

Uruguay

A Place to Invest, Work and Live



Uruguay XXI
INVESTMENT AND EXPORT
PROMOTION AGENCY

Why Invest in Uruguay?

- Political and social stability
- Macroeconomic stability
- Trade openness
- Strategic location and modern infrastructure
- Favorable business climate





Political and social stability



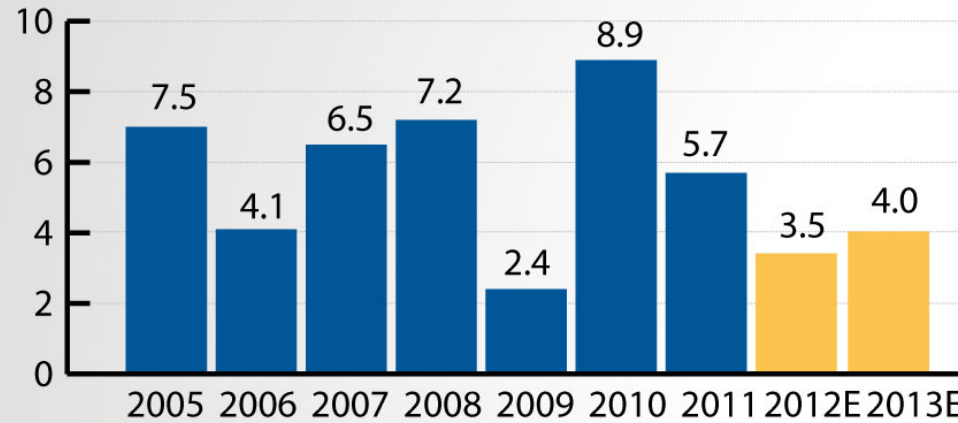
Ranking	Uruguay in South America	Uruguay in the World
Democracy Index (Economist Intelligence Unit, 2011)	1	17
Low Corruption (Transparency International, 2011)	2	25
Economic Freedom (Heritage Foundation, 2012)	2	29
Global Peace Index (Institute for Economics & Peace, 2012)	2	33
Political and Economic Transformation (Bertelsmann Foundation, 2012)	1	4
Business Climate Index (Getulio Vargas Foundation & IFO, april 2012)	2	—
Quality of Living (Mercer Quality of Living City Ranking, 2011)	1	77
Human Development Index (United Nations Development Program, 2011)	3	48



Macroeconomic stability

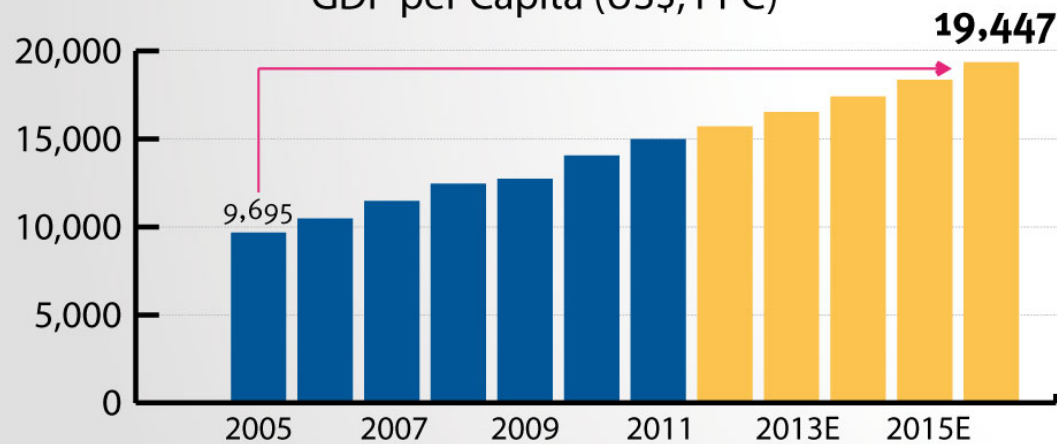
Uruguay sustainable development

GDP Growth Rate (%)



The average annual growth rate was 6% between 2005 and 2011

GDP per Capita (US\$, PPC)



Uruguay

a country with investment grade status

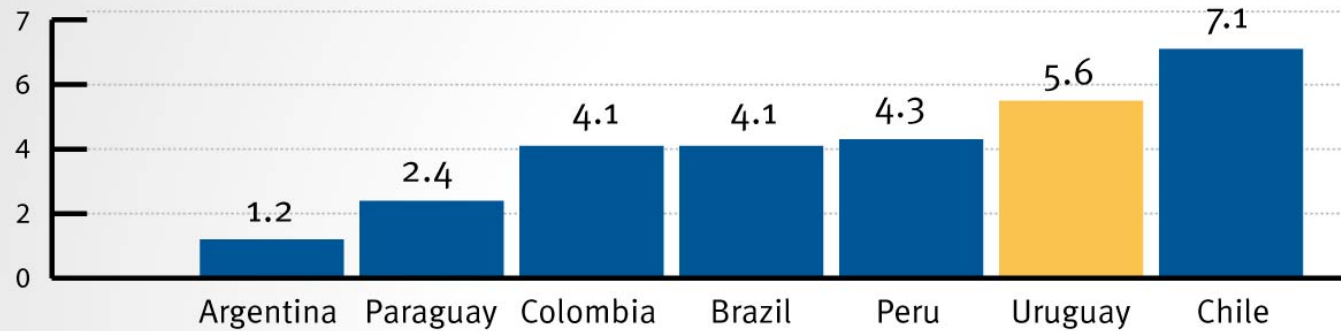


Source: Standard & Poor's and Moody's

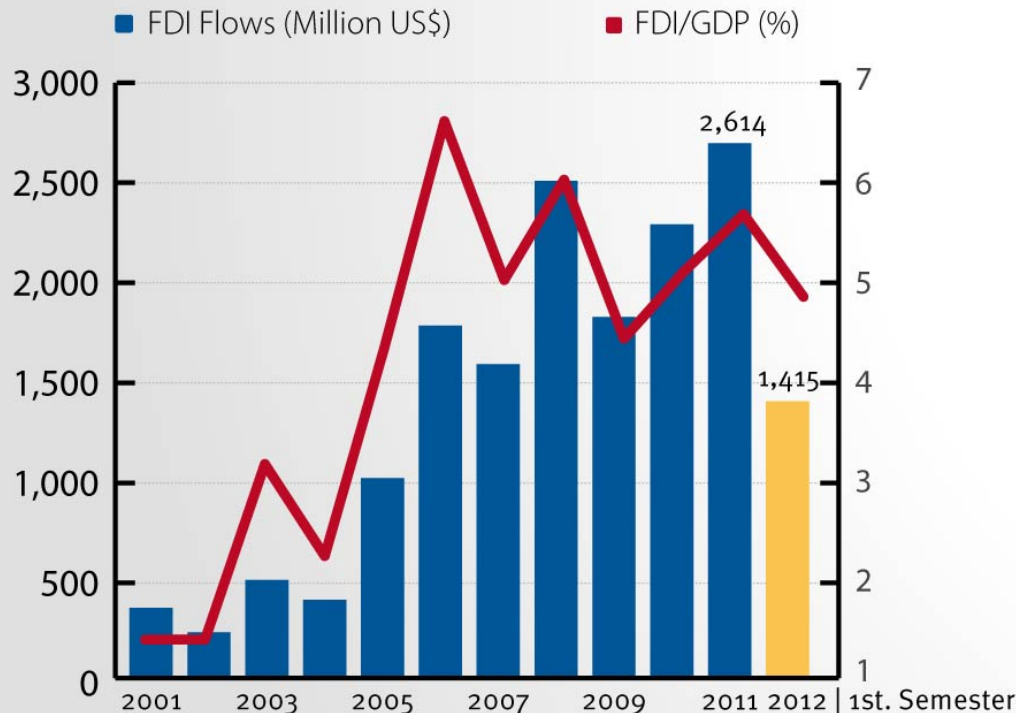
Uruguay

a country that increasingly attracts more investment

FDI in South America (GDP %, 2011)



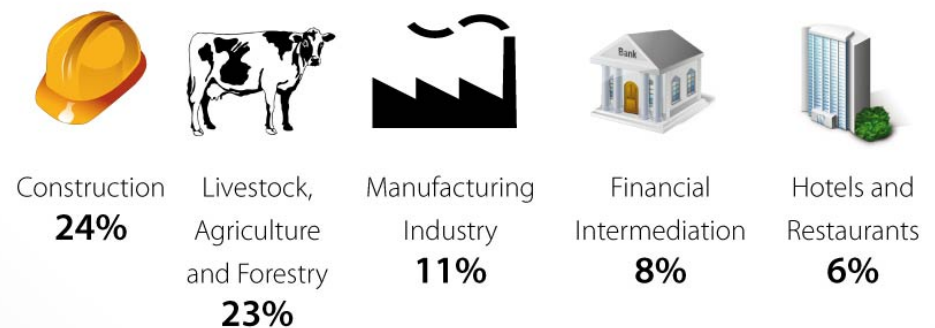
FDI in Uruguay



Main FDI Origins (2001-2010)



Main FDI Recipient Sectors (2001-2010)



Source: Central Banks of each country

Trade openness

The image features a light gray background with a central white rectangular area. On the right side, there is a complex graphic consisting of several concentric, overlapping arcs in shades of blue, orange, and green. These arcs are partially cut off by the right edge of the frame. A faint, dotted gray circle is also visible, centered behind the main graphic.

Main exported products by destination in 2011

 **United States 3%**
Beef Meat preparations, Dairy Products

 **Mexico 2%**
Dairy Products, Cereals, Furs and Leathers

 **Canada 1%**
Beef, Fruits, Fish

 **Germany 4%**
Meat, Leather, Wool and Animal Hair

 **Spain 3%**
Meat, Wood and Wood-based materials, Fruits

 **The Netherlands 2%**
Meat, Soy, Fruits

 **United Kingdom 2%**
Beef, Wood and Wood-based materials, Fruits

 **Italy 2%**
Meat, Wool and Animal Hair, Fish

 **China 8%**
Soy, Wool and Animal Hair, Beef

 **Russian Federation 5%**
Beef, Dairy Products, Fruits

 **Irak 1%**
Cereals

 **Thailand 1%**
Furs and Leathers, Dairy Products, Soy

 **Hong Kong 1%**
Beef, Products from Animal Origin, Furs and Leathers

 **India 1%**
Wool and Animal Hair, Wood, Furs and Leathers

 **Japan 1%**
Syrup for beverages, Wool and Animal Hair


 **Brazil 20%**
Malt, Mill Products, Plastics

 **Argentina 7%**
Automobiles and Auto-Parts, Paper and Cardboard, Plastics

 **Venezuela 4%**
Dairy Products, Beef, Cereals

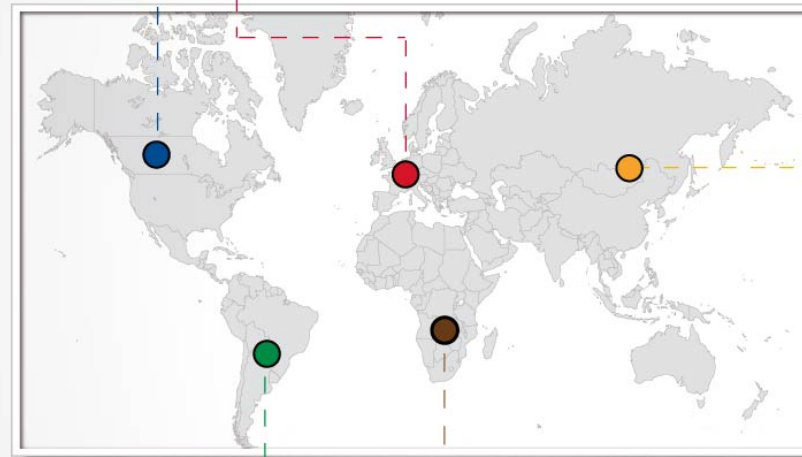
 **Paraguay 2%**
Tobacco, Cereals, Fur and Leather

 **Chile 2%**
Meat, Plastics, Pharmaceutical Products

 **Peru 1%**
Cereals, Wool, Animal Hair, Dairy Products

 **Nigeria 1%**
Fish, Oils and Fats, Dairy Products

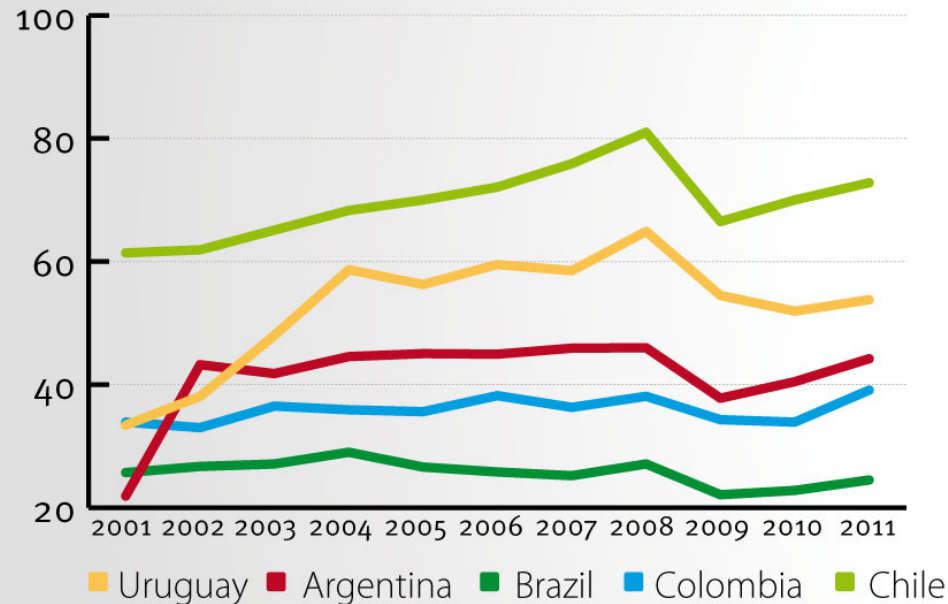
 **South Africa 1%**
Leathers and Furs, Pharmaceutical Products, Dairy Products



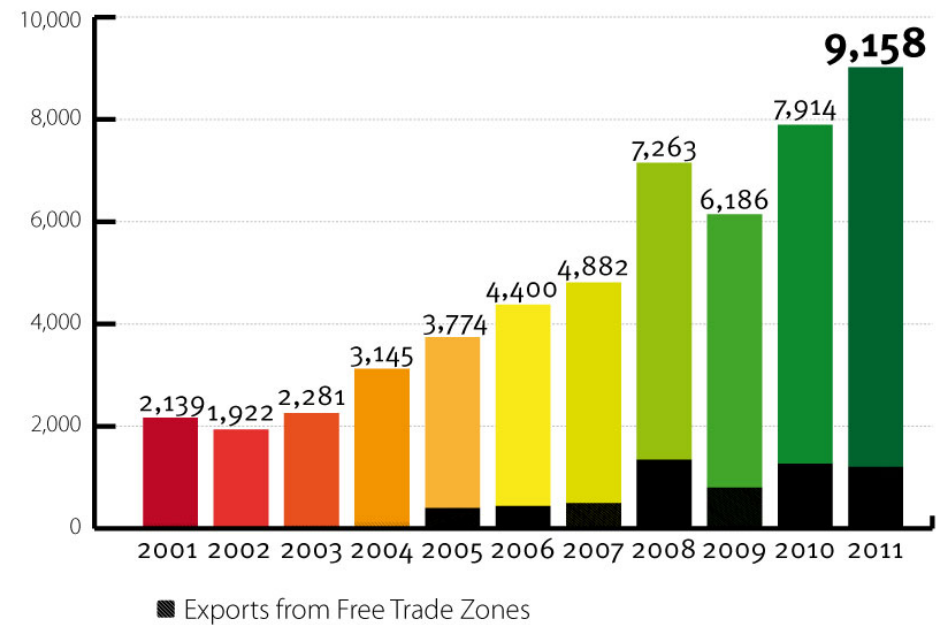
Uruguay

an open country with increasing exports

Openness Ratio*



Export of Goods (US\$ Million)

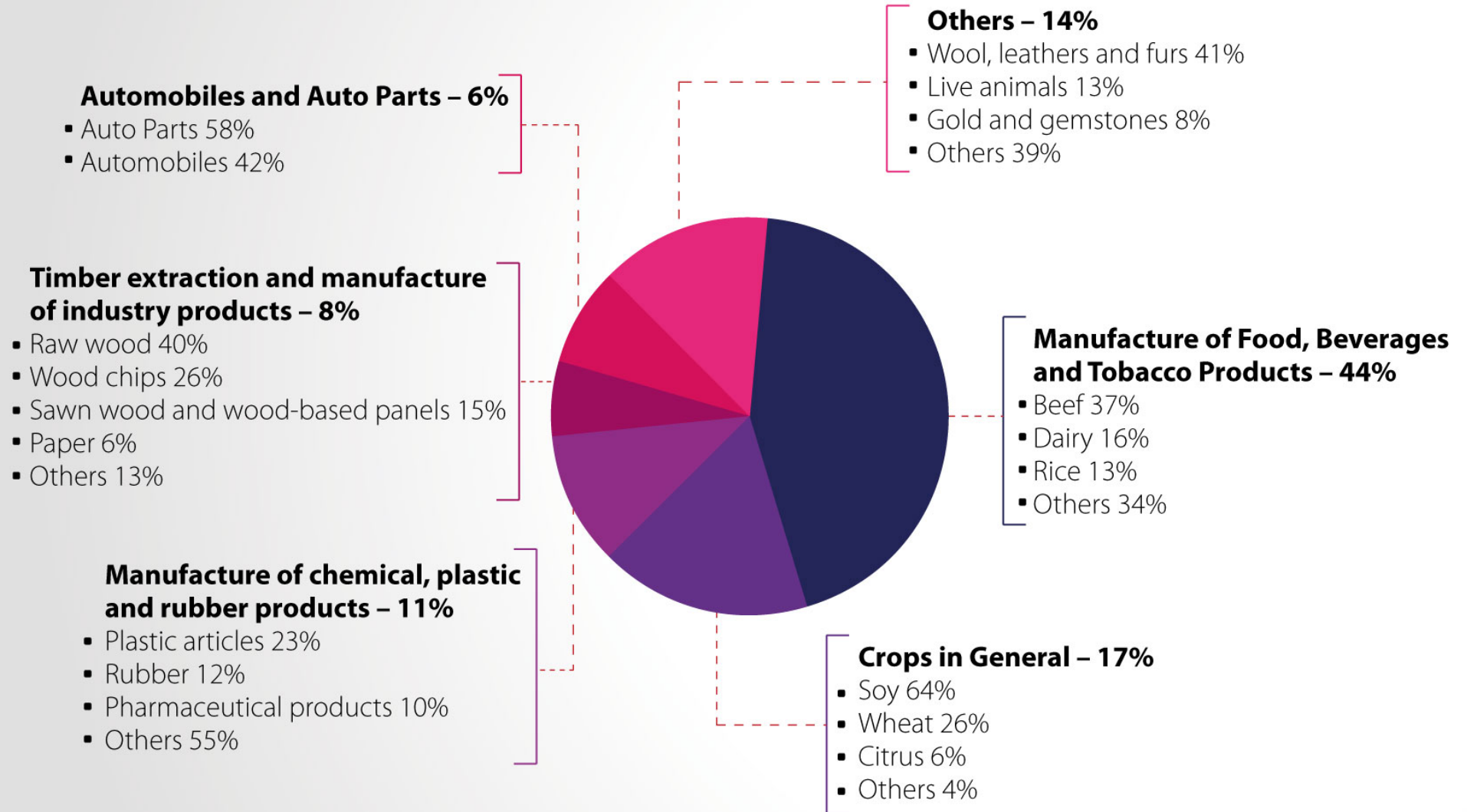


Source: Central Bank of Uruguay, ECLAC and estimates of Uruguay XXI

*Openness Ratio= (Exports + Imports) /GDP

Uruguay

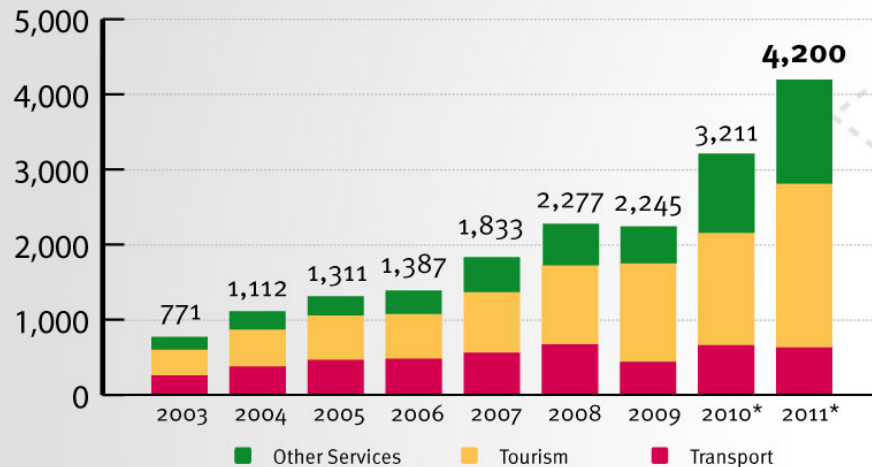
exports by activity sector



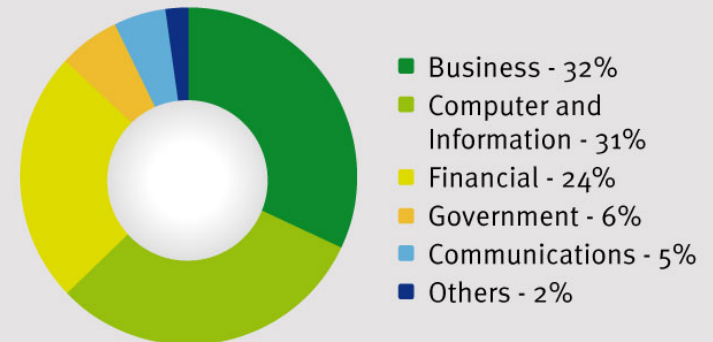
Uruguay

increasing service exports

Service Exports
(US\$ million)



"Other Services"
Exports (2011)



The export of services
increased six-fold
in recent years



Source: Central Bank of Uruguay.

*Figures estimated by the Ministry of Economy and Finance

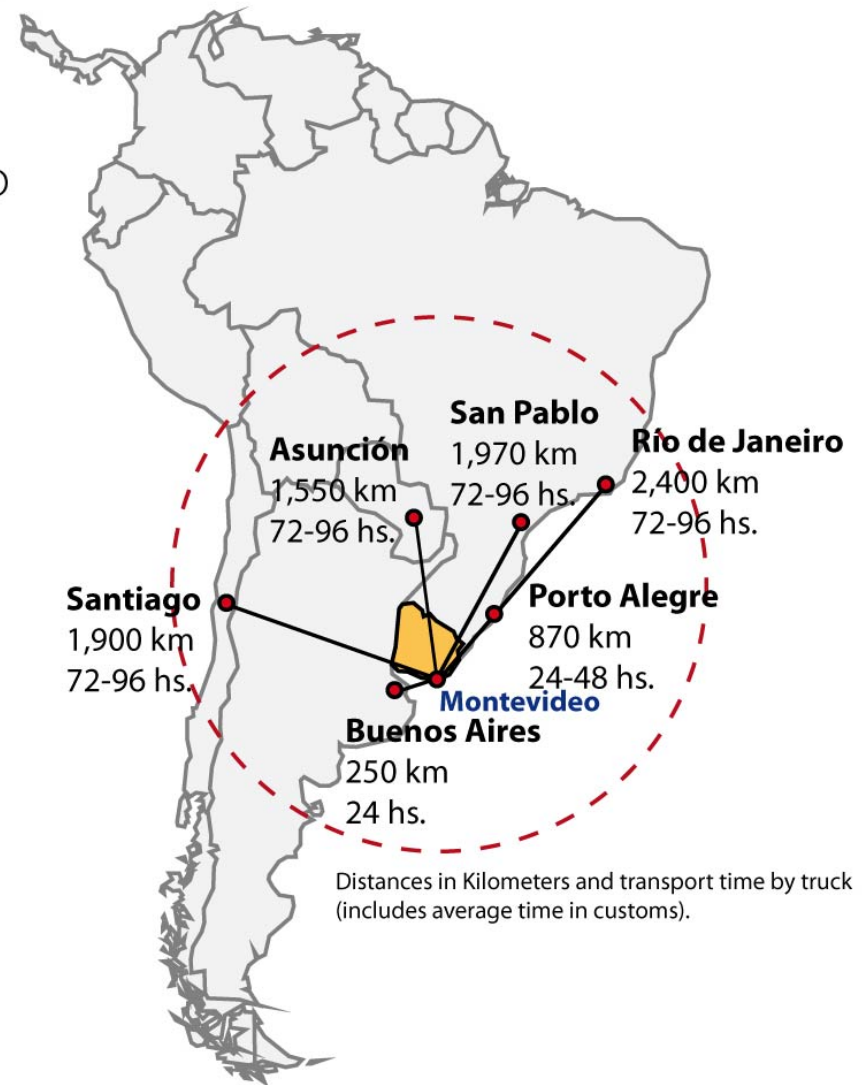


Strategic location and modern infrastructure

Uruguay

a privileged strategic location

- A Strategic Geographical Position in relation to transit of goods throughout the extended region (MERCOSUR, Chile and Bolivia).
- Distance to main cities between 12 and 96 hours by land and between 1 and 3 hours by air (Includes time in customs).
- Excellent Shipping, Road, Air Traffic and Waterway connections (Paraná-Paraguay-Uruguay Waterway).



Indicators	Uruguay	MERCOSUR
Population (Millions)	3.3	276
Surface Area (thousands of km ²)	176.2	12,795
2011 GDP (US\$, Billions)	46.7	3,307
GDP Per Capita (US\$)	14,213	11,982
2011 GDP Growth (%)	5.7%	3.7%



Uruguay has access to an increasingly expanding market thanks to the integration to the MERCOSUR.

Uruguay

modern infrastructure

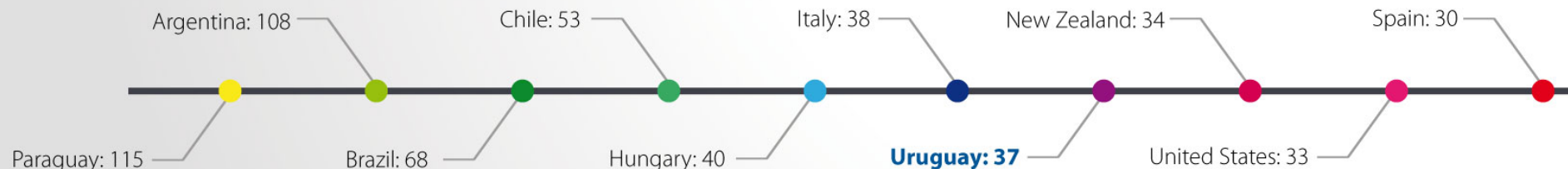
Montevideo has a first-class port infrastructure which has become a regional hub par excellence for the Southern Cone

Uruguay has the most concentrated road network in Latin America

New airport, new ring road in Montevideo and a new ferry port in Colonia

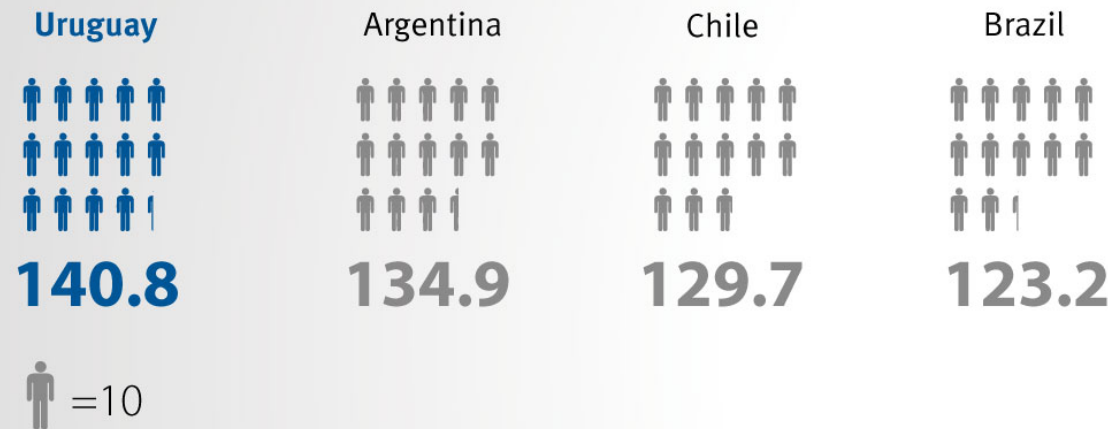
Reliable electricity supply (mostly from renewable resources)

Quality of Electricity (Ranking)



Uruguay leader in communications

Mobile telephone Users
(for every 100 inhabitants)



Internet Users
(Ranking)



According to the Information and Communication Technology Index Uruguay is the most advanced country in Latin America

Source: International Telecommunication Union, 2012

Uruguay

free ports and airports

1

First and only free ports on the Atlantic Coast of South America.
(Law N° 16,246)



Law N° 17,555 declares the Carrasco International Airport a free airport system.



Uruguay

benefits for both regimes



- Goods are exempt from any taxes or additional fees applicable to imports and are exempt from any domestic taxes (e.g. VAT)
- Free transit of goods without any authorizations or formal procedures.
- Foreign legal entities are exempt from Net Wealth Tax and Corporate Income Tax.
- Companies are authorized to carry out the warehousing, repackaging, relabeling, classification, grouping and regrouping, consolidation and deconsolidation, handling and fractioning of goods.

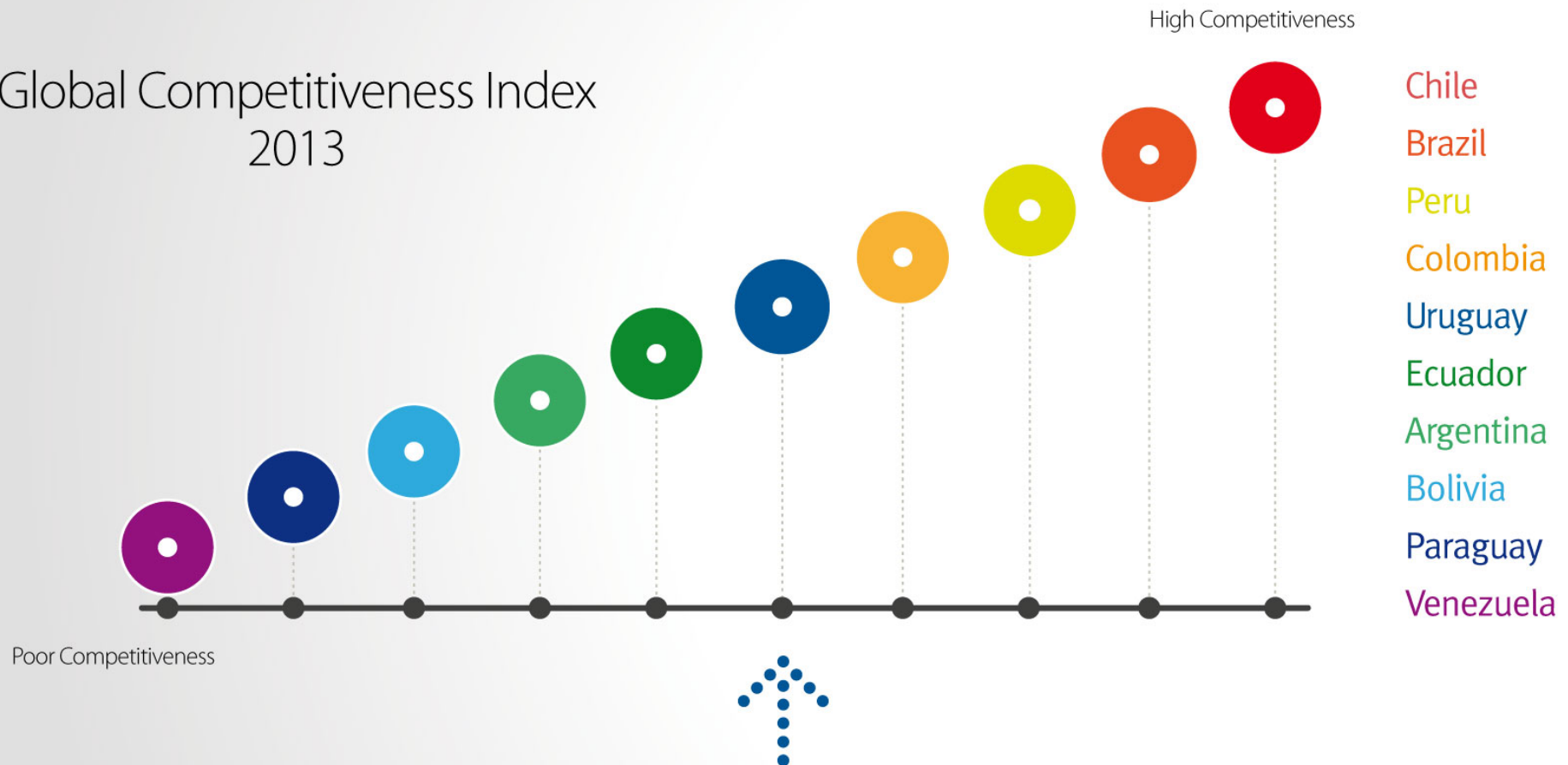


Favorable business climate

Uruguay

a competitive country to do business

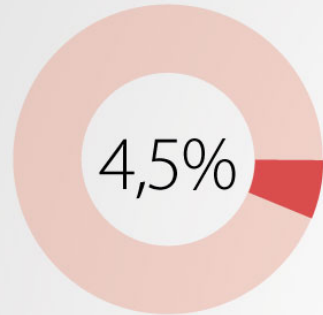
Global Competitiveness Index 2013



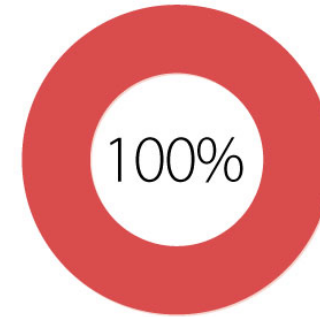
Uruguay Ranks fifth in South America

Uruguay

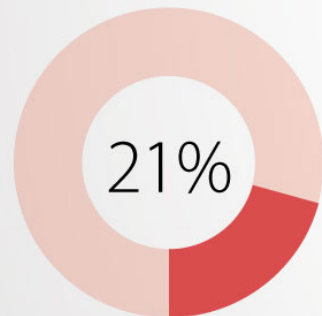
high educational level



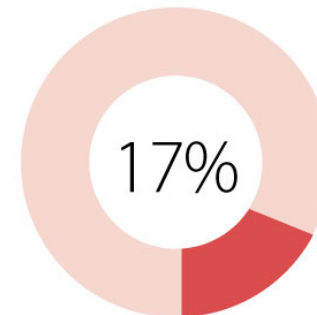
The State provides free education including University and invests 4.5% of its GDP in education



100% of 15-year old high school students have completed at least 3 years of English and Computer Science.



21% of university students study careers in Accountancy, Finance and Business Administration.

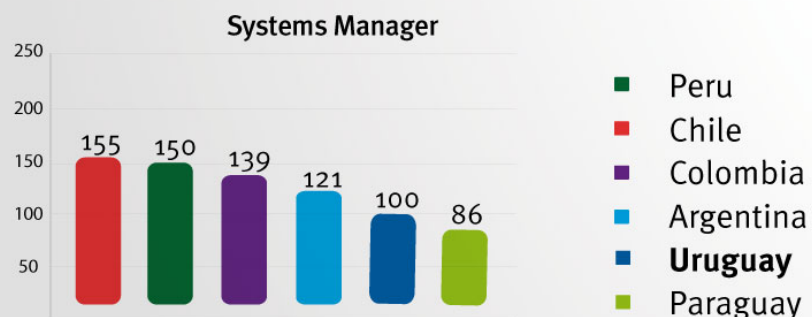
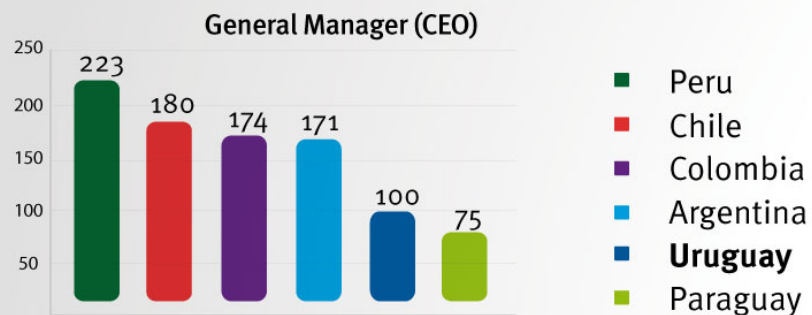


17% of university students study careers related to Science and Technology.

Uruguay

competitive human resources

Comparison of net annual incomes



Total Annual Costs for Companies in Uruguay (US\$)

Customer Service Executive	8,800
Junior Accountant	12,800
Systems Manager	86,273
HH RR Manager	86,610
Financial Manager	112,720
Production Manager	115,199
Business Manager	124,030
CEO	189,336

Uruguay

complete legal framework for investment

1998

Investment Law
(Law N° 16,906)

- » There is no discrimination between foreign and domestic investors.
- » Prior authorization or registration are not required.
- » There are no restrictions to capital and profit transfers from foreign investments.

2012

Decree N°
2/2012

- » Introduction of quality criteria in the promoted objectives.

2007

Decree N°
455/007

Including:

- » Universal benefits for all types of companies and activities.
- » Objective and measurable criteria for the granting of tax exemptions.





Exemption from Corporate Income Tax*

- » 20% to 100% refund of the invested amount
- » Minimum time for refund: 3 years
- » The higher the indicator, the higher the profits



Indicators and weighting coefficient

- » Employment generation: **30%**
- » Territorial decentralization: **15%**
- » Increase in exports: **15%**
- » Cleaner production or investment in R&D+I: **20%**
- » Sectoral indicator: **20%**



*Corporate Income Tax exists only at national level (25%).

Corporate Income Tax Benefit Calculation

In order to gain access to the promotional regime, companies should score at least one point; ensuring a 20% of IRAE exemption

Score	Exemption
2	29%
4	47%
6	64%
8	82%
10	100%



Net Wealth Tax

100% tax exemption:

- » Civil Works Projects: For up to 8 years if located in Montevideo or 10 years if located outside Montevideo.
- » Fixed Assets: Throughout their entire useful life.



Fees: Import Taxes

100% tax exemption:

- » Moveable Fixed Asset Goods.
- » New or used; except for those that are produced in the country.

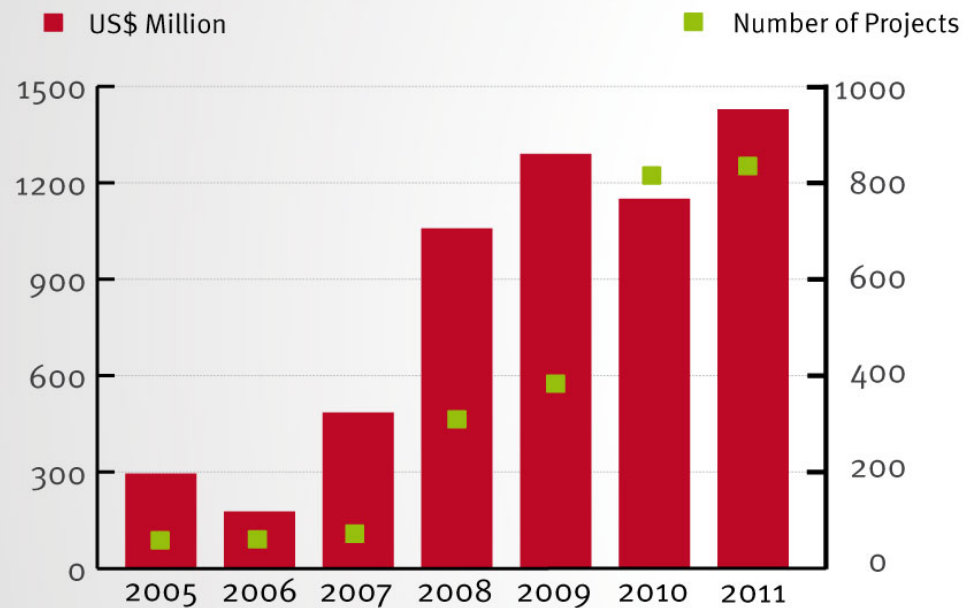


VAT- Materials and services used for civil works projects

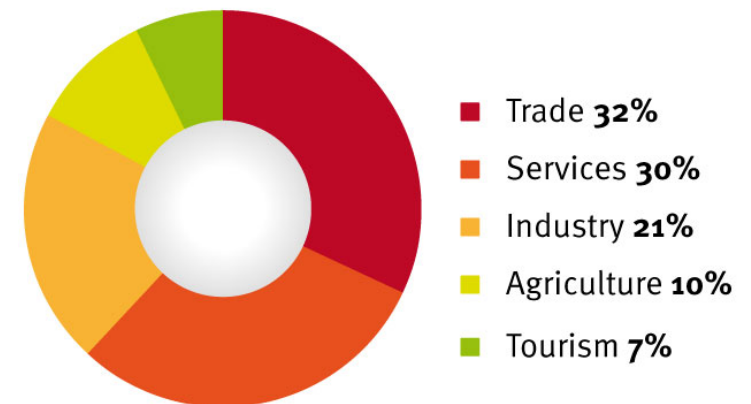
100% Refund:

- » Through Credit Certificates.

Projects approved by the Investment Law Application Commission (COMAP)



Projects approved by sector (2011)



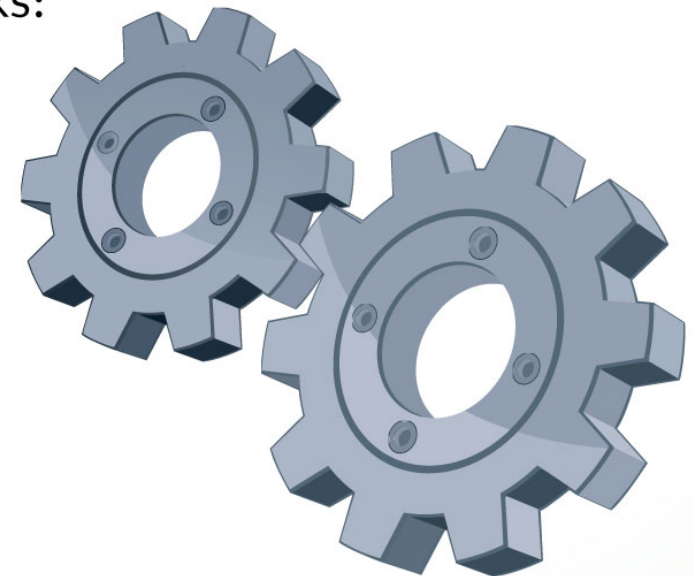
x10

In five years the number of projects submitted to the COMAP increased tenfold

Uruguay

industrial parks

- » Users of industrial parks are eligible for benefits covered by the General Investment Promotion Law.
- » Additional Benefits:
 - The total weighted score will increase by 15%
 - Users will be granted a tax credit for employer contributions associated to the incremental working positions for the promoted project for a 5-year period
- » Currently there are three authorized Industrial Parks:
 - Alto Uruguay Industrial Park
 - Juan Lacaze Industrial Park
 - Zona Este Industrial Park



Uruguay business platform



VAT Refund (Direct and Indirect):

The Tax Administration Department (DGI) reimburses Input VAT of taxed components incorporated in products that are directly or indirectly associated to exports.



Refund of Indirect Taxes:

Exported products get a reimbursement which is calculated as a percentage of the FOB value of exports.

tributary benefits for
exporters



Temporary Admission:

Introduction of raw materials and inputs (exempt from taxes) used in the process of transformation of goods which will subsequently be exported within 18 months. This regime is also applicable to machines and equipment of any origin, which enter the country temporarily for their use, repair, maintenance or update.

Uruguay free zones

Users are 100% exempt from

- » Corporate Income Tax
- » Net Wealth Tax
- » Import Duties
- » Any other tax created or that may be created in the future*

They can develop industrial, trade or services activities.

Business Parks focused on technology and services which operate in Montevideo

- » Aguada Park
- » Zonamerica
- » Parque de las Ciencias
- » WTC Free Zone

*Law Nº 15.921 – December 17, 1987.



Uruguay

some foreign companies established in Uruguay







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