

Investment opportunities

TOURISM



Uruguay XXI
INVESTMENT AND EXPORT
PROMOTION AGENCY

Tourism Sector Report

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Why Invest in Uruguay's Tourism Sector?

- Uruguay has a consolidated democratic system. The three main parties have alternated in government, always respecting the rule of law with clear and predictable norms.
- Uruguay is going through the longest period of economic growth in its recorded history. After 14 straight years of expansion, it is the most equitable country and the country with the highest income per capita in Latin America. Estimations indicate that the country will continue growing in 2017 and 2018 at rates higher than the Latin American average¹.
- National and foreign investors have a robust trust in Uruguay. During the last decade, it was the second Foreign Direct Investment (FDI) destination country in terms of its GDP (5.3 %), and the second country in profit reinvestment over total profits (61 %) in Latin America.
- Tourism is increasingly important worldwide as a productive activity. In 2015, estimates indicate it accounted for 9.8 % of the GDP and it generated 1 out of 11 jobs around the world².
- According to the World Tourism Organization (UNWTO), over the next decade international tourist arrivals in emerging destinations, such as Uruguay, are expected to increase at twice the rate of those in advanced economies, and by 2030 developing economies are expected to receive 57 % (vs. 45 % in 2014) of total global arrivals³.
- Tourism is the main source of foreign currency in Uruguay. With receipts exceeding 1,800 million USD, it generates more income than the country's traditional exported products.
- Uruguay is the first country in South America in number of tourists received compared to its population. In 2016, 3,328,450 people visited the country, which represents 98 % of its population.
- Tourism in Uruguay has gained an increasingly larger share of the national product. In 2015, tourism accounted for 7.1 % of Uruguay's GDP and generated nearly 110,000 jobs.
- According to the World Tourism Organization (UNWTO), four out of every five international trips originate in the same region. Uruguay is strategically located in the Southern Cone of the continent. An hour away from Buenos Aires and two from Asuncion, Santiago de Chile, and Sao Paulo, the country has an incredible potential as destination of tourists in the region.

¹ According to IMF projections for Uruguay and Latin America.

² <http://www.wttc.org/research/economic-research/economic-impact-analysis/>

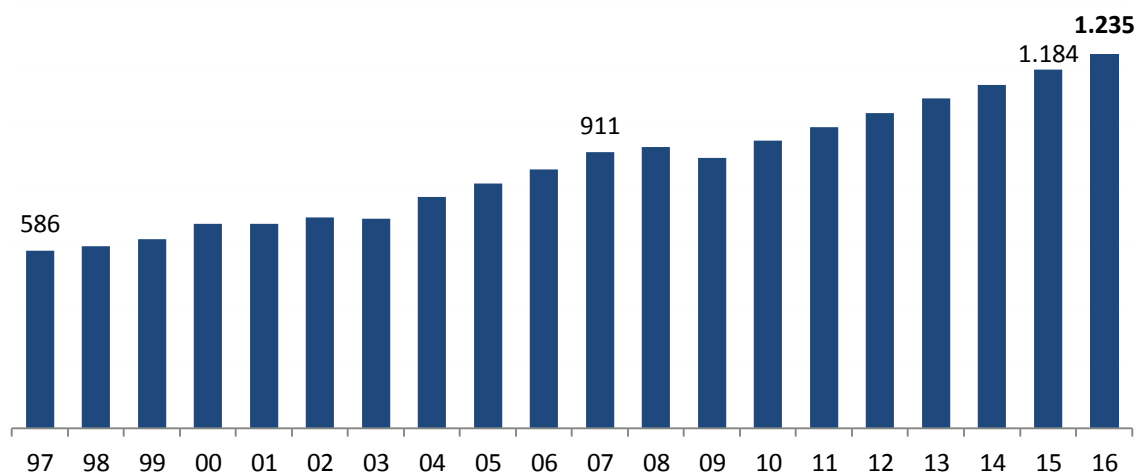
³ <http://www.e-unwto.org/doi/pdf/10.18111/9789284416899>

- Uruguay offers very attractive natural conditions that make it possible to enjoy a wide range of types of tourism only a few kilometers away from each other. In addition to the traditional sun and beach tourism, and urban tourism, the country offers rural space and nature, thermal and relax, nautical, congress and events, and social tourism, among other options.
- There is a long-term national tourism plan that gives a strategic vision agreed between the public and private sectors to develop this activity in the country. In 2015, the Tourism Law entered into force; it establishes this activity is a right and creates tools to improve the sector's productivity.
- There is an active promotion policy which, through participation in the most important international fairs and a strong investment in advertising campaigns, puts Uruguay on the map internationally under the brand "Uruguay Natural", making it possible to highlight the country's distinctive values as a tourist destination.
- The improvements made over the last few years in infrastructure, connectivity, and related services create favorable conditions for tourism and multiply the opportunities for new investments to develop.
- The Punta del Este Convention Center opened in July 2016, becoming one of the most modern event facilities in Latin America. The ANTEL Arena is estimated to be completed by 2018, with an investment close to 60 million USD. These two modern convention centers will put Uruguay at the forefront in infrastructure development to host events and conventions in the region.
- Uruguay has a comprehensive legal framework that establishes clear rules and the amplest guarantees, promoting a favorable business environment with great social stability, as well as giving attractive incentives to investors by means of a modern Investment Promotion and Protection Law.
- There are specific regulations to promote the tourism sector through special investment promotion scheme for condo-hotels.
- Other special schemes related to tourism are duty free shops and border shops (Tax Free Shops), as well as tax incentives to invest in nautical tourism and host international conventions.
- In addition, specific incentives have been designed for tourists, with a VAT reimbursement scheme for several products and services.

Global Tourism Trends

International arrivals have grown almost uninterruptedly at an average rate of 4 % over the last 20 years⁴. More specifically, in 2016 the number of international trips was approximately 1,235 million, which implies a 4 % growth in comparison with 2015. The latest World Travel & Tourism Council & Oxford Economics research⁵ indicates that **tourist activity in 2016 grew for the seventh year in a row more than global economy**, which means that the sector has been increasing its contribution to the global product, reaching approximately 10 % of the GDP (2015).

Graph No. 1 Number of international tourists (Millions of people)⁶



Source: Prepared by Uruguay XXI based on data from UNWTO (Annual Report 2015).

Meanwhile, **Latin America has been the second region in the world regarding international arrivals between 2010 and 2015**, only topped by Asia and the Pacific. In this period, Latin America went from welcoming 50 million tourists in 2010 to 65 million in 2015, which shows an average annual increase of 5 %; 2015 was the best year, with a 6.5 % increase compared to the previous year.

In addition, the UNWTO estimates that by 2030 **international arrivals** will reach 1,800 million tourists. **Arrivals in emerging destinations are expected to increase at twice the rate of those in advanced economies (+4.4 % vs. +2.2 % a year)**. Developing countries are expected to reach 57 % of all international arrivals by 2030⁷.

⁴ Based on figures published by the UNWTO

⁵ <https://www.wttc.org/research/economic-research/economic-impact-analysis/> - & - <http://www.wttc.org/research/economic-research/monthly-updates/#undefined>

⁶ Source: World Tourism Organization (2016), UNWTO Annual Report 2015, UNWTO, Madrid.

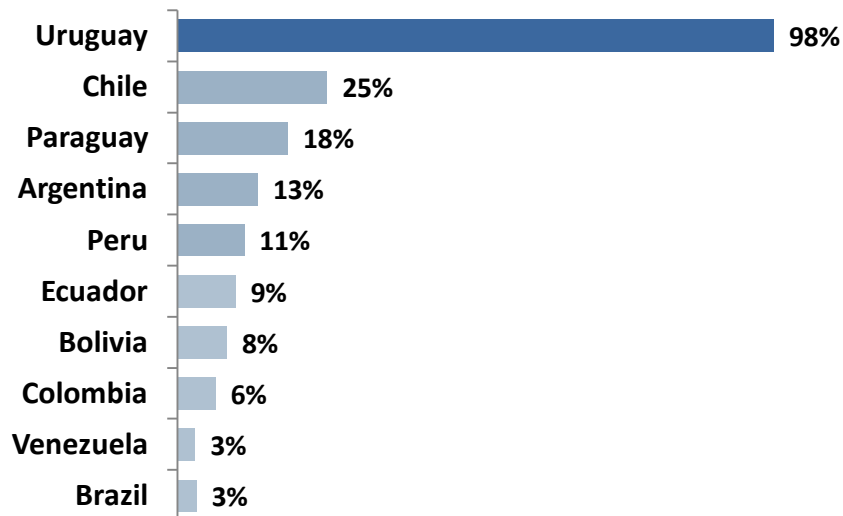
⁷ Source: UNWTO Tourism Highlights (2016 Edition)

Uruguay's Tourism Profile

Over the last few years, Uruguay has become established in the development of hotel infrastructure and high-quality tourist services. The country offers attractive natural conditions located a few kilometers away from each other, and it is known for having a distinctive set of values in the region.

These characteristics have helped to **make Uruguay the Latin American country that welcomes more tourists in terms of its population**. Over the last decade, the number of international arrivals went from 53 % of the population to almost 100 %. With a stable population, this shows an increase in the number of tourists that come to the country.

Graph No. 2 - International tourist arrivals to South America in terms of its population (2016).
(Tourists/Population)



Source: Uruguay XXI based on data from UNWTO and IMF.

The **tourism sector** has had a dynamic performance within the GDP, becoming the **main source of foreign currency** (considering the main exported products individually). More specifically, in 2016 receipts earned from international tourist expenditure exceeded 1,800 million USD, and this activity employed approximately 110,000 people.

The sector's sustained growth is not only due to the performance of international arrivals. The number of Uruguayans that leave their usual environment to take a vacation or visit different parts of the country has grown at a good rate over the last few years, boosted by better economic conditions in homes, which in 2016 had their thirteenth year in a row of real salary and income

growth⁸. This resulted in a strong growth of the middle class, which constituted 61 % of the country's population last year⁹. The equitable growth process Uruguay has experienced over the last decade has enabled a significant growth in domestic consumption, particularly in tourism spending by Uruguayans.

Strategically located in the Southern Cone, Uruguay has a potential market of 95 million tourists, considering only large cities that are less than 2,000 km away.

Figure No. 1 - Main cities in the region, flight time to Uruguay



For the next few years, Uruguay's goal is to continue developing the tourism sector as a result of specializing in the segments for which it has strong comparative advantages. The country has been making significant investments –approximately 120 million USD– in two modern convention centers: Punta del Este Convention Center (which opened in July 2016), and Antel Arena (under construction), which can hold large regional and international events. In addition, Uruguay offers a series of incentives to organize international events and conferences, which involve VAT exemptions: renting convention centers, organization services for international events, and registration fees. All of this puts Uruguay on the map as a country with great potential to develop this segment.

⁸ The real salary index grew at an average annual rate of 3.3 % over the last 10 years (Uruguay XXI based on the National Statistics Bureau).

⁹ According to IADB: Social Pulse in Latin America and the Caribbean 2016: Realities & Perspectives - <https://publications.iadb.org/handle/11319/7863>

Evolution of the Tourism Sector

Inbound Tourism in Uruguay

According to the UNWTO, tourism is a social, cultural, and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors and tourism has to do with their activities, some of which imply tourism expenditure. Thus, inbound tourism comprises the activities of a non-resident visitor within the country¹⁰.

Trends over the last decade (2007-2016)

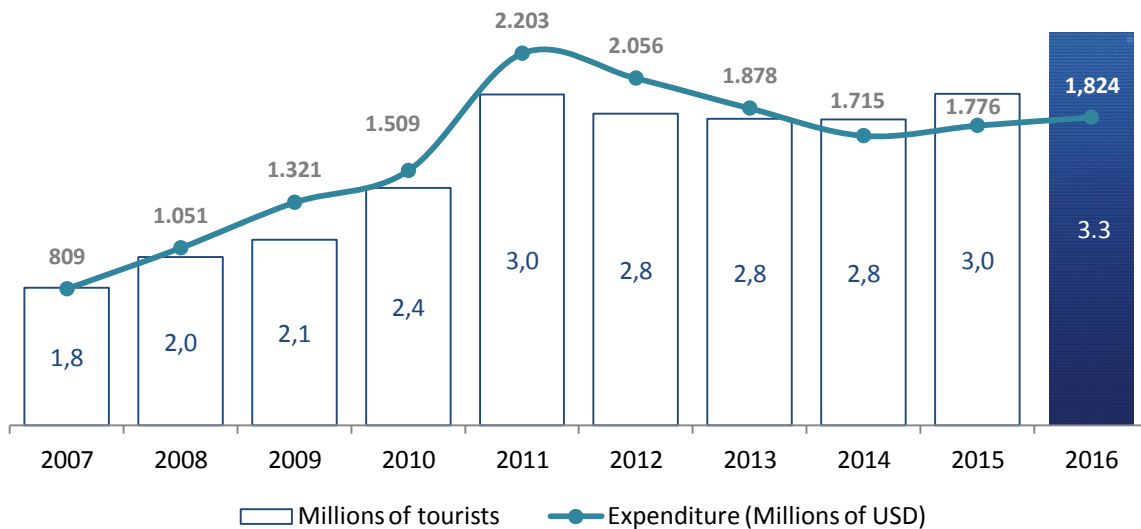
International arrivals to Uruguay remained on a growing trend over the last decade. The number of visitors that arrive in the country each year went from 1.8 million in 2007 to 3.3 million in 2016, which represents a **6 % average annual growth over the last ten years**.

Although international arrivals are a good indicator to assess the sector's performance, the impact of tourism on economy can be measured through the effects it has on production and employment, and the main factor is added tourism expenditure.

The inflow of foreign currencies from tourism had an accelerated growth in the first few years of the last decade. In particular, between 2007 and 2011, the inflow of foreign currencies went from 809 million USD to 2,200 million USD. In the following three years, there were consecutive falls in the inflows which were the result of, among other factors, protectionist policies implemented by the Argentine government –main source of tourists coming to the country–, which implied restrictions in the purchase of foreign currencies, and tax increases for the use of credit cards abroad for Argentine residents. In 2015, when these measures were lifted, there was a strong return of Argentine tourists and, at the same time, added expenditure had a slower recovery due to the decrease in average stays. This held back the positive effect of international arrivals.

¹⁰ <http://mintur.gub.uy/index.php/es/turismo-receptivo>

Graph No. 3 - International tourist arrival and expenditure in Uruguay (millions of visitors and millions of USD)



Source: Uruguay XXI based on the Ministry of Tourism, 2016 estimates by the Center for Economic Research (CINVE).

As shown above, the added expenditure depends mostly on three variables: the number of tourists arriving in the country, their daily expenditure, and how long they stay.

If these three variables are analyzed together with their impact on added expenditure, in Uruguay average stays decreased by almost 24 % over the last decade, going from 7 to 5 and a half days.

In turn, the daily expenditure per tourist grew 63 % in nominal terms over the last decade, which constitutes a 5 % average annual growth. This was due to two different dynamics during this period. Between 2007 and 2011, daily expenditure rose from US\$61 to US\$118, which constitutes a 14 % growth per year. In the following years, there was a decrease, going from US\$118 in 2012 to US\$95 in 2015. Finally, there was a slight increase in 2016 (3.5 %), which means that a tourist's daily expenditure was US\$99. Thus, in **Uruguay there has been a trend among tourists over the last few years to stay for shorter periods of time and have greater control over their expenditure**, something that is in line –according to experts– with behaviors around the world over the last few years¹¹.

¹¹ Under Secretary of Tourism and Sports of Uruguay to El Observador, <http://www.elobservador.com.uy/pese-reduccion-las-estadias-se-afianza-record-temporada-n1018526>

Characteristics of inbound tourism – 2016

In 2016, 3,328,450 tourists entered the country, not taking into consideration cruises or tourists that cross the land border to shop¹², **and they spent 1,824 million USD**. However, figures include visitors who are in transit to other destinations which, compared to 2015, grew by 50 %. Considering only tourists who arrived in the country having Uruguay as a final destination, the number was 3,055,587 visitors, which in any case was a historic record and constituted a 10 % increase compared to 2015.

International arrivals are grouped by origin. **A total of 85 % of foreign visitors who arrived in Uruguay in 2016 came from the two neighboring countries**. We must highlight the increase in the number of **Argentine tourists** which, over the last year, grew 25 % (which constituted 433,000 more tourists than in 2015) and reached **2,140,000 people**. In turn, the arrival of Chilean tourists grew by 5 %, while the number of non-resident Uruguayans dropped by 19 %. No significant changes have been found regarding other regional origins. Regarding tourists from outside the region, we must highlight the increase in visitors from other origins (6.7 %) and North American visitors (2 %). Meanwhile, the number of European tourists fell by 3 %. Finally, although Paraguay has a limited weight on our tourist reception matrix –1.6 % of the total–, visitors coming from that country are the ones with the longest stays and the greatest expenditure per person: approximately US\$1,022, which almost doubles the average expenditure per tourist (US\$548).

Average stays shortened by 11 % over the last year, going from 6.2 days in 2015 to 5.5 days in 2016. We must keep in mind the 50 % increase in the number of tourists in transit over the last year which, once excluded, result in a 6-day average stay for 2016 (which constitutes a 9 % decrease compared to 2015). Meanwhile, the tourists' average daily expenditure during 2016 was \$99, which constitutes a 3.5 % increase compared to 2015.

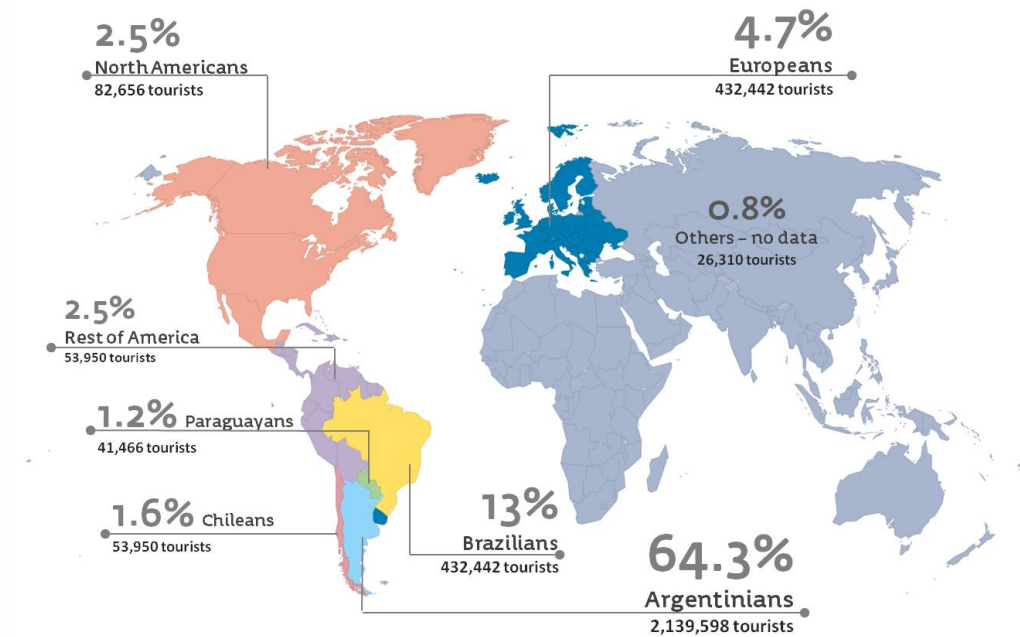
The evolution of all of these variables meant that in 2016 there was an **increase in the total inflow of foreign currencies from tourism of about 3 % in current U.S. dollars** which, based on the evolution of the exchange rate and domestic prices, constituted a 4 % increase in real terms compared to 2015.

If we look at the annual evolution of the main categories included in expenditure, we must highlight the 38 % increase in Recreation and Culture (43 million USD more than in 2015), reaching 158 million USD. Shopping was another category with a good performance: there was a 47 million USD increase over the last year (a 25 % increase compared to 2015). Meanwhile, the Tours category had a 16 % decrease.

¹² Mostly Brazilian tourists who normally stay for one or two nights in the city of Rivera to do shopping (duty free shops)

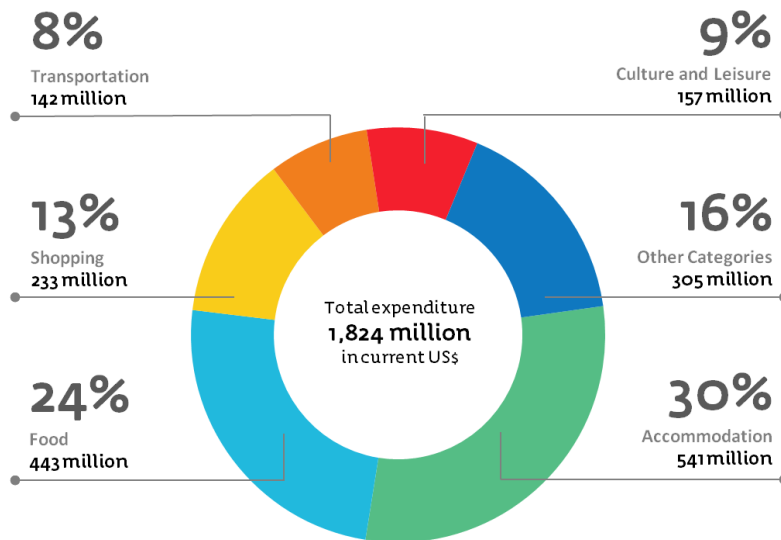
Montevideo, the country's capital, **was in 2016 the main tourist destination with over 950,000 visitors, attracting one out of every three tourists.** Secondly, Punta del Este welcomed over 695,000 tourists, which constituted an increase by 75,000 visitors compared to 2015 (11 % higher than the previous year). The third place was occupied by the hot springs to the west of the country with almost 500,000 visitors, and Colonia was the fourth main destination with 283,000 tourists.

Figure No. 2 - Tourists that entered Uruguay according to country of residence (2016)



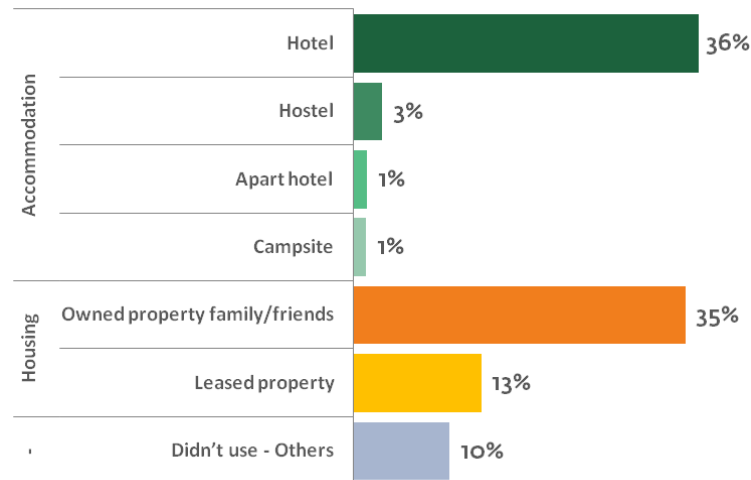
Source: Uruguay XXI based on the Ministry of Tourism.

Graph No. 4 - Receipts from inbound tourism according to expenditure category (2016)



Source: Uruguay XXI based on the Ministry of Tourism.

Graph No. 5 - Accommodation used by tourists - by category (2016)



Source: Uruguay XXI based on the Ministry of Tourism.

Cruise Tourism

It is a particular form of inbound tourism that refers to activities done by a non-resident visitor who visits our country, generally without staying overnight, under the cruise modality.

Trends over the last decade (2007-2016)

Cruise season goes from October to April and, which is when approximately 200 cruises¹³ arrive at the ports of Montevideo and Punta del Este, carrying passengers from many different countries. This modality offers several benefits to tourism. First, the visitors' expenditure during their stay. In addition, it is a powerful way to promote the country because, according to statistics from the Ministry of Tourism, **approximately 70 % of the people who visit Uruguay under this modality do it for the first time**, and many of them return later as traditional tourists for longer periods of time. Finally, since 2014, Uruguay has been a boarding and disembarking point for passengers and crews of the Costa group, which enables Uruguay to attract tourists that remain in the country during the days close to the arrival of these cruises, thus increasing receipts from traditional tourism and making the country's air connectivity more dynamic.

Between **2006 and 2015, the number of cruises that arrived in Uruguay rose by 24 %**. When looking at the evolution, it is clear that the arrival of cruises rose significantly during the first seven years, going from 130 in 2006 to 237 in 2013 –record year–. **During the last two seasons there was a decrease that resulted in 32 % less arrivals than in 2013**, approximately 76 cruises less than that year. However, the negative impact was softened by the larger size of the cruises that arrived.

¹³ Average over the last 5 years

Regarding the number of cruise passengers, there was a 113 % increase over the last decade, going from 149,000 tourists in the 2006-2007 season to 317,000 tourists in 2015-2016. This represents an 8 % average annual increase. During the last two seasons, the number of tourists that disembarked dropped by 22 %, which followed the trend of a lower number of cruises arriving.

Graph No. 6 - Cruise passengers (thousands) and expenditure (millions of USD) - 2006/07 and 2015/16 seasons



Source: Uruguay XXI based on the Ministry of Tourism.

Lastly, the total expenditure by tourists under the cruise modality during the 2015-2016 season exceeded 11 million USD, which represented a 2 % year-on-year increase, although if compared with the income received ten years before, expenditure remains almost unchanged. This means that even though the number of cruises and cruise passengers grew compared to ten years ago, this did not translate into a higher added expenditure.

Characteristics of cruise tourism – 2015-2016

During the last completed season (2015-2016), 161 cruises arrived in the country, 11 less than during the previous season, which means there was a 6 % decrease compared to the previous year. Out of the total number of cruises that arrived in the country, 105 arrived at the port of Montevideo and 56 at the port of Punta del Este.

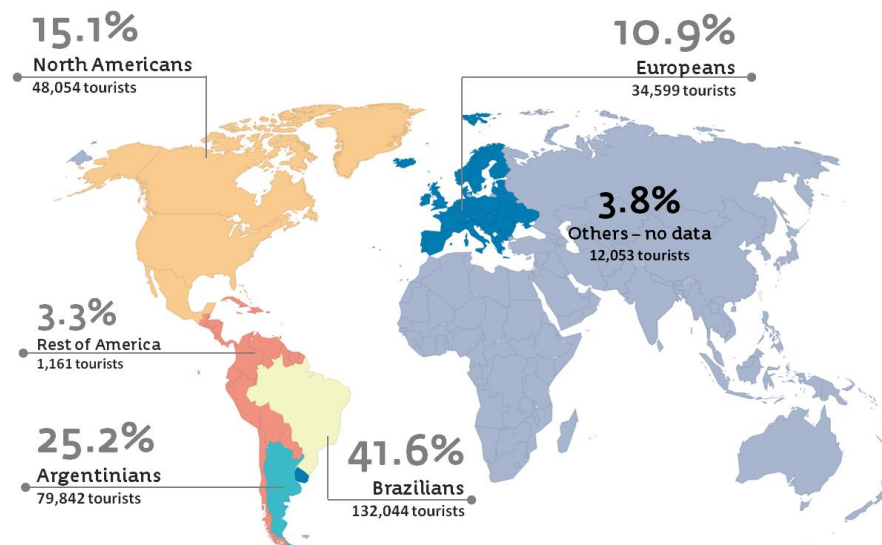
During the last season there were **317,205 disembarked cruise passengers**, 4 % less than during the previous season. Brazilians (42 % of cruise passengers) and Argentines (25 %) were among the main passenger nationalities. North Americans and Europeans were 15 % and 11 %, respectively. This means that tourists arriving in the country under this modality diversify the origin of tourists visiting the country. On the one hand, Brazilians predominate among regional tourists; on the

other hand, the percentage of tourists from outside the region is significantly greater than in inbound tourism, reaching 25 % of the total number of disembarked people.

During the last season (2015-2016), cruise passengers spent over 11 million USD: 58 % was used for shopping, 26 % for food, and 10 % for tours.

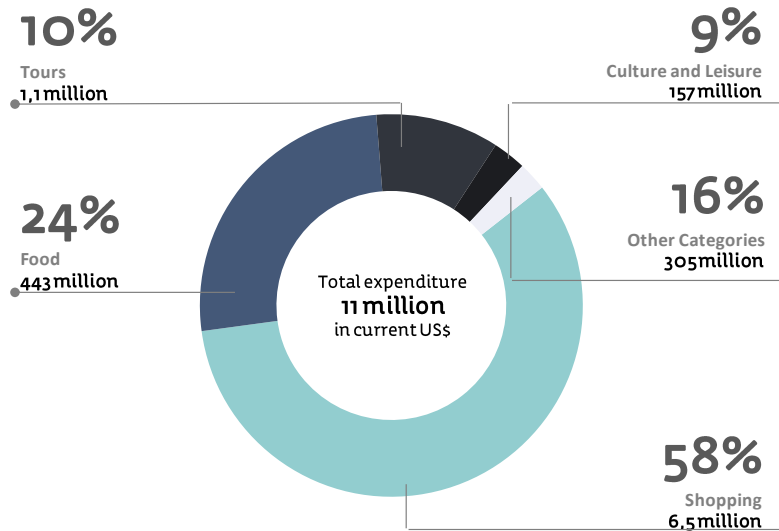
Therefore, **cruise tourism**, far from competing with traditional tourism, **makes it possible to attract a greater variety of tourists from within and beyond the region. It also diversifies expenditure**, because it has a structure that leans more towards sectors such as retail, gastronomy, and tours, than traditional tourism.

Figure No. 3 - Tourists arriving by cruise according to nationality (2015/16 season)



Source: Uruguay XXI based on the Ministry of Tourism.

Figure No. 4 - Cruise tourist expenditure according to expenditure sector (2015/16 season)



Source: Uruguay XXI based on the Ministry of Tourism.

Domestic Tourism in Uruguay

Domestic tourism comprises the trips made by residents who take a vacation or simply visit different destinations in the country. **In 2015, 6.6 million trips were made** (approximately the same level as in 2014). This tourist activity by residents in the country **resulted in 565 million USD in receipts**¹⁴.

There are different modalities of domestic tourism: Regular trips, which include outings made by the same tourist with certain regularity throughout the year. This modality had over 3 million trips in 2015 (47.5 % of the total). Then, non-regular trips, which include outings made sporadically, without plans to return later to the destination. This modality had over 2.2 million trips in 2015 (33.8 % of the total). Finally, excursions, which generally include group trips and are usually motivated by a specific activity or theme. This modality had 1 million trips last year.

Meanwhile, **domestic tourism is characterized by a more diversified and extensive use of tourist attractions**. According to the Center for Economic Research¹⁵, Montevideo is the main source of domestic tourism, and the southeast region is the main recipient. In addition, there are significant intra-regional flows of tourists, who generally travel to departments neighboring the one they live in.

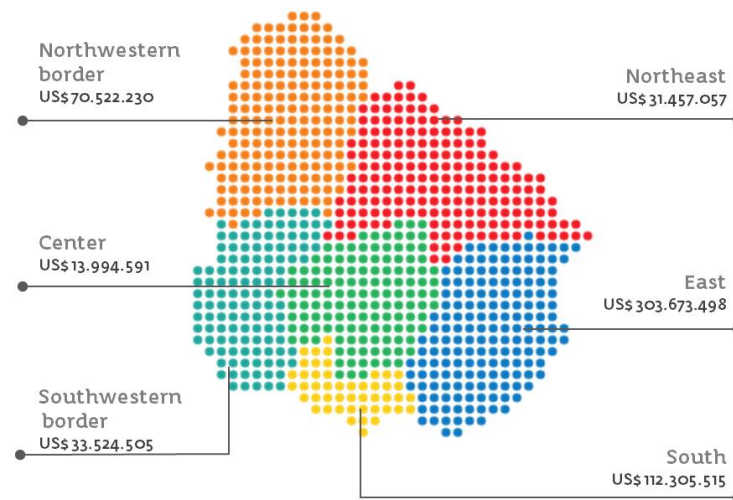
During 2015, the mid-south region was the source of 2 out of every 3 resident tourists, but it received only 33 % of tourists. The east region was the source of 8 % of the total trips, but it received 34 %, which made it the area that benefitted the most from domestic tourism.

Meanwhile, the destinations chosen by resident tourists were the south (Montevideo and Canelones), the east (Punta del Este and Rocha) and the hot springs to the west of the country. Most of the expenditure is also focused on those regions, particularly the east of the country.

¹⁴ Source: Ministry of Tourism based on the Ongoing Household Survey (2015). The number of trips may consider the same person more than once.

¹⁵ Domestic tourism in Uruguay: a matrix approach, Magdalena Domínguez Pérez, CINVE. <http://www.pasosonline.org/Publicados/14416/PASOS49.pdf>

Figure No. 5 – Domestic tourism by region (Millions of USD) (2015)



Source: Uruguay XXI based on the Ministry of Tourism.

Thanks to the strong economic growth in Uruguay –which made it possible to increase real salaries and incomes significantly–, this modality has had a significant growth over the last decade.

Outlook

According to data from the World Tourism Organization (UNWTO), in 2016 international tourism grew for the seventh straight year, reaching a new record, while international arrivals are expected to continue growing at a rate of 3.8 % until 2020, when they are expected to reach 1,360 million tourists. Meanwhile, according to the UNWTO, tourism will not have the same performance in all regions: in emerging economies –such as Uruguay– it will increase at twice the rate of developed economies.

In Uruguay, tourism generated receipts in 2016 for 1,800 million USD and it employed nearly 110,000 people. In turn, a historic record was reached in the number of arriving tourists, exceeding 3.3 million visitors.

One of the economic factors that may be influencing a greater arrival of tourists is the relative improvement in regional macroeconomic contexts, in particular, the improvement in growth expectations for the Argentine and Brazilian economies, and the recovery in consumer trust indicators.

There has also been an improvement in Uruguay's relative prices compared to Argentina which, during the last year, saw its inflation rise by 40 % while the dollar remained relatively stable, which

translates into the country becoming more expensive in dollars compared to countries like Uruguay. In addition, the country's competitiveness with Brazil got better, although it had a lesser impact.

All of these variables influence the arrival and expenditure of tourists coming from our two neighboring countries which, in total, constituted 85 % of the total number of foreigners that visited Uruguay during the last year.

Projections for 2017 indicate that the tourism sector will grow again. **During the first two months of 2017, almost 1.1 million tourists entered the country¹⁶**, which represents a 23.6 % increase compared to the same months in 2016. This increase can be explained by a greater arrival of tourists from the region; among them, the number of Chilean tourists rose by 41 %, and the number of Argentines and Brazilians rose by 25 %. In addition, **total expenditure exceeded 900 million USD**, which means there was a 42 % increase compared to the same period of the previous year. The **duration of stay** during the first two months of the year reverted its downward trend and **reached 9 days¹⁷**.

According to data from CINVE¹⁸, the arrival of tourists is expected to be 15 % higher than in 2016 by the end of 2017. This would be mostly explained by an increase in the share of countries in the region as source of tourists, among them Argentina, which would increase its number of tourists by 20 %, and Brazil, which is expected to increase by 9 %.

The current context of outward-looking economic policies in the region has boosted the increase in the number of tourists, while the improvement in Uruguay's competitiveness as a tourist destination has been relevant to explain the increase in tourist expenditure and average stay.

Although the current context could change due to a reduction in prices in Argentina and Brazil or a potential economic downturn in neighboring countries, what happened over the last ten years shows how resilient the sector is.

On top of the current situation, tourists from the region are very loyal to Uruguay. Inbound tourism has managed to remain greatly dynamic in spite of restrictive policies for outbound tourism in its main market (Argentina), which included currency exchange controls, restrictions to the use of credit cards, and blocking international bridges, on top of a regional context of economic recession.

Regarding cruise tourism, it has experienced a downward trend since the 2013-2014 season, which can be explained by the implementation of high fees to enter the port of Buenos Aires. The ports

¹⁶<https://www.presidencia.gub.uy/comunicacion/comunicacionnoticias/kechichian-datos-historicos-turismo-enero-febrero-consejo-ministros>

¹⁷<http://mintur.gub.uy/index.php/es/noticias/item/237983-1-100-000-visitantes-llegaron-a-uruguay-en-enero-y-febrero>

¹⁸<http://www.cinve.org.uy/wp-content/uploads/2016/12/AyC-2016-111.pdf>

of Montevideo and Punta del Este were affected because they are destinations included in South American routes together with the southern coast of Brazil and Buenos Aires.

For this season, which began in November 2016, we expect over 150 cruises to reach the ports of Montevideo and Punta del Este, and approximately 300,000 people to disembark. These figures are similar to the previous season. Projections for this season indicate that the cruise modality will see another year with a decrease in the number of visitors and related receipts, but figures will be similar to the previous year. For the upcoming season, there are some signs that may give this modality more dynamism. The possibility that Argentina will lower the entry fees for the port of Buenos Aires, and the Argentine government's announcement that it will build an exclusive terminal for cruises¹⁹ may have a positive impact on national tourism, with the return of many cruises that stopped including cities in the southern part of the continent in their routes as a result of the high costs imposed by the capital city of Argentina.

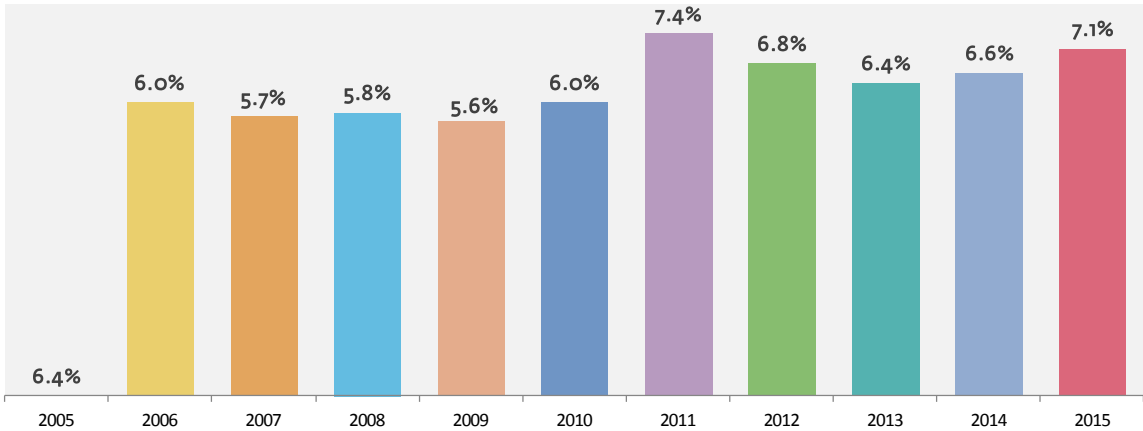
Economic Significance of Tourism

Some of the impacts of the tourism value chain that can be measured are related to this activity's contributions to the Gross Domestic Product (GDP), the number of jobs created, and the investments associated to the sector.

Impact on GDP

Tourism implies integration between different economic sectors (transportation, accommodation, food, entertainment, etc.), so it has a profound spillover effect on all of the economy.

Graph No. 7 - Share of tourism in Uruguay's GDP (%)



Source: Ministry of Tourism Yearbook 2016

¹⁹ <http://www.telam.com.ar/notas/201607/154587-terminal-cruceros-puerto-buenos-aires.html>

The Ministry of Tourism's Tourism Satellite Account makes it possible to measure more accurately the share of tourism in the total added value of the economy. Its latest measurement (2015) estimates that tourism constitutes 7.1 % of Uruguay's GDP. If we translate that to current U.S. dollars, it implies a value of approximately 3,800 million USD. If we look at the evolution between 2006 and 2015, we can see that the share of tourism in the country's GDP rose by approximately 1 %. Taking into account the increase of the GDP over the last decade, we can conclude that tourism has had an outstanding performance and it was one of the most dynamic activities in Uruguay's economy.

Impact on employment

Another way to measure a sector's impact is to consider its capacity to generate jobs. Tourism generates 1 out of every 15 jobs in Uruguay's economy, and it is one of the most intensive sectors regarding labor.

Chart No. 1 shows the distribution of employment in tourism according to sectors. Food, transportation, and accommodation are the categories that employ more people. In total, they account for 85 % of the jobs related to the sector.

Chart No. 1 - Structure of employment in the tourism sector (2015)

Sector	Jobs	Percentage
Accommodation	21,941	21 %
Restaurants and bars	44,521	42 %
Transportation	23,404	22 %
Rental of transportation and recreation goods	1,232	1 %
Travel agencies and related activities	2,870	3 %
Culture	1,230	1 %
Recreation and sports	8,726	8 %
Retail (duty free shop)	2,962	3 %
Total	106,886	100 %

Source: Uruguay XXI based on the Ongoing Household Survey (2015).

In addition, jobs in the tourism sector were 6.5 % of the total jobs created by the economy during 2015, with similar figures compared to previous years and consolidating as a significant sector in employment creation.

Impact on investments

Tourism is a sector that revitalizes investments in the country's economy. On top of what the public sector invests to maintain and improve tourism infrastructure, the private sector plays a key role in making investments to increase the quality of tourist attractions and related services.

Improvements in accommodation and other facilities related to tourism are mostly funded by the private sector. In addition, there are investments in real estate to rent or own as a second home – basically in Punta del Este and its surroundings– which have made the construction industry more dynamic over the last decade.

To have an idea of the investments made in the sector, we can consider the projects submitted to the Application Committee (COMAP) of the Investment Promotion and Protection Law (Law No. 16.906) –with the purpose of receiving the tax benefits granted by Decree No. 2/012– which were recommended for approval.

Between 2006 and 2016, COMAP has recommended investment projects related to tourism for over 1,590 million USD: 1,220 million were national investments (80 %), and 100 million were investments made by Spanish investors, followed by Brazilians (69 millions) and Argentines (61 millions). Recommended projects include categories such as: expanding and renovating hotels (51 %); real estate activities and building construction (32 %), and other projects (17 %). Meanwhile, investments are mostly focused on the departments of Montevideo, Maldonado, Colonia, and Salto.

In 2015 a record number of recommended projects was reached by COMAP for the tourism sector, reaching 450 million USD; almost all of them (97 %) were projects submitted in the departments of Montevideo and Maldonado, the country's main tourist destinations. In 2016, the number of projects decreased by 63 % and they involved investments for 33 million USD, less than 10 % of the projects submitted the year before.

Investments in hotel infrastructure in the country have been historically related to the arrival of Argentine capitals. The last big process of economic growth in the region began ten years ago with soy beans. The large profits from this activity and the low international interest rates made many investors prefer to put their savings in the hotel-real estate sector. Meanwhile, at the beginning of the cycle, prices were very low and values rose quickly, which boosted the interest of investors from the region. Over the last two years, the context has been changing as a result of the slowdown of the Argentine economy, the rise in construction prices, and the increase in interest rates. All of these factors explain, in part, the slowdown of investments in tourist developments during the past year.

**Chart No. 2 - Investment projects submitted to COMAP
Tourism Sector 2015-2016**

Department	2015		2016	
	Projects	Thousands of USD	Projects	Thousands of USD
Montevideo	17	349,727	5	21,995
Maldonado	6	86,172	2	8,687
Canelones	2	6,573	-	-
Salto	2	2,958	2	341
Rocha	3	1,745	1	75
Lavalleja	1	982	-	-
Tacuarembó	1	702	-	-
Colonia	2	306	3	2,019
Florida	1	235	-	-
Total	35	449,399	13	33,117

Source: Uruguay XXI based on UnASeP (Unit to Support the Private Sector).

Here is the description of some hotel developments that either opened throughout the past year or are expected to open in the near future.

Developments in Montevideo

Aloft Montevideo Hotel: The 4-star hotel of the Aloft chain is scheduled to open in August 2017 in the commercial area of downtown Montevideo. It will have 100 loft-like rooms, and 2,267 square meters of meeting space. The investment is made by the Garbarino group, as part of the expansion project for Punta Carretas Shopping, and it is estimated to be 15 million USD. Hotel management will be in charge of the hotel company that owns Four Points by Sheraton Montevideo, Sheraton Montevideo Hotel, and Sheraton Colonia.

Pestana Montevideo Hotel²⁰: Pestana, the Portuguese hotel chain, after reaching an exploitation agreement with the firm that owned the Jockey Club, refurbished and opened a restaurant, a bar, and an area for events. In November 2016, the group announced that it had purchased the building to construct a 5-star hotel with 99 rooms, which will require an investment of 20 million USD.

The **AccorHotels** group began building two hotels under the Ibis brand in Tres Cruces and Villa Biarritz. Ibis Budget Obelisco and Ibis Style Biarritz & Tower are scheduled to open in 2017, and will represent a 8 million USD investment each. One of the hotels built will have 2,500 m² and 94 rooms, while the other one will have 3,100 m² and 84 rooms.

Cottage Puerto del Buceo City Hotel: LEED-certified eco-hotel focused on the corporate public, with Uruguayan-sourced investments for almost 6.5 million USD. The hotel will have 48 rooms, a

²⁰ Source: http://www.hosteltur.lat/115580_pestana-compro-edificio-historico-montevideo-abrir-hotel-5-estrellas.html

pool, a gym, meeting space, bar service, and a spa. It will be located a block away from the World Trade Center and it is scheduled to open in early 2017.

Esplendor Punta Carretas Hotel: Wyndham Hotel Group opened in March 2017 the first Wyndham Grand hotel in the region, the most exclusive and high-end brand of the group. The new hotel, located in the Punta Carretas neighborhood, has 241 rooms, a pool, a gym, a spa, a restaurant, a convention center, and a parking lot.

TRYP Montevideo Hotel: The Edimboro investment group and Montevideo Alfa real estate got together with Wyndham Hotel Group and opened at the end of 2016 in Montevideo the Tryp Privilege Condo-Hotel, with 45 rooms and 2,000 m² in downtown Montevideo, at the corner of Soriano and Río Negro, with a total investment of 3.5 million USD.

Hyatt Montevideo: Built on a 2,500 m² lot, the new condo-hotel that opened by mid-2016 with a 60 million USD investment is located on the Montevideo promenade on the Pocitos bay. With a 5-star hotel service, this condo-hotel has 178 rooms on 13 floors. It is managed by Hyatt, the American hotel operator.

Howard Johnson Carrasco: The first hotel operated by the Howard Johnson chain in Uruguay has been open since October 2016. It is located at Hostería del Lago in Carrasco and it has 83 rooms, 2 convention rooms that can hold approximately 200 people, 2 meeting rooms, free Wi-Fi in all areas, a pool with a view of the La Caleta lake, a gym, a spa, and over 5,000 m² of parks and natural gardens²¹. The renovation investment exceeded 3 million USD²².

In addition to the expansion of hotel infrastructure, the city's capacity to host large events is projected to grow significantly with the construction of a new multipurpose center by ANTEL, the national telecommunications company.

Antel Arena is a center for sports, artistic, and cultural events that will have 30,000 m². The arena will be available to host national and international events and conferences. It is scheduled to open during 2018, after an investment close to 80 million USD.

Developments in the countryside

Hotel developments in the countryside have also grown significantly, in particular in departments like Canelones, Cerro Largo, Colonia, Paysandú, and Maldonado (Punta del Este).

Canelones

Hampton By Hilton: Saceem, the company that owns and built the hotel, signed a 20-year contract with international hotel chain Hilton Worldwide, which will be managing the hotel with 120 rooms that will be located near the Punta Cala event complex, on Avenida de las Américas.

²¹ <http://www.elobservador.com.uy/howard-johnson-abre-hotel-la-ex-hosteria-del-lago-n999050>

²² <http://www.elobservador.com.uy/howard-johnson-llega-uruguay-un-condohotel-n267124>

The project will require a 20 million USD investment²³ and it will be focused on executives coming to the country for business.

Cerro Largo

Río Branco Shopping Mall, Terminal & Hotel: The project is promoted by Duty Free Americas (DFA), with the support of a group of investors from Panama. In addition to the mall, the project includes a bus terminal, a 4-star hotel, and a supermarket²⁴. The total investment is estimated to be 50 million USD.

Colonia

Carmelo Golf: The project is located in 270 hectares of gorges, great lakes, and vineyards. It has 220 lots ranging from 3,000 to 4,500 m², 12 five-hectare country houses, a golf course, a polo field, a Club House with over 700 m², an equestrian zone, and a private beach. The 18-hole golf course has been maintained following the highest standards of the Four Seasons chain. It is the result of a *joint venture* between Argentine firms Real Assets and Eidico. The houses have a view of the lakes and vineyards. The total investment is estimated to be approximately 15 million USD. The project is located on route 21, 7 kilometers away from the city of Carmelo, opposite the Four Seasons Resort Carmelo hotel, and a few minutes away from Buenos Aires.

Carmelo Howard Johnson: The project will be located at the mouth of Arroyo de las Vacas. It will involve the construction of 6,000 m² that will include 83 rooms with private bathroom, a restaurant, a spa, a conference room, a pool, a wine cellar, and two stores. The project is undergoing the authorization and architectural projection stages, so its opening date cannot be estimated yet²⁵.

Lomas del Real: Located 5 minutes away from the Colonia historical center, and meters away from the bullring, it is a venture with 7,250 m² set in Cuatro Soles, a 40-hectare community in the Real de San Carlos area. It has 56 apartments and lofts with 1 or 2 bedrooms, with areas ranging from 55 to 96 square meters, which are distributed in 8 lots. It is operated under the condo-hotel modality, and it is part of Mantra-Group. It has a club house, an outdoor pool, a fitness center, a sauna, and a kids club. The total investment is 7.5 million USD.

Dazzler Colonia Hotel: Big Ben Desarrollos, together with Argentine firm Fën Hoteles, opened a new condo-hotel in Colonia. With an initial investment of 20 million USD, it has apartments on one part and a condo-hotel operating under the Dazzler brand on another part²⁶.

²³ <http://www.elobservador.com.uy/se-viene-un-nuevo-hilton-que-sera-un-hotel-aeropuerto-n689655>

²⁴ <http://www.elpais.com.uy/economia/noticias/shopping-hotel-millones-rio-branco.html>

²⁵ Source: <http://www.elobservador.com.uy/howard-johnson-abre-hotel-la-ex-hosteria-del-lago-n999050>

²⁶ Source: El Observador 09/30/2015.

Paysandú

Salinas del Almirón Resort Termal: It is a 4-star hotel that is now part of the Sacramento Management chain. This project is located in Termas del Almirón (Paysandú), the only salt water hot springs in Uruguay, and 7 million USD were invested in it. It has 60 rooms, an in & out thermal water pool, a sauna, a jacuzzi, a gym, a water playground for children, a movie theater, a playroom, a kids room, an outdoor recreation area, and a conference room.

Maldonado

Finca La Quebrada: has scheduled the construction of a high-quality countryside hotel that will include a 5-star boutique hotel with a restaurant, a bar, a conference room, a pool, and a spa, located in the Pueblo Garzón area, in Maldonado. The investment is estimated to be US\$16,268,927, and the project is scheduled to be completed by 2018.

Alive Health Resort Punta del Este: With an investment of 7.5 million USD, a wellness spa is being built with 5-star hotel services. Inspired by European wellness spas, it will include the latest treatments and equipment for programs related to: healthy weight loss, anti-stress, cleansing, smoking cessation, rejuvenation, etc. It is scheduled to open in September 2017.

Conrad Hotel: The iconic 5-star Conrad hotel was purchased in May 2013 by Chilean firm Enjoy for 139 million USD. The Chilean firm bought 45 % of the total. The rest is held by Baluma Holdings. Recently, Enjoy reported it was negotiating the purchase of the rest of the Conrad Hotel. The hotel has 294 rooms, including 41 suites. The new Chilean management expanded the casino and other facilities, investing 20 million USD. In October 2015, an expansion project was presented for 220 million USD, which will multiply by four the hotel's capacity. It includes building three new towers and a shopping mall, as well as expanding the casino and the spa.

Trump Tower Punta del Este²⁷: It will be the only property in South America under the Trump name. With a total investment of 100 million USD, it will have 24 floors and 156 units with 1-3 bedrooms, as well as 2 penthouses. Located on Parada 10 of Playa Brava, the tower will have different amenities, such as: a 1,000-square-meter pool, two indoor pools, a tennis court, a gourmet restaurant, a conference room, and two mini movie theaters. It will be the only building in Punta del Este with a heliport. Its construction began in late 2014 and it is scheduled to be completed by 2018.

Howard Johnson Spa & Convention Center Punta del Este: A hotel near Playa Mansa, in downtown Punta del Este. The project, with a total of 7,000 m², has 104 suites and 50 junior suites for sale under the condo-hotel system. It also has a large business center and a convention center that can accommodate 400 people.

²⁷ Source: www.trumppuntadeleste.com/

In this regard, Punta del Este has already become an attractive location for large conferences and events.

In July 2016 the **Punta del Este Convention & Exhibition Center** opened its doors. It is located in the El Jagüel park, minutes away from downtown Punta del Este. It has a room that can accommodate 2,600 people, and 4 additional rooms for 300 people each, as well as a service area with 8,200 m². In addition, the structure has a 6,800-square-meter exhibit hall. The investment made amounts to 40 million dollars.

Rivera

Frontier Hotel Rivera: It opened in December 2016 in the city of Rivera. The hotel has 72 fully-equipped rooms, a spa, and a gym, in addition to a meeting service in its big cafeteria. The investment made amounts to 7.5 million USD and it is managed by Sacramento Management.

To conclude, the impacts of the tourism sector on the GDP, employment, and investments make it possible to quantify only some of the benefits this activity brings to the economy. However, there are certain less quantifiable benefits that are related to the possibility given by tourism for a visitor to: become a potential investor or develop a productive undertaking; use Uruguayan products in his/her country of residence, generating a positive impact on exports; or learn about and/or get a good impression of the country that will help put Uruguay on the map in international markets, particularly with regard to quality of living, security, economic stability, national production, educational level, culture, and technological advances. These elements constitute an intangible positive factor that can be profitable for the country's economy²⁸.

Sector Capacity

Institutional

Uruguay has a consolidated democratic system in which the three main parties have alternated in government, always respecting the rule of law with clear and predictable norms. This makes Uruguay well-known internationally as the Latin American country with the lowest corruption perception index²⁹ and the only country in Latin America with a full democracy³⁰.

Nowadays, the tourism sector has a mid-term and long-term sustainable development plan that has been implemented during the last decade³¹. Some of its objectives are: the sector's

²⁸ "Cadena de Valor Turística" (Tourism Value Chain), Ec. María José Alonso Pérez, December 2010.

²⁹ Transparency international: <http://transparencia.org.es/indice-de-percepcion-de-la-corrupcion/>

³⁰ Economist Intelligence Unit: <http://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf>

³¹ For more information see Annex IV. National Tourism Plan 2009-2020

sustainable and competitive development, confronting the seasonality of the activity, and promoting specialization in the different tourist segments, as a result of improving specific services and infrastructure, making it possible to take advantage of the country's comparative advantages in the region and the world³².

In turn, the country's competitiveness in this activity depends on the performance of a large network of products and services which, combined with cultural, technological, geographical, and other factors, must meet a wide range of expectations with which visitors arrive in the country.

The tourist's satisfaction depends greatly on the availability of products and services, and whether they meet certain quality standards. Many times, for this to happen it is necessary to coordinate different stakeholders, and here is where institutional aspects come into play. Having transparent entities, clear rules, and opportunities to participate makes a big difference when it comes to building strategies in a joint and collaborative way that will result in a real improvement of competitiveness and a sustainable development of the sector.

Ministry of Tourism

In Uruguay, the tourism sector's main governing body is the Ministry of Tourism (MINTUR)³³, which is in charge of defining, designing, promoting, executing, controlling, and evaluating State policies related to tourism. To that end, it coordinates efforts by bringing together the interests of the public and private sectors under an ethical and regulatory framework, seeking the sustainable improvement of the activity and of the population's quality of living.

The National Tourism Board (CONATUR) is an advisor to the Ministry of Tourism that includes participation of representatives from the public and private sectors to create State policies.

The sector has the Tourism Promotion Fund, which is authorized to establish joint projects with private sector capitals, to execute promotional plans at the national and international level, and to create and maintain tourism infrastructure.

Finally, there is a sector committee in the National Employment and Professional Training Institute (INEFOP), which is made up of businesspeople, employees, and the Ministry of Tourism. This committee channels all policies and strategies regarding the training of employees and businesspeople in the tourism sector.

These spaces make it possible to identify challenges and promote policies in key issues like promoting destinations, investing in infrastructure, and training human resources, with the purpose of having a sustainable, competitive, accessible, friendly, and safe development of

³² http://apps.mintur.gub.uy/Plantur/components/Plan%20Turismo%20Sostenible_final.pdf

³³ Annex I includes a list of the sector's main stakeholders.

tourism, with high-quality services, trained stakeholders, and the greatest collaboration between interested parties³⁴.

Specific tools to develop the tourism sector



::Website:: www.innovaturismo.gub.uy

Fondo Innovaturismo is a grant fund created under the Cooperation Agreement signed between the Ministry of Tourism and the National Research and Innovation Agency (ANII), with the purpose of promoting the culture of innovation and encouraging the creation of tourist products that add value and have a positive impact on the places they are developed in.

Tools:

- >> Competition to submit innovative projects in the tourism sector.
- >> Supporting and funding relevant studies or trials related to tourism.
- >> Supporting and funding postgraduate and master's degrees by means of scholarships.
- >> Supporting and funding developments in the entrepreneurship and young businesspeople area.



::Website:: www.premiopuebloturistico.gub.uy

Premio Pueblo Turístico (tourist town award) was created by the Ministry of Tourism in 2013, trying to promote local development projects that boost innovation and diversification of tourist attractions in towns of up to 3,000 people. Establishments, companies, NGOs, associations, promotion committees, and other entities can participate.

Support:

- >> Cash award of US\$30,000 (paid in pesos) that must be used to execute the project that was submitted.



::Website:: www.inefop.org.uy

The Ministry of Tourism and the National Employment and Professional Training Institute created a Tourism Sector Committee with representatives from INEFOP, the Ministry of Tourism, and the Chamber of Tourism, to try to identify needs that contribute to developing and professionalizing the sector.

Support:

- >> Technical assistance throughout the country.



::Website:: www.inacal.org.uy

The National Quality Institute (INACAL) and the Ministry of Tourism have jointly agreed on a series of initiatives to guarantee the internal management of tourist companies and centers-services, and establish controls in processes that guarantee both customer satisfaction and the safety and comfort of the facilities.

Support:

- >> **Tourism Quality Commitment Model:** It allows businesspeople in tourism to adopt sustainable management practices in a simple and effective way, based on self-assessment forms.

³⁴ <http://www.mintur.uy/index.php/es/quienes-somos>

- » **Process and Activity Quality Certification:** An annual call is made among accredited certification companies which may be interested in certifying the quality of the processes and activities of tourism service providers who are registered at the Ministry of Tourism.



Tourism Category

::Website:: www.dne.gub.uy

The National Award of Energy Efficiency is an attempt to publicly recognize institutions, entities, and companies as a result of their efforts and achievements regarding savings and an efficient use of electricity in the tourism sector.

Other available support

- » Cultural Incentive Funds of the Ministry of Education and Culture::Website:: cultura.mec.gub.uy
- » Infrastructure Agreement – Ministry of Transportation and Public Works ::Website:: www.mtop.gub.uy
- » Participative budgets of municipal governments

Country Brand

The main added value of having a well-positioned Country Brand is that it makes it possible to distinguish the country in a world that is increasingly globalized, highlighting the distinctive values that Uruguay holds and fosters, its quality of living, its culture, and its traditions. It helps build the country's identity and put it on the map at an international level by means of a set of positive associations given by entities, companies, institutions, sportspeople, intellectuals, and others³⁵.

Approximately 500 brands have joined the Country Brand, and articles about Uruguay Natural have been published in over 100 countries. According to Brand Finance Nation Brands 2016, a global ranking of the world's 100 most valuable nation brands, the value of the "Uruguay Natural" Country Brand jumped to 24,000 million USD in 2016³⁶.

Nowadays, the Country Brand is an added value for all of tourism, making it possible to identify Uruguay clearly and intelligibly at an international level, highlighting out distinctive values, putting the country on the map in an efficient way, saving millions in promotion, and reaching places we never thought we could reach.

³⁵ Taken from the Country Brand 2016 Yearbook. For more information, see: <http://marcapaisuruguay.gub.uy/>

³⁶ http://brandfinance.com/images/upload/nation_brands_2016_report.pdf

Human Capital

Although the tourism sector has had a great performance over the last decade, international competition to attract foreign visitors is increasingly strong. On the one hand, countries try to offer better experiences to their visitors, while tourists internalize the growing offer and increase their demands, which results in the need for a constant professionalization that will make it possible to meet the tourists' growing quality requirements.

Since tourism relies strongly on services, the labor component is increasingly important as a factor to determine quality, and training is playing a more and more relevant role.

In Uruguay, human resources are highly competitive, thanks to the combination of several factors, such as the high quality of basic, technical, and university education, and the flexibility and ease of Uruguayan employees to adapt to new processes. In addition, Uruguay's workforce has shown a constant increase in language proficiency, particularly English and Portuguese.

Meanwhile, the offer of technical courses related to hotels and gastronomy keeps growing. At the senior high school level (15-18 years old), it is possible to complete high school with a specialization in tourism or gastronomy. At the higher education level, there are many institutions that offer technical and university courses that focus on tourism. This offer makes it possible to supplement the education of our youth, spreading knowledge to different levels of the tourism chain. Annex II includes a full list of courses related to the sector, with enrollment data.

In 2015, the Ministry of Tourism signed an agreement with the National Employment and Professional Training Institute (INEFOP), as a result of which a sector committee made up of businesspeople, employees, and the Ministry channels all policies and strategies regarding the training of employees and businesspeople in the tourism sector. Since the agreement was launched, almost 5,500 people who are directly connected to the sector have been trained. The courses give tools to professionalize the service and make it possible to improve the capacity of the sector's employees to communicate in the languages that foreign tourists arriving in our country use the most. In 2016, 87 courses were offered through the INEFOP-MINTUR agreement, which made it possible to train 1,500 people with an investment of 21 million pesos. The main training areas were: languages (35 %), customer service (31 %), and management of tourist undertakings (14 %).

Investing in Infrastructure

Investments play a key part in developing any productive activity. In the tourism sector plays an even more relevant role because, on the one hand, it makes it possible to include goods and services that increase the accessibility, comfort, and enjoyment level of destinations. On the other hand, because they refer to collectively used goods –such as tourist landscapes–, investments must include dimensions such as preserving the location, maintaining harmony with the architecture, and protecting nature. Ultimately, investments must create opportunities for the sustainable growth of the activity, while creating resources and making it possible to enjoy the locations more.

Uruguay has set promoting the sustainable development of the tourism sector as an objective, and investments are a key tool to achieve it. Over the last few years, the combination of work done by the public and private sectors has made it possible to put Uruguay on the map as one of the most advanced countries in the region with regard to tourism infrastructure.

In this context, significant investments have been made in Uruguay's international road corridor, which include improving and constructing routes, railroad crossings, and access ways to the main cities and tourist destinations, and expanding the electrical grid and infrastructure for road safety, among other projects. These investments have made it possible to reach a good or very good level of comfort in 77 % of the international corridor³⁷, which includes the main routes used by tourists. In addition, the Ministry of Transportation and Public Works launched an investment plan for 2015-2019 in which it estimates approximately 2,300 million USD will be invested in road infrastructure³⁸.

The bridge over the Garzón lagoon, which was first used in December 2015, is one of the latest projects. It was the result of a 10-million-dollar investment made jointly by the public and private sectors. The construction of the bridge has made it possible to improve accessibility to the coast in Rocha, while taking into consideration the environmental impact with its ring-shaped design which allows for the free flow of changes in the lagoon and the passage of vessels. It also has pedestrian walkways for landscape sightseeing.

The Ministry of Transportation and Public Works has executed a strong port improvement program. Between 2010 and 2016, over 100 million USD have been invested to improve the ports

³⁷ The international corridor includes the main routes used by tourists to move around Uruguay. For more information, visit <http://web.archive.org/web/20131213204809/http://www.mtop.gub.uy/gxpsites/hgxpp001?1,5,68,O,S,0,PAG;COND;68;7;D;98;1;PAG;MNU;E;2;7;6;2;33;1;MNU;>

³⁸ <https://www.presidencia.gub.uy/comunicacion/comunicacionnoticias/rossi-inversiones>

of Punta del Este, Piriápolis, Higueritas, Carmelo, Colonia, and La Paloma³⁹. Meanwhile, the main international terminals for tourist arrivals –Montevideo, Colonia, and Punta del Este– have modern facilities, a good range of services, and short wait times.

The country's main international airports –Montevideo and Punta del Este– have a modern infrastructure and offer high-quality services. The Montevideo airport, which opened in 2009, received an award as the best airport in the world from Architizer, a publication specialized in architecture, in 2013. In 2016, it was named the best airport in South America by The Guide to Sleeping in Airports.

The Old City has been the main tourist attraction of the country⁴⁰. Over the last year, the Municipality of Montevideo has launched a plan to revitalize the Old City, in which it has already invested almost 3 million USD. The work involved repairing all sidewalks of the historical neighborhood and building ramps in all corners, as well as improving urban streetlights and equipment with special lighting for the main heritage buildings, such as the Cabildo (Old City Hall), Iglesia Matriz (the cathedral), Puerta de la Ciudadela (the wall gate), Chimenea de Arteaga (Arteaga chimney), and others. It will also include widening sidewalks and rest areas. In addition, it is projected to include restructuring public transportation and making substantial improvements to Montevideo's main avenue.

These investments come on top of the renovation project of Rodó Park, which intends to recover the lake and its surroundings. In that area, the renovation of former venues W Lounge and Plaza Mateo just opened, after an investment exceeding one million dollars. If the project is completed, Rodó Park will become once again a landmark for international and domestic tourism.

The renovation of the Piriápolis promenade, which was completed in early 2015, was another important tourism infrastructure project. It cost approximately 3 million dollars and consisted of expanding the pedestrian space and sidewalks. In addition, a bikeway and green areas were created, and new urban furniture was installed on the section that goes from Argentino Hotel to Colón Hotel.

Finally, as important as making investments is, it is also fundamental to communicate the different attractions and assist tourists so they can have a good experience. In this regard, the Ministry of Tourism has made investments during the past year for over a million dollars to build four visitor centers in the departments of Artigas, Rivera, and Paysandú.

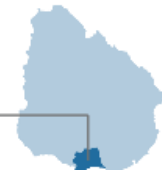
³⁹ <http://www.maldonadonoticias.com/beta/actualidad/1620-pintado-destac%C3%B3-millonaria-inversi%C3%B3n-en-los-puertos-de-punta-del-este-y-piri%C3%A1polis.html>

⁴⁰ According to a recent publication created by Vouchercloud, based on Trip Advisor.

Tourist Attractions by Region



Metropolitan Area Montevideo - Canelones



Statistics

 **1.1 million**
Visitors

 **US\$ 639 million**
Income

 **7 days**
Stay

Description: Montevideo is the main tourist destination in the country. Being the capital city, it has a broad cultural offer and it hosts the best entertainment venues in the country. Uruguay's capital is well-known internationally for combining modernity and tradition in a harmonious way. In addition, the city has the headquarters for Mercosur, Aladi, and Parlasur.

Meanwhile, Canelones has a vast coast with beaches on the Río de la Plata (River Plate) that are avidly sought after by people from Montevideo. During the past year, Ciudad de la Costa was the fifth tourist destination chosen by international visitors. In addition, Canelones is the main destination for wine tourism in Uruguay thanks to its strong wine production and to its proximity to Montevideo.

The types of tourism that dominate this region are:

- » **Historical and cultural tourism.** Tango, candombe, art decó, asado, murga, and other icons of Uruguayan identity can be seen in full in this region.
- » **Meeting tourism.** Its strategic location within Mercosur and a high level of infrastructure and services make Montevideo the ideal setting for congresses, conferences, and incentive travel.
- » **Friendly tourism.** Formed by private entrepreneurs directly related to the LGBT community, to offer tourists the best professional and personalized service.
- » **Sun-and-beach tourism.** Mostly related to the "Costa de Oro" area of Canelones, a series of beaches with golden sand lapped by the Río de la Plata. Montevideo's promenade is one of the capital city's main attractions.
- » **Tourism in rural and natural spaces.** The metropolitan region also has a broad natural area, shared harmoniously by offers of agritourism, ecotourism, adventure tourism, wine tourism, and tourism around nature and protected areas, with the distinctive feature of being very close to the capital.

- » **Nautical tourism.** It is basically developed by means of nautical bases on the Río de la Plata (in the Buceo neighborhood) and Río Santa Lucía (St. Lucia River) in Montevideo, as well as river stations on Arroyo Solís Chico (Small Solis Stream) and Río Santa Lucía in Canelones.
- » **Cruise tourism.** One of the tourist activities that has grown the most in Uruguay, with over 400,000 cruise passengers per season disembarking in the ports of Montevideo and Punta del Este.
- » **Wine tourism.** Home to the Tannat varietal, which made Uruguayan wines famous around the world, Canelones is the main destination for wine tourism in Uruguay thanks to its strong wine production. The department of Canelones has 60 % of all wineries in the country. What defines all wineries in Canelones is their family tradition: entire generations are devoted to wine, sharing their passion with the next generations. Nowadays, over 350 families in Canelones are directly linked to this activity⁴¹.



Statistics

 **1 million**
Visitors

 **US\$946 million**
Income

 **8 + days**
Stay

Description: The great diversity of the cities, towns, and protected areas that make up this region is part of its attractive as tourist destination. Idyllic beaches on the Atlantic Ocean, protected areas that are ideal to practice ecotourism, and old country houses to experience the "gaucho" lifestyle make this region one of the most sought-after destinations in Uruguay.

- » **Sun-and-beach tourism.** This region is well known as the main destination for tourists who seek to enjoy this type of tourism. Its over 240 km of ocean shores include a broad offer ranging from cities known for their beauty and sophistication (Punta del Este) to small fishing villages located on the coast of the department of Rocha.
- » **Tourism in rural and natural spaces.** This region has protected areas on a significant part of its land. Some of them are: the Cabo Polonio National Park, a coastal area with a large variety of natural environments; the Rocha lagoon, with a 22,000-hectare area, regularly exchanges water with the Atlantic Ocean by means of successive openings and closures of the sand barrier due to the accumulation of water and the joint action of the wind and the

⁴¹ <http://www.viajearuguay.com/canelones/turismo-enologico-en-canelones.php>

waves; Cerro Verde (Green Hill); Islas de la Coronilla (Coronilla Isles); San Miguel (St. Michael); and Quebrada de los Cuervos (Crow Gorge).

- » **Event and conference tourism.** A modality associated to the city of Punta del Este which, over the past few years, has put itself on the map as a competitive regional destination to host conferences and corporate events. The opening in July 2016 of the largest convention center in the country, which can accommodate 10,000 people, shows the boost this modality has received in the region.
- » **Nautical tourism.** The region has two important marinas (Punta del Este and Piriápolis), which have over 700 moorings and offer all the services required by sailors.
- » **Shopping tourism.** Mainly associated with border cities Río Branco and Chuy, it offers tourists the opportunity to visit a series of shops where they can purchase tax-free imported items from well-known brands. Both cities receive a large flow of tourists who arrive every weekend to do some shopping.



 **540,000**
Visitors

 **US\$125 million**
Income

 **4+ days**
Stay

Description: Thermal tourism is the main modality in this region. It is related to the hot springs in Arapey, Daymán, Almirón, and Guaviyú, in the departments of Salto and Paysandú. As a result of joint efforts by the Ministry of Tourism (supported by the IADB) and the municipalities of the corresponding departments, work is being done on different supplementary tourist offers:

- » **Nature.** Mostly related to the protected areas in Rincón de Franquía (Bella Unión), Montes del Queguay (Guichón-Almirón), and the Esteros de Farrapos e Islas del Río Uruguay National Park (San Javier and Nuevo Berlín).
- » **Heritage and culture.** The Fray Bentos Industrial Landscape based at the Anglo Meat Packing Plant is the star cultural product of the corridor after being inscribed on the World Heritage List by Unesco in 2015.
- » **Nautical tourism.** It includes all destinations in the region, from cities such as Mercedes, Paysandú, Salto, and Bella Unión, to small villages like Villa Soriano, Nuevo Berlín, or San Javier, which have an offer for this modality. Sport fishing is another activity that attracts

many people in this region, basically due to the abundance of sought-after species like the wolf fish (*tararira*) and the salminus (*dorado*).

- » **Towns with charm.** This region also focuses its efforts on developing small villages like Villa Soriano (with 300 years of history), San Javier (the Russian colony with its crafts and gastronomy), Nuevo Berlín or Guichón (with their indigenous heritage), and Pueblo Belén (between the Yacuy stream and the Uruguay river).
- » **Sun and beach.** This type is associated to the Las Cañas de Fray Bentos resort, which welcomes Argentine and Uruguayan tourists during the summer.



Northwestern Border

Artigas - Rivera - Tacuarembó



Statistics

 **52,000**
Visitors

 **US\$ 8 million**
Income

 **US\$ 160**
Per person

Description: The northwestern border region includes the departments of Artigas, Rivera, and Tacuarembó. Route 5 is the main way to access this region, which is an important gateway for Brazilian tourists, mainly the city of Rivera. This city welcomes a large number of tourists; based on consular and local operator estimates, every week it welcomes approximately 20,000 Brazilian tourists. The total flow is significant, and it shows the benefits of the investments made by the public and private sectors. During the summer, this route is also used by a large number of Argentines whose final destination is one of Brazil's many resorts. Another highlight for this region refers to investments made in the San Gregorio de Polanco resort and the rural environment of the region.

This region has four main profiles for tourist products:

- » **Nature and rural life.** Along this line we can highlight the following destinations: Valle del Lunarejo (Lunarejo Valley) in Rivera; Valle Edén (Eden Valley) and Laureles in Tacuarembó.
- » **Historical and cultural tourism.** Mainly centered in the cities of Artigas, Rivera, Tacuarembó, San Gregorio, and Paso de los Toros. We can highlight the growing demand from outside the region for the San Gregorio de Polanco destination.
- » **Sun and beach.** This tourist profile is related to the resorts in the department of Tacuarembó that mostly receive the demand of domestic tourism and, to a lesser extent,

of regional tourism (mostly from the south of Brazil). It includes the following resorts: Iporá (the closest to the capital of the department), Villa Ansina, Paso de los Toros, and San Gregorio de Polanco.

- » **Shopping.** The main tourism modality of Rivera, a border town.



Mid-south

Durazno - Flores - Florida - San José



Statistics

 **28,500**
Visitors

 **US\$7 million**
Income

 **US\$238**
Per person

Description: The mid-south region is located in the middle of the country, and it involves a geographic and productive unit based on very tight historical, patrimonial, and economic links between the departments of Durazno, Flores, Florida, and San José. It was officially formed after an agreement was signed between the Ministry of Tourism and the local governments in December 2016, which prioritizes four main themes:

- » **Historical and cultural tourism.** The capitals of the departments are the main destinations to enjoy this modality. Piedra Alta in Florida, the Macció Theater in San José, and the San Pedro de Dieste church in Durazno are only some examples of cultural sites with significant patrimonial value. In the mid-south region, more specifically in Florida, tourists can also find several sites and remains which are currently under consideration to join a regional Jesuit Route.
- » **Rural and nature tourism.** The wetlands of Santa Lucía, the Chamangá rock art area, and the Grutas del Palacio (Palace Caves) geopark are the three most important nature tourism areas in the region. Grutas del Palacio is one of the two geoparks in South America established as a Global Geopark by UNESCO. Meanwhile, in the department of Durazno tourists can find Grutas de Carlos Reyles (Carlos Reyles Caves), other geological formations that are relevant to the international scientific community.
- » **Nautical tourism.** The Negro and Yi rivers in Durazno, the Andresito lake and Bartolomé Hidalgo park in Flores, the Santa Lucía river in Florida, and the Río de la Plata shores in San José are the main locations for nautical tourism in the region. We must point out that, over the last few years, several nautical tourism gatherings have been organized, a modality that, we believe, has a great potential to be developed in the area.

Investment Opportunities Around the Map

1. Artigas

Creating accommodation and gastronomic service offers Bella Unión.

Proposal: Developing accommodation and food services

Estimated investment: US\$400,000

Attractions: A viability study of the Monte Caseros-Bella Unión bridge has been carried out, which resulted in a urgent need to increase the accommodation and food capacity in the city, not only because of the considerable increase in people who come to work in its construction, but also because of the increase in the flow of tourists and traffic through the city.



Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

2. Paysandú

Developing the Artigas Plateau as a tourist destination



Proposal: Building and operating up to 8 cabins for lodging. Using the already-built Interactive Center and Visitor Center. Right to improve and operate the campsite. Other proposals are not ruled out.

Mechanism: 10-year lease

Estimated investment: US\$300,000

Attractions: Its location is the heart of the thermal area of the Pájaros Pintados Corridor. During Tourism Week (Holy Week), the Artigas Plateau Regatta is celebrated, one of the great nautical events of the country, with the participation of boats from Uruguay, Argentina, and Brazil. At the end of September, more than 100 sharecroppers from all over the country travel hundreds of kilometers on horseback to honor José Gervasio Artigas.

Source: Pájaros Pintados Corridor Coordination - Ministry of Tourism

3. Florida

Developing the Mangueras de Artigas (Casupá) estate as a tourist destination



Proposal: Building and operating up to 6 cabins for lodging, and adapting the area by the Casupá stream. At the same time, facilities will be improved to offer better services and hygiene to the premises using the Visitor Center. Promoting Mangueras de los Artigas Park: arena with animal-related activities, sharecropping, "March of the Artigas", festival, etc. Increasing the value of the park for tourist use. Setting camping conditions.

Location: Route 7, department of Florida.

Mechanism: 10-year (or longer) lease

Estimated investment: US\$280,000

Attractions: Historical property (Artigas family old ranch); stone facilities remain. Natural beauty next to the Casupá stream, native forest, plenty of native fauna and flora.

Source: Sustainable Development Division - Municipality of Florida

4. Río Negro

Gastronomic and other related services in the Fray Bentos Industrial Landscape, UNESCO World Heritage Site

Proposal: Commercial exploitation of a property located in the Anglo Neighborhood, Fray Bentos Industrial Landscape (UNESCO World Heritage Site), for high-quality gastronomy services, thematic coffee shop and/or other related purposes strongly linked to serving tourists, employees, and officials who work on the site, as well as educational projects.

Mechanism: 2-year lease (with the option of 2 more years)

Estimated investment: US\$150,000

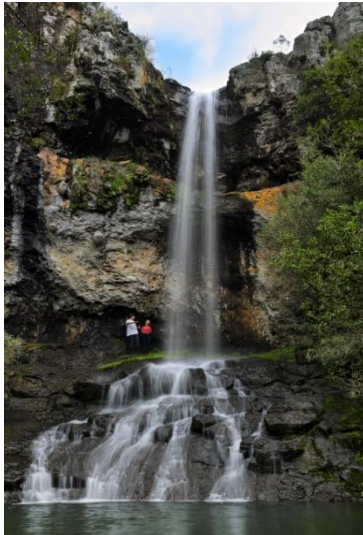
Attractions: The Anglo Meat Packing Plant, which operates today as the Museum of the Industrial Revolution, is a remarkable example of the evolution of the social and economic structure of Uruguay and the region in the 19th and 20th centuries, which was the result of the integration and cultural contribution of immigrants from more than 60 nationalities who worked there. The place was even known as "the kitchen of the world" due to its strategic value during the world wars, especially in the second one, during which Fray Bentos corned beef from the Anglo Meat Packing Plant became known around the world.

Source: Pájaros Pintados Corridor Coordination - Ministry of Tourism



5. Rivera

Tourist accommodation in Valle del Lunarejo - Laurales



Proposal: Building and/or renting accommodation for rural and nature tourism.

Estimated investment: US\$250,000

Attractions: Around Valle del Lunarejo Regional Natural Park, which is part of the National System of Protected Areas, there is a great demand for accommodation and a reduced offer. As a result, during several times of the year, tourism opportunities are lost. Another area of opportunity is creating tourist attractions in contact with nature which do not involve great costs in equipment or infrastructure, but rather having the right means of transport and developing the necessary contents.

Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

6. Rivera

Advertising tourist attractions in Valle del Lunarejo

Proposal: Receptive travel agency, planning tours in Valle del Lunarejo, selling tourist packages, deals with wholesale travel agencies.

Estimated investment: US\$60,000

Attractions: The Valle del Lunarejo Regional Natural Park is composed of hills over 350 meters high that have spaces between them forming valleys which are cleaved by the Lunarejo stream and its tributaries. Between the gorges of the hills it is possible to find a great diversity of fauna and flora; there are more than 150 recorded species of birds, cascades, waterfalls, and spectacular views.



Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

7. Rivera

Advertising and promoting sports events



Proposal: Managing companies specialized in the promotion and sale of sports events, selling tourist packages coordinated with local operators.

Estimated investment: US\$1,500,000

Mechanism: Direct private investment

Attractions: Rivera receives a significant number of tourists for sport events, which are carried out

unprofessionally and in a unscheduled way. In Brazil, in the region near the border, this segment of the tourism sector is developed with more professionalism, which creates an opportunity to be part of said sector. The proposal to invest in this modality could mean the diversification and complementation of the offer. A significant example of this can be found in infrastructure investments of the Race Track and the Municipal Stadium.

Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

8. Rivera

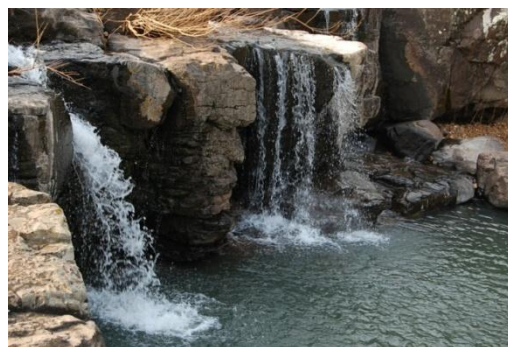
Hot spring projects in the northern gorge zone Estancia La Aurora

Proposal: Developing a Thermal Park

Estimated investment: US\$40,000,000

Attractions: It is a project that resulted from several years of study, which aims to offer, mainly to Brazilian tourists, a combination of thermal, shopping, adventure, and nature and games tourism.

Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy



9. Rivera

Creating new accommodation and gastronomic options in Minas de Corrales and Artigas



Proposal: Accommodation alternatives in the rural environment and in the resort have room for growth, given the strong demand in the summer and the possibilities to take more advantage of the historical cultural profile of the destination. There is a growing demand for ecotourism experiences in the Río Negro, as well as sport fishing; however, there are only a few offers.

Estimated investment in gastronomy: US\$500,000

Mechanism: Direct private investment

Attractions: Minas de Corrales, a town 96 km away from the city of Rivera and 60 km away from the city of

Tacuarembó, has a unique identity. When visiting this rural village, tourists can discover ancient galleries that were used to extract gold, collect their own samples of pyrite (tinsel) and visit the ruins of the first hydroelectric dam in South America.

Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

10. Salto

Developing and operating Salto airport

Proposal: Projecting and building a new passenger terminal, and installing equipment for airport security and check-in.

Location: Nueva Hespérides, Salto

Mechanism: 20-year lease

Estimated investment: starting at US\$3,000,000



Attractions: Salto, together with Paysandú, is one of the three main tourist destinations of the country, visited by almost 500,000 tourists in 2016. The main runway of Nueva Hespérides International Airport allows operations with aircrafts such as ATR-72, Bombardier CRJ200, Embraer ERJ 190, Embraer 120, Saab 2000, and Havilland DHC 8, among others. The main regional airlines that arrive in Montevideo, northern Argentina or southern Brazil could exploit these routes to connect the triple border region with big cities of Mercosur countries.

Source: Salto Tourism Office. E-mail: turismosocialsalto@salto.gub.uy

11. Soriano

Hotel management in Mercedes



Proposal: The project includes the construction of 4 blocks of 20 apartments for housing and a 43-room hotel, plus the expansion of the Club House with a conference room for 300 people, and a marina with 60 moorings for sports boats.

Investment: US\$25,000,000 (in the stage of obtaining construction permits)

Attractions: San Isidro Golf & Yacht Club, a private undertaking on the banks of the Río Negro in the city of Mercedes, offers hotel facilities for companies with experience in the field to manage. The club is located in an estate integrated with a private housing complex created in 2005 where 40 families live. San Isidro Golf & Yacht Club was established in 2010 and it has 300 members. Mercedes is a beautiful city on the banks of the Río Negro. Nowadays, it has 3 hotels and some inns with high occupancy throughout the year.

Source: Pájaros Pintados Corridor Coordination - Ministry of Tourism

12. Tacuarembó

Creating accommodation and gastronomic service offers Paso de los Toros

Proposal: Accommodation and gastronomic service options

Estimated investment: US\$1,000,000

Attractions: There is a project to build a pulp mill somewhere in the region, which will create 6,000 jobs. In this case, opportunities arise in the development of nautical tourism activities on the Río Negro, in Paso de los Toros.



Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

13. Tacuarembó

Creating accommodation and tourist attraction offers San Gregorio de Polanco

Proposal: Accommodation alternatives in the rural environment and in the resort have room for growth, given the strong demand in the summer and the possibilities to take more advantage of the historical cultural profile of the destination. There is a growing demand for ecotourism experiences in the Río Negro, as well as sport fishing; however, there are only a few offers.

Estimated investment: US\$400,000

Attractions: San Gregorio de Polanco is a destination frequented by domestic tourists and tourists coming from southern Brazil. There are currently 3,000 people living in the city, many of them working on jobs related to tourism. During the summer, the city receives twice its number of residents. It is also the region's destination that receives the greatest demand from outside the region, and it is, together with the city of Rivera, the destination with less seasonality.

Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

14. Tacuarembó

Accommodation and gastronomic projects in resorts

Proposal: Accommodation and gastronomy offers have room for growth in the destination, as well as recreational tourism offers on the Río Negro, which are still limited.

Estimated investment: US\$600,000

Attractions: The historical and cultural charm of the city of Paso de los Toros is focused on being the home town of the famous Uruguayan writer Mario Benedetti, and the origin of the tonic water which gave its name to the town. Paso de los Toros, just like San Gregorio de Polanco, is benefited by the beauty of the Río Negro, which makes it possible to develop several tourist products linked to fishing and nautical tourism.



Source: Northern Region Coordination - Ministry of Tourism - regionnorte@mintur.gub.uy

15. Treinta y Tres

Expanding services in Charqueada



Description: Building and operating up to 20 additional cabins for lodging. Using the Interactive Center, Visitor Center, and pool. Right to improve and operate the campsite.

Location: Route 17, Department of Treinta y Tres

Mechanism: 10-year lease

Estimated investment: US\$1,200,000

Attractions: Use of accommodation spaces and services in a place that is very attractive for tourists. Known as a resting place for the family and for its very safe surroundings, Charqueada stays in close contact with nature at its finest, and with minimal human intervention, which guarantees that the environment has remained unchanged and in its pure, original state. Visitors can do activities in contact with nature such as: guided tours of rivers and streams, sport fishing, water sports, trekking, outdoor biking, or historical and cultural tours.

Source: Development Office, Municipality of Treinta y Tres

16. Treinta y Tres

40-room hotel in Charqueada



Proposal: Building and operating a 40-room hotel.

Location: Route 17, Department of Treinta y Tres

Mechanism: 30-year lease

Estimated investment: US\$7,000,000

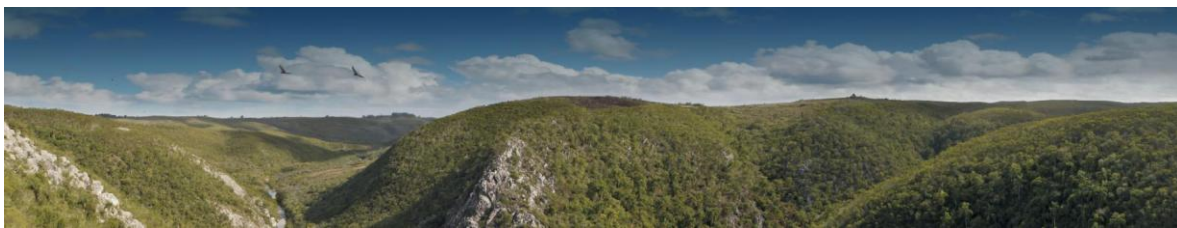
Attractions: Use of a 40-room hotel and related services in a place that is very

attractive for tourists. Known as a resting place for the family and for its very safe surroundings, Charqueada stays in close contact with nature at its finest, and with minimal human intervention, which guarantees that the environment has remained unchanged and in its pure, original state. Visitors can do activities in contact with nature such as: guided tours of rivers and streams, sport fishing, water sports, trekking, outdoor biking, or historical and cultural tours.

Source: Development Office, Municipality of Treinta y Tres

17. Treinta y Tres

Expanding services in Quebrada de los Cuervos



Proposal: Building and operating up to 20 additional cabins for lodging.

Using the Interactive Center, Visitor Center, and pool. Right to improve and operate the campsite.

Location: Route 8 heading East, unpaved road to destination (45 km away from the capital of Treinta y Tres), department of Treinta y Tres.

Mechanism: 10-year lease

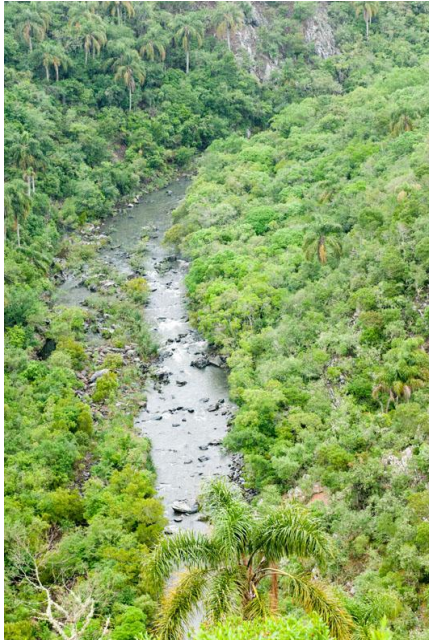
Estimated investment: US\$1,400,000

Attractions: Use of accommodation spaces and services in a place that is very attractive for tourists. Known as a resting place for the family and for its very safe surroundings, Charqueada stays in close contact with nature at its finest, and with minimal human intervention, which guarantees that the environment has remained unchanged and in its pure, original state. Visitors can do activities in contact with nature such as: guided tours of rivers and streams, sport fishing, water sports, trekking, outdoor biking, or historical and cultural tours. Possibility of developing a project in Uruguay's first protected area.

Source: Development Office, Municipality of Treinta y Tres.

18. Treinta y Tres

40-room hotel in the Quebrada de los Cuervos area.



Proposal: Building and operating a 40-room hotel.

Location: Route 8, unpaved road to destination (45 km away from the capital of Treinta y Tres), department of Treinta y Tres.

Mechanism: 30-year lease

Estimated investment: US\$7,000,000

Attractions: Use of a 40-room hotel and related services in a place that is very attractive for tourists. Known as a resting place for the family and for its very safe surroundings, Charqueada stays in close contact with nature at its finest, and with minimal human intervention, which guarantees that the environment has remained unchanged and in its pure, original state. Visitors can do activities in contact with nature such as: guided tours of rivers and streams, sport fishing, water sports, trekking, outdoor biking, or historical and cultural tours.

Source: Development Office, Municipality of Treinta y Tres

19. Treinta y Tres

Developing the future dam on the Casupá stream (OSE), Casupá, as a tourist destination

Proposal: The Casupá Stream Dam Project is being executed to create a reservoir of drinking water for the metropolitan area through the Santa Lucía river. Establishing in advance the tourist use of the area with a joint study between institutions such as the State Water Company (OSE), the Municipality of Florida, the Municipality of Lavalleja, DINAMA, etc. Establishing appropriate facilities, accommodation, and services to develop this highly attractive tourist area.

Management: Direct, by OSE, the district government, or a licensee (private investor).

Location: Route 7, department of Florida.

Mechanism: 15-year lease (or longer)

Estimated investment amount: US\$700,000

Attractions: Natural beauty next to the Casupá stream, native forest, plenty of fauna and flora.

ANNEXES

Annex I. Main Institutions Linked to the Tourism Sector



The objective of the **Ministry of Tourism** is to design, promote, execute, control, and evaluate State policies related to tourism. To that end, it will coordinate efforts by bringing together the interests of the public and private sectors under an ethical and regulatory framework, seeking the sustainable improvement of the activity and of the population's quality of living.

::Website:: mintur.gub.uy



The **Country Brand** is the graphic, nominal, and symbolic representation that identifies the country and sets it apart from the rest, making it unique. Its main objective is to promote exports, investments, tourism and residence, and identification of the national public with the country brand.

::Website:: marcapaisuruguay.gub.uy



The **Municipalities** have areas or offices that focus on tourism and are in charge of coordinating the regulation and promotion of tourism with national authorities and private stakeholders.

::Website:: intendencias.gub.uy



The **Uruguayan Chamber of Tourism** is a civil institution that represents all of national tourism, grouping unions from different sectors, associations, and regional chambers.



Montevideo Bureau is a place for organized public and private stakeholders to meet, coordinate, plan, and execute strategic actions, with the aim of improving the tourist competitiveness of the city of Montevideo.

::Website:: descubrimontevideo.uy



Destino Punta del Este is a non-profit that promotes Uruguay and Punta del Este around the world as a holiday, investment and second-home destination, or the well-known "residential tourism".

::Website:: destinopuntadeleste.org



The **Pájaros Pintados Corridor** seeks to improve territorial competitiveness through the integration of its tourist attractions. Management is done by a Strategic Board with representatives from the Tourism Offices of Artigas, Salto, Paysandú, Río Negro, and Soriano, and the Ministry of Tourism. It also coordinates actions with other representatives of the private and public sectors.

::Website:: turismo.gub.uy/pajarospintados



The **Colonia Tourist Association** is composed of business sectors linked to the department's tourism, the Tourism Office of the Municipality of Colonia, and the Ministry of Tourism.

::Website:: coloniaturismo.com



Tourism Promotion Association of Piriápolis: It is formed by the Piriápolis Commercial and Industrial Center, the Piriápolis Hotel and Restaurant Center, the Tourism and Development Association, the District Government of Piriápolis, the Municipality of Maldonado, and the Ministry of Tourism.

::Website:: destinopiriapolis.com/institucional



Punta del Este Tourism Association: An association that develops initiatives to promote tourism and culture, as well as the city's improvement and progress.

::Website:: ligapuntadeleste.com.uy



The **Association of Hotels and Restaurants of Uruguay** is the institution that represents the companies that make up the hotel and gastronomic sectors in the country.

::Website:: ahru.com.uy



The **Uruguayan Society of Rural Tourism** is an association that gathers providers of tourism services in rural and natural spaces. It includes the following: ranches, inns, country-style restaurants, country houses, wineries, farms, cabins, and others. The organization seeks to promote and develop rural tourism for everyone's benefit.

::Website:: turismoruraluy.com



The **Uruguayan Association of Conference Planners** seeks to promote Uruguay as a venue for regional, international, and global conferences, fairs, and exhibitions, and it works to make Uruguay an international center for first-class trade fairs and exhibitions. AUDOCA is the main promoter of quality and professionalism policies, for the common good of our industry and the country's image.

::Website:: audoca.com



The **Uruguayan Association of Travel Agencies** represents the most important travel and tourism companies in Uruguay at a national level. Its partners are both tour operators and travel agencies. AUDAVI is in charge of making sure all member agencies and operators are under strict controls, and it offers constant training to its associates, with the purpose of achieving and demanding from them the highest quality and excellence in the level of services to the user, for the good of the image and excellence of in Uruguay.

::Website:: audavi.com.uy

Annex II. Specific Educational Offer for the Tourism Sector – 2016

Professional and Technical Education Board - ENROLLMENT 2015	
Basic Secondary Education	
Gastronomy	1390
Personal Services	1426
Senior High School	
Hotels	98
Gastronomy	2754
Personal Services	1658
Tourism	1392
Higher Education	
Hotel Management	15
Binational Gastronomy	32
Accommodation Management	22
Tourism Business Management	51
Guide - Expert in Sustainable Tourist Routes	8
Guide - Designing Sustainable Tourist Routes	7
Event Planning	97
Adolescents and adults (without educational continuity)	
Gastronomy	867
Hotels	17
Personal Services	244
University of the Republic (Udelar). ENROLLMENT 2012	
Associate's and Technical Degrees	
Technical Degree in Tourism	15
Undergraduate Degrees/Bachelors	
Bachelor in Binational Tourism	94
Bachelor in Tourism	145
Postgraduate Degrees	
Diploma in Economy and Management of Sustainable Tourism	2
Universities - ENROLLMENT 2015 (it does not include Udelar)	
Undergraduate Degrees/Bachelors	
Bachelor in Tourism	174
Options NOT Considered Higher Education (adolescent and adult education)	
Technical Degree in Tourism Management	56
Technical Degree in Public Relations and Event Planning	51

Source: Prepared by the Ministry of Education and Culture

Courses, degrees, and trainings are offered by different institutions recognized by the Ministry of Education and Culture.

Annex III. Tourism Law

In line with the Ministry of Tourism's objectives, the recently approved Law No. 19.253 seeks to establish a legal framework to regulate, promote, and prioritize tourism.⁴² It establishes certain principles and concepts that are key for tourism, addressing issues such as territorial planning, investment promotion, and environmental issues.

The Law defines tourism as an activity of national interest, acknowledging it not only as a cultural, economic and social development factor, but also as a human right.

The Law separates its objectives in two levels: the Executive Branch, in general terms, and the National Tourism Administration, with tasks such as promoting accessibility, researching, and regulating and controlling service providers.

Additionally, the Law establishes the Register of Tourism Service Providers, which defines the parties within the activity. Moreover, it creates the National Tourism Board (CONATUR) with public and private participation to generate State policies for the sector. The creation of Tourist Settlement Centers seeks to settle the parties in complaints, claims, and proposals between tourists and service providers.

The funding of the sector's activities will be obtained through the Tourism Promotion Fund, under the Ministry of Tourism, which can also generate funds co-financing projects with individuals, with up to 70 % of public contribution.

Annex IV. National Tourism Plan 2009-2020

Uruguay has a 2009-2020 Sustainable Tourism National Plan that seeks to move towards a balanced development of tourism that promotes social equality in the receiving regions, the sustainable use of resources, giving an opportunity to mitigate climate change, from a responsible tourism management perspective.

Along these lines, the Ministry of Tourism established a number of objectives, such as: creating jobs and training employees, increasing foreign currency attraction, increasing tourist expenditure and the reception of tourists, promoting processes of positive income redistribution (between destinations and at the territorial level), improving quality of living, and developing infrastructure for general use. An outline of the areas that tourism development should focus on was also proposed.

A number of initiatives have helped advance towards these objectives, such as: the regular operation of the National Tourism Board (CONATUR); public-private dialogue; connections with international organizations (IADB, UNWTO); investments in infrastructure and consultancies by the MINTUR-BID Program; collaboration programs with the Spanish Agency for International Development Cooperation (AECID); the increase of resources for promotion; studies on Positioning

⁴² Passed by Parliament in August 2014, Law No. 19.253 is in the process of being regulated.

- Country Brand "United in Action" (OPP-UNIDO); work to develop the Tourism Satellite Account; the Tourism Accessibility Plan in Atlántida (PAHO/WHO); the implementation of the Information and Document Resource Center; participation in a large number of international fairs.

Other lines of work that the Ministry of Tourism has been working on while creating the plan are:

- Promoting new tourism products (nautical, historical-cultural, events and conferences, religious, idiomatic)
- National Social Tourism System
- National Training System (part of INEFOP)
- Organization of tourism management around the country
- Decentralization/Regionalization
- National Employee/Employer Training System
- National Quality System and concrete actions towards Universal Accessibility

Annex V. Sector Regulations

Hotel - Apart Hotel - Inn and Motel

These four categories of tourist establishments are currently regulated mainly by Decree No. 384/997, dated 10/15/1997⁴³, and Decree No. 210/001⁴⁴, dated 06/06/2001. The latter establishes the obligation for Hotels, Apart Hotels, Inns and Motels, prior to starting their operations, to be authorized and registered at the Ministry of Tourism. To that end, they need to prove, among other requirements, that they have the municipal authorization in force according to the type of establishment (registration valid for 5 years), or they are working on obtaining it (in this case, registration is provisional for 18 months).

Decree No. 384/997 classifies tourist accommodation in the four types mentioned above, and each of them is rated using 1 to 5 stars (except Motels, which can only have up to 3 stars). The classification will be done according to certain parameters that are specified in the Decree⁴⁵. The services offered by establishments must comply with the minimum required in the category in which they are included.

A Classification Commission (operating under the Ministry of Tourism) ratifies or rectifies the classification submitted by the company, and may review it while it is still valid.

The classes and ratings (stars) must be indicated in all advertising, correspondence, invoices, and other documentation of tourist accommodation, in addition to being included in a plaque that

⁴³ [Decree No. 384/997](#)

⁴⁴ [Decree No. 210/001](#)

⁴⁵ Items of the classification matrix for tourist accommodation, Decree No. 384/997, dated 10/15/1997: 1) Construction details of the rooms, 2) Construction details of shared areas, 3) Room equipment, 4) General equipment, 5) Services: personal services, 6) Services: personnel, 7) Services: languages and 8) Services: general services.

must be placed next to the main entrance and at the front desk. No establishment is allowed to use a different denomination or code than those corresponding to its class and rating.

Visit the Ministry of Tourism website for detailed rules regulating different tour operators: travel agencies, organized campsites, inns and hostels, real estate agents, adventure tourism, rural tourism service providers, and driverless car rentals⁴⁶.

On the same website, you can find instructions and forms for each operator's registration, as well as additional information.

Annex VI. Investment Promotion Regulations

In Uruguay there is a proper regulatory framework that benefits investors. Some rules are general for all sectors, while others are specific to the tourism sector.

Law No. 16.906 (1998) declares the promotion and protection of national and foreign investments as an activity of national interest. The main feature to highlight is that foreign investors have the same incentives as local investors. There is no discrimination regarding taxes or restrictions to transfer profits to foreign countries.

Decrees No. 455/007 and No. 002/012 updated the regulations of this law. For investment projects in any sector presented and promoted by the Executive Branch, between 20 % to 100 % of the amount invested can be exempt from Corporate Income Tax (IRAE), according to the type of project and the score resulting from the application of an indicator matrix. The single national rate for IRAE is 25 %. Fixed assets and civil work are also exempt from Property Tax. Also, VAT from purchases of materials and services for the civil work is reimbursed. Moreover, said law exempts from taxes or fees the imports of fixed assets which are declared not to be competing with national industries.

Meanwhile, Decree No. 175/003⁴⁷, dated 05/07/2003, adapts general regulations to the specific tourism sector, and there is also a specific decree for condo-hotels⁴⁸.

In the case of the first two decrees mentioned, the interested party may choose either system or combine the benefits of both agreements.

A - Specific system to promote investments in the tourism sector: Decree No. 175/003.

Decree No. 175/003 classifies tourism activities into two groups, giving different incentives to each:

⁴⁶ <http://www.turismo.gub.uy/index.php/es/operadores-turisticos>

⁴⁷ [Decree No. 175/003](#).

⁴⁸ [Decree No. 404/10](#) and [Decree No. 059/12](#).

a) Tourism projects: accommodation services, cultural activities, commercial activities, sports, recreation, leisure, or health conferences, which form a complex unit created to attract tourist demand, approved according to Law No. 16.906 and this Decree.

b) Hotels, apart-hotels, inns, motels and tourist ranches already built or to be built.

a) For tourism projects:

- civil work; VAT exemption for imports of goods to be used in it; a credit is generated for the VAT from purchases in the local market⁴⁹; Property Tax exemption for 11 years and exemption for 50 % of the taxes that levy the imports of such goods. Regarding IRAE, the investment can be amortized in 15 years.
- equipment; VAT exemption for imports of goods to be used in it; a credit is generated for the VAT from purchases in the local market⁵⁰; Property Tax exemption for 5 years and exemption for 50 % of the taxes that levy the imports of such goods. Regarding IRAE, equipment can be amortized in 5 years.

b) For hotels, apart-hotels, inns, motels and tourist ranches already built or to be built:

- equipment; VAT exemption for imports of goods to be used in it; a credit is generated for the VAT from purchases in the local market⁵¹; Property Tax exemption for 5 years and exemption for 50 % of the taxes that levy the imports of such goods.

B - Specific system to promote investments in condo-hotels: Decrees No. 404/010 and 059/012.

Decree No. 404/010 states that the activities of condo-hotels are promoted, and they can receive several benefits, including:

- a. Credit for VAT included in purchases of goods and services for construction purposes in the local market.
- b. VAT exemption on imports made by the company promoting the goods to be used for construction.
- c. The promoting company gets an exemption for the imports of materials and goods necessary for construction, having to choose one of the following systems: i) 100 % of the taxes that levy said goods if they are declared not to be competing with national industries, and having to pay all taxes that levy goods that are competing with national industries; ii) 50% of the taxes that levy all of the abovementioned assets.

⁴⁹This credit will be returned in Credit Certificates that can be used to pay obligations with DGI or BPS, or even endorse them and give them to suppliers.

⁵⁰ Same as the previous note.

⁵¹ Same as the previous note.

Annex VII. Benefits for tourists

- » **VAT return** for non-resident individuals **on purchases of goods and services related to tourism**. It includes: food services provided by gastronomic and accommodation services; services for parties and events; rentals of driverless vehicles.
- » **Return of 10.5 % of the rental price of real estate for tourism purposes**, for non-resident individuals. Rentals must be made through registered Real Estate Agents and the payment method used must be a (non-corporate) debit or credit card issued abroad.⁵²
- » **Tax Free: for purchases made in shops that have joined the system**. At border crossings: Carrasco International Airport, Laguna del Sauce Airport, Port of Montevideo, Port of Colonia, Punta del Este Cruise Arrival Terminal, Salto-Concordia Bridge, Paysandú-Colón Bridge, Fray Bentos-Puerto Unzué Bridge, and Chuy. Tourists must show the receipts of the purchases made to obtain the benefit.
- » **0 % VAT in hotels**: Benefit valid for foreigners presenting an identity document issued abroad.
- » **Tolls in routes**: Can be paid in several currencies (Uruguayan peso, Argentine peso, Brazilian real, or U.S. dollar).

For more information, see: <http://www.turismo.gub.uy/index.php/es/beneficios-al-turista>

 <p>Uruguay XXI <small>PROMOCIÓN DE INVERSIONES Y EXPORTACIONES</small></p>	<p>Rincón 518/528 - CP 11000 Tel.: +598 2915 3838 Montevideo - Uruguay</p>	<p>www.uruguayxxi.gub.uy info@uruguayxxi.gub.uy   Uruguay XXI</p>
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⁵² These two benefits are valid until March 31, 2016. Decrees No. 202/015, 376/012, and 377/012.