

URUGUAY

Rich returns catch the gaze of international investors

Built on 160 years of strong bilateral relations, Germany is proud to be Uruguay's largest trading partner in the European Union.

Punching well above its weight for many years courtesy of its enviable political, social and economic stability, Uruguay boasts a small, open economy, but one that features immense appeal for international investors.

The highly ambitious republic's resilience on competitive regional and world stages is testament to its sound and prudent policies, and reputation for good governance. Once overshadowed by its huge neighbours to the north and south, when measured by its engagement in international affairs, such as the United Nations, Uruguay is a strong and dependable regional power. For the past decade, the nation has stood out as Latin America's largest recipient of foreign direct investment (FDI) in relation to the size of its economy.

The country of 3.5 million people is also well ahead when it comes to the high percentage of profits, up to 60%, that foreign companies re-invest, a factor that clearly underlines the extent of international investors' confidence in Uruguay. As a key trading partner and political ally for more than 160 years, Germany has a major head start over many of its rivals when it comes to forming mutually beneficial al-

IMAGE: SHUTTERSTOCK / DIEGO ZALDUENDO



Punta del Este Harbour, Maldonado, Uruguay

liance and investments in this corner of Latin America.

"Uruguay has a very liberal democracy, a strong legal system and an orientation through sustainability and environmental awareness. All of this has strengthened our ties, but our bilateral relationship can be stronger still," states German Chancellor, Angela Merkel.

This upbeat view was echoed by Germany's Federal President, Frank-Walter Steinmeier, during his visit to the country a couple of years ago to celebrate the centena-

ry of AHK Uruguay (Uruguay-Germany Chamber of Commerce).

"Germany is the biggest European buyer of Uruguayan goods and its agricultural products in particular enjoy an outstanding repu-

tation in Germany and elsewhere in Europe," he told a high-profile audience in Montevideo. "Germany is an important partner to Uruguay in the field of science and research. Our governments cooperate in ed-

Uruguay has a very liberal democracy and a strong legal system [...] but our bilateral relationship can be stronger

German Chancellor Angela Merkel

ucation and training, so helping improve young people's prospects. We are closely following the development of renewable energies in Uruguay. Significantly, over 90% of the electricity generated comes from renewable sources; an immense achievement."

Energising the economy

Meanwhile, Erwin Bachmann, president of AHK Uruguay, is quick to highlight how German companies in a range of industries and sectors can find great opportunities in Uruguay, such as those achieved already in the energy sector. "This success can be repeated in projects for infrastructure, transport, logistics, ports, electric mobility and urban waste treatment, where Germany is technologically advanced; Uruguay can become a showcase for its products," he says.

"Given the cultural similarity, stability and quality of Uruguayan talent, we understand that there is much potential for more German companies to use Uruguay as their regional hub for these support activities. The regulatory framework helps German companies to set up, as tax benefits are added to the free repatriation of capital and profits through a flexible financial system and a free market climate."

Central Bank of Uruguay is well-respected regulator

The proud guardian of the economy, the republic's central bank strives to ensure financial shocks and instability are avoided.

The impressive socio-economic progress achieved in Uruguay in recent decades has been highlighted frequently by leading international observers including the World Bank and the International Monetary Fund (IMF).

The former notes: "Uruguay is positioned among the first places in the region in relation to various well-being indices, such as the Human Development Index, the Human Opportunity Index and the Economic Freedom Index".

The Washington D.C.-based entity adds: "Institutional stability and low levels of corruption are reflected in the high level of public trust in government. According to the Human Opportunity Index constructed by the World Bank, Uruguay has managed to attain a high level of equal opportunities in terms of access to basic services such as education, running water, electricity and sanitation.

"The strong institutional performance in other areas, such as public trust in government, low corruption and a consensus-based political approach, together with a deep commitment to strengthening its institutional set-up, give the country a solid basis from which to continue renewing its social

contract and put in place policies to address such constraints."

Strong track record of success

Alberto Graña, president of the Central Bank of Uruguay, is delighted such steady progress has not gone unnoticed and he is proud to underline key indicators such as Uruguay boasting the best levels of well-being and equity in all of Latin America, the highest GDP per capita and the lowest poverty and indigence in the region.

Like Erwin Bachmann, president of AHK Uruguay, the highly-experienced financial expert sees a plethora of opportunities for



Alberto Graña
President
Central Bank of Uruguay

placed in the global race to capitalise on the incredible new opportunities created by FinTech.

Although the Central Bank of Uruguay is well aware of the questions and challenges generated by the development of such groundbreaking technologies, it is eager to explore such paths, unlike financial regulators in some developed nations who have ad-

The Uruguayan financial system has a great international reputation, evaluated from different perspectives in terms of strength [and] stability.

Alberto Graña, President of the Central Bank of Uruguay

German investors in fields ranging from tourism and technology — including emerging sectors like FinTechs such as blockchain and cryptocurrencies — to more traditional business areas like logistics, agriculture, and livestock.

Always ready to embrace new trends and ideas, Uruguay is well

opted a more negative, or cautious approach to the birth of FinTech operations.

"The Uruguayan financial system has a great international reputation, evaluated from different perspectives in terms of strength, stability, solvency and its methodology for preventing money laun-



Central Bank of Uruguay. www.bcu.gub.uy

dering and terrorist financing," says Graña.

"The best thing that can happen to FinTech in Uruguay, or in the world, is a regulator that takes into account the type of risk that is generated and how to mitigate it.

"The emergence, in a good way, of an alternative model can contribute to efficiency gains and greater well-being of citizens, but it implies taking care of the risks and that is the responsibility of the Central Bank. Our approach is both proactive and constructive."

Proud host of coveted events

As Uruguay's standings in global economic rankings climbs, so does the country's appeal as host of leading conferences, exhibitions and trade events. In late 2019, Montevideo received members of the Association of National Numbering Agencies (ANNA), for a two-day extraordinary general meeting and workshop.

The Central Bank of Uruguay was honored to have been selected to organize the high-profile event for ANNA. The global member association seeks to foster standardisation within the financial industry by upholding the International Organization for Standardization (ISO) principles and by promoting International Securities Identification Numbers (ISINs), Classification of Financial Instrument codes (CFIs), and Financial Instrument Short Names (FISN), for financial instruments.

A couple of weeks later, the Central Bank of Uruguay, the Research Institute for Development, Growth and Economics (RIDGE) and the Financial Stability and Development Network (FSD) of the Inter-American Development Bank (IDB) arranged a two-day event featuring open days of debate developed within the framework of workshops on topics like inflation and financial stability.

Uruguay Logístico – eine konsolidierte Marke. www.inalog.org.uy

Uruguay offers state-of-the-art telecommunications

World-class telecoms and transport infrastructure create ideal environment for businesses to thrive throughout Latin America

Uruguay's decision to position itself as the streamlined trade entrance to the lucrative Latin America market is paying big dividends as leading names in a range of sectors flock to take advantage of its excellent infrastructure.

Providing the state-of-the-art communications spine and cutting-edge services used by major banks, companies, institutions, and individuals, ANTEL is a key conduit for FDI in Uruguay.

The government-owned, award-winning telecoms enterprise offers a broad range of mobile, fixed, broadband and data operations, including 5G, backed up by modern and extensive digital networks that offer comprehensive coverage. The jewel in ANTEL's technology crown is the cutting-edge José Luis Massera International Data Center found not far from Montevideo.

The state-of-the-art venture provides solutions for business projects, especially those belonging to the vital financial sector, internet service providers (ISPs), large commercial and information technology firms, as well as the health sector and public sectors.

Occupying more than 12,500 square metres, the site supports and provides security to the digital assets of companies. It also offers better access to large-capacity cloud storage technologies for private users and is designed to boost the nationwide drive to a "knowledge society".

Ring up returns on capex

ANTEL's president, Andrés Tolosa, is eager for his company to take advantage of the many openings generated by the republic's "vastly improved business climate", and strong flows of FDI, goods and services.

"In the data centre, there are many business opportunities for national and international enter-



Andrés Tolosa
President, ANTEL

prises. Uruguayan ICT companies have supported us in this, they are using and even selling our services elsewhere in the wider region," the senior executive states.

"Uruguay has a very good infrastructure, meaning industrial and services investors can settle here and serve not only the Uruguayan market, which is small, but the wider region as well. We are steps away from Buenos Aires and Sao Paulo. We can sell directly to Brazil and Argentina, and to Paraguay and Bolivia through them.

"German industries should settle in Uruguay if they wish to develop businesses throughout the region. It's the best place from which to enter the entire region. The Uruguayan market is too small to do business in Uruguay alone, but they have all the infrastructure and logistics to grow a lot regionally. Especially in Buenos Aires and southern Brazil, an economically very important area, or even Chile. The costs are very convenient and do not lead to a loss of competitiveness compared to other regions."

Meanwhile, ANTEL colleague Marcelo Abreu notes that geographical borders are no longer technological borders. "Today, it is possible to provide services from anywhere in the world," he adds.

"We have the best technology and all the attributes of Uruguay to offer excellence in telecommunications and services. This is a distinction that Uruguay generally has, and that ANTEL particularly has, when it comes to companies. This is a fundamental attribute at the time that decision makers evaluate to operate from here.

"Mobile networks have changed the world and, today, the largest volume of traffic, messages and businesses is circulating on mobile networks. The cellphone is a part of people's bodies. Technology always brings benefits, you can be located at anytime, messages are instantaneous."

Logistics thrive in the fast lane

Uruguay's excellent transport infrastructure has allowed the nation to develop an excellent reputation for the streamlined movement of goods in a cost-effective, timely and efficient manner.

The development of popular and successful free trade zones has attracted many international enterprises in various sectors, that utilise road, rail, marine and aviation networks.

Uruguay's target markets and companies are those that want to use it as the main trade entrance to South America. The country is eager to promote the establishment of logistics platforms for regional distribution. Incentives available to trade partners and foreign in-

vestors and enterprises include VAT refunds, duty and excise exemptions, and favourable tax rates for certain operations.

Despite its relatively small size, the republic has eight cargo ports serving international markets: Montevideo, Juan Lacaze, Zona Franca Punta Pereira, Nueva Palmira, UPM, Fray Bentos, M'Bopicuá and Paysandú. Unsurprisingly, Montevideo is the busiest port with its container and bulk terminals handling numerous

“
Uruguay has very good infrastructure, meaning industrial and services investors can settle here and serve not only the domestic market, which is small, but the wider region as well.

Andrés Tolosa
President, ANTEL

”
vessels daily. The second most important port is Nueva Palmira, which mainly handles operations relating to the transport of grain and wood pulp.

Uruguay's road connectivity is the best in South America, with its many highways recognised for their safety and quality. Three bridges over the Uruguay River connect with Argentina, while access to Brazil is through land borders in the cities of Bella Unión, Artigas, Rivera, Aceguá, Río Branco and Chuy, logistics leaders highlight.

The National Institute for Logistics (INALOG) also highlights the

country's railway network which "connects with the networks of Argentina through the El Precursor branch, on the Salto Grande Dam, which links the cities of Salto and Concordia with the same track in both countries, and with Brazil at the Rivera-Livramento Border Crossing, with a different track."

"Uruguay's main international airport is Carrasco International Airport [located near Montevideo], the only airport in Latin America that operates under the free airport regime [a series of business-friendly regulations that allow for the free movement of goods]," INALOG adds.

Streamlining supply chains

Established in 2010, INALOG brings together public and private actors of business chambers that integrate the logistics chain to promote value added services and regional distribution from Uruguay's logistics platforms.

The entity works to promote the professionalisation and efficiency of the logistics sector to boost Uruguay as a regional distribution hub. German companies have been visited regularly and the institute has also arranged many successful trade events and sector-specific shows with German agencies, firms and investors over the years.

"Attendance at Fruit Logística (the annual international trade fair for fruit and vegetable marketing) in Berlin has been complemented by trade missions to Düsseldorf and Hamburg," INALOG confirms. "This has allowed Uruguayan companies to explore the potential for mutually beneficial quality services that could arise from alliances with German businesses."



data center antel

Das am meisten ausgezeichnete der Region

Geboten werden die höchsten Qualitätsstandards und Verfügbarkeitsstufen, die die beste direkte Verbindung mit Argentinien und Brasilien gewährleisten

datacenter@antel.com.uy | antel.com.uy

