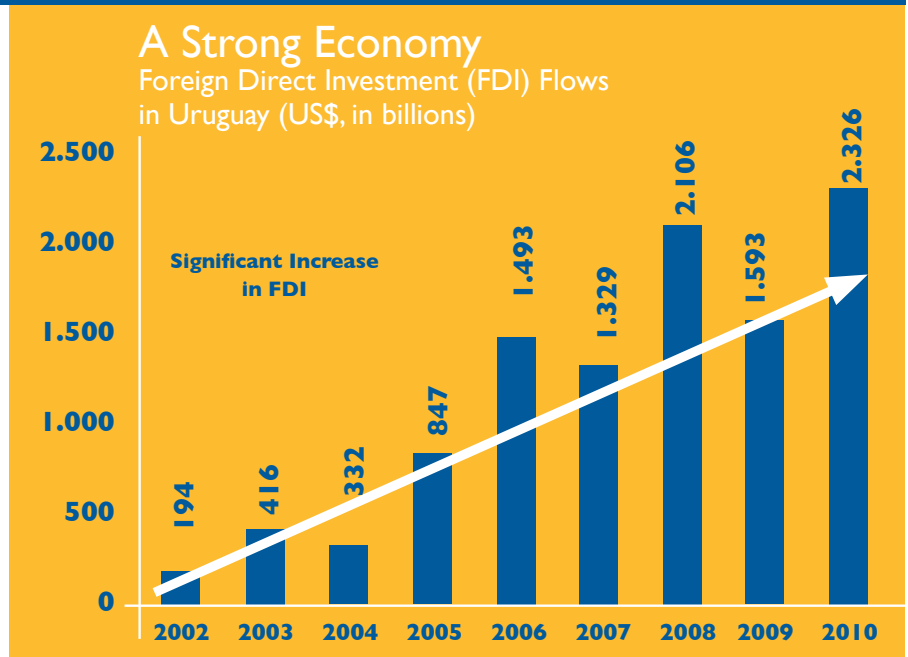
"The gross debt of the entire public sector dropped from 80% of the GDP in 2005 to 57% in 2010, while the net dropped from 51% in 2005 to 31% at the end of last year," the minister said.

Lorenzo credits Uruguay's macroeconomic stability to sustainable growth that has been based on controlling fiscal accounts and decreasing the government's financial vulnerability through a strategy of "de-dollarization" of debt and continuous improvement of its profile.

"The Uruguayan government has sufficient



Fernando Lorenzo
Minister of the Economy and Finance



liquid assets to cover its needs for at least two years," Lorenzo noted.

The results of Uruguay's policies are clear. The growth that the country has experienced for more than five years is based on a significant increase in investments. "Between 2005 and 2010, foreign direct investment (FDI) in Uruguay totaled nearly 6% of GDP, each year, a very high percentage compared not only to the other countries in the region, but to the world as a whole," the minister said. Uruguay established policies designed to attract new investments and to diversify the export matrix.

"The forestry development plan is an example of Uruguay's political and institutional continuity and stability. In 1987, all the parties passed the Forestry Act aimed at strengthening and boosting the industry within the national economy. Development of the forestry industry was promoted as a way to diversify the production matrix of the agricultural sector. As a result, the level of development achieved by the forestry sector over the last 25 years is very significant. It includes the largest private investment in the country's history (UPM) for the manufacture of cellulose paste. At this time there is another enterprise, Montes del Plata, with Swiss and Chilean capital, which is building a second cellulose plant. The investment is on the order of USD 1.9 billion, even greater than that of UPM," Minister Lorenzo said.

Uruguayan exporters have done an ex-

cellent job of expanding their client base in recent years. This diversification was a determining factor in successfully navigating the 2008-2009 crisis and in forming the strong foundations needed to withstand future global recessions.

In 1991, 10% of all goods exported from Uruguay were destined for the United States. The European Union accounted for 27%; Asia, 9%; Mercosur, 35%; and other destinations, 19%. Twenty years later, the percentage breakdown is as follows: the United States, 3%; European Union, 23%; Asia, 9%; Mercosur, 30%; and other destinations, 35%.

Uruguay is in a period of record economic growth. According to the latest findings of the Getulio Vargas Foundation of Brazil and the University of Munich's Economic Research Institute (Ifo), Uruguay is ranked at the top as the country with the best economic climate in Latin America.

"In order to sustain growth, we must strengthen the infrastructure to foster the development of new private enterprises. For this reason, Parliament passed the Public-Private Partnership Act (PPP) which will attract more investments to infrastructure projects to ensure the continued growth of Uruguay's economy over the coming years. Some projects will be implemented starting next year, including improvements to the highways and port infrastructure, among others," said Minister Lorenzo. ☀



A COUNTRY TO VISIT AND TO LIVE IN

URUGUAY is one of those countries where the sky is a brighter blue. Dusk hovers over quiet waters and fertile fields as though part of a picture where nature paints lovely landscapes. The variety of tourist attractions in Uruguay is vast. During the summer, 600 kilometers of coastline beckon with all kinds of seaside resorts and fishing towns. The famed peninsula of Punta del Este is a well-known celebrity getaway where glamour reigns. But just a short distance away visitors can discover small towns with long stretches of beach with few tourists.

On the northern shores of the Uruguay River, near the Argentine border, visitors can enjoy hot springs, immersing themselves in waters that bubble up temperatures between 38 and 45 degrees centigrade. It is a unique and revitalizing experience, combining nature with first-class hotels and service infrastructure.

For those seeking rest, peace and harmony, they can get it all, along with a hearty dose of nature and fresh air. Dude ranches and ecotourism are other options that Uruguay offers its visitors. Montevideo, the capital city, is home to sporting events, theater

and other cultural activities, and is a regional conference and convention center.

Foreign investment in the real estate sector is strongly linked to tourism, since often those who visit Uruguay decide to invest. Major investments in real estate come from Argentina, Brazil and Spain, among others. The top destinations are Punta del Este, José Ignacio and the resorts at Rocha, but foreigners are also buying property in Montevideo, Colonia and Carmelo. More Europeans and Americans are settling in those parts of Uruguay to enjoy a peaceful life and friendly climate. ☀

Residents and tourists alike

Uruguay ranks 5th in the world among countries with the most tourists relative to residents. With a population of 3,500,000 in 2010, Uruguay welcomed over 2,400,000 tourists and expects to reach 3 million by the end of 2011. The country implemented major infrastructure projects to provide greater comfort to visiting tourists. The new Carrasco International Airport and the Colonia river terminal represented significant investments.

“Colonia alone receives 2 million passengers each year and their first impression is of a modern, comfortable terminal,” said Minister of Tourism and Sports Héctor Lescano.

Historically, Argentines have accounted for most of the visitors arriving in Uruguay, at close to 65%, but the number of Brazilian tourists has increased significantly.

“Tourism from outside the region has

been growing by 4% to 5% per year, reaching over 250,000 per year,” said Minister Lescano,

Many of the visitors to Uruguay from outside the region come through the increasing number of cruise ships.

From November to April, Uruguay today welcomes more than 200 cruise ships which dock at the ports of Montevideo and Punta del Este. From these ships, some 350,000 passengers come ashore and get a good first impression of Uruguay’s culinary arts, customs and natural beauty. Many of them return to spend more time enjoying its attractions and its people.

Tourism’s impact on Uruguay’s economy is very important. The tourist industry creates 50,000 direct jobs and another 100,000 indirect ones. Tourism brings in nearly US\$1.5 billion in foreign currency each year. By the end of 2011, this figure is expected to reach US\$2 billion.

“Since 2009, there has also been a Tourism Satellite Account which, using the

methodology developed by the World Tourism Organization, measures the industry’s economic impact. It reflects that impact at around 6% of the GDP,” said Minister Lescano, underscoring the industry’s importance. ☀



Hector Lescano
Minister of Tourism and Sports



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INVESTMENT INCENTIVES

URUGUAY provides an open and growing economy with an excellent legal framework for investments. It offers attractive free trade zones, free trade ports and airports and tax exemptions.

Investment terms and conditions are the same for local and foreign investors alike. No prior authorization or registration is required and there are no restrictions on the transfer of capital or profits. Investment projects may be eligible for tax exemptions.

SYSTEMS- LAWS

- » Temporary Admission (similar to a drawback system): Allows companies to import supplies free of import taxes for up to 18 months, provided the supplies are incorporated into goods intended for export or are used in the process.
- » Free Trade Zones: Areas exempt from business income taxes and net worth taxes as well as any other tax created now or in the future. The introduction of goods into the free trade zones is exempt from

any import duties or fees.

- » Free Trade Ports and Airports: Tax-free transit of goods; inside the terminals, the goods are exempt from all import duties and fees. No authorizations or formal procedures are required.
- » Investment Promotion System: Income tax exemption subject to submission and inspection of the investment plan. This is applied based on various parameters such as the type of employment offered, innovation, clean technology, etc. ☀

New Drive toward Private Investment

Uruguay's Parliament recently approved the Public-Private Partnership Act (PPP) which establishes a new kind of link between private entities and the State.

"This is a new tool that does not replace the prior regulatory framework for private-state relationships, but does give the investor added security," said Adriana Rodríguez, President of the Corporación Nacional para el Desarrollo (CND). The CND is a public agency whose mission is to facilitate the implementation of development-friendly policies. The "PPP" Act assigned the CND the role of advisor, promoter and educator for all operational aspects of the submitted projects.

"It was modeled on Spain. The decision was to make it a law because that way it provides greater security. It cannot be changed by a president or minister. Only Parliament can modify it, which offers a greater sense of validity," Rodríguez noted.

"Uruguay has an urgent need for new infrastructure, for instance, to support the

growth of its production activities, and it lacks the resources to meet those needs in the short term. This tool allows commitments to be assumed that can be paid for in the mid and long term. This is a law to resolve the emergencies that we have today," said Rodríguez.

"Public agencies will not be the only ones who can submit projects within the Public-Private Partnership Act. The corporation can receive private initiatives. We are going to be a service window with promotion and consultation functions," the CND president said.

"At the moment, we are in the receiving phase for the infrastructure needs that all those public agencies (ministries, corporations and local governments) have in their files for the next years. These range from marine terminals, highways, hospitals, to any other need. Projects will be reviewed and decisions made as to whether they are covered by the Public-Private Partnership Act, the assignment channels or the traditional public works mechanism," Rodríguez explained.

Once the pre-feasibility study is approved,

a call to bid will be sent out to the private sector.

The plan for how the work will be performed will come from the private side. The State does not submit a work plan and may or may not participate in the financing. This will vary by project and, based on analysis, the best option will be selected.

"The current international situation is driving many global banks to seek safe places for their money; in the Public-Private Partnership Act they see an opportunity. We have had quite a few inquiries," Rodríguez added. ☀



Adriana Rodríguez
President of the Corporación Nacional para el Desarrollo



OFFSHORING & OUTSOURCING PLATFORM

URUGUAY has 11 free trade zones in operation and two free trade zones under construction.

The focus of Uruguay's free trade zones is offshoring global operations and services provided under the "outsourcing" or "captive" systems. The free trade zones center on Logistics, BPO (Business Process Offshoring), ITO, KPO (Knowledge Process Offshoring), BFSI (Banking, Financial Services & Insurances) and high value-added industrial activities.

The Executive Director of the Cámara de Zonas Francas del Uruguay (CZFUY), Engineer Juan Operti, emphasized that, "Uruguay stands out as a competitive location for Offshoring & Outsourcing services and global operations, supported by a benchmark legal framework that remains unchanged since 1987."

According to Mr. Operti, other key elements are: human resources capacity, competitive costs, infrastructure, telecommunications, a fluid public-private

relationship that makes it easier to set up and start up operations, and "after care" for the global operations and services performed. "The total tax exemption for user companies operating inside the free trade zones is another differential," Operti said.

The impact that free trade zone activities have on the economy is substantial. They generate 3.66% of the GDP, export values upwards of US\$1.2 billion and create 10,000 direct jobs. ☀

Montevideo strengthens its position as a regional hub

As part of the strategy to position Uruguay as a regional logistics center, the Administración Nacional de Puertos (ANP) is seeking to attract more cargo by implementing projects that will double the space devoted to operations at the port of Montevideo, making it possible to establish specialized terminals (chips, grains and fishing) in the future, as well as building logistics nodes inside the country connected by rail to the primary marine terminal.

"Punta de Sayago is a mid-term and priority project. The Port of Montevideo has a 100-hectare area in which to carry out operations and this project allows us to double the space. The idea is to attract companies that will use Uruguay to centralize their distribution to the region," said ANP President Alberto Díaz, an engineer. The port of Montevideo moves 12 million tons of cargo per year, more than half of it in transit to Argentina, Brazil, Paraguay or Bolivia, among other destinations. The ter-

minial's cargo volume is growing over 20% per year.

Total investment in the Punta de Sayago project will exceed US\$200 million, so private capital is needed.

"The ANP has begun to execute the first stage of the work, which represents an investment of US\$5 million and will allow the first 10 hectares of the project to be ready for operations, and the first companies to move in, during 2012," explained Díaz.

In the ANP president's view, Montevideo should move cargo multiple ways, just as the port of Barcelona does. "One strategic project for Uruguay's [plan] to be a regional hub is the dry port of Rivera, which links the city on the Brazilian border to the marine port at Montevideo, 500 kilometers away. The Rivera-Montevideo railway [connects] Brazil and the rest of Mercosur," Díaz said.

Montevideo mobilizes 830,000 teus (20-foot containers) per year and its growth for 2011 is projected to surpass

the recent annual average of 10%. Other initiatives will create more space for port activities. The building of a specialized fishing terminal will enable the port to repurpose its current location on the bay, creating more room for commercial activities.

With private capital participation, specialized terminals are planned for bulk merchandise cargo such as cereals and wood chips. ☀



Alberto Díaz
President of the Administración de Puertos (ANP)



WORLD-WIDE SERVICES

STRATEGICALLY located at the center of the Santiago de Chile — Belo Horizonte corridor where 60% of South America's GDP is concentrated, Uruguay is in an unbeatable situation to position itself as a regional logistics and business center.

The port of Montevideo, on the Rio de la Plata, along with those at Nueva Palmira and Fray Bentos on Uruguay's coast, create the green belt of the Paraná — Uruguay Waterway and serve as the entrance

and exit points not only for Uruguayan products, but also those from other countries in the region. Over 50% of the merchandise that enters the port of Montevideo is in transit, en route to southern Brazil, Argentina, Paraguay and Bolivia, among other destinations.

The Carrasco International Airport is a symbol of good public-private relationships that work to sustain the country's growth. The Uruguayan government has assigned concessions to private opera-

tors for a period of 20 years, beginning in 2003, with the possibility of a 10-year extension. Construction of the new airport, with an architectural design considered to be among the most beautiful and modern in the world, meant investing \$200 million in a new passenger terminal and cargo area.

The results of that project are apparent as international passenger air travel doubled over seven years, from 800,000 travelers in 2003 to 1,600,000 in 2010. ✨

Uruguay Logistics 2030

Uruguay's importance as a regional logistics center and the expectation that the sector will boost the economy led the government to establish the Uruguay Logistics 2030 project, run through the Ministry of Transportation and Public Works.

"The goal is to define a set of actions with the consensus of the different political parties and the participation of business owners and workers," said Beatriz Tabacco, the engineer who is president of the Instituto Nacional de Logística (Inalog).

"The important thing is to generate an action plan that goes beyond the term of a single government. Everything is contained in a state policy that acknowledges logistics as a strategic industry," Tabacco emphasized.

The statistics support this view. Logistics services generate over US\$1.5 bil-

lion in exports per year. The international transportation logistics industry alone creates 30,000 jobs.

"We realize that Uruguay is already a regional logistics center, but our goal is to strengthen it," argued Tabacco. The government has already announced investments to optimize logistics services, with more than US\$1.8 billion destined for infrastructure projects through 2015.

These and other projects will not happen without the participation of private investors. Parliament recently approved the Public-Private Partnership Act (PPP). The act's purpose is to open the door for private capital to, with the state, drive new projects in different areas of logistics, such as railroads, highways and port terminals.

More ambitious projects could be brought under the new law, such as the deep water port, which would be located on Uruguay's Atlantic coast. The goal of this project is to accommodate large ships

and it would represent an investment of more than US\$1 billion.

The Atlantic port project is in the study phase, and could be incorporated under Uruguay Logistics 2030. ✨



Beatriz Tabacco
President of the Instituto Nacional de Logística

Political and Social Stability

RANKING	URUGUAY IN SOUTH AMERICA
Low Corruption (Transparency International 2010)	2
Democracy Index (The Economist Intelligence Unit 2010)	1
Economic Freedom (Heritage Foundation 2011)	2
Prosperity Index (Legatum Institute 2010)	1
Political Stability (World Bank [WGI] 2010)	1
Quality of Life (Mercer Eco-City Ranking 2010)	1
Low Cost of Living (Mercer Cost of Living City Ranking 2010)	4

A COUNTRY THAT SUPPORTS INVESTORS

URUGUAY adopted measures aimed at encouraging private investment, providing a framework of security and promoting a policy that is particularly favorable to foreign investment.

An investment law passed more than a decade ago established the judicial and legal foundation for investment initiatives in Uruguay. The law states that it is in the national interest to promote and protect local and foreign initiatives. Foreign investors can

pursue any type of activity under the same terms and conditions as local investors and the same taxes rules apply to both.

Encouraging investments has yielded good results. Over the past years, Uruguay's foreign direct investment (FDI) has multiplied eightfold. In 2010, Uruguay attracted FDI of US\$1,627 million, representing a year-over-year increase of nearly 30%, according to the Economic Commission for Latin America (ECLAC). ☀

Uruguay is viewed as a platform for regional business

Almost all of the foreign companies that invest in Uruguay have a clear focus on exports and use the country as a platform for their regional expansion.

For economist Roberto Villamil, executive director of Uruguay XXI, "interest in Uruguay as a destination for foreign investment is growing, above all from the perspective that it is an excellent center from which to operate in the region and even beyond." Uruguay XXI is the first point of contact for foreign investors. It is the agency that promotes the country's investments and exports. Uruguay XXI guides, advises and provides up-to-date and detailed information to business people interested in investing in Uruguay.

"We try to fill the role of companion to the foreign investor during their process of solidifying business, which means helping the investor define matters from the geographic location for their enterprise — in the case of an industry, where the plant will be located- to the end markets which the investor might serve from Uruguay," said Villamil.

Uruguay XXI reports an increasing number of inquiries every year. In the first half of 2011, more than 150 foreign businesses have visited the agency's offices or made

specific investment inquiries, an increase of 12% over the first half of 2010.

"We help investors set up their to-do lists in order to identify local counterparts or potential suppliers for their work processes, set up interviews with the competent national authorities or chambers of commerce for each project, and bring together all of the necessary contacts in the value chain identified by the company, whether industrial, services or commercial," explained Villamil.

Foreign direct investment (FDI) in Uruguay exceeds 5% of its GDP, a high level compared to other countries in Latin America. FDI is channeled into almost every economic activity. The country attracted major investments in projects tied to cellulose paste production, industrial manufacturing, agro-industrial, services, logistics, tourism and real estate.

Uruguay has succeeded in diversifying the origin of these foreign investments. Traditionally, investments came from regional neighbors (Brazil, Argentina and, to a lesser extent, Chile), Europe and the United States. Today, Uruguay receives direct investments from China, India, Japan, and other Asian nations.

"Several Asian countries are watching Latin America with interest. We try to attract that flow of investors who seek to do



Ec. Roberto Villamil
Executive Director of Uruguay XXI

business in industries that are priorities for Uruguay," emphasized Villamil.

Foreign investment fostered the development of several industries in Uruguay, such as agriculture. "Hand-in-hand with foreign investment come new technologies and more modern business management models," he added.

"In a turbulent international environment, more investment may be directed to emerging economies. Primarily, toward those which have maintained stable growth, showed themselves to be streamlined in terms of taxes and debt management and diversified their commercial credit, and are not overly dependent on the countries currently in crisis," Villamil said. ☀

Why Uruguay?



Best place to live. Best place to invest.

>> 10 reasons to invest in Uruguay

- * Strong democratic tradition, with social and political stability
- * Continued economic growth and investment despite global slump.
- * Attractive free zone, free port and free airport regimes, and broad investment-related tax exemptions.
- * Access to MERCOSUR, a US\$2-trillion-GDP free trade zone that also includes Argentina, Brazil and Paraguay.
- * Best labor value for money in the region.
- * Highest internet, broadband and PC penetration in Latin America.
- * 98% of the territory has access to low-cost electricity and drinking water.
- * World-class free port facilities in Montevideo, the strategic regional hub for South America's Southern Cone region.
- * Time zone in-between USA and Europe, and a good complement to the East Asian time zones.
- * Nice weather and absence of natural disasters; plus abundance of water.

>> Uruguay as headquarters of Latin American operations

“Our newest office is the one we opened in Montevideo, Uruguay in March 2009, responding to the country’s strong growth and the swiftly-increasing presence of multinational firms, some of which have chosen Uruguay as the headquarters of their Latin American operations. In addition to serving Uruguayan clients, Burson-Marsteller Montevideo is expected to begin to perform a more international role within our firm, offering such services as media monitoring and analysis for clients operating in Latin America and elsewhere. Uruguay’s highly-skilled and cost-competitive executives, as well as the country’s time zone between Europe’s and North America’s, will enable us to respond more quickly and cost-effectively to client demands.”

SANTIAGO HINOJOSA. CEO, Burson-Marsteller Miami/Latin America.



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