



Exporter Guide

URUGUAY

Country Brief
March 2011

This document is one of a series of free information tools for exporters produced by New Zealand Trade and Enterprise. New Zealand Trade and Enterprise provides a wide range of standard services and sophisticated solutions that assist businesses through every stage of the export process. For information or advice, phone New Zealand Trade and Enterprise on 0800 555 888, visit www.nzte.govt.nz, or contact your New Zealand Trade and Enterprise client manager.

CONTENTS

| | |
|-----------------------------|----|
| KEY INDICATORS | 3 |
| OVERVIEW | 3 |
| POLITICAL | 4 |
| IMPORTS AND EXPORTS | 5 |
| SECTOR OPPORTUNITIES | 7 |
| REGULATORY ISSUES | 9 |
| VISA REQUIREMENTS | 10 |
| TAXATION | 10 |
| FREIGHT | 11 |
| DOING BUSINESS WITH URUGUAY | 11 |
| HOLIDAYS | 12 |
| CONTACTS | 13 |
| USEFUL WEBSITES | 14 |



KEY INDICATORS

| ECONOMIC INDICATORS | URUGUAY |
|------------------------|--|
| Population | 3.3 million (2010 estimate) |
| GDP (Nominal) | US\$40.7 billion (2010 estimate) |
| GDP (Real) | US\$48.4 billion (2010 estimate) |
| GDP Growth Rate (Real) | 8.5% (2010 estimate) |
| GDP Per Capita (Real) | US\$14,667 (2010 estimate) |
| Inflation | 6.9% (2010 estimate) |
| Unemployment | 6.8% (2010 estimate) |
| Total Imports | US\$8.34 billion (2010) |
| Total Exports | US\$6.94 billion (2010) |
| Currency | Uruguayan Peso (UYU). 1 Peso = 100 centimes |
| Exchange Rates | NZ\$1 = 14.3 UYU (March 2011) US\$1 = 18.8 UYU (March 2011) |

Source: CIA World Factbook, World Bank and www.oanda.com

OVERVIEW

Uruguay and New Zealand

Uruguay is one of the smallest countries in South America, located on the northern bank of the River Plate between Argentina and Brazil. The largest city and capital, is Montevideo, which has a population of approximately 1.4 million. Uruguay has a history of stable democratic government and a small economy based largely on beef and wool exports. New Zealand and Uruguay have an easy affinity based on similarity of size, southern hemisphere co-location and the role of agriculture in external trade. The two countries cooperate closely on international agricultural trade access issues in the World Trade Organization (WTO) and the Cairns Group of 19 agricultural exporting countries. As a fellow dairy exporter, Uruguay shares common interests with New Zealand on international dairy access issues. There is also significant New Zealand agribusiness investment in Uruguay.¹

Economy



Uruguay is a member of the Mercosur customs union, along with Argentina, Brazil, Paraguay, and hosts the Mercosur Secretariat. Uruguay's main trading partners are its fellow Mercosur members Argentina and Brazil, although the United States and European Union (EU) have grown in importance over the last few years.

Uruguay suffered its worst economic and financial crisis from 1999 through to 2002 due to a combination of internal and external factors including an outbreak of foot and mouth disease, the devaluation of the Brazilian real and Argentina's financial crisis. Uruguay has traditionally favoured substantial state involvement in the economy, and privatisation is still widely opposed. However, the Vazquez government has embarked on a cautious program of economic liberalisation similar to those in many other Latin American countries during 2004 to 2009, driving the country's economic growth to around 10 percent by 2008. Although, the country was affected by the global economic crisis during 2009, it still showed economic growth of 1.7 percent, which increased to 8.5 percent in 2010.

Economic activity is dominated by the services sector, with the country having a long history of being an offshore banking centre. Agriculture is one of the most important contributors to the Uruguayan economy, with agricultural-related products accounting for more than half of the country's exports. Industrial activity is also heavily focused on the processing of agricultural products. Other important sectors of the economy are forestry and tourism.

Uruguay's economy is based on free enterprise and private ownership but the state still plays an important role, either owning or partly owning companies in a number of sectors, including insurance, telecommunications, airlines, railways and banking. Uruguay has strong laws to prevent bribery and corruption, and ranked 25th in Transparency International's 2009 Corruption Perception Index (second only to Chile in Latin America).ⁱⁱ

Investment and foreign trade

Foreign direct investment in Uruguay increased from US\$847 million in 2005 to more than US\$1.8 billion in 2008. However, net foreign direct investment (FDI) was only US\$1.3 billion in 2009 (28 percent fall compared to 2008). Capital flows from abroad came down during the global financial crisis, thus reducing the funds available to cushion the external blow to the local economy.ⁱⁱⁱ

POLITICAL

Uruguay is a multi-party presidential representative democratic republic. The president is both chief of the state and head of the government, and is elected for a term of five years. The current president is Jose Mujica.



Following a period of military rule from 1973 to 1983, democratic government was restored and regular elections have been held since then. The two established political parties - the National (“Blanco”) and Colorado parties - have traditionally dominated politics. However, in the most recent elections in November 2009, the left-of-centre Encuentro Progresista-Frente Amplio (EP-FA) coalition won a majority of seats in both chambers.

IMPORTS AND EXPORTS

| URUGUAY TOP TEN EXPORTS 2010 | US\$ |
|---------------------------------|----------------|
| Meat and offal | 1,286.1 |
| Cereals | 813.5 |
| Oil seed, fruit, grain, seed | 750.6 |
| Dairy products | 552.9 |
| Wood and articles of wood | 501.9 |
| Plastic and articles of plastic | 247.7 |
| Wool and animal hair | 232.3 |
| Raw hides and skins | 217.4 |
| Vehicles | 193.4 |
| Fish, crustaceans and molluscs | 181.0 |
| Total exports | 6,941.9 |

Source: UN Comtrade Database via TradeMap

| URUGUAY TOP TEN IMPORTS 2010 | US\$ |
|---|----------------|
| Mineral fuels and oil | 1,428.7 |
| Machinery, nuclear reactors and boilers | 960.8 |
| Vehicles | 958.9 |
| Electrical and electronic equipment | 672.5 |
| Plastics and articles thereof | 457.6 |
| Chemical products | 250.1 |
| Fertilisers | 249.4 |
| Organic chemicals | 190.8 |
| Rubber and articles thereof | 185.4 |
| Pharmaceutical products | 172.0 |
| Total imports | 8,339.5 |

Source: UN Comtrade Database via TradeMap



Key trends

Uruguay's exports are dominated by agricultural products, in particular meat (beef) and offal which accounted for 18.5 percent of Uruguay's total exports in 2010. The main destination for meat exports has been the Russian Federation, which took around 25 percent of Uruguay's frozen beef in 2010. Previously, the United States was the most popular destination for frozen beef before being recently overtaken by the Russian Federation. Uruguay's top five overall export destinations in 2010 were Brazil (21.5 percent of total exports), Argentina (7.5 percent) and China (5.5 percent).

Partly as a result of the recovery in the economy, imports of oil products and motor vehicles and parts have increased in recent years. The other major import is electrical energy. Uruguay only has a small amount of hydroelectric power generation and consumes more than it produces. To make up for this shortfall, Uruguay imports electricity from Argentina and Brazil. Uruguay's top five sources of imports in 2010 were Brazil (18.6 percent), Argentina (17.9 percent) and China (11.4 percent).

| NEW ZEALAND EXPORTS TO URUGUAY 2010 | NZ\$ |
|--|-------------|
| Machinery | 2.77 |
| Animal hair/yarn and fabric | 2.11 |
| Paper and paperboard | 0.72 |
| Grain, seed and fruit | 0.66 |
| Iron steel products | 0.49 |
| Other of animal origin | 0.48 |
| Fish and seafood | 0.47 |
| Electrical machinery | 0.37 |
| Pharmaceutical products | 0.17 |
| Medical instruments | 0.15 |
| Total exports | 8.95 |

Source: WTA via Statistics New Zealand



| NEW ZEALAND IMPORTS FROM URUGUAY 2009 | | NZ\$ |
|--|--|-------------|
| Fish and seafood | | 0.67 |
| Miscellaneous food | | 0.16 |
| Animal products (other) | | 0.14 |
| Furskin and fur | | 0.02 |
| Total imports | | 1.10 |

Source: WTA via Statistics New Zealand

Key trends

Uruguay is still a small export market for New Zealand, ranking as its 110th largest export destination in the year ended December 2010. New Zealand's largest exports are machinery (30.9 percent), animal hair (23.6 percent) and paper/paperboard (8 percent). New Zealand's imports from Uruguay are far less than exports and reached only NZ\$1.1 million (NZ\$4.7 million in 2009). The major imports over this period were fish and seafood NZ\$0.7 million.

SECTOR OPPORTUNITIES

Market opportunities

As a fellow dairy exporter, Uruguay shares common interests with New Zealand on international agricultural access issues. New Zealand agricultural science is highly respected in Uruguay. However, other opportunities also exist in the ICT and education sectors where New Zealand has innovative product offerings.

Agriculture

Close to 90 percent of the land in Uruguay is suitable for agricultural production and of this around 85 percent is devoted to pasture-based stock rearing. Previously sheep were the major stock reared. This has been changing in recent years, however, with sheep numbers declining, and cattle numbers steadily increasing.

For some decades, New Zealanders have been associated with World Bank consultancies aimed at enhancing Uruguay agricultural development. New Zealand livestock has been exported to Uruguay (the Corriedale breed dominates Uruguay's large sheep flock) and Uruguayan plants have been used in New Zealand drought research.

New Zealand companies and organisations have a number of linkages with the agricultural sector in Uruguay. AgResearch has signed a joint venture with Argentinean seed company Gentos and Uruguayan agricultural research institute INIA to develop and



sell plant cultivars in South America. INIA also has research relationships with Lincoln and Massey Universities.

An example of recent agricultural cooperation is AgResearch's signing of a joint venture with Uruguayan agricultural research institute INIA and Argentine seed company Gentos to develop and sell plant cultivars in South America. INIA has research relationships also with Lincoln and Massey Universities. Lincoln also has a memorandum of understanding supporting research with Uruguay's University of the Republic. New Zealand firms have been involved in upgrading Uruguay dairy processing facilities.

Information and communication technology^{iv}

Uruguay's telecommunications network is 100 percent digital, and there has been significant growth in mobile phone subscribers and internet users in recent years. The number of mobile phone subscribers has nearly quadrupled in the last few years, growing from 600,000 in 2004 to 4.2 million in 2009, or 127 percent of the population. The number of internet users has also been growing – from 567,000 in 2004 to 1,700,000 in 2009, approximately 50 percent of the population.

Internet services are open to competition, but the broadband sector is heavily dominated by Antel, the only ADSL provider. Fixed wireless operator Dedicado has a small – and dwindling – market share. ANTEL announced late 2010 a US\$100 million investment in order to expand the optical fiber network to reach approximately 240,000 new households in the second half of 2011. It will also ensure the universal access to internet through the use of the fixed lines.

A new fibre-optic submarine cable between Uruguay and Argentina, scheduled to become operational by mid-2011, is expected to increase Internet bandwidth in Uruguay fivefold or more. This should help boost broadband speeds and reduce prices.

Education

Uruguayans have studied agriculture related subjects at New Zealand universities in recent years under New Zealand's Agency for International Development (NZAID) tertiary-level awards. Since 2003, 9 Uruguayans have studied agriculture, environment and good governance related subjects at NZAID. Other technical cooperation funded by NZAID has included activities in the areas of viticulture/oenology, standards and conformance training, farm management, dairy industry familiarisation and scoping of a possible carbon sink accounting system for Uruguay. The Latin American Development Programme funds two scholarships per year for Uruguayan students to study in New Zealand, in the field of good governance or agriculture.



REGULATORY ISSUES

An outline of some of the regulatory issues New Zealand exporters need to be aware of follows. Information in the following section has been referenced from the US Commercial Service guide for Uruguay.

Import quotas and licences

There are no import quotas. Licenses are required, however, for the import of products such as medical equipment, chemicals, cattle, sugar, cereals, meat and flour. All importers should be registered with the Uruguay Central Bank (www.bcu.gub.uy) and declare their imports by filling an import declaration. For more information on export policy please go to: www.wto.org/english/tratop_e/tpr_e/tpr_e.htm

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 with the import procedures. Importers must use an agent to handle their customs entries. Required documents are standard and must include certificate of origin.

Packing and labelling

There are special labelling regulations for alcoholic beverages, insecticides, pharmaceutical products, veterinary products, foodstuffs, garments and explosives. Labelling and marking requirements for all imported products are controlled by LATU (Technical Laboratory), Ministry of Public Health, and municipal offices. Basically, labels must contain a Spanish-language description of the main ingredients 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 should 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 labelling requirements.

For more information please refer to: www.latu.org.uy.

Tariffs and duties

Goods are classified according to the Harmonised System and imports are subject to global tariff rates ranging from 0 to 22.5 percent.



Intellectual property

Uruguay is a member of the World Intellectual Property Organisation (WIPO). It is also a party to the Bern and Universal Copyright Conventions and to the Paris Convention for the Protection of Industrial Property.

Industry standards

The national standards organisation is the Uruguayan Institute of Technical Standards (Instituto Uruguayo de Normas Técnicas). ISO standards are recognised and, except for food, there are no specific Uruguayan standards. The institute's website has a database of standards currently in force (in Spanish): www.unit.org.uy. The other standards laboratory is Laboratorio Tecnológico del Uruguay (LATU) which can be found at: www.latu.org.uy

Visa requirements

New Zealanders travelling to Uruguay do not need a visa for visits of up to three months.

TAXATION

| TYPES | RATES |
|------------------------------------|--|
| Corporate tax rates | The standard corporate tax rate is 25% |
| Resident individual income tax | Income is taxed at progressive rates ranging from 0% to 25%. Reduced rates of 7% and 3%-5% apply to dividends and certain interest. |
| Non-resident individual income tax | Both resident and non-resident are taxed on their Uruguay source income. |
| Sales & service tax | VAT is imposed on the sale of goods, the provision of services and imports. |
| Withholding tax | <p>Dividends: Dividends paid to a Uruguayan company or a PE of a foreign company are exempt. Dividends paid to a non-resident company are subject to a 7% withholding tax.</p> <p>Interest: The withholding tax on interest paid to non-residents is 3%, 5% or 12% depending on the period of the loan.</p> <p>Royalties: The withholding tax on royalties paid to non-residents is 12%.</p> |
| Double taxation | Uruguay has concluded 2 tax treaties, but not currently with New Zealand. |

Source: *Deloitte International Tax 2010 Highlights: Uruguay*



FREIGHT

Air freight

Uruguay's major airport is Carrasco International Airport, which is located 30km from the capital Montevideo.

Sea freight

The main ports of the country are Montevideo (the most important), Colonia, Nueva Palmira and Fray Bentos.

New Zealand Trade and Enterprise has basic information on air and shipping freight options to this market, but for details on rates and schedules, exporters should contact their freight forwarder.

DOING BUSINESS WITH URUGUAY

Cultural and business tips

- The dress code is generally formal and conservative – suit and tie for men and discreet business suit (skirts or trousers) for women.
- Spanish is the national language and some knowledge of Spanish will be invaluable, although English is spoken by many business people.
- Appointments are necessary and punctuality is expected.
- Business cards are essential, and it would be an advantage to have one side printed in Spanish.
- Business breakfasts and lunches are common, and dinners are often used to close a business agreement.



HOLIDAYS

Public holidays for 2011/12:

| HOLIDAY | 2011 | 2012 |
|----------------------------|-------------|-------------|
| New Year's Day | 1 January | 1 January |
| Epiphany | 6 January | 6 January |
| Carnival | 7 March | 20 Feb |
| Landing of the 33 Patriots | 19 April | 19 April |
| Maundy Thursday | 21 April | 5 April |
| Good Friday | 22 April | 6 April |
| Labour Day | 1 May | 1 May |
| Battle of Las Piedras | 18 May | 18 May |
| Birth of General Artigas | 19 June | 19 June |
| Constitution Day | 18 July | 18 July |
| National Independence Day | 25 August | 25 August |
| Dia de la Raza | 10 October | 8 October |
| All Souls Day | 2 November | 2 November |
| Christmas Day | 25 December | 25 December |

Source: www.worldtravelguide.net

Time difference

Uruguay is fourteen hours behind New Zealand except during daylight savings (October-March) when it is fifteen hours behind. For the current time in Uruguay go to:

www.timezoneconverter.com



CONTACTS

New Zealand Trade and Enterprise (NZTE)

Phone Phone 0800 555 888
Website www.nzte.govt.nz

NZTE – Argentina, Uruguay and Paraguay

Country Manager Luciano Epelbaum
Address Carlos Pellegrini 1427,
5th Floor,
Capital Federal CP1011,
Buenos Aires,
Argentina
Phone +54 11 4328 0747
Fax +54 11 4328 0757
Email kiwiargentina@datamarkets.com.ar

New Zealand Embassy – Uruguay

Ambassador Manuel Herrera MacLean
Address Miguel Grau 3789,
Montevideo,
Uruguay
Phone +598 2 622 1543
Fax +598 2 622 1543
Email herrerag@adinet.co.uy
Office hours Mon - Fri 09.00 - 13.00, 14.00 - 17.30



USEFUL WEBSITES

| ORGANISATION | WEB ADDRESS |
|------------------------------------|--|
| Uruguay Customs Service | www.aduanas.gub.uy |
| Banco Central Del Uruguay | www.bcu.gub.uy |
| Chamber of Commerce and Services | www.camaradecomercio.com.uy |
| Chamber of Agro-Industries | www.camaramercantil.com.uy |
| Uruguay XXI | www.uruguayxxi.gub.uy |
| El Pais (national daily newspaper) | www.elpais.com.uy |
| Mercosur | www.mercosur.int |

Disclaimer:

This publication is provided to you as a free service and is intended to flag to you market opportunities and possibilities. Use of and reliance on the information/products/technology/concepts discussed in this publication, and the suitability of these for your business is entirely at your own risk. You are advised to carry out your own independent assessment of this opportunity. The information in this publication is general; it was prepared by New Zealand Trade and Enterprise (NZTE) from publicly available and/or subscription database sources. NZTE; its officers, employees and agents accept no liability for any errors or omissions or any opinion/s expressed, and no responsibility is accepted with respect to the standing of any firm/s, company/ies or individual/s mentioned. New Zealand Trade and Enterprise is not responsible for any adverse consequences arising out of such use. You release New Zealand Trade and Enterprise from all claims arising from this publication. New Zealand Trade and Enterprise reserves the right to reuse any general market information contained in its reports.

ⁱ MFAT

ⁱⁱ www.transparency.org

ⁱⁱⁱ World Bank

^{iv} US Commercial Service

