



Uruguay
Smart Services

BUSINESS
SERVICES
PRIME LOCATION



Regional HQ,
SSC &
Trading



Regional
Distribution
Centers



KPO/LPO



Financial
Advisory
Services

AMERICAS · LATAM · SOUTH AMERICA · MERCOSUR



reliability

Political, social and economic stability
Free currency and free capital repatriation
Tax compliance and outstanding benefits



market access

Easy access to Brazil / Spanish-speaking countries
Convenient time zone and cultural affinity
World-class facilities and connectivity



talent

Highly skilled and multilingual: Spanish, English, Portuguese
Competitive, adaptable and committed labor force
Free, high-quality public education through college



lifestyle

Relaxing and enjoyable place to live
Vast cultural, educational and health amenities
Friendly and polite people



success

FDI track record
Testing ground for innovation

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1. URUGUAY: LATIN AMERICA'S BEST BUSINESS GATEWAY

Uruguay is the most reliable country to do business in one of the most economically attractive regions in the world.

Uruguay offers a favorable business climate with social and political stability (independently of the political party in power), investment grade ratings from the main credit rating agencies (Standard & Poor's, Fitch Ratings, DBRS, and Moody's), and sustained GDP growth during the past 12 years. Investors distinguish Uruguay's world-class infrastructure and excellent quality of life for executives and their families.

URUGUAY

RANKED IN LATIN AMERICA

 Democracy Index (Economist Intelligence Unit, 2018)	#1	 Inclusive Development (World Economic Forum, 2018)	#1
 Low corruption (Transparency International, 2018)	#1	 Adoption of ICTs (World Economic Forum, 2018)	#1
 Prosperity Index (Legatum Institute, 2018)	#1	 E-Gov Development Index (United Nations, 2018)	#1
 Rule of law Index (World Justice Project, 2019)	#1	 Best place to live (Mercer, 2019)	#1

As part of its state policy, the government actively supports the development of business services with specific incentives through the improvement of the regulatory framework and business environment with specific decrees¹, tax incentives, and skills training programs (called Finishing Schools).

Uruguay's attractive tax system for export operations, such as the free trade zones, the investment law, free port and airport; qualified and multilingual talent (Spanish, English, and Portuguese) and competitive costs are also highlighted by investors. In addition, foreign investments receive equal treatment to domestic ones, there are no restrictions on capital or profit repatriation, and companies can operate in domestic or foreign currency.

Many international companies choose Uruguay to provide services from the country to other Latin American Spanish speaking countries, to Brazil, and the world. In the section below you will find testimonials and a list of key players already operating in the country.

¹ For further information, see Annex 2

2. BUSINESS PLATFORMS & OPPORTUNITIES FOR GLOBAL COMPANIES

Uruguay offers advantages associated with different business platforms which make it an ideal business hub for the Americas. The HUB concept not only encompasses platforms for Support Services and Commercial activities but also for more sophisticated, innovative operations. There are successful FDI cases that found synergies between these different platforms:

LOGISTICS (Regional Distribution Centers) - Some of the main advantages offered by Uruguay include reducing inventories, delivery times and deferring import taxes. It is particularly helpful for:

- » Companies whose production is located outside Latin America.
- » When high standardization of products is required.
- » Consumer goods whose price is between USD 60,000 – USD 80,000 per cubic meter.

COMMERCE (Trading & Procurement) - By centralizing these commercial activities in Uruguay is possible to optimize tax costs in the purchase & sale of products. This applies both for intra-Company Trading operations and for Procurement (supply of plants or other types of operations in the region).

SERVICES - Uruguay's framework is ideal for companies aiming to centralize:

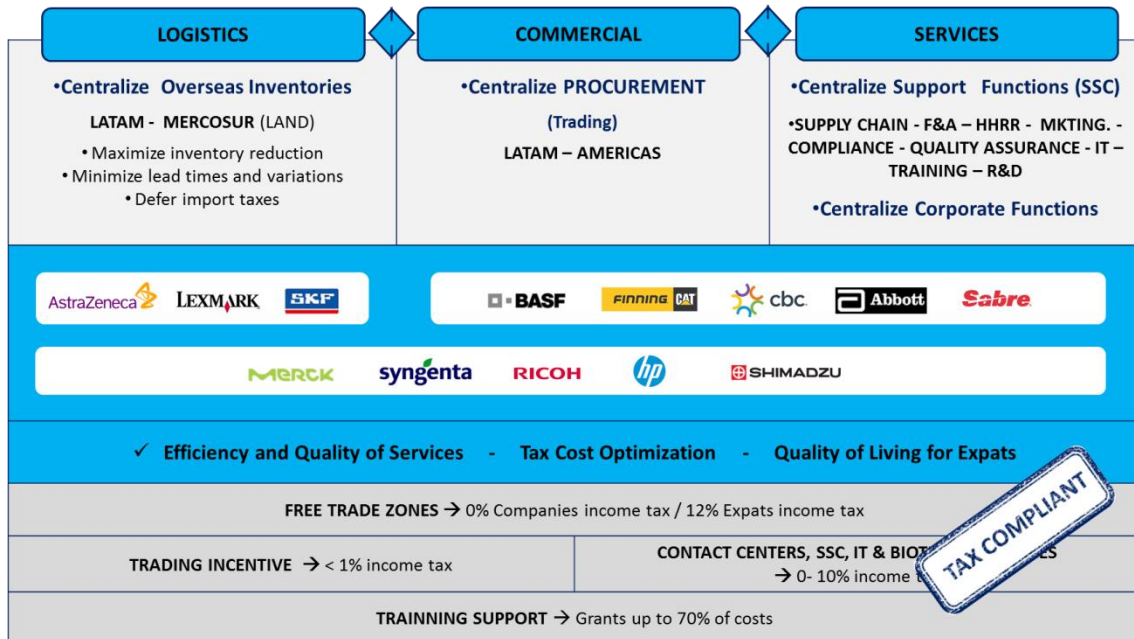
- a) Regional sales (Services companies)
- b) Support activities for its regional businesses (Shared Services Centers and Global Business Centers).

This business model could be a specialized back-office center or even incorporate the centralization of commercial activities (Trading/Procurement/Sales) providing substance and efficiency. Main activities developed by Shared Services Center in Uruguay include Supply Chain services or Remote Coordination of the supply chain to customers, Finance and Accounting, Human Resources, Marketing Support, Customer Service, Legal Support, Treasury, etc. These activities can be carried out by the companies themselves (Captive Center) or by a third-party supplier.

Moreover, Uruguay is a great location for companies looking to establish a Regional Headquarter. Some conditions such as tax benefits, quality of life for expats and a beneficial framework to develop Holding activities prove Uruguay's favorable conditions to centralize regional positions.

INNOVATION - If you're interested in expanding your R&D activities, or you are a tech Co. looking for a new location to develop your solutions, do not hesitate to evaluate Uruguay. In addition to the above-mentioned advantages, you will find a powerful innovation ecosystem, strong research groups and a mature Tech industry oriented to the development of high value-added solutions for global markets (the US is the main destination market).

Business Platforms – HUB Value Proposition



For the development of these platforms, in addition to the pillars of Uruguay’s value proposition (Reliability, Strategic location, Talent and Quality of life) there are tax incentives (aligned with international OECD guidelines) such as the Free Trade Zones. These incentives provide an excellent opportunity for fiscal cost optimization.

Take a glance at the Global Services Sector in Uruguay

**FIRMS:
+2.000**



**FTE:
+20.000**

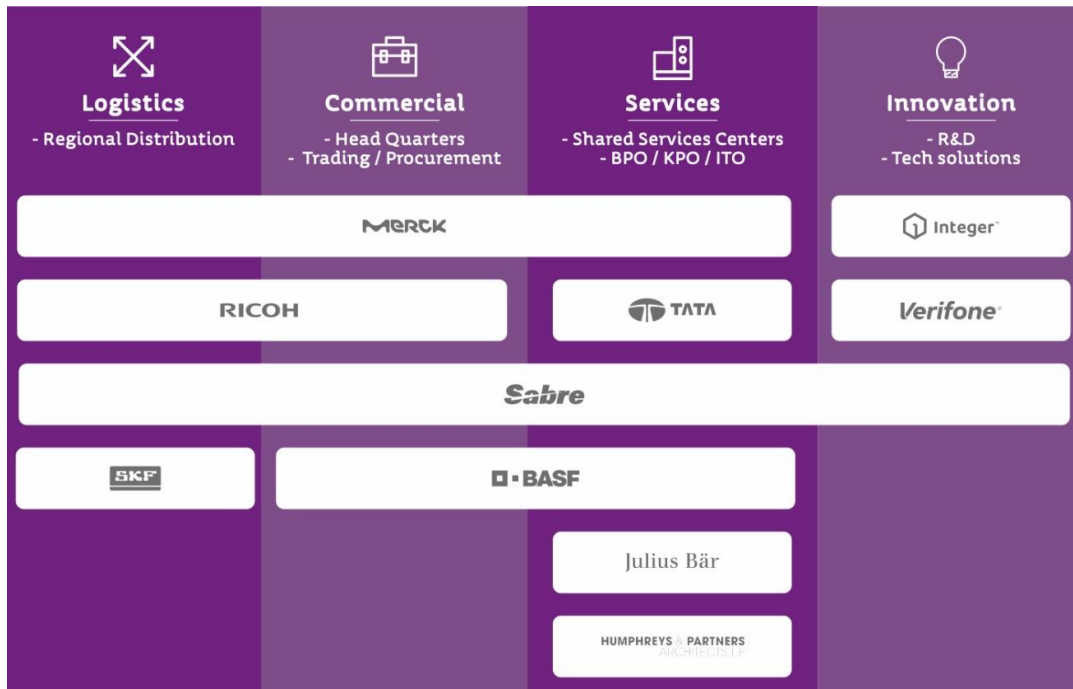


**EXPORTS:
U\$S 2.800 M**



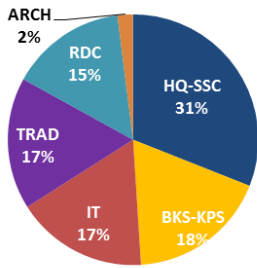
Global Services Exports represent **18%** of total Exports

In the past few years, Uruguay has become a target location for Regional Corporate Centers, especially as a regional hub, where the main operations conducted (sometimes combined) are as follows:

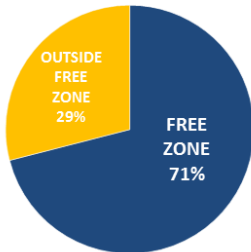


The **activities** carried out by these centers include:

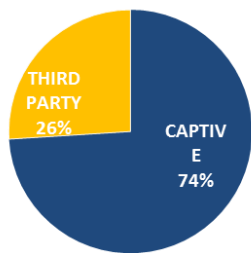




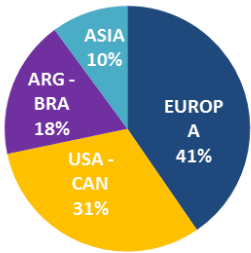
Currently, there are over 80 Corporate Centers, including leading global brands, which employ approximately 10.000 qualified workers.



71% of these companies are located in Free Zones, whereas the remaining 29% are based in the Metropolitan area of Montevideo.



Moreover, 74% of these operations are Captive Centers (or in house centers) while 26% are international outsourcing providers (Business Process, Knowledge Process, and/or Information Technology Services).



Most firms have Regional Headquarter and/or Shared Services Center operations in the country. As for companies' origin, most companies are European.

REGIONAL HEADQUARTERS, SHARED SERVICES CENTERS, TRADING & PROCUREMENT CENTERS.

Uruguay's capital city, Montevideo, has become a hub for Regional Headquarters, Shared Services Centers (SSC), Trading and Procurement Centers with key regional positions and providing F&A, HR, contract management, and training services. Most of them are located in Free Trade Zone areas, such as Aguada Park, World Trade Center, and Zonamerica.

Some renowned companies which have set up a HQ or a SSC in Uruguay include Abbott, BASF, Finning Caterpillar, Sabre Holdings, Altisource, SKF, Arcos Dorados (McDonald's), Pluspetrol, and Tenaris, among others. Additionally, trading companies like Louis Dreyfus Commodities, COFCO AGRI, Bunge, and Trafigura have chosen Uruguay as a regional hub.

>> Success stories:



Berthold Ebner

Former Managing Director, BASF Services Americas.

'We wanted to centralize all BASF's accounting services in the Americas, from Alaska to Patagonia, in a single country. We decided on Uruguay for three main reasons. The first was its government, offering economic and social stability, ease of doing business, minimal bureaucracy and low levels of crime and corruption. The second was the country's quality and uninterrupted Internet connections, which our company needed to transport the data powering our equipment and technology. Most important was human resources because our services depend on people. Uruguay offers professional and well-educated talent due to the country's excellent universities. We are more convinced every day that we made an excellent choice by coming to Uruguay'.



Rafael Pérez,

LATAM Shared Services Manager, Trafigura

'We chose Montevideo for our new regional hub in particular because of the depth of local talent, the mature legal framework, and the stable and secure environment for international businesses. Within Zonamerica, Trafigura has joined an international network of world-class businesses that also need a strong technological base and good infrastructure. In addition, it is located close to countries where we operate in Latin America'.

REGIONAL DISTRIBUTION CENTERS (RDC)

Uruguay is positioned as an extremely attractive site for the development of distribution activities and logistics. Not only because of its convenient legal framework for companies with foreign trade

operations, but also due to its advantages as a logistics platform. Uruguay is the only country in South America to have both free ports and airports; it has top-notch extra-port (or fiscal) warehouses, a stable and tax compliant free trade zone scheme, and a foreign trade one stop shop.

In addition, the country's strategic location, quality of services, language capabilities, and the convenient distance between key institutions and services providers within Montevideo, make Uruguay the region's best logistics platform with reduced costs, and a safe and agile entry to LATAM.

Some RDC for high value products operating in Uruguay include:

SKF, Columbia, GAP, Dupont, Ricoh, Kodak, Samsonite, Sony, Lexmark, Verbatim, Shimadzu, Adium Pharma, Mega Pharma, and Merck.



Carrasco International Airport - Montevideo, Uruguay.

» Success story:



Gabriela Brancato
Managing Director, Merck

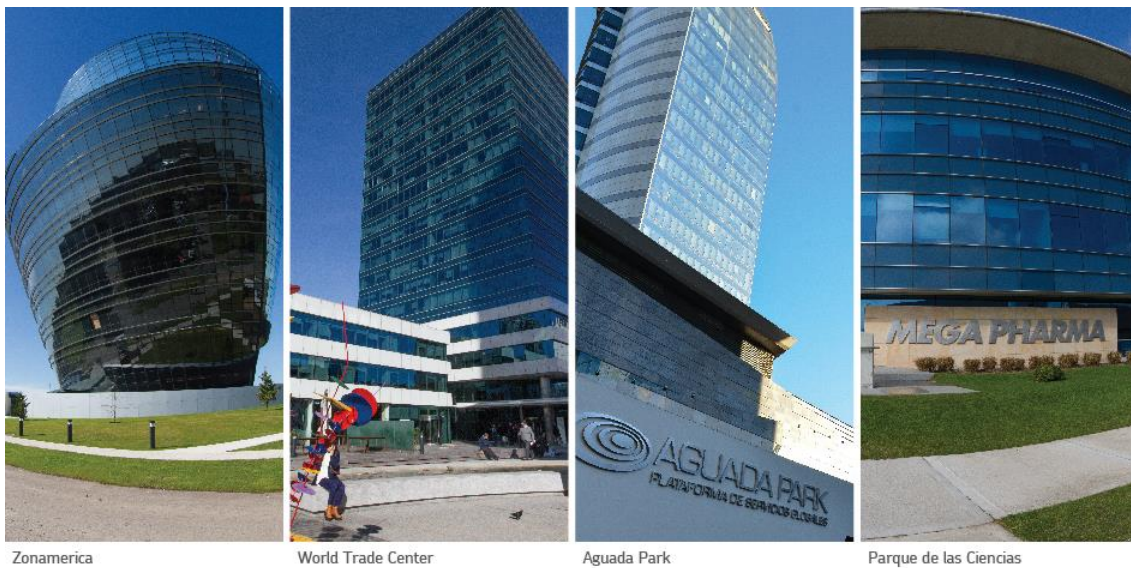
'Merck's decision to establish and maintain the operations in Uruguay was grounded on three main factors: Business environment, Competitive Human Resources and Neutral Attractive location.

A favorable legal framework, high democracy index and one of the best economic climates in the region provide an ideal business environment needed for a multinational company. The country has stable and long term macroeconomic policies that helps the promotion of foreign capital investment and fosters the free zone regime.

Uruguay's high standards of living compared to the rest of the region, the availability of competitive and highly skilled human resources and customer service orientation are also key for the maintenance and growth of our business in the region.

We currently have [for the RDC] approximately 90 employees rendering logistics and regional services to Latin American affiliates. The experience of being settled in Uruguay has been very successful and well perceived by our headquarters which allows our country to be considered for further developing opportunities within Merck’.

Convenient distances for Business Centers:



Business Parks under Uruguay's Free Trade Zone regime, such as Zonamerica or The Sciences Park (Parque de las Ciencias), are located five minutes from Carrasco International Airport (free airport) and 30 minutes from the Port of Montevideo (free port) . Furthermore, Aguada Park and WTC Free Zone are strategically located in downtown Montevideo, close to universities, with excellent access, enabling young employees to continue studying while working.

THIRD PARTY - BPO

Though most operations settled in Uruguay are captive ones, there are many third party providers (global and locals), providing BPO services. Main examples are Tata Consulting Services, Alorica, TMF, Atento and Avanza.

>> Success case:



Gabriel Rozman
Former Executive VP, Emerging Markets, Tata Consultancy Services

‘We started working in LAC in the year 2002 and established operations initially in Uruguay. We were 15 and today we are 1,300 people. We do infrastructure, application management, software development, outsourcing of processes and systems, and back-office processing. This is the sort of work which carries a lot of responsibility for our customers.

The organizations we work for are very worried about their software being maintained from locations that are predictable, stable, and where the investment they make in sending the software, their knowledge, the IP is well-protected and that they can function 365 days a year, 24 hours a day if necessary. Another consideration why we selected Uruguay was the quality of the human resources. We were very impressed. Today, we are certain that the Uruguayans engineers well deserve the reputation they have around the world’.

THIRD PARTY – KPO

Besides SSC and BPO activities, there are higher value-added activities being carried out from Uruguay. Companies focused on market analysis, risk management, and financial advisory, such as Willis Towers Watson also find competitive advantages in Uruguay for their KPO operations.

>> Success case:



Sofia Jaunsolo
Country Manager, Willis Towers Watson

‘Uruguay has the qualified talent that our company needs. For the scale of operations that we had planned for Uruguay, we didn’t have problems to find people with solid academic qualifications and excellent English skills. Uruguay is also competitive in terms of operational costs, especially when

compared with countries in developed economies. Also, the fact that there is a free trade zone regime, with the fiscal benefits that this implies, as well as the ease to settle within those free trade zones, were key factors in the decision to settle in Uruguay. And finally, another factor is Uruguay's general environment. Legal certainty, political stability, good indicators regarding the ease of doing business in the country, suitable physical and communication infrastructures, were all very important factors in the decision to settle in Uruguay'.

IT CENTERS

The existence of an IT and innovation ecosystem triggered Uruguay to be an excellent hub for **IT support and development**. These centers give support to Latin America and other parts of the world.

Friendly legal frameworks with specific fiscal incentives together with a high-quality talent make Uruguay an unsurpassed place to invest in an IT Center.

» Success case:



Lisa Schwab
Former VP, Sabre.

'We came to Uruguay due to its political and economic stability in conjunction with the amazing talent and the high degree of education in the Uruguayan workforce. We have stayed because of the same three factors. We are incredibly proud that the Montevideo center has become a world leader in customer care and a competitive differentiator for Sabre. We expect it to continue being so into the future'.

R&D CENTERS AND CLINICAL RESEARCH

Uruguay is an attractive innovation hub for research institutes and R&D centers of Life Science companies. The country offers government support coupled with a synergetic ecosystem that nurtures life science companies investing in Uruguay. In addition, Uruguay has a high potential for multicenter clinical research projects.

Among the advantages that foreign investors note for setting up R&D centers in Uruguay:

- » Availability of talented and cost-competitive R&D workforce.
 - » Easy access to a market of 398 million people (76% of Latin America's GDP) through Free Trade Agreements.
 - » Close proximity to Argentina and Brazil, the largest centers of research excellence in South America.
 - » Science and technology parks with cutting-edge infrastructure under the free zone scheme (exempted from all taxes).
 - » Outstanding tax incentives and attractive system for import and export of scientific inputs and equipment.
 - » Variety of R&D institutes for capturing regional and international cooperation projects, such as the Institute Pasteur, Pando Technological Pole, Biological Research Institute 'Clemente Estable', Center for Biomedical Research, and Uruguayan Centre of Molecular Imaging.
- » Success cases:



Luis Barbeito,
Executive Director, Institute Pasteur

'Institute Pasteur of Montevideo was founded in 2006, as an initiative of the Uruguayan and French governments. Uruguay was chosen for its strategic geographical position between Argentina and Brazil, allowing a leading interaction with the largest scientific and economic players of the region. The country also offers exceptional logistic benefits, providing easiness to import and export scientific chemicals and equipment, (almost) at the original price, which is a big difference with

neighboring countries. In addition, there is a good ecosystem between the companies, the academy, and the government agencies that fund innovation projects, favoring the addition of values. Finally, Uruguay stands out for the quality of their people: researchers and students are very well qualified, and the country effectively attracts foreign talent’.



Integer Montevideo (formerly CCC Medical Devices) is dedicated to the design, development and manufacture of complete medical systems, with more than 35 years of experience in implantable medical devices that primarily serve the United States market.

The company’s origin began in the 1970s with the production of pacemakers led by Dr. Orestes Fiandra. Up until 2014, CCC focused 100% on the development of special projects in electronic engineering and software, including the prototype design and development of implantable and non-implantable devices, as well as manufacturing for its customers.

In August 2014, CCC was acquired by Greatbatch™, a medical device outsource company that provided components for implantable devices.

In 2016, Greatbatch acquired Lake Region Medical™ and rebranded as Integer™. With the combination of CCC and Lake Region Medical, Integer has expanded its breadth of capabilities across the continuum from components to fully integrated systems to better meet the needs of the original device manufacturer (OEM).

Integer Montevideo has 250 employees, which includes 60 engineers (electrical, software, mechanical and chemical) in research and development.

KEY PLAYERS

International Centers	Country of origin	Operation in UY	Location in Free Trade Zones	FTEs*	Captive/ Third Party	Logistics	Commerce & Services	IT
TCS	India	2002	ZA	1600	TP		✓	✓
Sabre	USA	2004	ZA	980	C		✓	✓
Alorica	USA	2011	AP	850	TP		✓	
Mercado Libre	Argentina	2011	AP-WTC	600	C		✓	✓
Despegar	Argentina	2010	ZA	450	C		✓	✓
Globant	Argentina	2010	AP	450	TP			✓
BASF	Germany	2014		410	C		✓	
Atento	España	2006		400	TP		✓	
Pedidosya	Germany	2010		390	C		✓	✓
Mega Labs	Argentina	2013	PDLC	350	C	✓	✓	✓
RCI	USA	2005	ZA	340	C		✓	✓
Trafigura	Switzerland	2013	ZA	300	C		✓	
Adium Pharma	Argentina	2010	ZA	300	C	✓	✓	
Integer	USA	2014		250	TP		✓	✓
Tenaris	Italy	2003		220	C		✓	✓
Syngenta	Switzerland	2016		210	C	✓		
Avanza	España	2006		210	TP		✓	
Merck	Germany	1989	ZA	190	C	✓	✓	
Altisource	USA	2009	ZA	160	C		✓	
PEPSICO	USA	1955	ZFC	150	C	✓	✓	
Finning-Cat	Canada	2003	ZA	140	C			
Netsuite	USA	2012		140	C		✓	✓
Dufry	Switzerland	2010	ZA	130	C	✓	✓	
Aiva- Old Mutual	China	1994	ZA	130	TP		✓	✓
Sportradar	Switzerland	2010	ZA	120	C		✓	
RICOH	Japan	2010	ZA	118	C	✓	✓	
WTW	USA	2005	WTC	110	C		✓	
Verifone	USA	2006	ZA	110	C			✓
Julius Bär	Germany	1994	ZA	100	C		✓	
Cofco	Hong Kong	2002	WTC	100	C		✓	✓
Stefanini	Brazil	2012		100	C			✓
Bunge	Netherlands	2012	WTC	95	C		✓	
Louis Dreyfus	France	2002	WTC	80	C		✓	
Tradehelm	USA	2016	AP	80	TP		✓	✓
Assist-Card	Switzerland	1998	ZA	70	C		✓	
Bestseller	Denmark	2014	WTC	60	C		✓	
Totvs	Brazil	2000		60	TP			✓

International Centers	Country of origin	Operation in UY	Location in Free Trade Zones	FTEs*	Captive/ Third Party	Logistics	Commerce & Services	IT
Itaú	Brazil	2013	AP	50	C		✓	
Pluspetrol	Netherlands	2015	WTC	50	C		✓	
Travel Leaders	USA	2011	AP	50	C		✓	✓
Infragistics	USA	2008		45	C		✓	✓
Etermax	Argentina	2013	WTC	40	C		✓	✓
Humphreys & Partners	USA	2011	WTC	35	C		✓	
Biotoscana	Luxembourg	2016	WTC	35	C	✓	✓	
Abbott	USA	2016	ZA	30	C		✓	
Roche	Switzerland	1947		30	C	✓	✓	
GIS Europa	Belgium	2012	WTC	30	TP		✓	
Interfood	Netherlands	2011	ZA	28	C		✓	
Arcos Dorados	USA	2011	WTC	25	C		✓	

3. URUGUAY'S VALUE PROPOSITION

Uruguay's value proposition relies on four key pillars: reliability, market and nearshore location, qualified hu-man capital, and a unique lifestyle.



reliability

Political, social and economic stability
Free currency and free capital repatriation
Tax compliance and outstanding benefits

In service operations maximizing investment, security is paramount. Uruguay offers investment security within an economically attractive region.

The country has maintained strong political and social stability for years, supported by a consolidated democracy and the rule of law.

Uruguay consistently leads Latin America and the Caribbean rankings relevant to potential investors:

URUGUAY

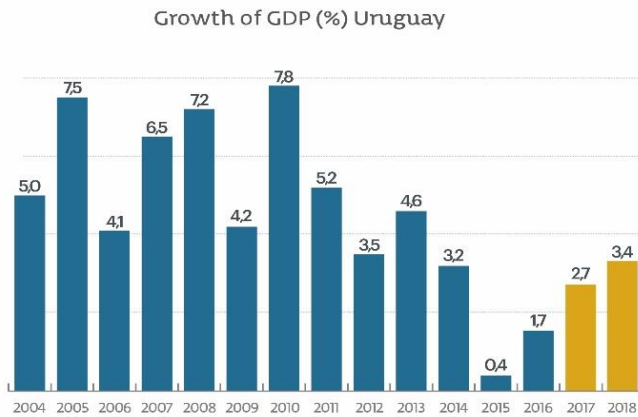
RANKED IN LATIN AMERICA

	Democracy Index (Economist Intelligence Unit, 2018)	#1		Inclusive Development (World Economic Forum, 2018)	#1
	Low corruption (Transparency International, 2018)	#1		Adoption of ICTs (World Economic Forum, 2018)	#1
	Prosperity Index (Legatum Institute, 2018)	#1		E-Gov Development Index (United Nations, 2018)	#1
	Rule of law Index (World Justice Project, 2019)	#1		Best place to live (Mercer, 2019)	#1

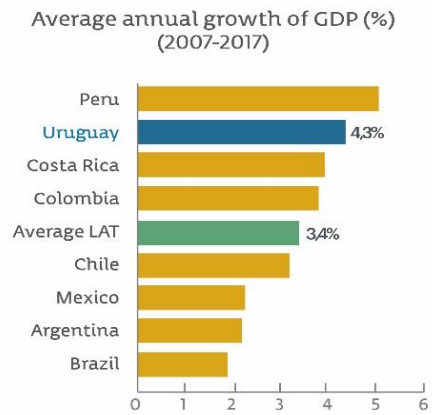


1. Macroeconomic stability

Uruguay has enjoyed 14 years of uninterrupted GDP growth. Between 2007 and 2017 the economy grew at an annual average rate of over 4,3%.



Source: BCU (Spanish acronym)

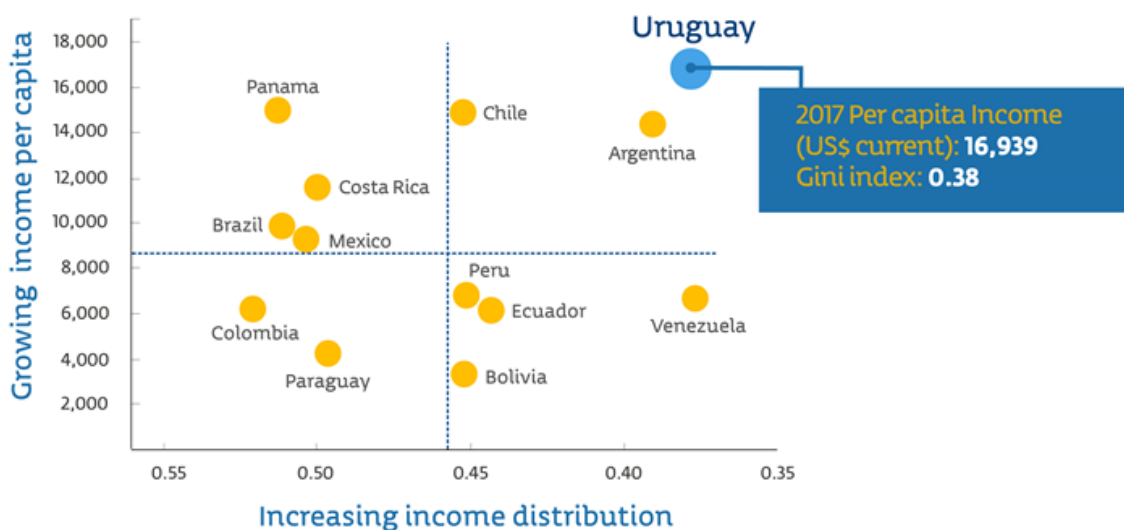


Source: WEO, IMF, October 2017

This expansion was accompanied by a growth in GDP per capita from US\$ 10,000 in 2005 to US\$ 17,153 in 2017, the highest in Latin America (measured in current US\$).

In addition to Uruguay's high GDP per capita, the country's income distribution is also worth noting. Uruguay is the most egalitarian country in Latin America according to any income distribution measure.

Level and distribution of income in Latin America (US\$ per capita 2017 and Gini Index)



Sources: Uruguay XXI based on data provided by WEO (October 2017), Social Outlook of Latin America 2017, ECLA, INE; Central Bank of Uruguay

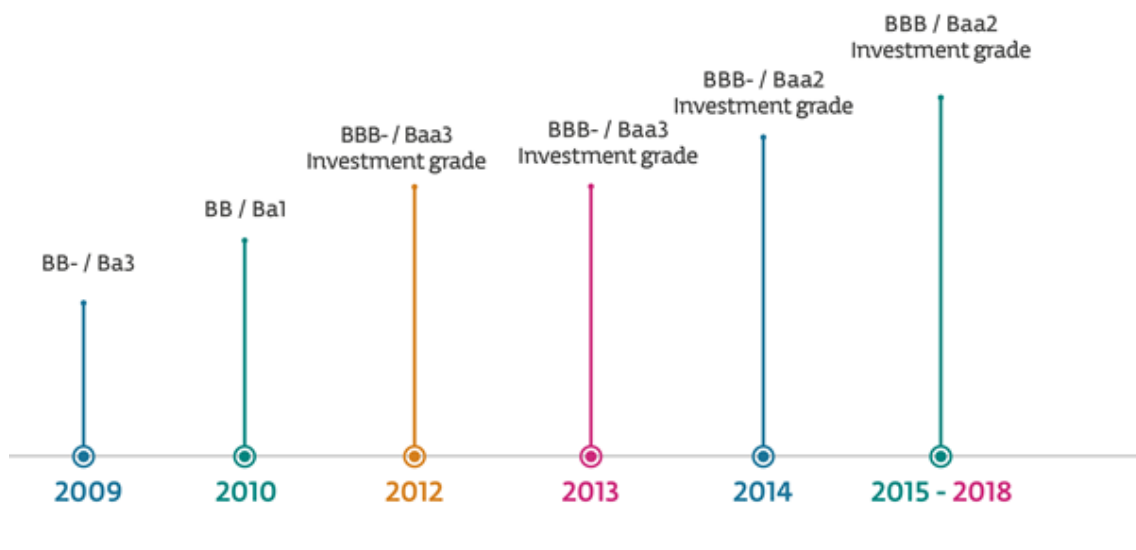
Uruguay received FDI inflows of US\$ 953 million in 2016. It remains the second largest recipient in the region, with incoming FDI flows of around 1.8% of GDP.

Uruguay is recognized for its orderly management of public debt and for its fiscal stability. The three major credit ratings agencies Fitch (April, 2018), Moody's (July, 2017), and Standard & Poor's (May, 2018) have all ratified the country's **investment grade**. Moreover, the US Department of State has recognized Uruguay as a **fiscally transparent country**.

Uruguay has a set of multiple strengths that position it differently against possible external shocks. The very large stock of reserves (USD 18,500 million, equivalent to 32% of its GDP), the floating exchange rate scheme and its excellent access to international financing are some factors that explain this shield. Moreover, the US Department of State has recognized Uruguay as a **fiscally transparent country**.

Uruguay successful business environment and macroeconomic stability have been acknowledged by the most important credit rating agencies throughout the years.

Improvement in credit rating and investment grade:

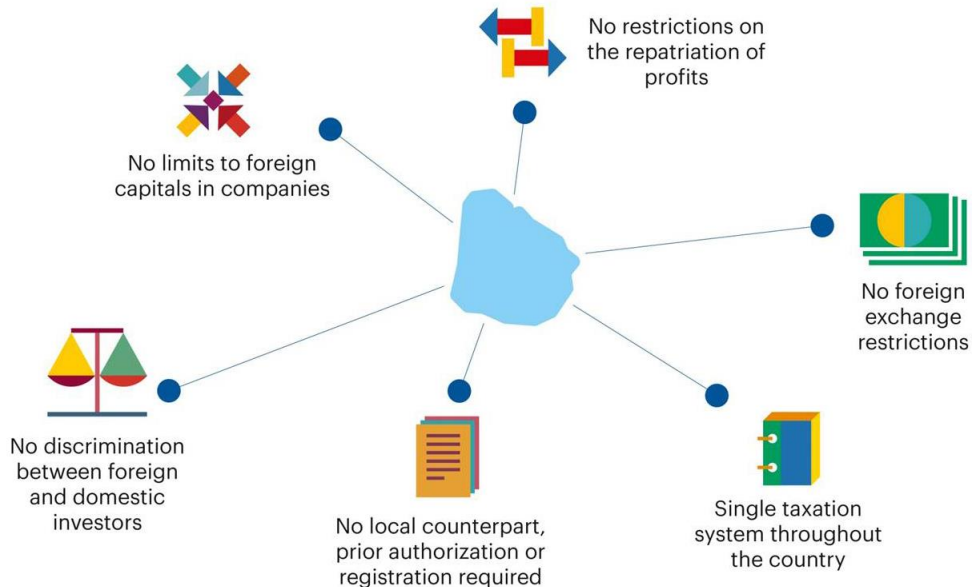







During the last decade, Uruguay has significantly reduced its dependence on the neighboring economies of Argentina and Brazil, both as export markets and in the percentages of deposits and loans in its financial system.

Regulatory framework · Easy for Business



By virtue of its investment law, Uruguay guarantees equal treatment for local and foreign investors. No prior approval or registration is required to operate in Uruguay, and there are no restrictions on the transfer of capital or profits from investments. Companies can operate in both domestic and foreign currency. Furthermore, there is a single national tax system.

The most relevant benefits for service operations with an international focus are those stipulated in Uruguay's Investment Law and those offered at the country's free ports and airports, and free zones.

Other tools which enhance the business environment are the Foreign Trade One-Stop-Shop (VUCE, in Spanish), a single platform which manages all the operations and documents related to imports, exports and transit. Furthermore the New Customs Code (CAROU, in Spanish) introduces several innovations regarding to customs, facilitating Uruguay's internationalization.

For further information about these and other utilities, check our Investor's Guide available at <http://www.investinuruguay.uy/en/guias-inversor/>



market access

Easy access to Brazil / Spanish-speaking countries
Convenient time zone and cultural affinity
World-class facilities and connectivity

Given the country's location, language, business history, shared culture and trade agreements, Uruguay is an excellent platform to access markets such as Brazil and Spanish-speaking countries. As a MERCOSUR member and its Free Trade Agreement with Mexico, Uruguay has access to a market of 398 million people, which represents the 76% of Latin America's GDP.



Uruguay is well-positioned as a regional business and logistics hub due to its proximity to the wealthiest areas in South America. The country's free zones, free ports and airport, and bonded warehouses are ideal places to set up distribution centers. Moreover, Uruguay's cultural affinity with Europe and North America, similar time zone, and excellent telecommunications infrastructure make the country an ideal nearshore location with those markets.

Strategic Location



Transport times



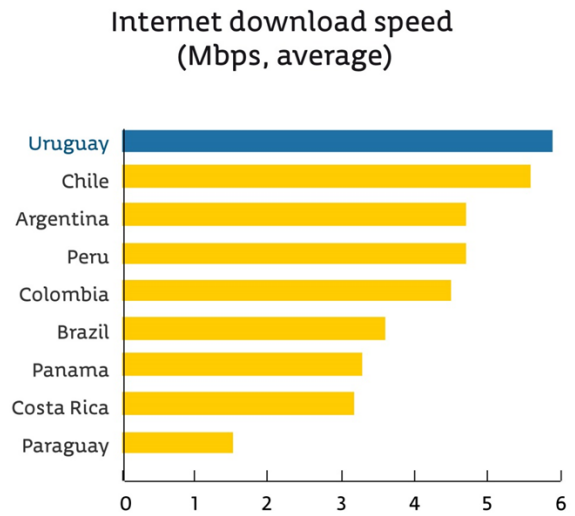
Buenos Aires	1.00 h	24 hs
Porto Alegre	1.30 h	24 - 48 hs
Río de Janeiro	4.00 h	72 - 96 hs
São Paulo	2.30 h	72 - 96 hs
Asunción	2.00 h	72 - 96 hs
Santiago	2.30 h	72 - 96 hs
Lima	5.00 h	72 - 96 hs

Truck transport time includes average customs time.

A country that empowers the digitalization:

- » **Fiber optic submarine cable Monet:** A new underwater cable jointly developed in 2017 with Google. More than 12,500 Km from the US to Uruguay, allowing Uruguay to be an Internet provider to the region and the world.
- » **A Tier III Data Center,** recognized as the Best Data Center Enterprise in Latin America, and able to be a provider of a wide range of solutions focused on the user.
- » Huge infrastructure investments in **fiber optic networks,** with more than 23,000 Km and 77% of households with broadband connections.
- » A well-developed **IT industry** placed at the forefront of technology in the world
- » Uruguay was invited to join the **D9 Group,** the elite group of the most advanced countries worldwide in digital development (Canada, Estonia, Israel, Mexico, New Zealand, South Korea, Portugal and the United Kingdom).

Uruguay is leader in communications in Latin America according to the International Telecommunication Union's 2017 Information Technology and Communication's Development Index (ICT), which measures Internet penetration, mobile phone usage, and other related indicators.





talent

Highly skilled and multilingual: Spanish, English, Portuguese
Competitive, adaptable and committed labor force
Free, high-quality public education through college

Human Resources in Uruguay are highly competitive due to a combination of several factors: high quality of basic, technical and university training and the flexibility and ease of Uruguayan workers that allows them to adapt to new production processes or technologies. The Uruguayan workforce has been showing a steady increase in its ability to master other languages, in particular English and Portuguese.

- » Uruguay has the highest literacy rate in Latin America: 98%.
- » Free public education is provided from kindergarten to university.
- » 4% of the country's GDP is invested in education
- » 100% of high school students at the age of 15 have already completed at least three years of English and two years of computer science.



FAST TRACK VISAS & RESIDENCES



For exporting companies in Uruguay



For employees and their relatives



Visa/residence will be authorized within 10 business days



Can be started in Uruguay or abroad.

Long term education policy: One Laptop per Child

Uruguay's Ceibal Plan is an initiative promoted by the Uruguayan government since 2007, based on the One Laptop Per Child (OLPC) program of the Massachusetts Institute of Technology (MIT). Uruguay was the first country in the world to provide laptop computers freely to all students and teachers in public schools and high schools. This program has allowed the country to substantially reduce the digital gap and empower future generations to face new employment challenges. In addition, through Ceibal Plan the following goals have been achieved:



- » **Connectivity:** 100% of schools, high schools and technical universities have fiber optic.
- » **Digital gap:** has been reduced by 35%, to 8% during the period 2005-2015.
- » **English:** Ceibal platform is implemented in English, contributing to the bilingualism of the Uruguayan population.

Important Tools: Finishing Schools and Smart Talent

The Finishing Schools program subsidizes up to 70% of job training costs in specific skills required by companies to establish or expand export operations.

Since the program started operating (2012), 253 projects have been approved, more than 8,536 people have been trained, and U\$S 4,300,000 has been invested to train employees (from which U\$S 1,636,577 was granted by the program).

Moreover, Uruguay offers Smart Talent, a website to post job opportunities focused on global services which offers tests to measure the registered candidates' knowledge. Through Smart Talent, companies can post their job vacancies and have access to tested profiles without any charge. It also works as a tool to promote the global services industry among young people in Uruguay through a series of awareness activities. The website was launched on March 2015 and today it has more than 350 global services companies, 34.000 registered candidates, and 24.000 performed tests.

Apart from the website, SmartTalent organizes different activities to foster companies' employer brand such as visits to companies, tech workshops and the annual Smart Talent Day. We organize 80 of these activities per year and we are looking forward to working with your company!

finishing schools



Subsidies up to 70% of the costs

Who can access?

Companies requiring staff to set up or expand their operations of export of services from Uruguay

What kind of support?

Non – refundable contribution up to 70% for the cost of training in soft and technical skills.

How to access?

Once the idea is defined, the company sends its proposals which is evaluated by a specialized committee within 10 days.



A free global services employment website

smart talent

People

Access to information of the sector, evaluate, apply and share opportunities.

Companies

Post opportunities and access to pre evaluated profiles

Academy

Link their students and graduates with companies of the sector.

Population and Labor Force¹

Around 66% of Uruguay's labor force is concentrated in the Montevideo metropolitan area.

2018	Country total	Metropolitan Area
Population	3,493,205	2,078,344
Productive Population	62.9%	64.9%
Labor force	1,782,730	1,087,558
Unemployment rate	8.7%	8.7%

IT and Business Services employ around 63,000 workers in Uruguay and 24% of them (more than 15,000 FTEs) provide services globally exclusively.

Parameters	Unit	Total	Global Services		Total revenue from offshore/export operations (Millions of U\$S)
Number of FTEs employed in Business Services & IT industry	Number of FTEs	62,803	15,272	24%	
Break-up of Business Services & IT industry across functions	Contact center (includes voice operations such as inbound and outbound sales services)	3,844	2,679	70%	
	Non-voice business process (includes processes such as trading, supply chain, f&a, pay roll, financial, services, business advice)	46,292	7,349	16%	1,300
	Information technology (includes operations such as IT- application development and maintenance, infrastructure services, etc.)	12,667	5,244	41%	

¹ Source: All the information related to population and labor force is based on data of the Continuous Survey of Households of the National Statistical Institute of Uruguay (2014); the Uruguayan Chamber of Information and Technology Chamber Survey (2014); ECLAC 'A case of productive and commercial transformation (2014); and Uruguay XXI employment databases.

Work and compensation:

The regulation of working hours applied to the commercial sector is 44 weekly hours and the limit of the daily hours of work is eight hours. In the industrial sector the working hours applied is 48 weekly hours. Call centers have a weekly limit of 39 weekly hours with 6 working days.

Standard workday (# of hours)	8
Standard workweek (# of hours)	40 - 44
Mandatory surcharge for overtime (%)*	+100%
Surcharge for work in third shift (%)	+20%
Surcharge for required standard language (%)	+10-20%

*Management positions are not paid overtime

Personnel Turnover:

Companies in Uruguay perceive lower attrition rates than elsewhere, highlighting in turn a stronger degree of commitment with the company's tasks and objectives.

University-Graduates and Undergraduates:

Uruguay has excellent educational levels and free access to education through the university level. More than 85% of college students enroll in public universities, 51% study business careers.

To prepare them for BUSINESS SERVICES (such as foreign trade, supply chain activities, administration, F&A, human resources management, or financial and market analysis), Uruguay's universities offer degrees in international relations, certified public accounting, business administration, marketing, economics, psychology, human resources, law, notary public, and social sciences.

General	Technician equivalent	Undergraduate Degree (University)
Number of Educational Institutions in the Metropolitan Area	42	36
Total number of enrolled students	18,500	148,300
Total annual number of admissions	Not available	32,790
Total annual number of graduates	Not available	8,480
Life Sciences services related studies	% Global Services	
Enrolled students	4%	28%
Business Services related studies	% Global Services	
Enrolled students	39%	54%
ICT related studies	% Global Services	
Enrolled students	47%	7%

Source: MEC, Education statistical yearbook 2017 (Published 2018)

Languages:

English is taught at nearly all public elementary schools and is supported within the Ceibal Plan (One Laptop Per Child Project); most private elementary schools have also incorporated it into their syllabus. Many elementary schools have incorporated Portuguese into their syllabus as well. In both public and private middle and high schools, English teaching is mandatory.

Languages	Reads	Writes	Speaks
English	75%	60%	55%
Portuguese	36%	14%	21%
Others	29%	13%	15%

Source: Uruguay XXI based on university census. UDELAR 2012 (Auto perception of students)

#1
TOEFL ENGLISH
EXAMINATION

TOEFL RANKING	
URUGUAY	1
Argentina	2
Brazil	3
Paraguay	4
Peru	5
Suriname	6
Bolivia	7
Ecuador	8
Venezuela	9
Colombia	10

Uruguay is ranked first in TOEFL examination scores in LAC (with 94 points). This way, Uruguay is positioned as second best in all the Americas, and number 17 in the world.

Postgraduate Studies:

15 universities in Uruguay offer postgraduate studies, with a total of 391 courses offered.

Postgraduate Studies	Master´s Degrees or Postgraduate Studies
Total Number of Universities that offer Master´s Degrees	15
Total Number of Students	12.407
Total annual admissions	4.517
Total annual graduates	2.114

Source: MEC, Education statistical yearbook 2016 (Published 2017)

Professionals:

There are 47,734 professionals registered in the Retirement and Pension Fund for University Professionals with professions related to business services. It is worth mentioning that some of these professions do not need to register, but it is mandatory for others. Nonetheless, this number represents more than half of the professionals.

Area	Professionals registered (2017)
ARQ&ING	18,486
BPO/KPO	47,734
Life Sciences	59,452
Creative Services	917



lifestyle

Relaxing and enjoyable place to live
Vast cultural, educational and health amenities
Friendly and polite people

Uruguay's capital city of Montevideo (1.3 million inhabitants), Punta del Este and other cities offer excellent living conditions for executives and their families, including well-equipped free health services and education. More and more foreigners are choosing Uruguay as their place of residence for all or part of the year.



Buceo's coastline. Montevideo, Uruguay.

Uruguay ranks as one of the safest countries in Latin America on the Latin Security Index, developed by FTI Consulting for Latin Business Chronicle. The index measures security for multinational executives. According to the 2017 Legatum Prosperity Index, Uruguay is the best place to live in Latin America. The ranking is based on a variety of factors including wealth, economic growth, and quality of life.

Quality of life

#1
Latin America
Quality of Life

Quality of Living (Mercer 2019)

City	Latin America
Montevideo	1
Buenos Aires	2
Santiago	3
Panama City	4
Monterrey	5
San José	6
Asunción	7
Rio de Janeiro	8
Quito	9

Liberal immigration laws are attracting a wave of talented executives who can legally reside and work in the country while their resident visa applications are being processed.

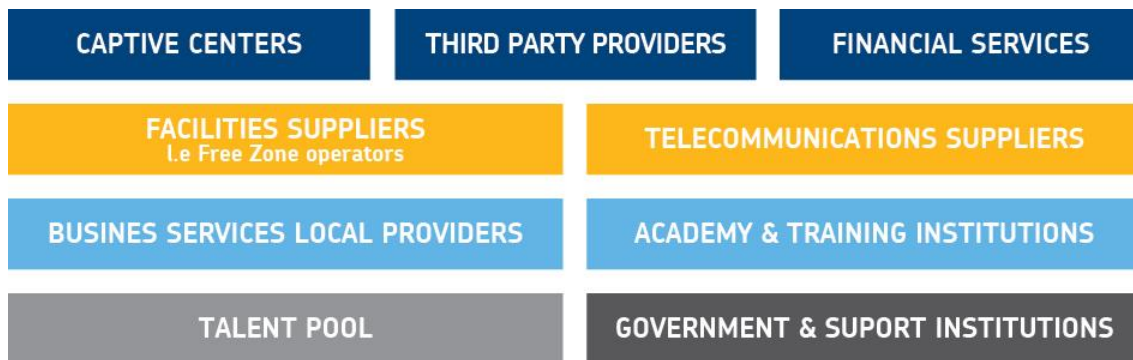
Uruguay is one of the most socially progressive countries in the Americas. For being the first country in Latin America to legalize gay marriage and to enact other daring social reforms, the prestigious news magazine The Economist named Uruguay its first-ever Country of the Year (2013). In addition, Uruguay's middle class is the largest in Latin America. This means that besides being a country where you can live in a relaxed and friendly environment, the excellent levels in terms of social equality enhance even more the lifestyle indicators.

Residents, whether on business or retired, also enjoy Uruguay's pleasant climate, friendly people, and a more relaxed and calm pace of life.

Annex I | Business Service Ecosystem

Stakeholders & Support partners.

In Uruguay offshore services are provided for foreign parent companies (in-house/captive) as well as through third parties (outsourcing). Local service providers, many of which are also exporters of professional services; providers of facilities and telecommunications or other utilities; financial services; and academia and government support institutions complete the ecosystem.



A key fact about Uruguay is its strong network. Uruguay's scale enables actors to have unlimited access to the whole network creating a secure environment to invest.

Annex II | Promotion of Investment and Export Incentives

Promotion of domestic and foreign investments.

Uruguay is very attractive compared to other countries that receive investments from the rest of the world, and for several years now, it has had an active policy to promote investments in the country.

Uruguay has a wide range of incentives. There are general incentives such as the Investment Law (up to 100% return on investment), free trade zones (100% tax exemption) and free ports and airports (100% exemption on goods in transit). With respect to specific incentives, Uruguay offers certain benefits for Shared Service Centers operations and a specific framework for trading activities.

Government General Export Incentives.

1. Investment Law:

Law 16,906 (1998) declares of national interest the promotion and protection of domestic and foreign investments. One of its main features is that foreign investors are granted the same incentives as local investors and there is no tax discrimination or restrictions for transferring profits abroad.

Decreets 455/007 and 002/012 updated the regulations of this law. This regime enables the investor to pay less corporate income and wealth tax (between 20% and 100% of the amount invested).

That is to say, for all investment projects under this regime and promoted by the Executive Branch, it is possible to compute as part of the tax payment (IRAE - Corporate Income Tax) between 20% and 100% of the invested amount, depending on the type of project and the score obtained relying on different indicators.

The IRAE nationwide flat rate is 25%. Wealth tax on movable fixed assets and civil works is also exempted, and the VAT included in the purchase of materials and services for civil works can be recovered. Likewise, the law exempts import duties or taxes on movable fixed assets which have been declared non-competitive with the domestic industry.

2. Free Trade Zones Law:

Free Zones in Uruguay are regulated by Law No. 15,921 dated back to December 17, 1987. They can be operated by the State or duly authorized private entities. Free Zones under private operation are administered, monitored and controlled through the General Trade Office - Free Zone Area, Ministry of Economy and Finances. This office is the main point of contact for all the regulations, permits and controls regarding Free Zones in the country. As for state-operated free zones, this is the area in charge of their management.

Trade, industrial or service activities are allowed in Free Trade Zones. Moreover, companies in Free Zones can provide services to other countries and, in some cases, to Uruguay.

Businesses authorized to operate from Free Zones may be natural or legal persons under any corporate form. As for legal persons, there are no restrictions on their form but they need to have an exclusive purpose. There is no distinction between domestic or foreign investments and the latter are not required to meet any special process or requirement.

Regarding staff, up to 25% of it can be foreign. However, this percentage may be modified if necessary, with further explanation of the reasons why it is required.

Goods can be indefinitely kept in the free zones and their destination can be changed at any time.

Benefits granted to companies set up in Free Zones are:

- » **100%** Exemption from Corporate Income Tax (IRAE), Wealth Tax (IP) and any other current or future domestic tax. The State is the guarantor of this exemption.
- » Dividends distributed among shareholders with residence abroad are also tax-exempt in our country.
- » Foreign personnel may choose to contribute to social security in Uruguay or in their country of origin.
- » Sales and purchases of goods and services to and from abroad are VAT exempt. Sales and provision of services within Free Zones are also VAT exempt.
- » Companies may commercialize and provide services to Uruguay as well. In this case, there are no tax exemptions for these goods and services provided to Uruguay.
- » Non-resident entities are also Corporate Income Tax exempt regarding activities developed with foreign goods declared in transit or kept within Free Zone when they are not bound for the national customs territory. They are also Corporate Income Tax exempt when sales bound for the national territory do not exceed 5% of the total disposals of goods in transit or kept within Free Zone.
- » Goods traded by Free Zones with the rest of the world are exempt from customs duties.
- » Service companies may have up to 50% foreign personnel.

3. Free ports and airports:

The Free Port regime represents one of the mainstays for Uruguay to be positioned as a logistic platform in Mercosur and as a distribution center for goods in transit.

In view of Port Law No. 16,246 of May 1992 - Montevideo is the first terminal of the Atlantic coast in South America to operate under a "Free Port" system.

This scheme also applies to the commercial ports of Colonia, Fray Bentos, La Paloma, Nueva Palmira, Paysandú, and Puerto Sauce, as well as Carrasco International Airport.

When operating in a free port, goods circulate freely without the need for permits or formal procedures. During their stay at the port customs area, goods are exempt from all import taxes or related taxes. The following activities can be carried out:

- » Merchandise-related operations. Operations which add value, change the presentation or implement the free disposition of merchandise without changing its nature. By way of example, storing, repacking, remarking, sorting, grouping and ungrouping, consolidating and unconsolidating, handling, and fractioning activities.
- » Operations related to services rendered to merchandise: loading, unloading, stowage and mobilization of bulk items, transportation, transshipment, reshipment, transit, removal, deposit, storage, disposition, ship supply, ship repairs, and other services related to port activities and the free port system.

Apart from the abovementioned customs benefits, the movement of goods and the rendering of services carried out within the port customs area are all VAT exempt. Moreover, goods placed under free port scheme are not included in the taxable base for Wealth Tax or Income Tax purposes.

Suchlike Free Zone system, merchandise under the Free Port system does not lose its origin, both if it is reexported in identical conditions as imported and if it was subject to operations which did not alter the nature of the product or its origin. In this sense, several agreements signed by Uruguay, including Mercosur and Israel, include a system of certificates of origin which facilitate the type of operation provided for in the Free Port system.



The only free-trade ports on South America's Atlantic coast



One of 7 free airports in the world and the only free airport in South America.

- » Goods exempt from domestic taxes and import surcharges.
- » Free circulation of goods without authorizations or formal processes.
- » Foreign legal entities exempt from Wealth Tax and Corporate Income Tax.
- » Automated operations.

4. Tax benefits for Global Services companies located outside Montevideo:

Activities carried out by service companies are granted relevant tax benefits:

- » 90% exemption of Corporate Income Tax.
- » 100% exemption of Wealth Tax applicable to assets involved in the promoted activities.

Service-exporting companies can have access to the aforementioned benefits if:

- » they are located within an 80 kilometers radius from Montevideo's city center;
- » they generate at least 15 new direct qualified jobs at the end of the first two years;
- » at least 50% of the personnel is Uruguayan (provisional reductions may be authorized);
- » they provide services to at least 5 entities.

The tax exemption period will depend on the amount of new qualified jobs generated by the company: (i) 5 years when at least 15 new jobs are generated at the end of the first two years; (ii) 8 years when at least 30 new jobs are generated at the end of the first three years; and (iii) 10 years when at least 60 new jobs are generated at the end of the first four years.

5. Temporary Admission:

The Temporary admission scheme is provided for by Law 18,184 and Regulatory Decree 505/09. This empowers the tax-exempted introduction of foreign goods into the market to be subsequently exported within a set timeframe of five years.

These goods can be reshipped both in the condition they were introduced ("as-is") or after having undergone specific transformation, manufacturing, repair or value-adding processes. Machinery and equipment of any origin, which enter into the country on a temporary basis for its repair, maintenance, update or use, are also protected by this system.

The entity which allows industrial companies to use this scheme is LATU (Laboratorio Tecnológico del Uruguay; Uruguay's Technological Laboratory).

Law 18,184 further offers Stock-taking and Draw-back mechanisms. The Stock-taking mechanism consists of replacing goods imported under the general scheme with the import of similar goods, free from taxes and levies, when they have been used as input for the transformation of exported products in the country.

The Draw-back mechanism gives the possibility to claim a refund of import taxes and levies paid under the general scheme of goods which, by definition, can be imported under temporary admission and which were used in the country for the manufacture of products bound for export.

6. Youth Employment Law:

This subsidy consists of grants given by Government to firms that employ young people. There are several categories:

For new employees:

- » First job: allows young people between 15 and 24 years old looking for first job to be hired for a period of 6 months to 1 year. In this case, the company receives 25% of a salary of maximum U\$S 500 (approx.), though their salary may be higher.
- » Protected work: Targeted to 15 and 29 year-old employees to be hired for 6 to 18 months. These must be included in the Critical Gaps Index of the Ministry of Development. The government grants 80% salary for women and 60% for men. The maximum amount of the grant will be related to a salary of approximately U\$S 760 (though the salary may be higher).
- » Internship for graduates: allows companies to hire 15 to 29 year-old people looking for their first job related to their degree. The grant consists of 15% of a salary of up to U\$S 500 (although their salary may be higher) for a period of 6 months to 1 year.

Benefits for students already working at the company:

- » Hour reduction to study: Subsidy of 20% of the hourly wage if one hour is reduced or 40% if 2 hours are reduced. The minimum length of this benefit is one week and the maximum two months per year.
- » Study leave: Companies may grant maximum 8 days in which students leave in order to study. Here, 40% of salary corresponding to those days is subsidized.

Should you need further information, please contact leyempleojuvenil@mtss.gub.uy

7. Reimbursement of VAT paid when purchasing supplies:

VAT paid in purchases is generally recovered by discounting VAT invoiced in sales, paying the State just the difference thereof. Since in exports (of goods and services) said tax is not invoiced, the reimbursement of VAT included in the purchase of materials is authorized directly upon the company's request. The Tax Administration Office (DGI) issues credit certificates which may be used to pay other taxes.

Decree N° 220/998 lists the transactions understood as services exports. For instance, some are: international broadcasting of television material produced in the country, logistics support services to international cinema and TV production companies, consultancy services provided to people abroad, design services rendered to people abroad, development and implementation of specific logistics support, services rendered by international call centers given that their main activity is destined for the external market, data processing, design, development and implementation of

digital contents, market and social research services, and advertising services rendered by advertising agencies to customers overseas.

Specific government incentives for Global Services.

8. Incentive for Shared Service Centers:

On December 2017, the Uruguayan Government passed a Decree (specifically Decree 361/017) which aligned the Uruguayan Shared Services Regimes with OECD international standards.

The Decree defines Shared Services Centers companies that provide professional or technical advice and data processing in the areas of finance, business administration, logistics, research & development, publicity or staff training. As a condition they also have to be residents or operating in at least 12 countries.

In accordance with article 2 of the Decree, the Shared Services Centers will access to a set of fiscal benefits:

- » Corporate Income Tax exemption for five tax years on 90% of the income from SSC activities. For this at least 150 new direct-qualified jobs have to be created and Uruguayans must fill at least 75% of the new jobs. The company also has to implement a training plan with a minimum expenditure of USD 1.300.000.
- » Corporate Income Tax exemption for five tax years on 70% of the income from SSC activities. To access this benefit companies have to create at least 100 direct-qualified jobs and expenditure in human capital training have to exceed USD 650.000.
- » Wealth Tax of the assets affected to this activities, from the year in which the request is made and until the end of the IRAE exemption period. The assets will be considered taxed for the calculation of the liabilities for the liquidation of the Wealth Tax (effective exoneration).

9. Incentives for Contact Centers:

Decree No. 207/2008, amended by Decree No. 379/011 promotes any activity developed by Distance Service Centers, provided that the following conditions take place simultaneously:

- » Generates a minimum of 100 positions of direct qualified work.
- » Services are to be provided for the sole benefit of non-residents individuals located abroad.

Income originated from such activities is exempt from Corporate Income Tax (IRAE), for a period of 10 from year in which this incentive is requested (inclusive).

For applications submitted from January 1st, 2011, this exemption consists of:

- » **100% when it exceeds 150 positions of direct qualified work.**
- » **70% when it exceeds 100 positions of direct qualified work.**

In June of 2018 a new legislation entered into force which excludes VAT from all call centers sales (i.e. all sales are VAT exempted operating in Uruguay, no matter how much does the company export).

This modified the condition of “principality” of the previous regulation where, in order to get this tax exemption, call centers had to demonstrate that their exports represented at least 50% of their totals sales.

10. Protection of personal data and habeas data remedy:

In accordance with the regulation, all natural and legal persons are entitled to the protection of their personal data. This implies data collection, recording and treatment, by whatever means and modality, in the private or public sector. The person responsible for the data base shall gather and keep evidence of the data subject’s consent, informing them of the purpose for which the data is intended to be used, and also employ techniques which guarantee integrity, confidentiality, and availability of the protection.

The Decree regulates the operation of the Unit for the Regulation and Control of Personal Data. This law brings the regulation in force in line with the European Union requirements, enabling EU clients to contract Uruguay-based companies.

11. Incentives for software industry:

Corporate income tax exemption for software export activities and related services.

The 4th Title of the Consolidated Text 1996 considers exempt from Corporate Tax (IRAE) the income which has been obtained by means of software products and services related to such, provided that they are fully utilized abroad.

The Corporate Tax (IRAE) Regulatory Decree No 150/2007, Section 163 bis, includes in software production-related services those such as hosting, call center, business outsourcing, marketing, and other services and activities, if that software is their core activity, even when the software has not been developed by the service provider.

As for software, this section includes development, deployment at the client’s site, version upgrading and correction, customization (GAPs), quality testing and certification, software maintenance, training, and advising.

11. Trading activities:

In terms of trading activities, there is a law that rules a specific framework for the trading of good or services, as long as they do not enter or aren't provided from Uruguay. The trading services themselves have to be delivered from Uruguay. In that case, 3% of the net profit is considered from Uruguayan source. Over that 3%, the Uruguayan corporate income tax (IRAE 25%) is applicable (Resolution 51/997).

12. Trade and investment protection agreements:

Uruguay has been part of the World Trade Organization (WTO) since its inception in 1995 and is part of the Latin American Integration Association (LAIA/ALADI, 1980). The Republic of Argentina, the Plurinational State of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the Republic of Colombia, the Republic of Ecuador, the United Mexican States, the Republic of Paraguay, the Republic of Peru, the Eastern Republic of Uruguay, the Republic of Cuba, the Republic of Panama and the Bolivarian Republic of Venezuela are all members of ALADI.

Within the framework of ALADI, since 1991 it has been part of the Southern Common Market - MERCOSUR - with Argentina, Brazil and Paraguay. MERCOSUR became a customs union in 1995 with the free movement of goods, removal of customs duties and non-tariff restrictions between the parties, and a Common External Tariff to other countries. Since August 12, 2012 Venezuela has been a full member of MERCOSUR.

Trade agreements with access for goods:

Uruguay has signed, as part of Mercosur or independently, a series of trade agreements that grant access to other markets with preferential tariffs beyond Mercosur (Chile, Mexico).

MERCOSUR has signed trade agreements with many countries in Latin America: Chile (1996), Bolivia (1996), Colombia, Ecuador and Venezuela (2004), Peru (2005), Cuba (2006) and SACU (2008). An agreement that exclusively covers the automotive sector was signed with Mexico (2002). Outside the region, Mercosur has signed agreements with Israel (2007), India (2004), Egypt (2010) and Palestine (2011). Chile (2010), Egypt and Palestine agreements have not yet come into force.

Except for the agreements with Cuba, India and SACU, which include preferences for a limited number of products, the remaining agreements that have been signed by Mercosur tend to form free trade zones, with tariff reduction schedules that are completed for substantial trade on variable dates according to the country. Agreements with Chile and Bolivia have reached 100% of tariff reduction for the entire mass of goods. In the remaining agreements in force, total tariff relief will be achieved for substantial trade by 2019.

Mercosur is also part of the Global System of Trade Preferences among developing countries (GSTP), in force in Uruguay since 2005. The last Round (2010), not yet in force, involves preferences of 20% to 70% in tariffs lines with Cuba, Egypt, India, Indonesia, Malaysia, Morocco and Republic of Korea.

Uruguay has also executed a bilateral free-trade agreement with Mexico (2003) which enables the free movement of goods and services between both countries (no tariff) since June 2004, with certain exceptions.

In the car industry, which is outside of the scope of MERCOSUR provisions, Uruguay has bilateral agreements in force with Argentina and Brazil which are regularly updated.

Investment protection agreements:

Uruguay has executed investment protection and promotion agreements with 30 countries, including but not limited to Spain, United States of America, Finland, France, United Kingdom, and Japan.

Agreements on trade in services:

Uruguay takes part in different Preferential Agreements with chapters on services:

In MERCOSUR, the Protocol of Montevideo (1997) sets the conditions for the liberalization of trade in services in MERCOSUR, including lists of commitments by individual country. Even though Paraguay did not adhere to the Protocol of Montevideo, it has been valid for the remaining members of MERCOSUR since 2005. There have been seven negotiation rounds in the MERCOSUR to date, further developing the list of initial commitments, although so far only the first agreed list is in force.

In 2009, the Protocol on Trade in Services between MERCOSUR and Chile was signed, entering into force in 2012 between Uruguay and Chile, with a services agreement currently under negotiation between MERCOSUR and Colombia.

Finally, the Free Trade Agreement between Uruguay and Mexico includes provisions for all types of services covered by GATS.

Uruguay has agreements to avoid **double taxation** with:



Many other countries are in the process of parliamentary ratification.

See Bilateral Investment Agreements and other agreements [here](#).

Annex III | RDC Business Model

What are the specific advantages of logistics through Uruguay?

As a Gateway:

Safe and agile entry:

- » 93% of shipments dispatched in fewer than 8 hours.
- » Containers removed from port premises in fewer than 48 hours.
- » Quick border crossings.

Reduced costs

- » Financial (deferred costs).
- » Economic (stock reduction).
- » Operative (efficiency gains resulting from consolidation)
- » Tax breaks for companies and merchandise.

As a Regional Distribution Center:

Inventory optimization

- » Centralization of regional inventories at heart of Mercosur

Reduced costs

- » Financial (deferred costs).
- » Economic (stock reduction).
- » Operative (efficiency gains resulting from consolidation).
- » Tax breaks for companies and merchandise.

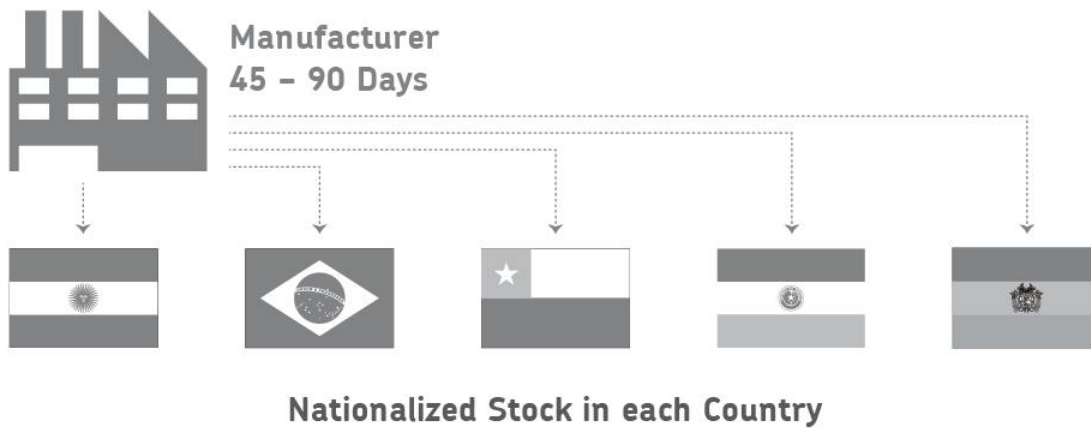
Improved service

- » Faster speed to market.
- » VAL services and benefits, including customization.
- » Flexibility (reallocation of destinations).
- » Client maintains ownership of goods.

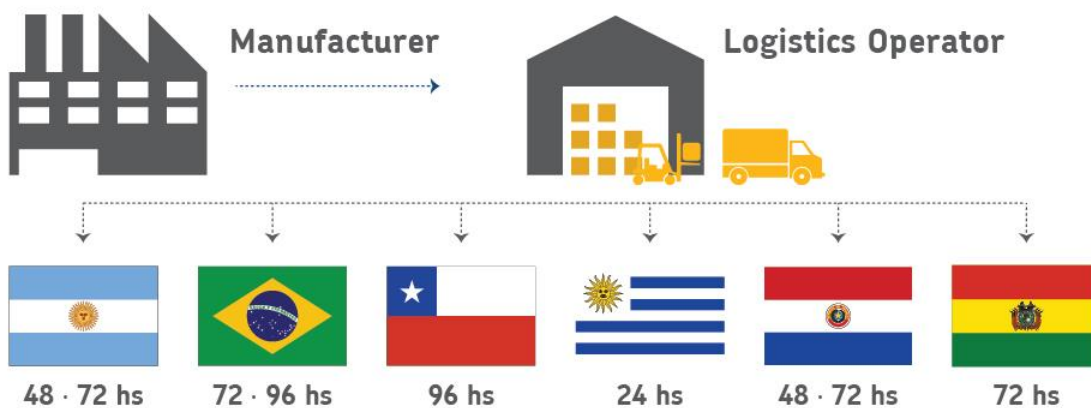
Lower risk

- » Option of having goods in US dollars.
- » Protection from global economic uncertainty or political turbulence.

TRADITIONAL LOGISTICS



RDC LOGISTICS



Uruguay is a smart choice, due to an efficient, agile, non-bureaucratic and competitive port, with frequent vessel routes to all Brazilian ports.

Ocean freight from Uruguay to Brazil is more economical than Brazilian inland freight. By reducing the CIF value of goods, the Uruguayan Brazilian freight route reduces the Merchant Navy Tax (Marina Mercante), as well as all duties related to Brazilian taxation.

For example, a 40-foot container shipped by ocean from Montevideo to Recife costs 20% less than a container shipped inland between Sao Paulo and Recife. Similar savings apply to other Brazilian destinations.

Given that the Port of Montevideo is the only free port in South America; Uruguayan storage costs are more economical than Brazilian ones.

Uruguay takes part in MERCOSUR, fact that enables distribution to LATAM easier.



Transfer
Cross-docking in
URUGUAY 24 hs

TIMING + PREDICTABILITY

ENTRANCE
Maritime, air or road



- Unlimited storage time (average of 45 days)
- Quotes in m3
- Special or general cargo

Order picking
24/48 hs.

- BRASIL
- ARGENTINA
- PARAGUAY
- CHILE
- BOLIVIA
- URUGUAY

OUTBOUND



Merchandise with:	Mercosur Origin	Extra Mercosur Origin
FREE/PORT AIRPORT	REMAINS	REMAINS
BONDED WAREHOUSE	REMAINS	REMAINS
FREE ZONE	LOSES	REMAINS

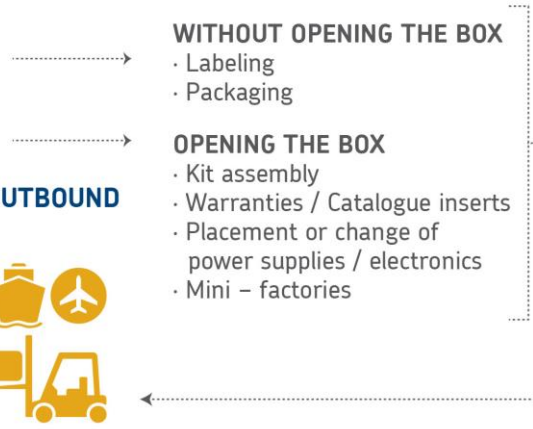
ENTRANCE
Maritime, air or road



- Unlimited storage time (average of 45 days)
- Quotes in m3
- Special or general cargo

INBOUND

WAREHOUSING
+VALUE ADDED LOGISTICS



- BRASIL
- ARGENTINA
- PARAGUAY
- CHILE
- BOLIVIA
- URUGUAY

OUTBOUND



WITHOUT OPENING THE BOX

- Labeling
- Packaging

OPENING THE BOX

- Kit assembly
- Warranties / Catalogue inserts
- Placement or change of power supplies / electronics
- Mini - factories

Annex IV | Premises Cost

Monthly Rental Costs for AA and AAA Offices (US dollars per sq mt)

	Minimum (USD)		Average (USD)		Maximum (USD)	
	Sq mt	Sq ft	Sq mt	Sq ft	Sq mt	Sq ft
Outside Free Zones (1 parking space per 150 m ²)	16	1,4	23	1,9	39	3,5
In Free Zones (including utilities)	23,2	2,2	33	3	38	3,5

Purchase Costs for AA and AAA Offices (US dollars per sq mt)

Offices	Minimum (USD)		Average (USD)		Maximum (USD)	
	Sq mt	Sq ft	Sq mt	Sq ft	Sq mt	Sq ft
	2500	209	3300	288	5500	483

Annex V | Main Economic Indicators 2013 – 2019

Indicadores	2013	2014	2015	2016	2017	2018e	2019e
GDP (Var % per year)	4,6%	3,2%	0,4%	1,7%	2,6%	1,6%	1,3%
GDP (US\$ Million)	57.435	57.180	53.182	52.734	59.170	60.415	58.189
Population (Millions of people)	3,44	3,45	3,47	3,48	3,49	3,51	3,52
GDP per Capita (US\$)	16.695	16.556	15.339	15.152	16.939	17.232	16.538
Unemployment rate – Annual Average (% EAP)	6,5%	6,6%	7,5%	7,8%	7,9%	8,3%	8,5%
Exchange rate (Pesos per US\$, Annual Average)	20,5	23,3	27,4	30,1	28,7	30,8	34,9
Exchange rate (Annual Average Variation)	0,9%	13,4%	17,6%	10,1%	-4,8%	7,4%	13,1%
Consumer Prices (Var % annually accumulated)	8,5%	8,3%	9,4%	8,1%	6,6%	7,9%	7,6%
Exports of goods and services (US\$ millions)**	18.100	18.380	15.591	14.649	16.329	16.769	16.423
Imports of goods and services (US\$ millions)**	17.289	16.767	13.912	11.810	12.271	13.006	12.578
Commercial Surplus/Deficit (US\$ millions)	811	1.613	1.679	2.839	4.059	3.763	3.845
Commercial Surplus/Deficit (% of GDP)	1,4%	2,8%	3,2%	5,4%	6,9%	6,2%	6,6%
Overall Fiscal Balance (% of GDP)	-2,3%	-3,5%	-3,3%	-3,8%	-3,5%	-3,8%	-3,2%
Gross capital formation (% of GDP)	22,5%	21,2%	19,7%	17,8%	15,7%	-	-
Gross Debt of Public Sector (% of GDP)	57,6%	58,6%	59,0%	63,2%	65,5%	-	-
Foreign Direct Investment (US\$ millions)***	3.460	2.328	917	-748	-1.029	-	-
Foreign Direct Investment (% of GDP)	6,0%	4,1%	1,7%	-1,4%	-1,7%	-	-

