U.S. Country Commercial Guides

Uruguay

Year 2020

U.S. Department of Commerce | International Trade Administration

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Doing Business in Uruguay

Market Overview

While acknowledging that there are some challenges in Uruguay's business climate, Uruguay is one of the more business-friendly countries in Latin America. The income distribution in Uruguay is one of the most evenly distributed in Latin America resulting in one of the largest middle classes in Latin America on a per capita basis.

Uruguay's economic base is its agricultural sector, exporting products such as meat, dairy, wine, grains, and forestry products. More than half of Uruguay's total exports are agricultural-based products. About half of all industrial production is dedicated to food processing or agricultural product refinement. In fact, beef was Uruguay's number one export product in 2019 with China being Uruguay's top export destination. Uruguay is also an attractive market for international companies. It is one of the most politically and economically stable countries in the region and can serve as a regional distribution hub through its Free Trade Zones.

From 2003 to 2019, Uruguay experienced the longest economic expansion in the country's history. While still positive, economic growth began to slow in 2014 and decreased to 0.5% in 2019 according to the Central Bank of Uruguay. This decline was driven by a decline in commodity prices as well as recessions in both Argentina and Brazil — two of Uruguay's top trading partners. Experts expect the economy to contract in 2020 due to the economic effects from the coronavirus pandemic but return to grown in 2021.

Beef is Uruguay's main export accounting for 33% of total exports, followed by pulp (28%) and wood (8%). Uruguay's exports increased 3% from 2018 to 2019 primarily driven by the forestry sector, specifically in pulp, wood panels and timber. According to 2019 data from Uruguay's National Customs Directorate, Uruguay's top export destinations for goods were (in rank order): China (31%), the EU (17%), Brazil (13%), the United States (7%) and Argentina (4%). Uruguayan exports of goods, including those from free trade zones, recorded an increase of 0.7% in 2019, totaling USD $9.15 billion. China remains the main destination of Uruguayan exports, a position which they have held since 2013. In 2019, the United States ranked fourth as a destination for Uruguay's goods netting a total of USD $628 million.

According to the Uruguayan government, in 2019 Uruguay imported $7.20 billion in goods, a decrease of 7% from 2018. These figures do not include petroleum imports. Uruguay's top sources of imported goods in 2019 were Brazil (19.91%), China (19.57%), Argentina (11.78%) and the United States (9.25%). The main product imports were vehicles, clothing, plastics, telephone and communication equipment, and chemicals. The country has opened to inflows of foreign direct investment from various countries over the last 15 years, reflecting greater confidence in the country's institutional framework and economic policy.

In 2019, the United States exported $761 million in goods to Uruguay, and imported $448 million from Uruguay, resulting in a U.S. trade surplus of $313 million. The amount of goods imported from United States to Uruguay decreased for the second consecutive year, decreasing 6% between 2018 and 2019.

Top reasons why U.S. companies should consider exporting to Uruguay:

- Uruguay is an institutionally stable democratic country with strong rule of law and a commitment to international agreements and norms.

- Due to its beneficial customs regimes with Mercosur and its strategic location between Argentina and Brazil, Uruguay serves as a regional distribution platform through its free trade zones.

- Due to the size of the country (3.4 million people) and the relatively high per capita GDP, Uruguay can function as a test market for those international companies that have no previous experience in the region.

- The U.S.-Uruguay bilateral relationship is strong. Uruguay's government and business sectors have a favorable view of American business.

Market Challenges

Drawbacks to doing business in Uruguay include its small market size (3.4 million inhabitants, approximately half of which reside in the capital Montevideo), lack of trade financing, and inflexible labor laws. In 2018, some companies were forced to close due to high production costs and labor conflicts.

In terms of labor inflexibility, the World Economic Forum's 2019 Global Competitiveness Index ranked Uruguay 108 of 141 countries, echoing many domestic and foreign investors´ concerns regarding management-employee relations. There are labor challenges in hiring and firing practices, limited flexibility in setting wages and tripartite salary council influenced wage inflation.

Other challenges include Uruguay's high duties and taxes on imported products. According to the Doing Business Index 2019, in the "trading across borders" category, Uruguay was ranked 150th of 190 countries, primarily due to the high costs associated with international trade. Uruguay's market price structure reflects world market prices plus import tariffs, taxes, and transportation costs. Local taxes, like the value-added tax (VAT) and excise tax (IMESI) apply on retail sales prices. VAT and IMESI can significantly increase the prices on certain imported products. Products that are subject to IMESI rates are alcoholic beverages, tobacco, refined petroleum, cosmetics and cars. Rates vary according to the item.

Products from nearby Mercosur countries Argentina, Brazil, and Paraguay enjoy the advantage of no tariffs applicable on most products traded with Uruguay and significantly lower transportation costs. This gives a comparative advantage to Mercosur's products over products from the United States, Europe, and Asia.

Market Opportunities

Uruguay has well-functioning democratic institutions, a rule-abiding population, and relatively little corruption. In 2019, Uruguay was ranked 21 out of 180 countries by Transparency International due to the low levels of corruption.

Uruguay has a strong banking sector which adheres to the latest international financial-sector standards. Uruguay is strategically located and is politically and economically stable. The current administration maintains relatively open trade policies and good macroeconomic policies. Elections took place in October 2019 and after 15 years the government changed from a left-leaning government to a center-right coalition led by now President Luis Lacalle Pou. President Lacalle Pou leads the Partido Nacional political party and is known for more pro-market economic policies and his plans to reduce the current budget deficit. In his first few months in office, President Lacalle Pou decreed incentives for the construction sector, clean energy and research & development.

One of Uruguay's major advantages are the country's Free Trade Zones. Uruguay's proximity to larger markets and Uruguay's Free Trade Zones give the country the ability to serve as a regional distribution hub for both services and logistics. The free trade regime has been in place for more than twenty years and provides a beneficial tax regime for companies operating within these zones. Uruguay sends an estimated 30% of total exports abroad through one these Free Trade Zones.

Market Entry Strategy

The recommended strategy to enter the local market is for interested parties is to visit Uruguay, interview potential partners, and name a representative/agent. Business relationships and financing terms are important for success in Uruguay. Typically, in-person meetings are preferred, however in circumstances where in-person meetings are not possible some alternatives exist such as hosting meetings using video conferencing technologies.

All import channels are available: agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms. Sales outlets and supermarkets are traditional storefront retail locations. U.S. suppliers should carefully evaluate potential in-country agents or distributors.

Most exporters to Uruguay find that a local distributor or representative is necessary to penetrate the market, although it is not legally required. Distributors provide strategic support for positioning brands in the market through promotion and advertising.

Uruguay is a tech-savvy market. Internet penetration is high and social media and eCommerce platforms for business product and services marketing are extensive.

U.S. exporters are encouraged to take advantage of the export promotion support offered by the U.S. Commercial Service office at the U.S. Embassy in Montevideo. For more information on services available to U.S. exporters, please visit: http://trade.gov.gov/uruguay or contact: office.Montevideo@trade.gov .

Leading Sectors for U.S. Exports and Investment

IT – Computer Hardware and Telecommunication Equipment

Overview

	2017	2018	2019	2020 (est.)
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	58	53	50	26
Total Imports	611	604	561	507
Imports from the U.S.	110	115	59	54
Total Market Size	553	551	511	481

Source: Transaction database – USD million

HTSUS: 8471, 8473, 8517, 8518, 8523, 8525, 8527, 8528, 8529, 8543, 8544, 9001

The U.S. market share of IT and telecommunications equipment decreased from 18 percent in 2017 to 10 percent in 2019 (in second place after China's 63 percent). In 2019, state-owned ANTEL was the largest overall importer of telecommunications equipment with 20 percent of the total, followed by Spain's Telefonica with 8 percent and México's Claro with 4 percent.

Uruguay's landline density is 32 landlines per 100 people (82 percent residential and 18 percent commercial). Cellular density is 159 lines per 100 people and has been stable over the last two years. Cellular handsets make up 37 percent of total telecommunications imports followed by TV sets with 7 percent. Three carriers share Uruguay's mobile market: ANTEL has 53 percent market share; Spain's Telefonica/Movistar has 32 percent of market share; and, Mexico's America Movie/CTI/Claro's 15 percent of the market share. Internet penetration reached a record 90 percent of the population.

The number of mobile clients continues to rise towards near saturation. Experts believe growth is still possible through the sale of new services, especially for smartphone users. Content for teenagers and children continues to show strong growth. All three carriers offer LTE–4G services. In April 2019 Uruguay became the first country in Latin America to implement a commercial 5G service though a small-scale pilot project.

Uruguay has one of South America's highest literacy rates (over 98 percent), the telecommunications network is 100 percent digital, and the internet penetration rate is one of the highest in Latin America (90 percent). Since Uruguay does not manufacture computer hardware, further growth in Internet usage is expected to generate greater demand for computer imports.

Multinationals consider Uruguay an excellent IT hub for back office, data, and call centers. Companies such as RCI, Amazon, Microsoft, Sabre, and PWC are among the many that have set up operations in Uruguay. Following a 50-million-dollar investment in 2016, the state-owned telecommunications company ANTEL inaugurated a tier III data center, one of five in Latin America (http://www.antel.com.uy/datacenter). Note: Data centers fall into one of four tiers, the fourth being the best. Tier III guarantees 99.982 percent uptime, no more than 1/6 hours of downtime per year, and N + 1 redundancy. In November 2019, Google announced the construction of its second Data Center in Latin America in Uruguay.

Web Resources:

- Embassy Contact: Office.Montevideo@trade.gov /http://www.export.gov/Uruguay
- Uruguayan IT Chamber: http://www.cuti.org.uy

Renewable Energy

Overview

In the last 10 years, Uruguay has dramatically shifted its energy matrix from petroleum-based electricity generation to renewable sources; and currently generates between 98 to 100 percent of all electricity from renewable sources, primarily wind and hydropower. Uruguay has become one of the leading countries in renewable energy generation, primarily from hydro (60 percent), with the remainder from wind, solar, and biofuels. Uruguay is also one of the most electrified countries in the hemisphere, with 99.9 percent of homes receiving electricity.

Uruguay often generates an electricity surplus due to an excess of wind-power. The country is seeking to identify additional domestic uses for the excess electricity and potentially increase exports to Argentina and Brazil. In 2019, Uruguay exported its highest amount of electricity in the country's history. Uruguay exported 2,994 KWH of electricity to Brazil and Argentina. This amount is equivalent to 27% of Uruguay's annual electricity demand.

Leading Sub-Sectors

Hydroelectric

Hydroelectric capacity is 1,500 megawatts (MW), with four hydroelectric plants: Salto Grande (Salto), Palmar/Constitución (Rio Negro/Soriano), Rincón del Bonete (Tacuarembó/Durazno) and Baygorria (Rio Negro/Durazno). Hydroelectric capacity is unlikely to grow given that the country is already producing an electricity surplus. However, Uruguay has started a modernization processes in its hydroelectric plants in Salto Grande and Baygorria to renovate the facilities.

Salto Grande's modernization project will have three stages, spanning the next thirty years. The first stage covers 2019-2023, with an expected investment of USD $80 million, an amount confirmed by the IDB. The subsequent stages represent an estimated USD $880 million investment.

State-owned electric company (UTE) launched the Baygorria hydroelectric plant modernization project in November 2019. The total amount of the project will be USD $50 million.

Wind

Wind generation is also a significant source of electricity in Uruguay. With maximum heights of 90 meters, the average speed of the wind is 6 to 9 meters/second. Uruguay has more than 1,525 MW of installed wind capacity representing 30% of the country's total electricity generation. Wind energy development exceeded initial projections and the country currently has a surplus of wind generation capacity. The government designed a wind map available here: Wind Map. Further information is available (in Spanish) at http://www.energiaeolica.gub.uy.

Biomass

In 2019, biomass represented 41% of the total energy supply in Uruguay, while oil and its derivatives were responsible for 36%. The high percentage of biomass energy generation is a result of the cellulose industry expansion in Uruguay where biomass generation uses wood waste to generate electricity. Biomass energy producing companies not only use electricity for their own consumption but also sell electricity to the state-owned company UTE. Biomass is also used to generate biodiesel, bioethanol and biofuels.

Although forestry is the main source of biomass, Uruguay has other sources available from the beef industry and edible oils. Investments in biomass increased considerably in 2013, reaching more than 400 MW of installed power generation and has not increased considerably since then. In 2019, biomass represented fifteen percent of the total amount of electric generation, behind hydro and wind.

Solar

Legislative support for solar power has existed since 2013. 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 electric grid, hospitals, hotels, sports clubs, and new public buildings. Uruguay receives an average 1,700 KW per square meter of sunlight a year, on a par with Mediterranean countries. In 2019, one percent of total energy production came from solar.

For Uruguay's solar map see: http://snip.state.gov/itr. Information on the government's solar plan is available (in Spanish) at http://www.energiasolar.gub.uy/

Hydrogen

Uruguay's Ministry of Industry, Energy and Mining (MIEM), the state oil and gas company (ANCAP) and the state electricity company (UTE) are implementing a pilot project for electrolysis hydrogen production to be used in the transportation sector. The main objective of the project is to decarbonize Uruguay's transport system. To achieve this, the government needs long-distance hydrogen vehicles, such as passenger buses and heavy-duty trucks. There are also private initiatives to develop hydrogen production to incorporate hydrogen trucks to service the cellulose industry.

Opportunities

According to the National Energy Balance 2019 report, Uruguay has an installed capacity of 4,920 MW, having completed most of its renewable energy generation projects. Further investments in power generation will link to increases in electricity demand, which the government estimates to be two percent annually. It is not likely that Uruguay will invest in further generation capabilities in the short term. With a considerable oversupply of electricity, state-backed utility UTE will prioritize investment in expanding and upgrading the national power grid in the coming years, rather than increasing power generation capacity. The need to upgrade Uruguay's power grid will create opportunities in the transmission, smart grid and battery storage sectors. The government is also strongly encouraging the production of hydrogen, biodiesel and ethanol.

According to the Ministry of Industry, the Uruguay's electricity surplus can be used for electric or hydrogen-powered transportation. The government created tax incentives encouraging companies to transition vehicle fleets to electric vehicles. Additionally, electric vehicles can already be imported into Uruguay duty free. Uruguay's government-owned power company, UTE, developed a network of electric vehicle charging stations distributed around the country. By February 2020, there were fifty charging stations in sixteen of the nineteen departments of the country. Uruguay plans to have at least one charging station in each department.

Companies also do not pay import duties on renewable-energy generators and equipment (if classified as a capital good). For conventional equipment, a 14 percent duty applies to products that are not from the MERCOSUR countries.

Web Resources

- Embassy Contact: Office.Montevideo@trade.gov, http://www.export.gov/Uruguay
- Ministry of Industry, Energy and Mining: http://www.miem.gub.uy
- National Directorate of Energy: https://www.miem.gub.uy/energia
- National Electricity Utility – UTE: https://portal.ute.com.uy/

Agricultural Equipment

Overview

	2017	2018	2019	2020 (est.)
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	8	8	5	5
Total Imports	194	193	192	176
Imports from the U.S.	38	32	32	28
Total Market Size	186	185	187	171

Source: Transaction database—USD million—Products under HS codes: 8424, 8432, 8433, 8434, 8435, 8436, 8437, 8479, 8701, and 8716.

Agriculture, which makes up about six percent of GDP (though roughly 80% of exports are agriculture-based), plays a leading role in Uruguay's economy, politics, and society. Stimulated by rising prices of international agricultural commodities and increased land prices, farmers in Uruguay invested heavily in the maintenance of their agricultural machinery and equipment over the past several years. When the prices of international commodities fell and Uruguay's economy slowed to one to two-percent growth in 2017-2018, imports declined sharply, however Uruguay should continue to present opportunities for U.S. suppliers of agricultural machinery during the next several years. The U.S. market has traditionally been the second or third largest supplier of agricultural equipment. Since 2017 the U.S. market share has been an almost constant 16 percent (behind Brazil with 38 percent and above Argentina with 6 percent). U.S. brands manufactured mostly in Brazil and Argentina do very well in the market, but Chinese brands have been gaining market share. Although demand for agricultural equipment has declined, there is room for pre-owned and refurbished machinery. Also, the use of irrigation equipment has seen a robust increase during the last few years. In 2017, the Ministry of Agriculture began requiring a mandatory phytosanitary certificate for all used machinery imported into Uruguay. This requirement caused some U.S. machinery to be rejected and increased the cost to import machinery. In 2019, Uruguay was the world's 6th largest soy exporter, 10th largest rice exporter and 7th largest beef exporter.

Leading Sub-Sectors

The market for agricultural equipment is almost fully supplied by imported products. The best sales prospects for U.S. equipment are (not ranked):

- 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 use this type of equipment.
- Laser-controlled earth-leveling machinery.
- Computerized management systems (used for livestock). Food processing machinery and equipment used by food processing companies such as grain processing equipment, fruit and vegetable processing equipment (separation, cleaning, etc.), meat processing equipment, poultry production equipment may also provide opportunities.
- 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. U.S. brands are well regarded.

- Parts and accessories for harvesters and tractors: demand is expected to increase because of increased utilization of machinery.
- Cultivators and other solid preparation equipment (including plows, harrows, cultivators, seeders, and fertilizer spreaders).
- Greenhouse and other vegetable production equipment: of 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."
- Irrigation equipment: increasingly used to improve yields due to Uruguay's unpredictable rainfall. An irrigation law passed in 2017 provides incentives for the use of irrigation equipment.
- Dairy equipment: Uruguay is a major producer of dairy products. In 2019, Uruguay exported $457 million worth of dairy products.
- Storage buildings such as silos. Prefabricated light, inexpensive farm storage buildings have a good market in Uruguay.

Opportunities

Given periodic water scarcity in Uruguay, irrigation and well-drilling equipment have an excellent opportunity in this market. Equipment that helps improve agricultural efficiency is also attractive to Uruguay's producers. Pre-owned and refurbished machinery with good post-sales service has good market prospects if suppliers ensure reliable and stable supply of repair parts.

Web Resources

- Embassy Contact: Office.Montevideo@trade.gov; http://www.export.gov/Uruguay
- Uruguayan Ministry of Agriculture: http://www.mgap.gub.uy/opypa
- Uruguayan Rural Association: http://www.aru.org.uy
- Uruguayan Mercantile Chamber: http://www.camaramercantil.com.uy/

Pharmaceutical and Life Science

Overview

Pharmaceuticals	2017	2018	2019	2020 (est.)
Total Local Production	572	590	545	511
Total Exports	241	227	212	171
Total Imports	273	271	272	292
Imports from the U.S.	27	29	26	19
Total Market Size	604	634	605	632

Source: Transaction database – USD million / Uruguay XXI Reports.

HTSUS: 2937, 3001, 3002, 3003, 3004, 3005, 3006 (pharmaceutical products)

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Pharmaceuticals are the leading industry in the life science sector. Uruguay has a long history in the pharmaceutical industry and has over 30 pharmaceutical facilities. The workforce is highly skilled and knowledgeable, and the government has an established, transparent regulatory framework in which companies and laboratories operate.

Uruguay's pharmaceutical industry exports vaccines and serums packaged for retail sale. Pharmaceutical laboratories are dependent on imported raw materials, principally from China, because Uruguay and countries in the region do not produce basic chemicals domestically.

The United States has been the third largest supplier of pharmaceuticals to Uruguay for the last four years. Pharmaceutical imports represent an average of ten percent of overall total imports. In 2019, from the total amount of pharmaceutical products imported from United States, 55 percent were regular medicines, followed by vaccines at 38 percent. Uruguay's regulatory framework offers important advantages for logistics operations, with important incentives for the installation of regional distribution centers and the handling of goods in transit. In 2019, the transit of pharmaceutical products in Uruguay reached USD $777 million, which is over three times the amount exported by the sector. This business model has grown gradually over the last decade becoming an important option for companies serving the region. The transit of pharmaceuticals through Uruguay shows an important flow of goods from the northern hemisphere, primarily Europe and the United States, through Uruguay to final destinations around South and Central America.

Leading Sub-Sectors

Health IT

In 2012, Government of Uruguay created Salud.uy, which is an online healthcare platform shared by multiple government agencies. Uruguay's Presidency, the Ministry of Health, the Ministry of Economy and the National Agency of Electronic Government (AGESIC), all coordinate the development of health IT initiatives on the platform.

The Government of Uruguay approved Decree 242/017 in September 2017, which created the National Electronic Health Record platform (HCEN). Resolution No. 1085 generated a staged-plan where forty-three healthcare providers created compatible electronic health records for their respective patients. By the end of 2020, healthcare providers must register 100% of patients (2.1 million people) and 90% of the healthcare activities such as medical studies, medical appointments, and others on the HCEN platform.

In 2019, Uruguay also implemented a National Digital Receipt, allowing patients to order prescriptions online and have the prescriptions delivered. There is also a National Network of Image Diagnosis enabling doctors to check the results of imaging studies through any device connected to the network.

In March 2020, the government of Uruguay passed a telemedicine law to promote the healthcare IT development in the country. This law contains general regulations to support the implementation of telemedicine in Uruguay.

Medical technology

In 2019, U.S. products accounted for 32% of medical equipment* imports in Uruguay, followed by China (12%) and Germany (12%). Opportunities for U.S. exports in this sector include middle and high-end technology products, such as electro-diagnostic equipment and e-health technologies, among others. Medical institutions in Uruguay have shown interest in purchasing portable devices to improve diagnosis in rural areas or small towns located in the interior of the country.

(*) (HS Codes 9018,9019;8413;8473;8540;9011;9012;9018;9019;9022;9027)

Opportunities

Due to its geographical location, free trade zones, and legal and tax framework, Uruguay has positioned itself as a logistical hub for the pharmaceutical industry. The free trade zones, free seaport, free airport and warehouse regulations provide a complimentary framework for establishing distribution centers that supply medical goods to other locations in Latin America.

Additionally, Uruguay is an attractive innovation hub for the research divisions of international companies. Uruguay offers government support coupled with that assist life science firms who invest in Uruguay. Of Uruguay's USD $227 million in medical exports, 43% were international companies' using Uruguay as a regional distribution center to distribute their products.

Web Resources

- Embassy Contacts: Office.Montevideo@trade.gov; http://www.export.gov/Uruguay
- Ministry of Public Health (MSP): http://www.msp.gub.uy
- Uruguay XXI: https://www.uruguayxxi.gub.uy/en/
- Uruguay's Chemistry and Pharmacy Association (AQFU): http://aqfu.org.uy
- Chamber of Pharmaceutical Specializations (CEFA): http://www.cefa.uy
- Association of National Laboratories (ALN) : http://www.aln.com.uy

Infrastructure Projects

Overview

In late 2011, Uruguay's parliament approved a public-private partnership (PPP) law formalizing the procedures, responsibilities, and obligations of State and private investors. Uruguay designed this law to attract foreign investment in much-needed infrastructure projects to improve the country's economic competitiveness. Projects consisted of the construction of low-cost housing projects and jails, construction and renovation of schools and road refurbishment. The current administration has taken a different stance on public-private partnerships, however. Existing PPP projects will continue but the current administration is unlikely to offer future projects under the PPP scheme.

The Ministry of Transportation expressed interest in developing a 170 boat mooring marina in the summer resort of Atlántida (est. $60 million), the relocation of a ferry passenger terminal from the current location in the Port of Montevideo to an alternative site, and the development of the Uruguay River transportation system 312 miles north of Salto Grande (est. $300 million for the construction of the necessary locks and by-passes). Feasibility studies for the Uruguay River project are being financed by a grant from the Latin American Development Bank (CAF). Also related to infrastructure financing, Uruguay became the second Latin American country to become a member of the Asian Infrastructure Investment Bank (AIIB) in April 2020.

While the Ministry announced USD $2.4 billion in investments from 2021 to 2024, budget cuts to address the COVID-19 pandemic might put many adversely affect some of these projects.

For information on other infrastructure projects please contact: Office.Montevideo@trade.gov.

Leading Sub-Sector

Education:

In October 2019, Uruguay signed the first of four contracts to build 59 schools, 44 kindergartens, and 15 child-care centers for a total investment of $68 million. This is the first of four initiatives planned by Uruguay's government for the design, construction, operation, and financing of educational infrastructure. In total, the four projects cover 165 new preschool, primary, secondary and technical education centers and 40 early childhood care centers. The set of four PPP packages have total investment of USD $327 million.

Dams:

In May 2019, Uruguay announced a plan to modernize and renovate the binational Salto Grande Dam between Uruguay and Argentina. This three-stage project will be developed over the next 30 years. The first stage, from 2019-2023, is valued at $80 million and received Inter-American Development Bank financing. In addition to the Salto Grande renovation project, state-owned enterprise, UTE, launched a modernization project for the Baygorria Dam. The Baygorria Dam was built in 1960 and will need an estimated investment of USD $50 million for the renovation project. The U.S. Commercial Service will be updating its website with tender information for these projects as information becomes available.

Water Treatment:

Potable water resource management is an emerging issue. In 2013 and again in early 2015 isolated incidents of cyanobacteria-tainted water highlighted the need for urgent government investments in upgrading and monitoring water quality. The widespread appearance of cyanobacteria subsequently negatively affected Uruguay's 2018/19 tourist season.

Web Resources

· Embassy Contacts: Office.Montevideo@trade.gov; http://www.export.gov/Uruguay

· Ministry of Transportation and Public Works (MTOP) – http://www.mtop.gub.uy

· National Ports Administration (ANP) – http://www.anp.com.uy

· National Railway Administration (AFE) – http://www.afe.com.uy

Security Equipment

	2017	2018	2019	2020 (est.)
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	9	8.3	7.6	6
Total Imports	321	250	223	238
Imports from the U.S.	38	35	33	28
Total Market Size	312	242	215	232

Source: Transaction database – Millions of USD – HS: 8543- 8537-8471-4911-8521-8504-8531-8541-8536-8507)

Chinese-made products dominate the security sector. Imports of equipment fell by 11 percent in 2019. U.S. products have a 14 percent market share and compete directly with lower-priced products from China, Brazil, Mexico, Argentina, and Canada among other countries.

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, closed-circuit television (CCTV) and many other related products.

Leading Sub-Sectors

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 Uruguay's Chamber of Electronic Security Systems, the electronic security business will continue growing especially in commercial and industrial fields.

Opportunities

Uruguay's 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. Uruguay's National Customs Directorate is the official institution that regulates the importation of all safety and security items, and local importers must report all imports to the National Customs Directorate.

The following products have the best prospects:

- Access Control Systems: smart cards, biometrics, controllers, local area network devices, readers, digital processors.
- Intrusion Alarms: indicator panels, signaling devices, keypad LEDs, batteries, sirens, and magnetic contacts.
- CCTV: cameras, domes, monitors, transmission devices, television transmission apparatus, TV receivers, multiplexers, and CCTV systems.

Traditionally, U.S. goods compete successfully in Uruguay. However, there is significant price competition from China, Malaysia, Brazil, Spain, and Republic of Korea among others.

Web Resources

- Embassy Contact: Office.Montevideo@trade.gov http://export.gov/uruguay
- Uruguay's Chamber of Electronic Security Systems (Cámara Uruguaya de Seguridad Electronica) – CIPSES – cipses@montevideo.com.uy
- National Statistics Institute (Instituto Nacional de Estadísticas) – INE http://www.ine.gub.uy

- Uruguay Chamber of Industry (Cámara de Industrias del Uruguay) – CIU http://www.ciu.com.uy
- Ministry of Interior (Ministerio del Interior)- http://www.minterior.gub.uy
- Uruguay's Security Fórum (Foro de Seguridad) - http://www.forodeseguridad.com

Customs, Regulations and Standards

Trade Barriers

Uruguay, with its strong, democratic legal system, has a relatively open, reliable trade and investment regime, with few border restrictions and limited use of non-tariff measures. Its trade strategy continues to liberalize trade and investment at both the multilateral and regional levels.

However, import taxes are relatively high compared to other countries and this raises prices on foreign products. Taxation of imports aims at increasing revenue, not protecting domestic production, given the low levels of manufacturing in Uruguay.

Import Tariffs

Many goods enter Uruguay from MERCOSUR countries. A MERCOSUR Common External Tariff (CET) on imports from non-member countries entered effect in 1995. MERCOSUR´s general rule is to apply a higher CET on higher-value-added imports. There are numerous sectorial and national exceptions to MERCOSUR's CET. Sectorial exceptions apply to capital, information technology, and telecommunication goods. At a national level, each MERCOSUR member may exempt a certain number of goods from the CET. These exemptions, and the number of special import regimes in member countries, have greatly eroded the bloc's CET. MERCOSUR also lacks other mechanisms to become an effective customs union, such as a mechanism to distribute tariff revenues. Thus, a good imported into a MERCOSUR country must pay another duty if re-exported to another member country. Uruguay's tariff structure comprises 19 rates that range from 0% to 35%. The World Trade Organization reports that Uruguay has defined tariff rates, allowing 1,674 items to enter at a zero percent tariff rate, and applies a mean (simple average) tariff of 11 percent to the rest. The products subject to a tariff of more than 20% are: sunflower and cardamom oil; soybean oil, margarine, and other fixed vegetable fats and oils; milk and cream; mozzarella; cane or beet sugar; fruit and nuts; rubber-soled footwear; and motor vehicles for the transport of passengers and goods. Most of these products are on Uruguay's national list of exceptions to the CET or are products for which the CET has been temporarily modified. Uruguay's tariff structure is available at its Ministry of Economy webpage: http://apc.mef.gub.uy/711/3/areas/nomenclatura-y-aranceles.html. Uruguay applies preferential tariffs on some imports, such as equipment for agriculture and hotels, capital goods, and on goods for projects that have been declared of national interest. These goods are also eligible for tax exemptions.

Import Requirements and Documentation

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 import procedures, and importers must use an agent to handle their customs entries. The agent is in charge of issuing a customs import declaration and sending it electronically to the National Customs Directorate, before the cargo arrives to Uruguay. Required documents by the National Customs Directorate are: commercial invoice, transportation document, and certificate of origin. The importer also commonly requests a packing list, identifying where different units are located within the shipment. The country may require other certificates depending on the type of product (HS Code).

Labeling and Marking Requirements

Products entering Uruguay must comply with all national legislation, as well as with the MERCOSUR legislation adopted by Uruguay. Some departmental (state) governments are also entitled to establishing labeling rules and inspections.

The *Laboratorio Tecnológico del Uruguay* (*LATU*, Uruguay's technical laboratory), the Ministry of Public Health, and departmental governments control labeling and marking requirements for all imported products. Products such as textiles, foodstuff, footwear, medical equipment, pharmaceuticals, pesticides, cigarettes, and cosmetics have their own specific labeling requirements.

Labeling requirements for foodstuff were established by Decrees 315/94, 41/92, and 41/93. According to legislation, labels must be in Spanish, contain a list of ingredients or components of the product, country of origin, expiration date, net weight, and the full name and address of the manufacturer and importer, plus preparation instructions. The departmental government of Montevideo also regulates how the different requirements must be shown on the label.

Imported products may include the original label of the country/language of origin but must also have a sticker or label attached to the package with the information required by Uruguay's 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. Companies that can adapt their labels to local standards have a competitive advantage.

Since February 2018, departmental (state) food labeling laws have been enacted making it mandatory to label food products containing genetically modified organism (GMO). Private laboratories and the Food Molecular Traceability Laboratory in the University of the Republic conduct testing for GMO ingredients in food.

Uruguay issued decree 272/18 in August 2018, mandating that packaged food labels must indicate if the food has high levels of fat, sugars, sodium or trans fats. However, Uruguay's new government, inaugurated in March 2020, postponed the implementation of the decree until January 2021 and created a commission to evaluate how to align the labeling norm to the MERCOSUR food labeling regulations. Packaged food companies prefer a common MERCOSUR labeling regime.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the Export Administration Regulations; and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags",or warning signs, , and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check This is a best prospect industry sector for this country. Includes a market overview and trade data list of upcoming seminars and webinars or reference BIS provided online training.

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the BIS website and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed. The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Products may be imported under temporary admission or drawback provisions. Products imported under temporary 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. 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.

This mechanism also applies to those products, which are imported for a short period with specific purposes and are then exported, for example, materials to set up stands in international events or cars for international races.

Prohibited and Restricted Imports

Occasionally, the government bans imports of certain food articles and pet food containing prohibited ingredients, or which originate from areas prohibited by the World Health Organization.

Uruguay completely prohibits certain products, such as: paint with excess lead, organic chlorine-based insecticides, potassium bromate for food, used cars, asbestos or products containing asbestos, certain insecticides-herbicides.

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

Uruguay applies non-automatic import licensing to certain products, such as motor vehicles, sugar, acetic acid, textiles, shoes, and steel for structural uses. Importers should request licenses prior to the product's arrival in Uruguay to avoid demurrage costs at points of entry. I license is valid for 60 days (90 days for motor vehicles) after approval.

For detailed information on import barriers please refer to Uruguay's WTO trade policy review.

Customs Regulations

At a national level, the National Customs Directorate (*Dirección Nacional de Aduanas, DNA*) applies, collects, and controls taxes under Uruguay's customs code. *DNA* falls under the Ministry of Economy and Finance; it dictates all customs regulations and controls import and export transactions.

For customs-related information or questions, contact:

Dirección Nacional de Adua–as - http://www.aduanas.gub.uy

Rambla 25 de Agosto 199 | Tel.: 2 915 00 07 | info@aduanas.gub.uy

In 2010, MERCOSUR approved the MERCOSUR customs code that came into effect January 1, 2012 and was the starting point for the issuance of Uruguay's new customs code (CAROU). CAROU entered into force in March 2015 and amends the country's customs legislation to bring it into line with the MERCOSUR customs code (CAM). It also introduces provisions aimed at aligning customs regulations with procedures of 21st century international trade.

Uruguay created a single window system for international trade in 2014. This mechanism allows users to optimize and unify, through electronic tools, information and documentation in a single point of entry to comply with all the procedures of import, export and transit of goods.

In 2018, Uruguay ranked 4th in trade facilitation in Latin America and the Caribbean, according to the publication of the OECD.

Standards for Trade

Overview

Under the national system of quality, *UNIT* (Uruguayan Institute of Technical Norms, http://www.unit.org.uy) is the national normalization organization, *LATU (Laboratory Tecnológico del Uruguay)* is the national institute of metrology, and *OUA (Organismo Uruguayo de Acreditación*) is the national accreditation organization.

Standards

The MERCOSUR standards association, *AMN (Asociación MERCOSUR de Normalización*) composed of the standards institutes of Argentina, Brazil, Paraguay, and Uruguay, develops and harmonizes standards. The executive secretariat of the *AMN* is in Sao Paulo, Brazil. The *AMN* develops voluntary standards through 16 technical committees and deal mostly with steel, cement and concrete products, and electrical safety. Several hundred standards are at different stages of preparation or in draft.

The *AMN* develops and harmonizes regional technical regulations with the MERCOSUR governments in sub working group three in the following fields: automotive, foods, metrology, safety issues for electrical products, toys, and pre-measured products. Separate working groups, such as those on telecommunications and health issues, also focus on mandatory technical requirements for their sectors. Approved MERCOSUR regulations are not automatically applicable in each country; each country must adopt harmonized regulations for them to be applicable. The member countries generally adopt all MERCOSUR regulations, though at different speeds.

In Uruguay, *UNIT* carries out certification and establishes technical norms, and is the exclusive representative of ISO (International Organization for Standardization), IEC (International Electrotechnical Commission), and the World Quality Council (WQC) in Uruguay.

UNIT mainly transposes standards developed by other organizations such as ISO, IEC, and Occupational Health and Safety Assessment Series (OHSAS) for the national standardization system. OHSAS is a British standard for occupational health and safety management systems.

Testing, Inspection and Certification

LATU (Laboratorio Tecnológico del Uruguay) is the officially approved agency, which controls standards and quality control of imports and exports. A national quality committee reviews and recommends issuance of ISO 9000/9001 certificates, if warranted.

Contact Information

The Agreement on Technical Barriers to Trade (TBT Agreement) requires members of the World Trade Organization (WTO) to notify the WTO of proposed technical regulations and conformity assessment procedures that could affect trade. *Notify U.S.* (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when selected country or countries and industry sector(s) of interest add new notifications and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Trade Agreements

In addition to being a member of the WTO, Uruguay is also a member of ALADI and MERCOSUR.

ALADI

ALADI is a Montevideo-headquartered trade association that includes ten South American countries plus Cuba, Mexico, and Panama. Uruguay holds numerous bilateral trade agreements of different scopes with ALADI partners. Under ALADI's economic agreements, Uruguay enjoys and grants special preferential access to trade with Bolivia, Chile, Colombia, Cuba, Ecuador, Mexico, Peru, and Venezuela. ALADI's general regional tariff preference mechanism (PAR, by its Spanish acronym) applies to goods traded between all member countries, and it results in a reduction in the percentage of applicable tariffs.

MERCOSUR

Uruguay is a founding member of MERCOSUR, the Southern Cone common market composed of Argentina, Brazil, Paraguay, and Venezuela (Venezuela was suspended from MERCOSUR in December 2016 for failure to incorporate membership requirements). MERCOSUR entered into force in January 1991. Bolivia, Chile, Colombia, Ecuador, and Peru joined the pact as associate members. Montevideo is the headquarters of its Secretariat and its Parliament.

MERCOSUR—Andean Community of Nations (Bolivia, Colombia, Ecuador, and Perú)

The agreement between these two organizations (Acuerdo de Complementación Económica No. 59) took effect in October 2004 and with the goal of liberalizing 80 percent of trade between the blocs.

MERCOSUR–Mexico

In July 2004, MERCOSUR accepted Mexico as an "observer country" within the bloc, with a view to its future inclusion as associate member.

MERCOSUR–European Union

After more than 20 years of negotiations, MERCOSUR and the European Union concluded a comprehensive trade agreement in June 2019. Prior to entering into force, the European Parliament and the parliaments of individual MERCOSUR countries must ratify the agreement.

With this agreement, MERCOSUR's exports will receive preferential treatment upon entering the European block. In 2018 Uruguay paid U$S 106 million in tariffs to the European Union and this agreement eliminates almost all of these, which means that Uruguay will save 40% of the payment for this concept.

MERCOSUR–EFTA

In 2019, MERCOSUR also closed a trade agreement with EFTA (European Free Trade Association) the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland). One of the most significant results is the significant reduction and elimination of tariffs for agricultural and agro-industrial goods. EFTA also grants exclusive access quotas for MERCOSUR for meat, honey, rice, wine and olive oil.

MERCOSUR–Southern African Customs Union

In December 2000, the founding countries of MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) signed a framework agreement towards the creation of a free trade area between MERCOSUR and the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). In 2016, a preferential trade agreement entered into force.

In 2019, MERCOSUR also made progress in negotiations with other partners such as Korea, Canada and Singapore, in order to reach trade agreements with markets that represent a high trade potential for both the block and Uruguay.

Free Trade Agreements

In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country. In April 2019, Uruguay and Chile ratified a free trade agreement that expanded on an existing agreement.

Uruguay has FTAs signed with some other countries such as Egypt (which entered into force in September 2017), Israel (which entered into force in December 2009) and Peru. Over the past decade, Uruguay has faced major problems in exporting to Argentina and has diversified its exports away from MERCOSUR. In addition to MERCOSUR, there are separate bilateral agreements with Argentina and Brazil providing for administered trade of certain products, mainly vehicles.

Licensing Requirements for Professional Services

Those wishing to provide professional services in Uruguay need to have any applicable license and be certified by the appropriate Uruguayan authorities.

Web Resources

- Central Bank
- Uruguay XXI - http://www.uruguayxxi.gub.uy
- Uruguay Customs
- Chamber of Industries -
- Union of Exporters - http://www.uniondeexportadores.com/es/
- Trade Policy Advising Unit at the Ministry of Economy and Finance http://apc.mef.gub.uy/

Other Web Resources

- Uruguayan Technological Lab (LATU) - http://www.latu.org.uy
- Uruguayan Institute of Technical Norms (UNIT) - http://www.unit.org.uy
- Diario Official (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
- Organismo Uruguayo de Acreditación – http:/www.organismouruguayodeacreditacion.org/Pagina_Principal.htm

Selling US Products and Services

Distribution & Sales Channels

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

Montevideo is Uruguay's capital, largest city, and largest commercial center. Most companies base their head offices and distribution centers in Montevideo or its suburbs. Many international companies use the duty-free port/airport regime and the free trade zones as their national and regional distribution centers.

U.S. exporters may sell and ship directly to Uruguayan consumers through express delivery. Courier packages valued up to $200 (not including freight value) are exempt from import tariffs or duties and may be received up to three times per year, per credit card holder. Some specific products are not eligible for this exemption and have specific regulations.

U.S. products and services are usually sold through the websites of local importers. Alternatively, popular eCommerce websites include MercadoLibre (http://www.mercadolibre.com.uy) and OLX (https://www.olx.com.uy/). Social media is also an effective sales platform for selling products online in Uruguay.

eCommerce

The government established several programs that have helped foster a growing eCommerce business environment, specifically, the Agency for Development of Electronic Government (AGESIC) in 2005. AGESIC is responsible for developing the government's electronic commerce strategy.

ECommerce penetration in the retail industry was traditionally low (excluding food, beverages, and items of mass consumption), but is now growing at about 25 percent per year. Local advertisers say the internet, and especially social networks, are effective channels to disseminate information about companies, brands, and institutions to promote products and services, but not necessarily to close business transactions.

These market conditions characterize Uruguay's eCommerce ecosystem:

- Nearly 90 percent of the population has internet connectivity.
- The mobile phone application WhatsApp and to a lesser extent social media networks (i.e. Facebook and Instagram) are the primary gateways for new users.
- Mobile phones are the primary drivers of user growth and by far the principal method to access the internet.
- Among the younger population, Instagram is asserting itself as the second most used network, and the use of Facebook is decreasing.
- Uruguay's Plan Ceibal is the country's One Laptop Per Child plan. All public-school children receive a wireless-enabled laptop increasing the population's technological literacy.

Current Market Trends

In 2012, the government enacted a decree, allowing consumers to import a maximum of five $200 online shipments per year to be exempt from duties. Intense, ongoing pressure from domestic "brick and mortar" retailers prompted the government to restrict the number of purchases from five to three per year. Despite these restrictions, the total number of shipments to Uruguay is constantly increasing. In April 2018, Uruguay's largest online retailer introduced MercadoEnvios, a service aimed at simplifying and improving the on-line consumer purchasing experience. Uruguayan consumers, especially those in the interior, are beginning to understand and trust that home delivery is more convenient than using pick-up services. A large retailer noted that customers choosing delivery over pick-up grew 30 percent in 2019.

Domestic eCommerce: Business-to-Customer (B2C) In 2019, online retailers MercadoLibre, Woow, and PedidosYa serviced 50 percent of the eCommerce market and four out of ten internet users purchased products or services

(+800,000 people over age 18) from one of these three enterprises. In terms of usage, eBay-like MercadoLibre, transportation apps, foreign goods and services, food delivery and discount coupons are the most popular types of eCommerce sites.

Cross-Border eCommerce

Uruguayans purchase over 90 percent of online products and services from China and the United States. Even when including shipping costs, these imported products tend to cost approximately half of similar products available in Uruguay. The government prohibits the importation of some articles: makeup, enamel, creams, shampoos, razors, toiletries, toys, alcoholic drinks, sun and reading glasses, cosmetics, fragrances, tobacco, cigarettes, lubricants and greases, cell phones, and seeds, as well as goods requiring licensing. Amazon, Ali Express, and eBay are the three major platforms used by Uruguayan consumers when purchasing from abroad.

B2B eCommerce

There are no restrictions for business-to-business eCommerce, but given the relatively small industrial base in Uruguay, it is seldom used. Uruguay's government publishes tenders online at: www.comprasestatales.gub.uy.

ECommerce Services

Uruguay is a regional leader in software development. It has the necessary human capital and tools to support eCommerce activities in various industry sectors. A leading example of a software application that originated in Uruguay and quickly spread throughout Latin America is a platform (and app) developed by Uruguayan company EDCOM to request online food deliveries from restaurants called PedidosYa. The government provides over 1,300 government-related e-services to citizens (e.g., requesting appointments for the renewal of a driver's license, copies of birth certificates, appointments for passports) via a centralized government portal.

Popular ECommerce Sites

Among the most popular B2C sites in Uruguay are:

- MercadoLibre, a Latin American equivalent of eBay, which commands 36 percent of eCommerce transactions in Uruguay.
- PedidosYa, an online restaurant food delivery service.
- Woow, a local discount company similar to Groupon.

Online Payment

Once a weakness in Uruguay's eCommerce ecosystem, customer confidence using personal credit cards has been steadily increasing. Local entrepreneurs have developed popular e-payment apps. Consumers can pay utility bills (and over 1,000 services such as schools, cable TV, homeowners association fees, Health Maintenance Organizations, insurance, etc.) by scanning the barcodes which debits the amounts owed immediately from their bank accounts. The development of a local PayPal™ equivalent, MercadoPago (an online wallet for payment processing), has facilitated eCommerce sales. This platform allows for payment using local credit cards in full or in installments. The Payment Card Industry Data Security Standard certifies that the platform accepts, stores, processes, and securely transmits cardholder data. Pagos Web and CobrosYa are locally-developed online payment solutions for retailers. Paganza is an online and smartphone payment solution for consumers.

Digital Marketing

Several digital marketing firms exist, however most foreign firms doing business in Uruguay advertise mostly through traditional media. Digital media readership increased by a factor of five in the last eight years. Digital versions of local newspapers (El Pais, and El Observador) and Channel 10 are the most viewed.

A recent survey revealed that 45 percent of companies in Uruguay had no internet presence and that there are more companies with social media presence than websites.

Major Buying Holidays

Major shopping centers organize three or four "buying holidays" throughout the year in which customers are refunded the 22 percent value-added-tax (VAT) for in-store purchases only. Christmas, Mother's Day (second Sunday of May) and Epiphany (January 6, Día de Reyes) are significant buying occasions. Uruguay's Digital Economy Chamber (CEDU) organizes yearly three-day eCommerce buying sprees (CyberMonday). The 2019 event registered an increase of 33 percent in buyers, and some stores reported increases of almost 500 percent in sales over the 2018 event. Almost sixty percent of CyberMonday buyers were from Montevideo. Preliminary figures for the 2020 CyberMonday event which took place in May 2020 (amidst the COVID-19 Pandemic) revealed that: 8 percent of the buyers purchased clothing and shoes; 5 percent home appliances; 4 percent furniture and home decoration; 4 percent cellular phones; and 3 percent tools. Seventy four percent of the buyers searched and paid online; 12 percent searched online and paid on the premises; 9 percent searched and paid on the premise; and 4 percent searched on the premise and later paid online (online only promotions).

Social Media

Facebook remains a popular social media site. However, its influence, especially among youth, is declining while that of Instagram is increasing. The use of Twitter, Snapchat, Pinterest, and LinkedIn have all been decreasing.

Trade Promotion & Advertising

Local advertising agencies are available. Many companies offer English-speaking professionals and have experience working with U.S. and international companies. Several local ad agencies produce TV commercials for foreign clients. El Pais, El Observador, and La República are the leading newspapers in terms of circulation, while Búsqueda is a highly respected, weekly business-oriented journal. Television and radio advertising are also widespread. Several major international advertising agencies maintain offices in Montevideo. Digital media readership increased five-fold in the last eight years.

Traditional media outlets can provide ad-based campaigns and can offer a mix of printed and digital ads on their platforms, including El País, El Observador and La Diaria. For retail products, companies may rely on TV and radio ads. Television and radio have huge penetration countrywide. Creating a local social media page for the company/product/service for targeted audience is recommended.

Web resources for Advertising

- El País – http://www.elpais.com.uy
- El Observador – http://www.elobservador.com.uy
- La República – http://republica.com.uy/
- Radio El Espectador – http://www.espectador.com/
- Saeta TV – http://www.canal10.com.uy/
- Montecarlo TV - http://www.montecarlotv.com.uy/
- Teledoce TV – http://www.teledoce.com/
- VTV- http://www.vtv.com.uy/
- Newsroom (State-owned TV station) http://www.tnu.com.uy/

Selling Factors & Techniques

Foreign manufacturers with sustained sales in Uruguay generally use the services of an agent or distributor. Nearly all importers/distributors base their operations in Montevideo, although some maintain sales networks in the interior of the country. A local representative keeps the U.S. firm up to date with local market conditions as well as changes in government policies affecting trade.

Pre-owned and/or refurbished equipment from the United States may be marketable in Uruguay, depending on the industry.

Uruguayans typically regard U.S.-manufactured products as high quality, but U.S. products at times may not have competitive pricing when compared to regional or global competitors. U.S. manufacturers offering flexible, innovative, and competitive credit terms may overcome the price competitiveness hurdle for export sales to Uruguay**.**

Uruguayans consider sales support and customer service important factors when deciding which products to buy. U.S. manufacturers should consider hiring local agents to provide customer support services. Any product that requires operator training or needs after-sales technical service, such as medical equipment, should have a qualified local company ready to assist the customer. After-sales technical service is mandatory in most public tenders. Company representatives who respond from neighboring countries tend to be less satisfying to Uruguayan customers.

Trade Financing

Uruguay's large importers are comfortable working with letters of credit, although they usually prefer a local account. Local business practices do not generally include cash in advance. Other methods of payment such as with credit cards or other electronic means are gaining popularity. U.S. companies interested in offering terms to foreign clients should contact the U.S. Export Import Bank to inquire about programs designed to protect U.S. firms selling abroad.

Methods of Payment: Exports to Uruguay are usually financed through export letters of credit, sales on open account, or drafts on foreign buyers. Multinationals, large, and medium-sized firms are still the main letters of credit users. Local business practices do not generally include paying for goods with cash in advance. Payments by credit cards or electronic mechanisms are gaining popularity.

There are no foreign currency restrictions in Uruguay. Payment for any kind of import 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 generally finance U.S. exports. Special programs under the Export-Import Bank of the United States (EXIM Bank), the Development Finance Corporation (formerly Overseas Private Investment Corporation (OPIC)), and the Small Business Administration (SBA) are not available since Uruguay was classified as a high-income country in July 2013.

For information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters.

Banking Systems: The banking system is generally sound and has good capital, solvency, and liquidity ratios. Profitability, in the context of low international interest rates and low demand for credit, is a problem. Uruguay's financial sector currently consists of one government-owned commercial bank (Banco de la Republica) and one government-owned mortgage bank (Banco Hipotecario del Uruguay). 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.

The largest bank is the government-owned Banco de la Republica, which accounts for over 50 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 a transparent supervisory and regulatory system sustains it. A severe banking crisis in 2002 put the entire system under risk, but proper management allowed the system to get back on track, and Uruguay overcame the crisis thanks to timely U.S. and IMF support. After the crisis, Uruguay reformed its Central Bank's charter and enhanced its regulatory and supervisory roles. At present the local banking sector is sound.

Offshore banks are subject to the same laws, regulations, and controls as local banks, with the government requiring licensing through a formal process that includes a background investigation. Uruguay prohibits offshore financial institutions from working with residents. U.S. financial firms such as Raymond James operate in Uruguay, mainly within free trade zones.

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

Foreign Exchange Controls: The local currency is Uruguayan peso (UYU). Uruguay does not apply foreign exchange controls.

US Banks & Local Correspondent Banks: Citibank has maintained a presence in Uruguay since 1915 and is the only U.S. bank currently operating in Uruguay. Citibank sold its private banking operation to Itaú bank in 2013 and is currently operating only in corporate banking. For more information check: https://www.citibank.com/icg/sa/latam/uruguay/. All local banks have correspondent banking arrangements with major U.S. banks. All of them, including government-owned Banco de la Republica and private banks, which are either subsidiaries or branches of international banks, are in the process of adapting to Foreign Account Tax Compliance Act (FATCA) regulations. For more see: http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on Protecting Intellectual Property and Stopfakes.gov or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

IPR Contact for Uruguay

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Selling to the Public Sector

Uruguay is not a member of the World Trade Organization´s Government Procurement Agreement yet it does participate as an observer in the WTO's Government Procurement Committee. Uruguay prefers to establish bilateral purchase agreements between individual governments. These agreements grant mutual open government procurement processes, national treatment for foreign firms and protect against discrimination among parties. While Uruguay actively promotes public procurement opportunities to foreign companies, it gives certain preferences to domestic products over foreign products when the two are of similar quality.

Uruguay's Law on Accounting and Financial Administration governs the government procurement and contracting function. Over the past decade, Uruguay has taken steps to enhance the efficiency and transparency of government procurement procedures and strengthened the country's institutional procurement framework. At the same time, Uruguay has used the government procurement system as a tool for promoting domestic industry by granting preferences to domestic producers For products to benefit from preferential treatment and to qualify as "national" products, they must contain at least 35 percent of local content.

Uruguay's state procurement agency, Agencia de Compras y Contrataciones del Estado (ACCE) manages public procurement policy in Uruguay. The ACCE has a Government-to-Business (G2B) website, http://www.comprasestatales.gub.uy, which lists tenders for government agency procurements. The purpose of the site is to increase transparency and reduce government procurement costs. All government agencies issue tenders for the purchase of products and services on this website.

There are two ways for companies to participate in public tenders. Companies can either register as a supplier to the government of Uruguay, or U.S. firms can partner with a local firm to bid on the tender. For U.S. firms to participate directly in government tenders, companies must register with the government. To registered as a supplier to the government of Uruguay please visit the Registro Unico de Proveedores del Estado (RUPE). If a U.S. firm decides to partner with a Uruguayan firm to participate in the tender either the U.S. firm or the Uruguayan firm must register in the RUPE system.

The government of Uruguay finances some public works projects with loans from multilateral development banks. Please refer to the "Project Financing" section in "Trade and Project Financing" for more information.

Advocacy

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy Center for Foreign Government Contracts and for additional information.

Financing of Projects

Project Financing: Multilateral entities such as Inter-American Development Bank (IDB), World Bank, and Development Bank of Latin America (CAF) finance major projects.

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the Guide to Doing Business with the Multilateral Development Banks. The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Advocacy Liaison to the World Bank
- Advocacy Liaison to the Inter-American Development Bank (IDB)

Business Travel

Business Customs

Business dress and appearance, as well as one's general approach to business relations, should be conservative. Uruguay prides itself on its slow pace of change, so new products and concepts may face a skeptical public eye. Many businesspeople orient themselves more towards European markets and may be less enthusiastic to engage with U.S. companies. Many Uruguayans, however, are positively disposed towards the United States and they value its high-quality products. An advance appointment for a business visit is usually necessary and considered a customary courtesy. Punctuality is generally observed in business settings. Typically, business is discussed after social niceties. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

Travel Advisory

For travel advisories, please check:

- https://uy.usembassy.gov/
- http://travel.state.gov/travel/cis_pa_tw/cis/cis_1054.html

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

Visa Requirements

U.S. citizens need a valid American passport, but Uruguay does not require visas for temporary visits of less than 90 days for holders of tourist 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/visa. Business and tourist stays are limited to 90 days and may be extended for an additional 90 days.

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

Currency

Uruguay's local currency is the Uruguayan peso; as of June 2020, it traded at approximately 45 pesos to the U.S. dollar. Purchases of large items such as real estate and automobiles are always quoted in dollars, as are appliances and many types of household goods and services.

Almost all shops and restaurants accept credit and debit cards. Credit and debit card payments for certain tourist services, such as restaurants, hotels or car rentals, receive a 5% percent reduction in the 22% value-added-tax. Other kinds of credit card payments, receive 2% percent of reduction on the value-added-tax. Argentine and Brazilian currency is accepted mainly in border towns. Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad. Free purchases of foreign currency and remittances were even preserved during the severe 2002 banking and financial crisis. Since 2002, the peso has floated freely, albeit with intervention from the Central Bank aimed at reducing the volatility of the price of the dollar. Foreign exchange can be freely obtained at market rates and there is no black market for currency exchange. Most U.S. ATM networks are easily accessible and will provide U.S. dollars or local currency. Traveler's checks are not common.

Telecommunications/Electronics

Uruguay has a fixed line tele-density of almost 80 percent, one of the highest in Latin America. However, mobile communications are rapidly replacing fixed line communications. 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. The state-owned company ANTEL has 54% of the mobile contracts. In 2018/2019 Uruguay presented the highest broadband internet speed in Latin America, with an average download speed of 9.16 Mbps. Internet is accessible for free in major hotels, airports, cyber-cafes, shopping centers, and some public parks.

Transportation

American Airlines is the only U.S. carrier with direct non-stop flights between Montevideo and Miami. The service is currently suspended due to COVID-19, but will resume on November 4, 2020. United Airlines services Montevideo daily with "codeshare" flights with Copa Airlines via Panama. These flights are anticipated to resume in September 2020. Delta bought 20% of LATAM shares in October 2019, and now connects Uruguay and the United States, via Santiago or Sao Paulo. As of August 2020, these flights are running sporadically.

Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive. Uber and Cabify are operating and widely used in Montevideo and are regulated by government.

Car sharing has recently begun in Uruguay. Toyota Mobility Services launched the first car-sharing system in Uruguay in 2019 through an App, with available hybrid cars.

Language

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

Health

There are no major health hazards. Uruguay enjoys high health standards for food and drinking water. For current health advisory updates, please check the Centers for Disease Control and Prevention at: https://wwwnc.cdc.gov/travel/notices

Local Time, Business Hours and Holidays

Uruguay observes standard time (GMT-3).

Normal business hours are Monday through Friday from 9:00 a.m. to 6:00 p.m. Stores are generally open on Saturdays from 9:00 a.m. to 1:00 p.m. Shopping centers open daily from 10:00 a.m. to 10:00 p.m.

Local Holidays for Calendar Year 2020

Jan. 1 New Year's Day

Jan. 6 Three King's Day

February 24-25 Two days for Carnival (6 weeks before Holy/Easter Week)

Apr. 9-10 Holy Week / Easter (dates vary from year to year)

Apr. 19 Landing of the 33 Orientals

May 1 Labor Day

May 18 Battle of Las Piedras

June 19 Artigas' Birth

July 18 Constitution Day

Aug. 25 Independence Day

Oct. 12 Day of the Races

Nov. 2 All Souls Day

Dec. 25 Christmas Day

Temporary Entry of Materials or Personal Belongings

There are no restrictions on the temporary entry of business-related equipment such as laptops. Refundable deposits on some equipment may be required and is payable at the point of entry.

Travel Related Web Resources

- Embassy in Uruguay: http://uruguay.usembassy.gov
- Ministry of Tourism: http://www.turismo.gub.uy

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of Department of State's Investment Climate Statement website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State Countries & Areas website.