



Doing Business in Uruguay: 2013 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Uruguay

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Market Overview

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Welcome – “*Bienvenidos*” The Commercial Section of the U.S. Embassy in Montevideo has compiled this guide to provide you with a brief background on the Uruguayan market as you consider export opportunities. Please do not hesitate to reach out to the Embassy at any time. The Commercial Section looks forward to assisting U.S. exporters in finding local buyers and business partners.

Uruguay is a market-oriented economy in which the State plays a significant role. On the heels of a deep economic and financial crisis in the early 2000's, the economy has grown robustly in the past decade. It has been relatively unaffected by the recent global economic crisis and national banks have remained structurally sound.

Strong growth of over 5 percent (annual average 2003-2012) was supported by high commodity prices, rising investment (both foreign and Uruguayan), higher public expenditure and increased private consumption stemming from rising employment and wages.

Uruguay is a founding member of MERCOSUR, the Southern Cone trading bloc also composed of Argentina, Brazil, Paraguay and Venezuela. Chile, Bolivia, Peru, Colombia and Ecuador have free trade agreements with MERCOSUR as associate members, though are not part of the customs union. MERCOSUR's Secretariat and Parliament are located in Montevideo.

Uruguay and the U.S. enjoy a very good bilateral relationship. Commercial relations continue to develop under the auspices of the Trade and Investment Framework Agreement (TIFA). Bilateral trade amounted to about \$1.2 billion in 2012 and the U.S. trade surplus has increased dramatically since 2007 to \$540 million in 2012.

Imports from the U.S. surged in recent years following the economic upturn and sales of refined fuels (from under \$331 million in 2006 to \$890 million in 2012), turning it into Uruguay's fourth largest supplier after Brazil, Argentina and China. The top five U.S. sales in 2012 consisted of refined fuels (\$190 million, 21 percent of total exports), cell phones, computers, agricultural machinery and chemicals. The best opportunities for U.S. exports are telecommunication equipment, security equipment, computer hardware, fertilizers, renewable energy equipment, chemicals, heavy equipment and hand tools, and agricultural equipment. For more details, please see [Chapter 4](#).

Uruguayan exports to the U.S. declined significantly in recent years—from \$763 million in 2005 to \$324 million in 2012—as Uruguayan exporters of mainly beef and refined oil reoriented to other markets. As a result, the U.S. fell from being Uruguay’s second largest export market in 2005 to sixth 2012 (after Brazil, China, Argentina, Venezuela and Russia). Sales to U.S. are largely concentrated in beef, beef products, honey, leather and refined oil.

Uruguay’s overall imports of goods amounted to \$10.7 billion in 2012 and exports of goods totaled \$8.0 billion. Its top imports comprise crude and refined oil and capital goods.

Brazil is Uruguay’s top export market, followed by the Nueva Palmira Free Trade Zone (a re-export base mainly for soybeans and cellulose pulp to China and Finland), Argentina, China and Russia. While Uruguay has diversified its export portfolio in recent years by incorporating new products such as soybeans and cellulose pulp, its top six traditional exports (soybeans, frozen and fresh beef, rice, wheat, and powder milk) still account for about half of total sales. Uruguay is now a major exporter of cellulose pulp and beverage concentrates produced in free trade zones.

Uruguay boasts a dynamic services sector with tourism as its largest source of revenue. With a population of under 3.3 million, Uruguay welcomes about 2.5 million tourists a year, mainly from within the region, though increasingly from the U.S. and Europe. Transportation and logistics are also important elements of the services sector. Uruguay is well-situated to serve as a distribution platform for U.S. firms wishing to sell their products to the entire MERCOSUR region. Its centralized location, with comprehensive free-trade zones, a free port, adequate infrastructure, and drawback regimes, is naturally oriented towards stocking products for regional distribution or showcasing for regional buyers. Software development is another growing industry, with Uruguay already a leading software exporter in Latin America.

Uruguay’s investment climate is generally positive. A decree passed in 2007 and modified in 2012 provides significant incentives to local and foreign investors. Foreign and national investors are treated alike, there is free remittance of capital and profits, and investments are commonly allowed without prior authorization. Overall, U.S. firms have not identified corruption as an obstacle to investment.

Uruguay has bilateral investment treaties with several countries – including a 2005 agreement with the U.S. – and several Double Taxation Agreements (although not with the U.S.). Uruguay and the U.S. also signed an Open Skies Agreement in 2004, a Trade and Investment Framework Agreement in 2007 that provides a platform for ongoing work on commercial issues, and a Science and Technology Agreement in 2008.

About 130 U.S. firms operate in Uruguay. The U.S. was its 4th largest investor during 2001-2011 (preceded by Argentina, Spain and Brazil), with annual investment more than tripling to \$79 million in 2007-2011 versus \$23 million in 2001-2006. U.S. investment is distributed among a wide array of sectors – mainly forestry, tourism and hotels, services, and telecommunications.

Please refer to [Chapter 2](#) or the following links for further economic information:

- U.S. Embassy’s web page <http://uruguay.usembassy.gov>
- Uruguay XXI (Export and Investment promotion agency, English) <http://www.uruguayxxi.gub.uy>

- Ministry of Economy and Finance
 - Debt Management Unit (English) <http://www.mef.gub.uy/portada.php>
<http://deuda.mef.gub.uy/>
- Central Bank (partially in English) <http://www.bcu.gub.uy>
- National Institute of Statistics (Spanish) <http://www.ine.gub.uy>
- Presidency of the Republic (Spanish) <http://www.presidencia.gub.uy>
- Single Window for Investors (Spanish) <http://www.mef.gub.uy/unasep.php>
- MERCOSUR Secretariat (Spanish) <http://www.mercosur.int>
- IMF (English) <http://www.imf.org/external/country/URY/index.htm>
- World Bank (English) <http://www.worldbank.org/uy>
- Inter-American Development Bank (English)
<http://www.iadb.org/en/countries/uruguay/uruguay-and-the-idb,1028.html>

Market Challenges

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The challenges Uruguay faces in promoting its local market are its small size (3.3 million inhabitants) and the lack of trade-related financing. Uruguay is subsequently unknown to many U.S. companies.

Local companies have traditionally looked first to neighboring MERCOSUR countries to develop trade. In recent years, attention has turned increasingly to China, with the U.S. losing market share to the Chinese in many sectors. U.S. exporters need to be flexible in their minimum sales and payment requirements. The distance and added cost in shipping products from the U.S. (vis-à-vis neighboring countries) can at times be a deterrent when sourcing imports.

Government procurement and bidding processes are generally transparent, but slow. The bureaucracy for obtaining official investment information and procedures can be sluggish at times.

Market Opportunities

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A combination of favorable exchange rates, higher wages, historically low unemployment, and consumer confidence in Uruguay's economy fueled increasing demand for imported products in 2012, with projections for 2013 indicating similar trends. Cellular phones, information technology, agricultural machinery, and chemicals are the top non-commodity U.S. exports to Uruguay. Uruguay offers good opportunities as a test market for the region, given the small sample size, respect for the rule of law, and sound investment climate.

In late 2011, the Uruguayan Parliament approved a Public-Private Partnership (PPP) law. While this type of association had already existed, the new PPP legislation formalizes the procedures, responsibilities, and obligations of the State and private investors. The Government of Uruguay (GOU) anticipates that this law will further attract foreign investment, mainly in much-needed infrastructure projects. Among these are:

- Road and railway rehabilitation;
- Renewable energy;
- Sea and river ports;
- Prison construction.

For detailed information regarding these projects please check in [Chapter 4](#).

All import channels are available -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms. Sales outlets and supermarkets are traditional storefronts. There are no discount general merchandisers.

U.S. suppliers should be thorough in their selection of an in-country agent or representative. The contractual relationship (employer-employee or commission-based) should be made clear from the start. Failure to do so could result in supplier liability for severance if the U.S. company decides to end the business relationship.

The recommended strategy to enter the local market is for interested parties to visit Uruguay, interview potential partners, and name a representative/agent. Business relationships and creative financing terms are very important.

U.S. exporters are encouraged to take advantage of the export promotion services provided by the Commercial Section of the U.S. Embassy in Montevideo. Please check <http://export.gov/uruguay/servicesforu.s.companies/index.asp> for the full list of services provided. For more information please visit: <http://export.gov/uruguay/index.asp>

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2091.htm>

In order to provide information on how Uruguay is viewed from different perspectives, the U.S. Embassy's Economic and Commercial Section selected several surveys that cover Uruguay's first, second and third place rankings. Please click on the link below:

<http://photos.state.gov/libraries/uruguay/19452/pdfs/UruguayTop10.pdf>

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Using an Agent or Distributor

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A helpful way to find a local agent is to take advantage of the export promotion services provided by the U.S. Department of Commerce through the Commercial Section of the U.S. Embassy in Uruguay. For a modest fee, the Commercial Section will provide a Customized Contact List [CCL] with up to 10 potential partners with additional information, such as a contact name, e-mail, brief description of the firm, approximate number of employees, products/services, foreign companies represented, year established, and sales revenue if available.

Our Gold Key Service (GKS) is another great way to open doors, and allows U.S. executives to travel to Uruguay efficiently and effectively for face-to-face meetings with potential business partners. The Commercial Section will prepare a customized schedule of appointments with pre-screened potential agents, distributors, or other business contacts according to the company's needs.

In addition, the ICP (International Company Profile) is an in-depth confidential background report on a local firm. The report includes the local company's contact information, its size/approximate number of employees, products/services, financial and business references, company reputation, and the Commercial Section's comments/evaluation.

For the full list of services provided, please check the following link:
<http://export.gov/uruguay/servicesforu.s.companies/index.asp>

Establishing an Office

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The founding of a new enterprise or the acquisition of an existing Uruguayan company can be done freely. It is advisable to contract an experienced attorney who can provide guidance in completing the necessary legal paperwork. The foreign investor is free to adopt any desired legal organization structure. Corporations or branches are the most common forms, but a personal partnership is also possible. The Commercial Section of the U.S. Embassy can provide a list of attorneys who regularly work with foreign corporations wishing to establish a presence in Uruguay.

Franchising

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Franchising in Uruguay has to date been largely limited to food-related outlets, hotels, and car rental companies. However, there are no legal restrictions on operating a franchise in Uruguay. For general information, please consult the Uruguayan Franchising Chamber <http://www.caufran.org/>. For more information or assistance, please e-mail office.montevideo@trade.gov.

Direct Marketing

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U.S. exporters may sell and ship directly to Uruguayan consumers. Courier packages containing CDs, DVDs, books, and personal items valued up to \$200 are exempt from import tariffs. Courier regulations, however, are not always uniformly applied and may change periodically. The use of telemarketing and e-mail campaigns is on the rise. Direct marketing is also popular on heavily-transited street corners and during the summer at beach resorts, where hired promoters distribute flyers and samples of all types of products and services. Inserts in the Sunday edition of major newspapers are also a popular form of direct marketing. Catalog sales are not common as Uruguayans prefer to window shop and personally choose the goods to be purchased.

Joint Ventures/Licensing

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Both joint ventures and licensing are common in Uruguay and generally involve procedures similar to those practiced in most other countries.

Selling to the Government

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A Government-to-Business (G2B) website, <http://www.comprasestatales.gub.uy> is available and aims to increase transparency and reduce government procurement costs. All government agencies issue tenders for the purchase of products and services.

Distribution and Sales Channels

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All customary import channels exist in Uruguay – agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms, among others. Sales outlets are usually traditional storefronts and supermarkets. Very few discount general merchandisers operate in Uruguay.

Selling Factors/Techniques

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Foreign manufacturers with sustained sales in Uruguay generally use the services of an agent or distributor. Nearly all importers/distributors are based in Montevideo, although some maintain sales networks in the interior of the country as well. A U.S. firm with a local representative has the advantage of keeping up-to-date with local market conditions as well as changes in policies affecting trade.

Uruguay is a good market for both new and used equipment and machinery. Pre-owned and/or refurbished equipment from the U.S. may be marketable to local industry. When making purchase decisions, Uruguayan consumers consider quality, price, payment terms, delivery time, after-sales servicing and compatibility with existing systems.

U.S. manufactured products are regarded as high in quality but occasionally lose price competitiveness vis-à-vis regional products. Yet, they often rate poorly when it comes to financing, which is an important factor in sales in Uruguay. U.S. manufacturers offering flexible, innovative, and competitive credit terms will overcome a difficult hurdle to achieve export sales to Uruguay.

Electronic Commerce

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Uruguay has one of the highest levels of Internet penetration in Latin America, although its e-commerce figures remain comparatively low.

Data released in June 2012 showed that 77 percent of Uruguayan households had at least one computer and 61 percent had access to and used the internet. Over half of internet users seek information on brands and companies when navigating. Twenty-two percent of internet users purchased products on-line (a 22 percent increase from 2010 figures). However, attempts to increase the use of e-commerce clash with a cultural reality: many Uruguayans prefer to deal face to face and distrust the electronic format.

Local advertisers agree that the Internet serves as a means to promote their products and services, but not to close business transactions. The survey reveals that 30 percent of the people who have never purchased online cite a lack of convenience as a reason, 25 percent believe the products will not be delivered, 24 percent do not know how the system works, and 9 percent mistrust using credit cards. While 57 percent of those who purchased on-line did so from auction-type sites [similar to e-Bay], only 18 percent paid for the purchases with a credit card.

Companies have started using websites and seek to increase sales online. Sales of computer accessories, computers, and cell phones have the lead, followed by home appliances and orders from grocery stores. It is not unusual, however, that e-mails sent to addresses published on websites go unanswered. The items most frequently purchased online from overseas include books, CDs, clothing, hardware, sporting goods, toys, games/DVDs, and software. In most cases, these items are purchased because they are unavailable locally. Other factors include lower prices, convenience, and the items' novelty.

The growth of e-business from abroad has also been negatively impacted by taxes and measures imposed by the Government of Uruguay (GOU) that affect the door-to-door

delivery of goods arriving via international couriers. Most goods arriving via couriers that cost under \$200 enter free of duties, but the relevant regulations are not always applied uniformly.

Trade Promotion and Advertising

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It is advisable to work with a local advertising agency. "El Pais," "El Observador," and "La Republica" are the leading newspapers in terms of circulation, while "Busqueda" is a highly respected weekly business-oriented journal. Several major international advertising agencies maintain offices in Montevideo. Television and radio advertising are also popular. During the summer months of December-March, light aircraft with trailing banners are commonly used to promote new products along the coast. Several local ad agencies produce TV commercials for foreign clients.

The Embassy periodically hosts industry-specific catalog exhibitions and trade missions. It also participates with a commercial booth in some local trade fairs. Details concerning these fairs may be obtained from the Commercial Section, U.S. Embassy Montevideo, Tel: (5982) 1770-2000, Fax: (5982) 418-8581 or by e-mail at office.montevideo@trade.gov.

Catalogs may be sent via regular U.S. mail to:
 Econ/Commercial Officer
 U.S. Department of State
 3360 Montevideo Place
 Washington, D.C. 20521-3360

Pricing

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The Uruguayan market price structure reflects world market prices plus import tariffs, taxes and transportation costs. In addition to tariff advantages, products from nearby MERCOSUR countries like Argentina and Brazil enjoy significantly lower transportation costs than do products from the U.S., Europe, and Asia.

A typical price structure for an item imported from the United States is as follows (i.e., shipment of 1,000 domestic kitchen mixer HS code 8509.40.20.00):

Price (CIF)		10.000.00
Tariff Duty	10%	1.000.00
Import Tax	10%	1.000.00
Extraordinary taxes	--	108.00
T.S.A	--	20.00
V.A.T. (based on Price plus Corporate Tax – recoverable on sale)	32%	3.840.00
Corporate Tax (IRAE)	4%	480.00
Consular Tax	2%	200.00
Customs Transit guide	--	8.94
Total Surcharges		6.656.94
TOTAL IMPORTED COST		USD \$16.656.94

Source: Transaction Database – April 2013

Uruguayans consider sales support and customer service important factors when deciding which products to buy. U.S. manufacturers should seriously consider using an agent in Uruguay to provide customer support services. Company representatives resident in neighboring countries are less effective.

Protecting Your Intellectual Property in Uruguay:

Several general principles are important for effective management of intellectual property (“IP”) rights in Uruguay. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Uruguay than in the U.S. Third, rights must be registered and enforced in Uruguay under local laws. Your U.S. trademark and patent registrations will not protect you in Uruguay. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Uruguay. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Uruguay law. The U.S. Commercial Service can provide a list of local lawyers upon request or you can also check in <http://uruguay.usembassy.gov/uscitizenservices-notary-attorneys.html>

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Uruguay require

constant attention. Work with legal counsel familiar with Uruguayan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Uruguay or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking

imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- **The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information from the IP attaché who covers Uruguay at: Albert.Keyack@trade.gov**
- Contacts for local IP registration and enforcement include:
 - National Directorate for Industrial Property, Ministry of Industry (trademark and patents), Dirección Nacional de la Propiedad Industrial – DNPI
<http://www.dnpi.gub.uy/>
 - Copyright Council, Ministry of Education – Consejo de Derechos de Autor
http://www.mec.gub.uy/innovaportal/v/333/2/mecweb/derechos_de_autor?leftmenuid=333
 - General Authors Association of Uruguay
Asociacion General de Autores del Uruguay – AGADU
www.agadu.org.uy
 - Uruguayan Disc Chamber – Camara Uruguaya del Disco – CUD
www.cudisco.org
 - Association of Video Producers
Asociación de Productores y Realizadores de Cine y Video del Uruguay – ASOPROD
www.asoprod.org.uy
 - Uruguayan Video Union – Union Uruguaya de Video
(website not available)

For information on protecting your intellectual property in Uruguay please go to Chapter 6, [Protection of Property Rights](#).

Due Diligence

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Foreign manufacturers with sustained sales in Uruguay generally use the services of an agent or distributor. Nearly all importers/distributors are based in Montevideo, although some maintain sales networks in the interior of the country as well. A U.S. firm with a local representative has the advantage of keeping up-to-date with local market conditions as well as changes in policies affecting trade.

It is advisable to contract the services of a local attorney before setting up operations in Uruguay or carrying-out substantial amounts of business. Local attorneys can be very helpful in sorting through the red tape and bureaucracy, which may otherwise be frustrating for a newcomer. A list of local attorneys may be obtained from the Embassy's website at <http://uruguay.usembassy.gov>, under American Citizen Services. For questions or further assistance, please contact Office.Montevideo@trade.gov.

Credit reports on Uruguayan firms may be obtained from the Commercial Section through the International Company Profile (ICP). For more information, please click on http://export.gov/uruguay/servicesforu.s.companies/eg_uy_028844.asp

Local Professional Services

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Equifax: <http://www.clearing.com.uy>, <http://www.equifax.com/>
PWC: <http://www.pwc.com/uy/en/index.jhtml>
Commercial Defense *: <http://www.lideco.com.uy/online/html/index.php>
Note: * Local equivalent of Better Business Bureau – BBB

Web Resources

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Newspapers:

Busqueda <http://www.busqueda.com.uy/home.asp> –
(Online subscription only)
El Observador <http://www.observa.com.uy>
El Pais <http://www.elpais.com.uy>
Crónicas <http://www.cronicas.com.uy>
La Republica <http://www.larepublica.com.uy/>

Television:

Channel 4 <http://www.canal4.com.uy/>
Channel 5 (TN) <http://www.tnu.com.uy/>
Channel 10 <http://www.canal10.com.uy/>
Channel 12 <http://www.teledoce.com/>
VTV Uruguay <http://www.vtv.com.uy/>

Major AM radios:

690 AM Radio Sarandí <http://www.sarandi690.com.uy/>
810 AM Radio El Espectador www.espectador.com
850 AM Radio Carve www.carve850.com.uy/
870 AM Radio Universal <http://www.22universal.com/>
770 AM Radio Oriental <http://www.oriental.com.uy/>
930 AM Radio Montecarlo <http://www.radiomontecarlo.com.uy/>
1410 AM Libre <http://www.1410amlibre.com/>
22 Radio Universal www.22universal.com.uy
Alfa FM www.alfafm.com.uy

On-line:

Ultimas Noticias <http://www.ultimasnoticias.com.uy/>
Montevideo.com www.montevideo.com.uy

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Telecommunication Equipment

Overview

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	2010	2011	2012
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	287	334	389
Imports from the U.S.	48	49	56

Source: Transaction database – USD million

The U.S. market share of telecommunications imports fell from 17 percent in 2010 to 15 percent in 2011 to 14 percent in 2012. Notwithstanding, in 2012 the U.S. was the second largest supplier of products and equipment after China (which commanded a 52 percent market share) and followed by Brazil with 9 percent, Mexico with 5 percent and France with 3 percent. In 2012 the major importers were the three cellular carriers which continue to subsidize heavily sales of handsets. ANTEL was the major importer with 28 percent of the total, followed by Telefónica with 8 percent and Claro with 7 percent. Telecommunications represents 2.2 percent of Uruguay's GDP. Uruguay's landline density is 30.7 landlines per 100 people. Cellular density, however, is 151 lines per 100 inhabitants. Sixty-eight percent of cellular services are pre-paid. The average cost for a minute of cellular conversation for daytime pre-paid services is USD \$0.38. Seventy-seven percent of Uruguayan households have at least one form of computer in their house (PC desktop, notebook, or tablet) and 61 percent of households are connected to the internet. HTSUS 8517 (cellular handsets) represents 35 percent of total telecommunications imports.

Three carriers share the Uruguayan cellular market: The state-owned carrier ANTEL – 47 percent market share, Spain's Telefónica/Movistar – 37 percent market share, and Mexico's America Móvil/CTI/Claro -16 percent market share. BellSouth introduced cellular service in Uruguay in 1991. ANTEL began service in 1994 and América Móvil/CTI/Claro in 2005. Stiff competition among the three cellular carriers forced the state-owned telecommunications company ANTEL to discontinue national long distance landline service. All long distance calls from one Uruguayan location to another Uruguayan location are billed as local calls. There were 15,000 public phones in operation in Uruguay 2007, but by the end of 2012 only 8,800 were still in service.

Fueled by aggressive commercial promotions, the number of cellular clients continues to rise towards near-saturation. Notwithstanding, experts believe growth is still possible through the sale of new services, especially for smart-phone users. Content for teenagers and children also continues to grow strongly. All three carriers offer Wireless Application Protocol (WAP), General Packet Radio Services (GPRS), and Enhanced Data rates for GSM Evolution (EDGE). Long Term Evolution (LTE – 4G) is offered as a pilot project by ANTEL in three major cities. Given the increase of and preference for smart-phones, the 3G market is expected to surge in 2013 focusing on the provision of

bundled packages, combining 3G services and broadband. Local consumers change their handsets approximately once every 1.5 years.

The three carriers interconnected their systems to allow for the exchange of short message services (SMS) in December 2005. The subsequent explosion in SMS messages resulted in network saturation and long message delivery times especially during holidays. An average of 600 million SMSs are sent per month among the three carriers at a cost of \$0.05 per message. ANTEL recently reported that SMS communications is the principal use of cell phones among teenagers, followed closely by social-media navigation. The use of free-SMS services is increasing rapidly.

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Overall, the United States maintains a market share of approximately 14 percent in telecommunications-related products, up from 7 percent in 2008. The use of fiber optics throughout the country for Internet connection and the recently-announced call for new HDTV channels may provide opportunities for U.S. companies.

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Given the strong entry of CTI (Claro) in 2005, combining strong promotion and low prices, the market for cellular phones and transmission antennas and equipment has risen considerably. Both Telefónica and Claro continuously expand their networks to provide national cellular and mobile internet coverage. Foreign ownership of cable TV is allowed by law (albeit under discussion) and the GOU recently announced a tender for six new HDTV channels.

In December 2010, Uruguay dropped its former decision of adopting the European HDTV standard and announced the adoption of the hybrid Japanese/Brazilian (ISDB-T) standard. Implementation is due by 2014. ANTEL announced it was beginning negotiations with private-sector providers to offer low-cost triple-play (internet, telephony, and television) facilities to local consumers but little has been done since and triple-play is not yet widely available. IPTV began test operations in mid 2009. One hundred percent of the network is digitized. ANTEL has plans for the development of its own \$100 million telecommunications satellite to be launched in 2013.

In mid-2011 ANTEL announced a \$100 million investment in order to expand the fiber optic network to reach approximately 240,000 new households in the second half of 2012 and is well into completing the target. It will also ensure universal access to internet through the use of fixed lines.

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Movistar (Telefónica): <http://www.movistar.com.uy>
CLARO (América Móvil): <http://www.claro.com.uy>

ANTEL: <http://www.antel.com.uy>
Dedicado: <http://www.dedicado.com.uy>
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Security

Overview

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	2010	2011	2012
Total Exports	11.0	12.0	11.0
Total Imports	106.0	144.0	133.0
Imports from the U.S.	24.0	26.0	20.0

Source: Transaction database – USD million

The increase in demand for security products and the robust economic recovery that Uruguay has experienced during the past four years assures that this sector will generate business opportunities, although the electronic security sector decreased by 9 percent in the period 2011 – 2012. U.S. products enjoy a 15 percent market share and compete directly with lower priced products from China, Argentina, Brazil, Mexico, and Canada.

Imported electronic components play a very important role in locally manufactured products. Local security importers will continue to import high-tech components to be used in the production of alarms, CCTV, panels, and many other related products.

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Demand for electronic security products decreased substantially in 2012, especially in access control systems, which decreased 39 percent from 2011. Major construction projects are underway in Montevideo and Punta del Este (Uruguay's principal seaside resort) in which electronic security products will play a very important role. According to the Uruguayan Chamber of Electronic Security Systems (CIPSES), the electronic security business has a promising future in commercial and industrial fields.

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The Uruguayan electronic safety and security market relies heavily on imported products and services. In order to import security equipment and technology, local companies form joint ventures with international firms or become authorized dealers. Uruguayan Customs is the official institution that regulates the importation of all safety and security items, and local importers have to report all imports to Customs. The following chart shows all imports made during 2012 in the following four sub-sectors: CCTV, intrusion alarm systems, access control, and fire detection systems.

2012 Uruguay's Electronic Security Imports	
Access Control Systems	53.0
CCTV	8.0
Intrusion Alarm Systems	65.0

Fire Detection Systems	7.0
Total	133.0

Figures in millions of U.S. dollars – Source: Transaction Database

The following products are best prospects in the four sub-sectors:

1. Access Control Systems: smart cards, biometrics, controllers, local area network (LAN) devices, readers, digital processors.
2. Intrusion Alarms: indicator panels, signaling devices, key pad LEDs, batteries, sirens, and magnetic contacts.
3. CCTV: cameras, domes, monitors, transmission devices, television transmission apparatus, TV receivers, multiplexers, and CCTV systems.
4. Fire Detection: sensors, smoke detectors, conventional control panels, and conventional detectors.

Traditionally, U.S. goods have competed very successfully in Uruguay. However, there is significant competition from China, Argentina, Brazil, Mexico, and Canada, due to very competitive prices.

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National Statistics Institute (Instituto Nacional de Estadísticas) - INE
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Uruguay Chamber of Industry (Cámara de Industrias del Uruguay) – CIU
<http://www.ciu.com.uy>

Ministry of Interior (Ministerio del Interior)
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Uruguayan Security Association (Asociación Uruguaya de Seguridad) – AUSPA
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IT Computer Hardware

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	2010	2011	2012
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	125	153	197
Imports from the U.S.	40	43	50

Products under HS codes 8471 and 8473

Source: Transaction database – USD million

Demand for information technology (IT) hardware and accessories will continue to increase due to educational programs, increased Internet access, and continuing modernization of both the private and public sectors. U.S. companies must offer good products at competitive prices in order to cope with rising imports from China (nearly 60 percent market share in 2012) as well as other markets.

Distributors of hardware normally sell both equipment assembled abroad and products assembled locally using imported components and parts. Imports of hardware are mainly handled by distributors. Brands such as Acer, Apple, Dell, HP, IBM, Lenovo, Oracle, Samsung, Sony and Toshiba among others are easily found, including in hypermarkets. No data are available about the market share by brand, but buyers have become very price conscious. Pricing and financing are key factors when deciding which brand to purchase.

Uruguay has one of South America's highest literacy rates (over 98 percent), the telecoms network is 100 percent digital, and the Internet penetration rate is one of the highest in Latin America. Since Uruguay does not manufacture computer hardware equipment, further growth in Internet usage is expected to generate greater demand for computer imports. Uruguay is third in Latin America after only Costa Rica and Chile, and ahead of the region's three largest economies, Argentina, Mexico, and Brazil, in computers/person.

Multinationals consider Uruguay an excellent IT hub for back offices as well as data and call centers. Companies such as Colgate-Palmolive, Microsoft, Sabre, Merrill Lynch, and PWC are among the many companies that have set up their operations in Uruguay.

There are no tariffs for items from MERCOSUR; for third countries, the Common External Tariff (CET) ranges from 0 to 16 percent. However, Information Technology and Telecommunications fall under a special regime until 2019 – the majority of items under HS codes 84.71 have 0 to 2 percent CET and most items under 84.73 are exempt from import tariffs.

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Hardware equipment and accessories traditionally had been the number one import from the U.S. Although the market share has dropped, local clients prefer U.S. distributors. Items under HS code 8471 such as CPUs, monitors, magnetic discs, printers, ATM equipment, hubs, network, and digital equipment are key imports. For items under HS code 8473, the key items are boards, memory cards, ink cartridges, parts and accessories, discs, magnetic heads and cards among others. Due to low cost imports from third markets, U.S. exporters must be able to offer competitive prices. The drop in market share is also a consequence of U.S. multinationals shipping from Asia.

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The Uruguayan government made the One Laptop per Child (OLPC) program a top priority (locally known as Plan CEIBAL). Hence, sector specialists estimate that imports of hardware will continue to increase since a computer will be considered a basic necessity. Local IT businesses are confident that demand for equipment and qualified workers will continue to rise over the next few years.

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Fertilizers

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	2010	2011	2012
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	29.0	40.0	29.0
Total Imports	227.0	358.0	351.0
Imports from the U.S.	1.0	12.0	17.0

Source: Transaction database – USD million

Uruguay is essentially an agricultural country, and the use of fertilizers is increasingly important to maintain good pastures and increase soil fertility. Within the chemical sector, fertilizers play a significant role in Uruguay's imports; the country imports 75 percent of its fertilizer consumption.

During 2010–2012, imports of fertilizers increased by 55 percent. In 2012 the main suppliers of raw materials for fertilizers (HS codes 3102/3105/3103/3104) were Russia (32 percent market share), Argentina (12 percent), Iran (9 percent), Mexico (7 percent), and the United States (5 percent). Other countries supply the remaining 35 percent market share.

The most important products imported were:

- Fertilizers, mineral or chemical nitrogenated
- Ammonium Dihydrogenorthophosphate
- Diammonium Hydrogenorthophosphate
- Granulated superphosphates with more than 45% by weight of phosphorus pentoxide.
- Mixtures of Ammonium Sulfate and Nitrate

The poor growth of natural pasture in winter, their medium-to-low quality, and deficiencies in phosphorus, and nitrogen in the great majority of soils have led to the introduction of nitrogen to the ecosystem through the application of inorganic fertilizers. The use of fertilizers has increased in pasturelands and agricultural crops since the elimination of the 22 percent value added tax and zero import tariffs. The cost in Uruguay to adequately fertilize a hectare of land can vary from US \$60 to \$150, always depending on the kind of crop that is being cultivated.

In Uruguay, the amount of fertilized land varies according to the world price of livestock products. When beef prices decline, ranchers decrease the quantities of fertilizers used for agriculture.

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Imports of fertilizers were \$351 million in 2012. Agriculture in Uruguay is in peak condition, with positive trends expected to continue over the medium to long term.

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The best prospects are for U.S. producers of diammonium hydrogen orthophosphate, which is used in grasslands in an average of 150 to 200 kilograms per hectare. Ammonium sulfate and urea are also considered as two essential. The rotation of crops generated in 2012 considerably increased the quantity and variety of chemical products imported for the production of fertilizers. U.S. manufactures of urea, ammonium sulfate, (diammonium hydrogen orthophosphate) and many other related products will have good sales opportunities in the Uruguayan market.

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Renewable Energy Equipment

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As a country that lacks coal, oil, and natural gas, Uruguay has historically relied on hydroelectric power, imported oil, and imported electricity from its neighbors, Argentina and Brazil. Although the government aims to become one of the leading countries in renewable energy source generation, primarily from wind, solar, and biofuels, increased interconnection in the Southern Cone region is being pursued to maintain energy supplies in the medium term.

By 2015, the government of Uruguay aims to produce 90 percent of its electricity from renewable sources, with 30 percent generated by wind, 45 percent contributed by hydropower, and 15 percent by biomass.

Renewable energy sources play a very important role in discussions about the future of Uruguay's energy matrix. The country seeks to strengthen its energy security in order to avoid recurring energy crises and its 100 percent dependence on imported oil. Although import statistics are not currently significant, renewable energy equipment projects in the pipeline justify paying attention to the local market. The Government of Uruguay's (GOU's) attempts to promote greater energy independence and efficiency from renewable sources are favorable and should provide new market opportunities.

In recent years, the need for Uruguay to expand and diversify its national energy portfolio was brought into sharper focus. Under optimum conditions, up to 70 percent of the country's annual electrical energy requirement of 2500 megawatts (MW) is generated by large-scale domestic hydroelectric power plants, with the remaining 30 percent being met mainly by oil, along with a small amount of gas and imported electricity. However, rising demand and limited rainfall have forced Uruguay to supplement its electricity supplies from Argentina and Brazil.

Uruguay's lack of domestic oil leaves it completely dependent on imported oil supplies. Uruguay's state-owned petroleum company ANCAP has a series of commercial ventures with Venezuela's PdVSA – which holds a minority stake in ALUR, a subsidiary of ANCAP that produces biofuels and also runs a sugar refinery.

A driving force behind the diversification of Uruguay's energy sector is a desire for energy security and independence. The GOU also has a long-term social goal that it would like to meet in 20 years: To provide basic energy requirements in terms of both quantity and quality for the entire population of 3.3 million.

Investments in wind, solar and other renewable projects have outpaced other energy projects. The National Director of Energy noted that the government has set a target for renewable sources to provide 50 percent of the energy balance by 2015, compared to 30-35 percent at present. The government is strongly encouraging the production of bio-diesel and ethanol, in addition to focusing on wind and solar energy.

Several projects in both the private and public sector, especially in the areas of biomass, wind and solar generation are bringing the country closer to actually being able to capitalize on its strategic location, regional partnerships and stable investment climate.

➤ **BIOMASS**

Uruguay has great potential for the development of renewable energies from biomass; 30 percent is from agricultural residue (from agro industries and forestry). Although forestry is the main source of biomass, Uruguay has other sources available from the beef industry and edible oil.

➤ **WIND**

The potential to harness wind energy in Uruguay is significant. The national electricity utility (UTE) has proposals in the pipeline worth \$2 billion. Adequate sites for wind energy in the country have exceeded expectations. The government also designed a wind map available on-line at <http://www.energiaeolica.gub.uy/index.php?page=mapaeos>. Average wind profile measures at heights of 90m show speeds of 6 to 9 m/second.

➤ **SOLAR**

The potential for solar power in Uruguay is encouraging; Uruguay receives an average of 1700 KW/m² of sunlight a year. This puts it on a par with Mediterranean countries and makes solar energy a viable option. Legislative support for solar power exists through a law that promotes the use of solar energy. Benefits are also available under the Investment Promotion Law that offers incentives for investing in manufacturing; implementing; and utilizing solar energy. There is a strong emphasis on local production, and the priorities for solar energy include rural areas – particularly rural schools far from the grid, hospitals, hotels, sports clubs, and new public buildings.

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All of the projects in the pipeline, both public and private, predict a high growth rate with a definite need for imported equipment. Potential buyers for biomass equipment are turning to U.S sources since the Brazilian industry is focused on sugarcane and the available equipment is too large for the Uruguayan market. Solar equipment traditionally imported from China is starting to lose market share to the European Union and the United States, primarily due to favorable local exchange market.

The National Directorate of Energy, housed within the Ministry Industry, Energy and Mining has also been focusing on promoting the installation of small power plants throughout the country.

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Uruguay is committed to moving forward rapidly on setting up biodiesel and ethanol plants as well as wind and solar energy. Import duties are applied to CIF values. For renewable energy, generators and equipment (if classified as capital goods) do not pay import duties. In other cases, a 14 percent duty is applied to products that are not from

the MERCOSUR member countries (Argentina, Brazil, Paraguay, Venezuela, and Uruguay).

Uruguay is a good market for both new and used/refurbished equipment and machinery. When making purchase decisions, Uruguayan consumers consider quality, price, payment terms, delivery time, after-sales servicing and compatibility with existing systems.

U.S. manufactured products are regarded as high in quality but occasionally lose price competitiveness vis-à-vis regional products. Sometimes they rate poorly when it comes to financing, an important factor in sales in Uruguay. U.S. manufacturers offering flexible, innovative, and competitive credit terms will have an advantage.

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Ministry of Industry, Energy and Mining:
<http://www.miem.gub.uy>

National Directorate of Energy:
<http://www.miem.gub.uy/gxpsites/hgxpp001?5,6,36,O,S,0,MNU;E;30;5;MNU;>

National Electricity Utility - UTE:
<http://www.ute.com.uy>

Chemicals

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	2010	2011	2012
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	57.0	72.0	125.0
Total Imports	307.0	380.0	400.0
Imports from the U.S.	58.0	49.0	40.0

Source: Transaction database – USD million

In 2012, the five top suppliers of chemicals falling within HS codes 3808-3907-3824-3101 were: Argentina (27 percent), China (21 percent), Brazil (10 percent), the United States (10 percent), and Korea with (9 percent) market share. In the period 2010 – 2012, Uruguay's worldwide imports of chemical products increased by 30 percent. However, imports from the United States decreased by 31 percent in the same period. The main imports were:

- 3907600090 - Polylactic Acid
- 3808932400 - Weed-killers based on Paraquat Dichloride
- 3808929990 - Weed-killers to be used in sanitary domestic operations
- 3808932900 - Weed-killers based on other products
- 3824908900 - Products and preparations based on organic compounds
- 3808919990 - Fungicides for direct use in sanitary domestic operations

The local chemical industry basically processes imported raw materials. Subsidiaries of multinationals account for approximately 60 percent of the chemical industry. During the last few years, the chemical sector underwent important transformations in research and development of new products, and the use of new technologies.

Uruguay's chemical industry is composed of three major sub-sectors:

1. Petrochemical industries (including the production of fertilizers).
2. Fine chemistry and production of specialties, including production of pesticides for the agricultural sector, pharmaceuticals and hygiene articles.
3. Production of plastics.

Uruguay has no domestic petrochemical industry. It does not produce basic raw materials such as ethylene, propylene, etc. The Uruguayan industry is only involved in the final processing stages.

Fertilizers: ISUSA (Industria Sulfurica Sociedad Anonima) controls Uruguay's fertilizer production. This company has plants producing sulphuric acid and oleum with a maximum capacity of 180 tons/day. Fifty-five percent of the production of sulphuric acid is for the production of fertilizers, while the other 50 percent is for the production of other chemical products.

Chemical industries and especially "fine chemistry" have been particularly dynamic in Uruguay since the 1980s. Eighty-five companies comprise Uruguay's pharmaceutical industry.

Of these, ten command 47 percent of the country's sales. However, none of them has gained more than 10 percent of the market. There are 65 laboratories, and small and medium firms control a third of the market. Uruguay's pharmaceutical industry sells more than \$250 million per year.

Small and medium-size companies make up the cosmetic industry. Many multinational companies have purchased small local firms to market their brand perfumes and cosmetics.

The plastics sector invoices about \$200 million per year. Raw material is almost entirely imported from different countries and represents between 40 percent and 50 percent of the finished product price. Uruguay's Plastic Association is comprised of 60 of the 120 companies in the country's plastics sector. The sector processes 150,000 tons of plastic material; an important part of that production is for export.

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In the plastics sector, there are good opportunities for U.S. producers of resins for the manufacturer of PET containers. Since almost all the raw material used for the production of fertilizers is imported, this is a very promising market for U.S. firms.

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Construction – Heavy Equipment and Hand Tools)

Overview

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	2010	2011	2012
Total Exports	6.9	3.3	0.5
Total Imports	245.0	290.0	315.0 + (17.0 *)
Imports from the U.S.	41.0	46.0	44.0 + (3.0 *)

Source: Transaction database – US\$ million - (* hand tools figures)

The construction machinery market in Uruguay depends predominantly on imports. In 2012, total imports of heavy machinery and related equipment were valued at \$315 million. Brazil held a 34 percent market share, with \$173 million worth of exports, followed by Argentina (14 percent), China (14 percent), and the United States (9 percent). Investment in heavy equipment is likely to continue over the next few years to support important growth in infrastructure construction activity.

Construction is one of Uruguay's most promising sectors. The capital city of Montevideo and the resort of Punta del Este are the most important areas for development, with the largest increases occurring in the market for luxury apartment buildings. However, construction of middle-class and low-cost buildings also grew significantly.

The major construction-related projects in the pipeline are:

- Shopping Malls
- Hotel/Casinos
- Residential Construction
- Port Projects
- New Jails
- Convention Center in Punta del Este
- Industrial, Science and Technology, Business and Service Parks
- New Pulp Mill Project in Punta Pereira (Colonia)

Brazil is the main supplier of construction equipment and machinery to Uruguay, with a 34 percent market share, and Uruguay's northern neighbor dominates the heavy equipment segments (bulldozers, levelers, scrapers, and excavators). The major U.S. manufacturers currently present in the Uruguayan market are Caterpillar, Case, New Holland, John Deere, and Ingersoll-Rand.

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Uruguay is an attractive market for U.S. construction machinery companies wanting to explore new opportunities in South America. Investment in heavy construction machinery is likely to continue over the next few years to support a rapid growth in infrastructure development (private and public). Some major projects (hotel/casinos, shopping malls, ports, roads, buildings, new arena, etc.) accounting for more than \$400 million are being proposed for the capital city of Montevideo, Punta del Este, and other cities in the interior of the country.

Currently, the construction sector employs around 48,000 people. It is estimated this figure could reach 50,000 by the end of 2013. The cost of construction per square meter can vary from \$1,400 to \$4,000, depending on site conditions, local regulations, and the availability of qualified workers. Construction in Uruguay has historically used traditional materials (concrete and bricks), but lately new construction technologies and methods have emerged.

U.S. manufacturers offering flexible, innovative, and competitive credit terms fare best in achieving export sales to Uruguay.

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According to local sources, the highest demand in construction machinery is for mobile cranes, machinery for public works, off-highway dumpers, self-propelled bulldozers, graders/levelers, fork-lifts, tractors, mechanical shovels, excavators, and road rollers. Many other pieces of construction related machinery and equipment could find a market, as well.

End users of construction equipment include both public sector enterprises and private sector contractors. They are involved in privately and publicly funded projects, such as infrastructure improvements as well as residential and non-residential developments. Used construction machinery has good market opportunities in Uruguay, since it competes in price with new equipment from China and some European countries.

Hand Tools for Construction

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Uruguay has practically no local production of hardware products except for paint, shovels, spades, folding stairs, and carts. China is the main supplier of overall hardware products, followed by the United States and Brazil. The Uruguayan market for hardware products includes hand and power tools (HS codes 8205-8206-8207-8407). In 2012, total Uruguayan imports for this sector were valued at \$17 million. China is the main supplier of hardware products to Uruguay, with 29 percent market share, followed by the United States (15 percent), Brazil (11 percent), and Canada (7 percent). Other countries together account for 38 percent market share.

The hand and power tools market is divided into large, medium and small equipment segments. Large equipment is used in construction projects; medium tools in electricity and sewerage work; and small tools for residential maintenance and repair work. Power tools can be electric or pneumatic. Product categories include: drills, screwdrivers, staplers, nail guns, hammers, impact wrenches, shears, polishers, sanders, circular saws, jigsaws, chainsaws, and grinders. Hand tools include a wide variety of products like: presses, guillotine shears, hammers, brushes, shovels, spades, rakes, hoes, forks, picks, and cutting tools (manual hedge shears/trimmers).

According to local distributors, innovative U.S. products at competitive prices show significant potential in the Uruguayan hardware market.

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Association of Private Promoters of Construction (AAPCU)
<http://www.appcu.org>

Chamber of Industries (CIU)
<http://www.ciu.com.uy>

National Statistics Institute (INE)
<http://www.ine.gub.uy>

Uruguayan Real Estate Chamber (CIU)
<http://www.ciu.org.uy>

Uruguayan Hardware Association
<http://www.afbadu.org.uy>

Construction Publications:

“*En Obra*” - <http://www.appcuy.org>

“*Ciudades*” – <http://www.ciu.org.uy>

Agricultural Equipment

Overview

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	2010	2011	2012
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	7	4	9
Total Imports	350	376	394
Imports from the U.S.	87	72	86

Source: Transaction database – USD million

Products under HS codes: 8424,8432,8433,8434,8435,8436,8437,8479,8701,8716.

Agriculture, which represents about 9 percent of GDP, plays a leading role in Uruguay's economy, politics, and society. Stimulated by rising prices of international agricultural commodities and Uruguayan land prices, Uruguayan farmers have been investing heavily in the renewal of their agricultural machinery and equipment. Imports of agricultural equipment jumped 63 percent from 2009 to 2010, but only 9 percent from 2010 to 2011 and 5 percent from 2011 to 2012. U.S. market share increased from 19 percent in 2011 to 22 percent in 2012 and U.S. brands manufactured in Brazil and Argentina dominate the market.

Uruguay should continue to present opportunities for U.S. suppliers of agricultural machinery during the next several years, a market in which it has traditionally been the third largest supplier preceded by neighbors Brazil (30 percent) and Argentina (14 percent). Agricultural machinery is not subject to any import duties. There is strong demand for pre-owned and refurbished machinery. Apart from tractors which are imported mostly from Europe, U.S. machinery is highly-regarded and competes very well. Uruguay is the world's sixth largest exporter of rice and soybeans and the eighth largest exporter of malt.

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The market for agricultural equipment is virtually 100 percent supplied by imports. The best sales prospects for U.S. equipment are as follows (not in specific order):

- ✓ Data collection equipment such as global positioning systems, yield monitoring, soil sampling, crop and field scouting, and remote sensing technologies used for monitoring soil properties and crop conditions. Only a fraction of agricultural producers currently operate such equipment.
- ✓ Laser-controlled earth-leveling machinery.
- ✓ Computerized management systems (such as used for livestock). Agri-food machinery and equipment used by food processing companies may also provide opportunities. These could include grain processing equipment, fruit and vegetable

processing equipment (separation, cleaning, etc.), meat processing equipment, poultry production equipment, etc.

- ✓ Chutes to discharge harvested grains into different storage devices.
- ✓ Advanced turbine sprayers (and associated pumps.)
- ✓ Combines and other harvesting equipment.
- ✓ Agricultural tractors: sales of refurbished tractors have been increasing heavily. U.S. brands lead the market, but approximately 80 percent are imported from Europe.
- ✓ Parts and accessories for harvesters and tractors: demand is expected to increase in line with increased utilization of machinery.
- ✓ Cultivators and other solid preparation equipment (including plows, harrows, cultivators, seeders, and fertilizer spreaders.)
- ✓ Pre-owned and refurbished machinery with good post-sales service will find good prospects if a supplier will ensure reliable and steady part supplies.
- ✓ Greenhouse and other vegetable production equipment.
- ✓ Irrigation equipment: increasingly used to improve yields in Uruguay's unpredictable rainfall environment.
- ✓ Dairy equipment: Uruguay is a major producer of dairy products.
- ✓ Of particular interest is the growth of greenhouse production of organic products that according to some estimates has more than doubled over the last five years. Uruguay has officially branded its natural and organic products "Uruguay Natural."
- ✓ Storage buildings, silos, etc. Prefabricated, light, inexpensive farm storage buildings have a good market in Uruguay.

Opportunities

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Given the increasingly frequent periodic droughts in Uruguay, irrigation and well-drilling equipment should also have excellent market opportunities. The GOU has announced incentives for the use of irrigation equipment, though implementation will only take place later in 2013.

Web Resources

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Embassy Contact: Robert Gorter, Sector Specialist – gorterrh@state.gov
<http://www.export.gov/Uruguay>

Uruguayan Ministry of Agriculture
<http://www.mgap.gub.uy/opypa>

Uruguayan Rural Association

<http://www.aru.org.uy>

Overview Infrastructure Projects

Overview

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In late 2011, the Uruguayan Parliament approved a Public-Private Partnership (PPP) law. While this type of association already existed, the new PPP legislation formalizes the procedures, responsibilities, and obligations of the State and private investors. The GOU trusts that this law will further attract foreign investment, mainly in much-needed infrastructure projects. In times of slower economic activity, the GOU has announced it will maintain its objective of investing in priority infrastructure projects to improve the country's competitiveness. Among these are the construction of low-cost housing projects, the building of jails, road refurbishing, railway modernization, LNG for a regasification plant, and deep-water port construction and operation.

For other infrastructure projects in the pipeline that U.S. exporters of goods and services should follow-up on as well as for updates and more information, please contact office.montevideo@trade.gov.

Sample Opportunities

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- ❑ **Railway Rehabilitation:** President Mujica has declared on numerous occasions that the rehabilitation of Uruguay's railway grid is a top priority of his administration. The railway system has been in steady decline for decades. Except for very short stretches of the suburban grid, national passenger service was discontinued in 1988. Apart from sporadic purchases of cargo wagons and signaling systems, little maintenance or upgrade has been undertaken. Trains move 1.4 million tons per year, 5 percent of Uruguay's total cargo. The current railway administration hopes to raise that figure to 1.8 million tons in 2013. The railway administration receives yearly subsidies of approximately \$20 million. Revamping the railway is expected to cost approximately \$700 million.

Previous administrations planned on tendering for the total revamping of the railway system and private-sector investors were actively sought. The tender would have included the rehabilitation and maintenance of approximately 650 miles of railroad grid and the association of a private operator for cargo transportation (basically for timber and wood products). Union antipathy, lackluster private-sector interest, and delays in awarding projects forced the administration to commence the project on its own and some segments have since been refurbished. Railway cargo transportation continues to decline almost 12 percent a year. A presidential decree signed in late 2011 hopes to transform the railway administration into a more competitive organization.

- ❑ **Highways:** The GOU plans to use the PPP regime to rehabilitate highways that are highly transited by cargo trucks taking commodities to nearby ports. These include Route 21 (115 miles), Route 24 (60 miles) and the east-west Route 26 (250 miles). Tenders for these projects should be issued in 2013.

- **Port projects:** The tender for the construction and operation of a third major container terminal in March 2010 (the two current terminals are operated by a Uruguayan consortium – Montecon, and Belgium's Katoen-Natie) attracted no bidders. The GOU, however, has not totally discarded the idea of rewriting the conditions and specifications and calling for a new round of bids. There is much discussion concerning the need for this third container terminal. The construction of new fishing docks and forestry terminals in Montevideo are some of the Port Administration's other objectives for the next few years. Dredging projects are frequently tendered. However, larger and badly-needed projects that fall under the bi-national (Uruguay-Argentina) river administration jurisdiction and that would give better access to the Port of Nueva Palmira have been stalled.

The need for a new deep-water port on the Atlantic coast in or near La Paloma has been discussed for several years. Investment for this port is calculated at over \$1 billion and has so far attracted interest from 40 firms from 13 countries. The construction of this port is highly dependent on mining projects that would increase its economic feasibility. The port would be a thirty-year BOT project built under the new PPP laws and should be adjudicated by 2015.

- **Energy:** The main objective of the current administration is to develop a matrix that will allow the use of different and/or combined technologies and resources. Improving and increasing the electrical interconnection with Brazil is another priority. The government strongly encourages the production of bio-diesel and ethanol. The government expects to have installed between 1,000 to 1,200 MW of wind energy by 2015. Biodiesel and ethanol production provide an opportunity to leverage efforts to achieve energy independence in support of the country's agricultural sector. Solar energy for rural areas, rural schools, hospitals, and hotels is becoming a key tool. The administration has also emphasized the need to continue focusing on energy with long-term planning and political consensus.
- **Construction of New Prisons:** In response to growing popular concern about rising crime and in the wake of several deadly prison accidents that brought renewed attention to the lamentable state of the country's penal facilities, in July 2010, the GOU enacted a Prison Emergency Law (Ley de Emergencia Carcelaria) providing \$65 million for correctional training, prison construction, and additional personnel and equipment. In December 2012, the Ministry of Interior (MOI), through the National Development Corporation (CND), issued a call for interest for the construction, equipping, and financing of a new jail under the Public-Private Partnership (PPP) program. According to information provided by the MOI, bidders' proposals will be opened and examined by a technical committee by July 15, 2013.
- **Paraná-Paraguay River Transportation System:** The governments of Uruguay, Argentina, Brazil, Paraguay, and Bolivia are working together on one of the largest Latin-American "regional integration" projects, the joint use of the 2,500-mile long Paraná-Paraguay-Uruguay river system for the transportation of goods from these five countries to the Atlantic Ocean. The ongoing project calls for investment in civil construction, dredging and maintenance, ports (including equipment), and fleet. Further opportunities for U.S. involvement exist in the development of waterway administration. While the fate of the waterway remains uncertain due to environmental concerns, intensive work is being done in dredging and rock removal.

Embassy Contacts:

- Robert Gorter, Sector Specialist: gorterrh@state.gov
- Lilian Amy, Sector Specialist (Energy) lilian.amy@trade.gov
- Jorge Balparada, Sector Specialist (Jail Construction): balpardajj@state.gov

Other resources:

National Ports Administration (ANP)

<http://www.anp.com.uy>

National Railway Administration (AFE)

<http://www.afe.com.uy>

Wind Energy Program – Ministry of Industry, Energy and Mining

<http://www.energiaeolica.gub.uy>

National Energy Directorate – Ministry of Industry, Energy and Mining

<http://www.dne.gub.uy/en>

Processed Food and Beverages, and Food Ingredients

Market Overview

With one of the fastest growing economies in Latin America, Uruguay will continue to be a net importer of several foods & beverages (F&B) and ingredients that it does not produce domestically. Due to the gradual recovery of the purchasing power, the best prospects are for food ingredients, high-value F&B products, and "commodity-type" products which are not manufactured locally. Imports of consumer-oriented agricultural products reached approximately \$ 512 million in 2012. Imports in 2013 are expected to continue to expand.

Imported F&B which are not produced locally, or whose production is inadequate to supply the domestic market include:

- Spices, condiments, bananas, kiwifruit, grapefruit, tomato paste/ketchup, confectionery products, chocolates, coffee, snacks, sauces, prepared foods, dehydrated potatoes, alcoholic beverages (whisky and wine), energy drinks, prepared beverages, cookies/pastries, and pet food.

Food ingredients, especially those used for the manufacturing of more sophisticated products include:

- Nutritional ingredients, dried fruits and nuts, cocoa paste/butter, additives, ingredients for the dairy and processed meat industries.

Uruguay has no quotas or restrictions, and reasonably transparent labeling and sanitary requirements. Most FDA-approved processed F&B can be imported into the country. However, some products of animal and vegetable origin may have sanitary restrictions.

Exports of U.S. food products to Uruguay have very good potential. Imported food products for mass consumption are typically purchased from Argentina, Brazil, and Chile which together accounted for almost 80 percent of the total in 2012. Imports from Europe and the U.S. are aimed at the middle and higher income sectors. Imports of U.S. consumer-ready foods and beverages in 2012 accounted for approximately \$20 million, a 27 percent increase from 2011, when approximately \$15 million were imported. Imports in 2013 are expected to continue to expand further.

The USDA Foreign Agricultural Service Office, based in Buenos Aires and with regional coverage of Argentina, Paraguay, and Uruguay, foresees increased opportunities for U.S. food ingredients, especially for the dairy and processed meat sectors as most local companies have been focusing on increasing production and expanding exports. The privileged sanitary status of Uruguay has much to do with the growth of these sectors. In addition, because many food ingredients are not produced locally, they must be imported. Food ingredients from the U.S. are considered to be high quality and

innovative. Food ingredient imports in 2012 totaled about \$148 million, of which the U.S. accounted for around 8 percent.

OUTLOOK FOR U.S. EXPORTS OF F&B PRODUCTS

Advantages

- Most Uruguayan consumers are aware of the wide variety and high quality of U.S. foods and beverages.
- Influence of U.S. culture is significant and transmitted through cable TV, the Internet, and Uruguayans traveling or studying in the United States.
- Supermarkets are willing to have imported F&B on the shelves as a tool to differentiate from other retailers.
- During the past few years, the self-serve format and the display of food products have improved remarkably.
- Large supermarket chains are logistically ready to import foods directly.
- Cold storage facilities are good and can easily meet manufacturers' requirements.
- The expansion of the food processing industry (especially the beef and dairy sectors), primarily to supply export markets, created very good opportunities for U.S. food ingredient imports.
- There has been greater exposure of local retailers to U.S. exporters and products through USDA/FAS-sponsored marketing activities.

Challenges

- Imported food products from the U.S. are more expensive than regionally-produced products.
- In general, MERCOSUR intra-regional trade pays zero import tariffs, which prompts strong competition primarily from Argentina and Brazil. Import tariffs for other countries vary between 20-23 percent for most F&B.
- The relatively small size of the market and small import volumes many times discourage U.S. suppliers.

Uruguayan official entities regulating F&B imports are as follows:

Montevideo Municipality - Food and Health Service (*Intendencia Municipal de Montevideo – Bromatología and Regulacion Alimentaria*)

Web: <http://www.montevideo.gub.uy> <<http://www.montevideo.gub.uy/>>

Uruguay's Technological Laboratory (*Laboratorio Tecnológico del Uruguay - LATU*)

Web: <http://www.latu.org.uy> <<http://www.latu.org.uy/>>

Ministry of Livestock, Agriculture, and Fisheries (*Ministerio de Ganaderia, Agricultura y Pesca - MGAP*)

Web: <http://www.mgap.gub.uy> <<http://www.mgap.gub.uy/>>

National Meat Institute (*Instituto Nacional de Carnes - INAC*)

Web: <http://www.inac.gub.uy> <<http://www.inac.gub.uy/>>

National Wine Institute (*Instituto Nacional de Vitivinicultura -- INAVI*)

Web: <http://www.inavi.com.uy> <<http://www.inavi.com.uy/>>

Ministry of Public Health (*Ministerio de Salud Publica - MSP*)

Web: <http://www.msp.gub.uy> <<http://www.msp.gub.uy/>>

Information provided by FAS in Buenos Aires

Attaché Brooke Markley - Brooke.Markley@fas.usda.gov

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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A MERCOSUR Common External Tariff (CET) on imports from non-member countries entered into effect in 1995. MERCOSUR's general rule is to apply a higher CET on higher value-added imports. The CET rates range between 0% and 20%, with an average of 10.3%.

There are sectoral and national exceptions to MERCOSUR's CET. Sectoral exceptions apply to capital, information technology, and telecommunication goods. At a national level, each MERCOSUR member is also allowed to exempt a certain number of goods from the CET. Mercosur's Secretariat reports that Uruguay has 2,115 tariff lines included in its sectoral and national lists (See Table 1).

TABLE 1. URUGUAY'S EXCEPTIONS TO MERCOSUR'S COMMON EXTERNAL TARIFF

SECTORAL	1,223 goods
Vehicles	71
Sugar	4
IT Goods	233
Capital Goods	915
NATIONAL	899 goods
Apparel	340
General List	219
Textiles and Fabrics	333

TOTAL	2,115 goods

For further information on MERCOSUR's CET please visit <http://www.mercosur.int> and for detailed information on Uruguay's list of exceptions to the CET please refer to http://www.mercosur.int/sim/es/siaec/view_list/search_exceptions

These exceptions and the number of special import regimes in member countries have greatly eroded the bloc's CET. A Mercosur Customs Code was approved in 2010 but has not yet taken effect since it lacks Parliamentary ratification. Mercosur also lacks other mechanisms to become an effective Customs Union such as a mechanism to distribute tariff revenues. As a result, a good imported into a Mercosur country has to pay another duty if re-exported to another member.

The GOU also gives special treatment to imports of raw materials and other inputs for the production of export goods. Uruguay applies preferential tariffs on some imports such as equipment for agriculture and hotels, as well as on goods for projects that have been declared of national interest and are also eligible for tax exemptions. Capital goods are exempt from import duties. The GOU applies tariffs that are lower than the bloc's CET for the vast majority of goods included in the sectoral and national lists. Most goods entering Uruguay from MERCOSUR countries are exempt from tariffs.

Uruguay has bound all its tariff lines before the WTO, with an average 31 percent (35 percent for agricultural products and 30 percent for non-agricultural ones). The WTO reports that Uruguay has 1,672 duty-free items and applies a mean (simple average) tariff of 9.3 percent. Tariffs range from 2-55%. Tariffs on non-locally-produced raw materials, intermediate goods, and consumer goods range from 2-6 percent, 8-9 percent and 10-20 percent, respectively.

Trade Barriers

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In addition to tariffs, Uruguay levies other charges exclusively on imports, for example, a commission for the government-owned Banco de la República Oriental del Uruguay on Cost, Insurance, and Freight (CIF) value. The tax burden on imports is therefore higher than the average tariff.

There are special requirements for customs procedures and/or documentation in certain cases, for example, certain food products, textiles and motor vehicles, as well as for various goods in transit. Some of these products, such as oils, vehicles, crude and refined sugar, textile products and printing paper, are also subject to import licenses. Some products require prior authorization from a government authority for sanitary or phytosanitary, safety, or environmental protection reasons. Other products, such as oil, can only be imported by the government.

Quotas were eliminated in the mid-1970s and non-tariff barriers, including reference and minimum import prices, were substantially reduced in the 1990s. Reference prices and a few remaining minimum export prices were eliminated in 1994 and 2002, respectively.

Certain imports (e.g. firearms, radioactive materials, fertilizers, vegetable products and frozen embryos) require special licenses or customs documents.

For detailed information on import barriers please refer to Uruguay's WTO Trade Policy Review, http://www.wto.org/english/tratop_e/tp363_e.htm

Temporary Entry

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Products may be imported under temporary admission or drawback provisions. Products imported under temporary admission provisions are exempt from import duties but must be re-exported within 18 months. Temporary admission is for processing, assembling, transforming, or integrating imported inputs to the final production of exported goods. This system aims to improve Uruguay's foreign competitiveness while it reduces costs of imported items. The system covers: raw materials; parts and accessories; motors; packaging and packaging materials; matrix, molds, and models; intermediate goods; agricultural products; and products that are part of production processes.

Import Requirements and Documentation

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Only commercial firms, industrial firms, or individuals listed in the registry of importers may legally import products into Uruguay. A pro-forma invoice is required to start with the import procedures. Importers must use an agent to handle their customs entries. Required documents are standard and must include certificate of origin.

U.S. Export Controls

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Most export transactions do not require specific approval from the U.S. Government. In order legally to export certain products, an exporter must obtain a special export license in advance. Licenses are required in certain situations involving national security, foreign policy, short supply, nuclear non-proliferation, missile technology, chemical and biological weapons, regional stability, crime control or terrorist concerns, and high performance computers amongst other products.

For additional information, please check in:

<http://www.bis.doc.gov/licensing/exportingbasics.htm>

Labeling and Marking Requirements

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LATU (Uruguay's Technical Laboratory), the Ministry of Public Health, and municipal offices control labeling and marking requirements for all imported products. They must contain a Spanish-language description of the main ingredients or components of the product, country of origin, expiration date, net weight, and the full name and address of the Uruguayan importer, plus validity and cooking instructions in the case of foodstuffs.

Imported products may include the original label of the country/language of origin but must also have a sticker/label attached to the package with the information requested by Uruguayan authorities. Manuals, product literature, and other written materials, while not required, will be more useful if written in Spanish. A consumer defense law, approved in 2000, regulates labeling requirements. U.S. companies that can adapt their labels to local standards have a competitive advantage.

Prohibited and Restricted Imports

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Due to sanitary concerns, Uruguay bans imports of U.S. poultry and beef as well as imports of other products, such as pet food, that use raw beef or poultry. Occasionally,

the government bans imports of certain food articles and pet food containing ingredients that are prohibited or are originating from areas declared by the World Health Organization to be unfit. Imports of used cars are prohibited.

Customs Regulations and Contact Information

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The National Customs Directorate, which falls under the Ministry of Economy and Finance, dictates all customs regulations. Decree Law 15.691 dated December 7, 1984 regulates the current system. A new Customs Code and Reform Bill are currently under discussion.

Contact Information:

Enrique Canon (CPA)

National Customs Director (Director Nacional de Aduanas)

Address: Rambla 25 de Agosto de 1825 s/n

Montevideo, Uruguay

Tel: 011 598 2 916 – 2141; Fax: 011 598 2 916 – 4691

URL: <http://www.aduanas.gub.uy>

Standards

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Overview

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Uruguay uses the metric system of weights and measures. The Laboratorio Tecnológico del Uruguay (LATU – <http://www.latu.org.uy>) is the officially approved agency that controls standards and quality control of imports and exports. A national quality committee reviews and recommends issuance of ISO 9000/9001 certificates, if warranted.

The Uruguayan Institute of Technical Norms (UNIT – <http://www.unit.org.uy>) carries out certification and elaborates technical norms. It is the exclusive representative of ISO, IEC, and the World Quality Council (WQC) in Uruguay.

Standards Organizations

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Laboratorio Tecnológico del Uruguay - LATU
Uruguay's Technical Laboratory

<http://www.latu.org.uy>

Uruguayan Institute of Technical Norms (UNIT)

<http://www.unit.org.uy>

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all

proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets.

Register online at Internet URL: <http://www.nist.gov/notifyus/>

Product Certification

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UNIT and ASTM signed a Memoranda of Understanding (MOU) in November 2001. UNIT (<http://www.unit.org.uy>) is the official Certification office for all industries with the exception of beef, which is the National Institute of Beef (INAC <http://www.inac.gub.uy>).

Publication of Technical Regulations

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Uruguayan Institute of Technical Norms (UNIT)
<http://www.unit.org.uy>

Trade Agreements

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Uruguay is a member of the World Trade Organization (WTO) and the Latin American Integration Association (ALADI, a Montevideo-based trade association that includes ten South American countries plus Cuba, Mexico and Panama).

Uruguay holds numerous bilateral trade agreements of different depth with ALADI partners. It grants tariff preferences for imports from Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, and Venezuela under ALADI Economic Complementation Agreements. ALADI's general regional tariff preference mechanism (PAR by its Spanish acronym) applies for goods not covered by these agreements,

Uruguay is a founding member of MERCOSUR, the Southern Cone Common Market composed of Argentina, Brazil, Paraguay and Venezuela. Montevideo is the headquarters of its Secretariat and its Parliament. MERCOSUR has free trade agreements with Chile, Bolivia, Ecuador, Peru, Colombia and Israel. It has less ambitious *agreements* that include fixed preferences with India, Cuba, Egypt and the South African Customs Union. The latter two are considered building blocks towards comprehensive agreements. Mercosur also has framework agreements with Mexico, Jordan, Morocco, Turkey, Pakistan, Syria and Palestine. Long-stalled negotiations between MERCOSUR and the European Union (EU) were re-launched in 2010 with great expectation, but momentum soon stalled. In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country.

Uruguay's trade relations with neighboring Argentina and Brazil are particularly important, and in addition to MERCOUR, there are separate bilateral arrangements providing for administered trade of certain products, mainly vehicles. Trade with Brazil has flowed smoothly, but since 2011 trade with Argentina has slowed. For more information, check the Trade Policy tab in <http://www.mef.gub.uy/portada.php> (in Spanish)

Web Resources for Trade

- Central Bank <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Intercambio-Comercial-.aspx> and <http://www.bcu.gub.uy/Estadisticas-e-Indicadores/Paginas/Default.aspx>
- Uruguay XXI <http://www.uruguayxxi.gub.uy>
- Customs <http://servicios.aduanas.gub.uy/luciapub/luciapublico.htm>
- Chamber of Industries http://www.ciu.com.uy/innovaportal/v/15505/1/innova.front/informe_s_de_comercio_internacional.html
- Union of Exporters <http://www.uruguayexporta.com/Infocoex/default.aspx>
- Trade Policy Directorate
Trade Policy tab at Ministry of Economy's web page: <http://www.mef.gub.uy>.
Publications and newsletters: <http://www.mef.gub.uy/apc/publicaciones.php>

Other Web Resources

- Uruguayan Technological Lab (LATU) <http://www.latu.org.uy>
- Uruguayan Institute of Technical Norms (UNIT) <http://www.unit.org.uy>
- Diario Oficial (national gazette) <http://www.impo.com.uy>
- Communication Regulatory Agency: <http://www.ursec.gub.uy>
- Energy and Water Regulatory Agency: <http://www.ursea.gub.uy>
- Ministry of Public Health <http://www.msp.gub.uy>

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Chapter 6: Investment Climate

An important component of economic statecraft, investment climate statements provide U.S. firms with country-specific information and assessments on investment laws, measures, and other factors that may be useful in making business decisions. The Investment Climate Statements help identify the barriers and market distortions that too often deter U.S. investment, provide U.S. investors with the information they need to better assess business risks, and serve as a basis for engaging foreign governments on modernizing investment regimes. For Uruguay's report please check in:

<http://www.state.gov/e/eb/rls/othr/ics/2013/204757.htm>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Exports to Uruguay are usually financed through export letters of credit, sales on open account, or drafts on foreign buyers. Local business practices do not generally include paying for goods in cash in advance. Payments by credit cards or PayPal-type mechanisms are gaining popularity.

There are no foreign currency restrictions in Uruguay. Payment for any kind of imports can be made on the terms agreed by the parties (i.e., a letter of credit or a sight draft with deferred payment, etc.). The international banking departments of major U.S. banks and special programs under the Export-Import Bank of the United States (EXIM Bank), the Overseas Private Investment Corporation (OPIC), and the Small Business Administration (SBA) generally finance U.S. exports.

For local credit rating agencies see links below:

Equifax: <http://www.clearing.com.uy>, <http://www.equifax.com>
Commercial Defense: <http://www.lideco.com.uy>
PriceWaterhouseCoopers: <http://www.pwc.com/uy>

How Does the Banking System Operate

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The banking system is generally sound and has good capital, solvency, and liquidity ratios. Profitability, in a context of low international interest rates and low demand for credit, is a problem. The largest bank is the government-owned Banco de la Republica, which accounts for over 40 percent of total credits and deposits. Long-term banking credit has traditionally been difficult to obtain. Foreign investors can access credit on the same market terms as nationals.

The financial sector in Uruguay is open to foreign participation and is sustained by a transparent supervisory and regulatory system. A severe banking crisis in 2002 put the entire system under risk, but proper management allowed the system to get back on track. The crisis was overcome with timely U.S. and IMF support. Most private banks, including U.S.-owned ones at the time, successfully weathered the 2002-banking crisis and honored all deposits in a timely manner.

Uruguay's financial sector currently consists of one government owned commercial bank (Banco de la Republica) and one government owned mortgage bank (BHU). Government-owned banks have traditionally held a major share of the banking market. The market has foreign banks, cooperatives, offshore banks, external financial institutions, credit administrators, foreign exchange houses and financial service companies. For list of institutions and more details please check in <http://www.bcu.gub.uy/Servicios-Financieros-SSF/Paginas/Default.aspx>.

Offshore banks are subject to the same laws, regulations, and controls as local banks, with the GOU requiring them to be licensed through a formal process that includes a background investigation. Offshore financial institutions operate with limited functions as they cannot operate with residents. U.S. financial firms such as Raymond James operate in Uruguay, mainly within free trade zones.

The Central Bank formulates monetary and exchange policies in coordination with the Executive Branch. For the last decade, the Government of Uruguay has implemented financial sector reforms enforcing greater financial controls, which empowered the supervisory role of the Central Bank. According to the IMF, Uruguay's recovery was fostered by strong macroeconomic policies and structural reforms generating remarkable economic and financial results. The banking sector was not hit by the global financial crisis that started in 2008.

For more information, please check the Central Bank's website at <http://www.bcu.gub.uy> (Partial English version is also available).

Foreign-Exchange Controls

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Uruguay does not apply foreign exchange controls.

U.S. Banks and Local Correspondent Banks

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Citibank (Citi)

Citibank is the only U.S bank currently operating in Uruguay. The bank has had a presence in Uruguay since 1915. For more information please see: <http://www.latam.citibank.com/uruguay/homepage/spanish/index.htm>

Tel: +5982 915 5687; Fax :+5982 9160645;
web: <http://www.citibank.com.uy>

Citibank does not open personal bank accounts for U.S. citizens residing in Uruguay due to U.S. tax withholding regulations.

All local banks have correspondent banking arrangements with some major U.S. bank.

Project Financing

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Some of the major sources of project financing include:

- A. EXIM Bank: Provides U.S. exporters with several financing programs, including working capital guarantees, export credit insurance, commercial bank guarantees, medium-term credits, small business credits, direct loans to foreign purchasers, and financial guarantees. EXIM Bank finances all types of U.S. goods and services as long as they contain at least 50 percent U.S. content and are not military-related. Further information on the bank's programs may be obtained at 1-800-565-EXIM. EXIM Bank's Uruguay Desk Officers may be contacted by phone at 202-565-3913, by fax at 202-565-3931, or at <http://www.exim.gov>.
- B. Overseas Private Investment Corporation (OPIC): OPIC's programs include loans and loan guarantees, investment funds, and political risk insurance (currency inconvertibility, expropriation, and loss of assets or income caused by political violence). OPIC may be contacted at 202-336-8400 or at www.opic.gov
- C. Commodity Credit Corporation (CCC): The CCC finances exports of U.S. agricultural commodities. The CCC may be reached by phone at 202 720-6301 or by fax at 202 690-0727 or at <http://www.fsa.usda.gov/cc>.
- D. Small Business Administration (SBA): SBA's export revolving line of credit loan helps small businesses export their products. SBA may be contacted at 1-800-827-5722 or at www.sba.gov.
- E. World Bank and Inter-American Development Bank: Both banks offer programs that allow U.S. companies to compete in major international infrastructure projects. The public information centers of both banks may be contacted through 202-458-5454 (or www.worldbank.org) and 202-623-2096 (or www.iadb.org) respectively.
- F. U.S. Trade and Development Agency (TDA): TDA has invested several million dollars in Uruguay for feasibility studies and other activities that support infrastructure development and modernization projects. TDA may be contacted at 703-875-4357 or at www.tda.gov.

Several States also have their own export financing programs.

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- Export-Import Bank of the United States:
<http://www.exim.gov>
- Country Limitation Schedule:
http://www.exim.gov/tools/country/country_limits.html
- OPIC:
<http://www.opic.gov>
- Trade and Development Agency:
<http://www.tda.gov/>

- SBA's Office of International Trade:
<http://www.sba.gov/oit/>
- USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/cc/default.htm>
- U.S. Agency for International Development:
<http://www.usaid.gov>
- Inter American Development Bank:
<http://www.iadb.org/en/countries/uruguay/uruguay-and-the-idb,1028.html>
- World Bank:
<http://data.worldbank.org/country/uruguay>

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Chapter 8: Business Travel

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Business Customs

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Business dress and appearance, as well as one's general approach to business relations, should be very conservative. An advance appointment for a business visit is usually necessary and considered a customary courtesy. Punctuality is generally observed. Typically, business is discussed after social niceties. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

Travel Advisory

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For travel advisories, if any, please check <http://uruguay.usembassy.gov> and/or http://travel.state.gov/travel/cis_pa_tw/cis/cis_1054.html

No inoculations are currently necessary for entry. International travelers are advised to contact their local public health department, physician, or travel agent at least two weeks before departure to obtain current information on health requirements.

Visa Requirements

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U.S. citizens need a valid American passport, but visas for temporary visits of less than 90 days, not to reside in or work permanently in Uruguay, are not required for holders of regular passports. Those traveling on diplomatic or official passports must have a valid visa in addition to the passport. For more information, please check the following website: http://travel.state.gov/travel/travel_1744.html

Business and tourist stays are limited to 90 days and may be extended for an additional 90 days. U.S. companies that require travel of foreign businesspersons to the United States should be advised that visa-related security opinions are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy in Uruguay, Consular Section: <http://uruguay.usembassy.gov/visas2.html>

Telecommunications

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Uruguay has a fixed line tele-density of almost 80 percent, one of the highest in Latin America. Telephony is fully digitalized. Only ANTEL, the state owned company, can provide basic telephony. Eight other companies compete with ANTEL for international calls. There are three cellular providers with GSM/GPRS, TDMA, and/or CDMA services. High-speed Internet is easily accessible in major hotels and airports, and cyber-cafes are readily available. AT&T, MCI, and Sprint calling cards are accepted.

Transportation

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American Airlines is the only U.S. carrier with flights to and from the United States. This calendar year it will continue to offer direct flights between Montevideo and Miami seven days a week. Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive.

Language

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Spanish is the official language. Although many in the business community speak English or other languages, interpreters are commonly used during business meetings.

Health

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There are no major health hazards. Uruguay enjoys high health standards for food and drinking water.

Local Time, Business Hours, and Holidays

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Uruguay observes standard time (GMT-3) from March-October. From October-March, Daylight Savings Time is in effect (GMT-2).

Normal business hours are Monday through Friday from 9:00 a.m. – 6:00 p.m. Banks are open to the public Monday through Friday from 1:00 – 5:00 p.m. Stores are also open on Saturdays from 9:00 a.m. to 1:00 p.m. Shopping centers open daily from 10:00 a.m.-10:00 p.m.

Local Holidays for Calendar Year 2013

Jan. 1	New Year's Day
Jan. 6	Three King's Day
Feb. 11-12	Two days for Carnival (6 weeks before Holy/Easter Week)
Mar. 25-29	Five days for Holy Week / Easter (dates vary from year to year)
May 1	Uruguayan Labor Day
Jun. 19	Birthday of Artigas
July 18	Uruguayan Constitution Day
Aug. 25	Uruguayan Independence Day

Oct. 14 Columbus Day
Nov. 2 All Saints Day
Dec. 25 Christmas

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of business-related equipment (i.e. laptops, etc.) Refundable deposits may be required and are payable at the point of entry.

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U.S. Embassy in Uruguay: <http://uruguay.usembassy.gov>
Ministry of Tourism: <http://www.turismo.gub.uy>

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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<http://www.expoy.gov/uruguay>

Embassy web site: <http://uruguay.usembassy.gov>

Uruguay – U.S. Chamber of Commerce (AmCham)

e-mail: info@ccuruguayusa.com

<http://www.ccuruguayusa.com>

Country Trade or Industry Associations in Key Sectors

Chamber of Industries: <http://www.ciu.com.uy>

Chamber of Commerce and Services: <http://www.camaradecomercio.com.uy>

Chamber of Agro-Industries: <http://www.camaramercantil.com.uy>

Union of Exporters: <http://www.uruguayexporta.com>

Uruguay XXI: <http://www.uruguayxxi.gub.uy>

Uruguayan IT Chamber: <http://www.cuti.org.uy>

Government

Ministry of Industry, Energy, and Mining

<http://www.miem.gub.uy>

Ministry of Economy and Finance

<http://www.mef.gub.uy>

Ministry of Tourism

<http://www.turismo.gub.uy>

Ministry of Transport and Public Works

<http://www.mtop.gub.uy>

Ministry of Agriculture and Fishing

<http://www.mgap.gub.uy>

Office of the President of Uruguay

<http://www.presidencia.gub.uy>

Parliament

<http://www.parlamento.gub.uy>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

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Please click on the link below for information on upcoming trade events:

<http://export.gov/uruguay/tradeevents/index.asp>

For events in Uruguay, please click on the link below

http://export.gov/build/fragments/fl_eg_outsidelinks/redirect.asp?URL=http%3A/www.zonaeventos.com/english/

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:

<http://export.gov/uruguay/servicesforu.s.companies/index.asp>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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