



URUGUAY

GATEWAY TO MERCOSUR



A REGIONAL
DISTRIBUTION PLATFORM



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Value Proposition

| A MARKET: MERCOSUR | A GATEWAY: URUGUAY | | |
|---|--|--|---|
| Brazil, Argentina, Paraguay, Uruguay Combined population of 263 million US \$1.7 trillion combined GDP Over 75% of South America's economic activity | LOCATION | LAWS | SERVICES |
| | In the heart of Mercosur | Free Trade Zone & Free Port Laws | Companies ready to distribute across region |
| | Only natural deep-water port on the River Plate | Tax-free entry and transit of goods | Full market research & development services |
| | Connected by road with Brazil & Argentina | Corporate Tax Exemptions | Country-specific customizing & repackaging |
| Abutting a navigable 2,100 mile waterway linking all of Mercosur. | No loss of tax-free status for some value-added activities | State-of-the-art port & airport facilities | |
| Social, political, and economic stability | | | |

Why Uruguay?

- ✓ A ready hub for American exports into South America's largest market
- ✓ Geographic center of the region's most important economic corridor
- ✓ A stable democracy, a reliable legal system, and a burgeoning economy
- ✓ One of the region's most comprehensive Free Trade Zone regimes
- ✓ A decades-long national policy of facilitating exports into the region
- ✓ Thriving local sector ready to help New-To-Market/New-to-Export companies



NATURAL ADVANTAGES

Strategic Location & Infrastructure

- At the center of the economic corridor containing the 11 largest cities of Mercosur and Chile and accounting for over 80% of Mercosur's GDP
- Only natural deep-water port in the River Plate (Montevideo).
- Only Free Port on the Atlantic coast of South America.
- New, state-of-the-art cargo terminal with capacity for 1,000,000 containers/year (current volume of 250,000).
- New international airport serviced by 14 airlines.

➤ CORRIDOR SANTIAGO - RIO DE JANEIRO



Superior Human Capital

- Highly qualified manpower, easily adaptable to latest technologies (98% literacy rate).
- High proportion of college graduates with science/technology degrees (21%).
- One of the first countries in the world to comprehensively implement One Laptop Per Child.

A Stable Socioeconomic Environment

- A modern, consolidated democracy:
- An express national policy since the 1990s to make Uruguay the link that optimizes exporters' supply chain into the region.
- Among world's top 50 emerging outsourcing destinations.¹

| Key Indicators | Ranking in Latin America |
|------------------------------|--------------------------|
| Corruption ² | Least corrupt |
| Econ. Freedom ³ | 2 nd highest |
| Democracy ⁴ | Most democratic |
| Quality of Life ⁵ | 3 rd highest |

¹ Tholon's Global 50 Centers of Excellence, 2009

² Transparency International, 2009.

³ Heritage Foundation, 2009.

⁴ The Economist Intelligence Unit, 2008.

⁵ Mercer Quality of Living Survey, 2010.



FREE TRADE ZONE, PORT, & AIRPORT LAWS

Favorable Tax Treatment

- Exemption from all current and future national taxes.
- Exemption from all customs fees and taxes for all goods and raw materials in transit regardless of origin.
- Exemption from social security taxes for foreign workers (max 25% of labor force).
- Free movements of capital and dividends.

Versatile Business-Friendly Provisions

- Off-shore activities allowed (e.g. services, manufacturing, etc.).
- Industrial activities allowed as dedicated Free Trade Zones (e.g. paper mill).
- Ownership of merchandise in transit retained by manufacturer (i.e. no need for local partners).
- Customization and repackaging to comply with final destination requirements allowed without loss of certificate of origin.
- Possibility to issue warrants and storage certificates.
- No time restrictions for storage of goods and raw materials.
- Uruguayan Government liable for all damages and losses stemming from any future changes to the current legal regime.



REGIONAL DISTRIBUTION CENTERS (DC)

One-Stop Hubs to Export into Region

- DCs leverage Free Trade Zones, Ports, and Airports (Carrasco Int'l) to help companies exporting to the region by serving as their regional distribution hubs.
- Able to handle exports from U.S. port to distributor/retailer in target country (bills of lading, freight forwarding, customs, warehousing, real-time inventory control etc.).
- Able to provide country-specific customization and repackaging without losing Free Trade Zone/Port advantages.
- Capable of providing on-site administrative space for interested exporters.

Full Spectrum Inventory Solutions

- Receipt and sorting of inbound goods.
- Cross-docking by batch/lot/expiration date.
- Addressing into inventory/put away.
- Warehousing.
- Online inventory management.
- Picking and packing.
- Data Loggers management.
- Spare part management.

Value-Added Processes

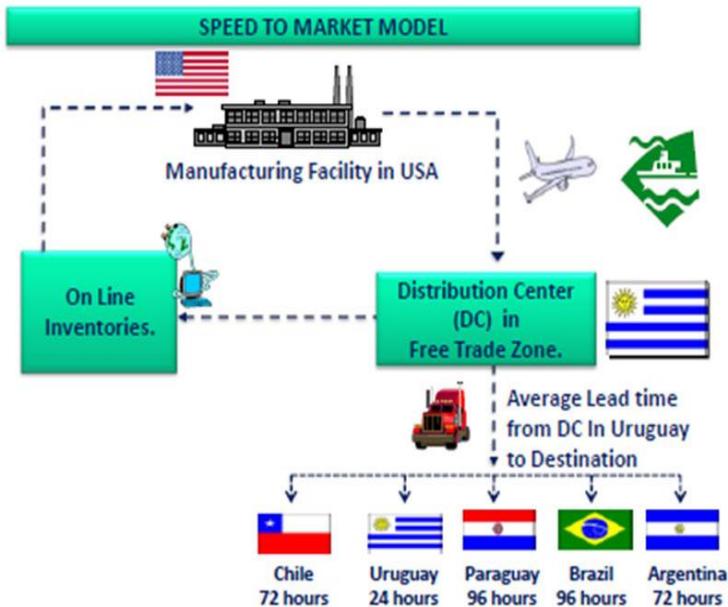
- Manufacturing for Free Trade Agreements, low-import duty markets.
- Stuffing/stripping of imports and exports.
- Primary conditioning (e.g. packing and blistering).
- Secondary conditioning value-added activities.
- Labeling and marking.
- Packaging and kitting.
- Sampling.
- Recall and reverse logistics



MARKET RESEARCH & DEVELOPMENT SERVICES

Opening the Region's Gates to New Exporters

- DCs conduct regional market research for interested exporters.
DC brings together potential customers and exporters for product presentations at DC-dedicated showrooms in Uruguay.
- From Free Trade Zone/Port in Uruguay, DC arranges all logistics of exporters' participation at trade shows throughout region (i.e. stand set-up, product shipment, etc.)
- DC arranges product distribution throughout the region resulting from any sales made at the presentations/trade shows and provides inventory management and control.



COMPARISON: URUGUAY vs. REGION

| | URUGUAY | ARGENTINA | BRASIL | CHILE |
|--|-----------|-----------|---------|-----------|
| Liability insurance requirement | NO | YES | N/A | NO |
| Value added activities allowed | ALL | SOME | SOME | ALL |
| Formal mechanism for resolution of customs discrepancies | YES | NO | NO | N/A |
| Period of permanence | UNLIMITED | LIMITED | LIMITED | UNLIMITED |
| Foreign ownership of goods permitted | YES | NO | NO | YES |
| Foreign company subsidiaries allowed | YES | NO | NO | YES |
| Tax exemption | YES | NO | NO | YES |
| State Guarantee | ALL USERS | NONE | NONE | NONE |



<http://conalog.org/uy/index.php>



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