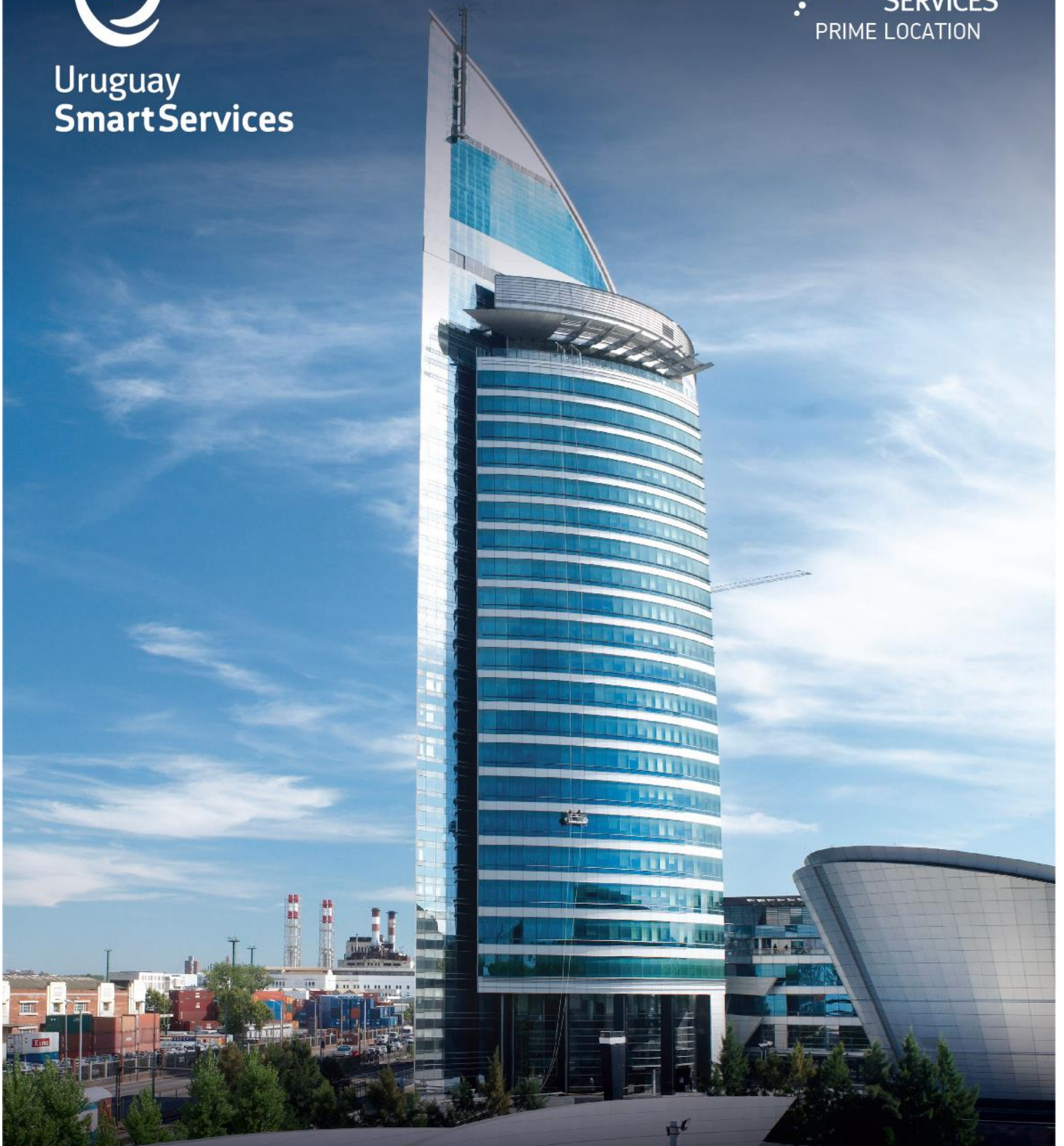




Uruguay
SmartServices

BUSINESS
SERVICES
PRIME LOCATION



LATINAMERICA'S #1 BUSINESS GATEWAY



reliability

Political, social and economic stability
Free currency and free capital repatriation
Tax compliance and outstanding benefits



market access

Easy access to Brazil / Spanish-speaking countries
Convenient time zone and cultural affinity
World-class facilities and connectivity



talent

Highly skilled and multilingual: Spanish, English, Portuguese
Competitive, adaptable and committed labor force
Free, high-quality public education through college



lifestyle

Relaxing and enjoyable place to live
Vast cultural, educational and health amenities
Friendly and polite people



success

FDI track record
Testing ground for innovation

In recent years, Uruguay has become a major target for Funds which are investing in different sectors of the economy, among this we can highlight:



In June of 2017 the company BTG Pactual, one of the largest independent administrators in Latin America and the whole world, acquired the forestry operations of Weyerhaeuser in Uruguay. The total investment was USD 402 million and includes 120 thousand hectares of timber forest in the north of the country.



In April 2017, the global forest partners invested USD 172 million in order to acquire 47 thousand hectares in the Center and East of the country.



Goldman Sachs has become the major shareholder of *Tienda Inglesa*, one of the mains supermarket chains that operate in the country. The acquisition was closed by USD 120 million.



The University of Harvard has made important investments in the forestry sector. The operations in the country are managed by *Forestal Atalantico Sur*.



In June 2013, the American company: GMO (Global Payment Fund) concreted an investment of USD 140 million to buy 45 thousand hectares, mainly forested, in the southwest of the country.



Linzor Capital Partners acquired Farmashop, a company which in the past decade has become the major Pharmacy chain in the Uruguayan market. The fund also bought Pagnifique: one of the main bread makers. The amount for this last operation was estimated in USD 80 million.



Jhpartners started operating in Uruguay by the acquisition of the Free Shop chain "Neutral". Also, the fund was behind the entrance of GAP in the Uruguayan market.



Olam invested in "New Zealand Farming Systems Uruguay" which is consider one of the main producers of daily products in the

country. With this operation Olam aims to develop cost effective and highly profitable milking production systems.

URUGUAY'S VALUE PROPOSITION

Uruguay's value proposition relies on four key pillars: reliability, market and nearshore location, qualified human capital, and a unique lifestyle.











reliability

Political, social and economic stability
Free currency and free capital repatriation
Tax compliance and outstanding benefits

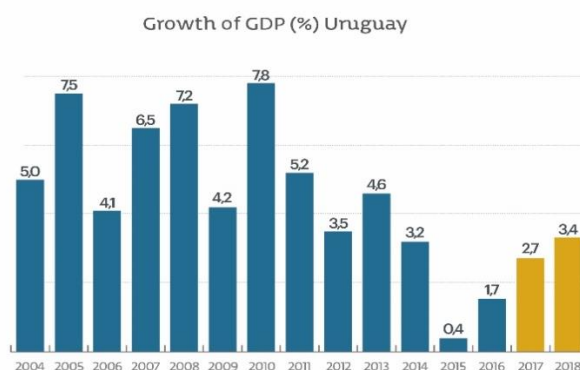
The country has maintained strong political and social stability for years, supported by a consolidated democracy and the rule of law.

In fact, Uruguay consistently leads Latin America and the Caribbean rankings relevant to potential investors:

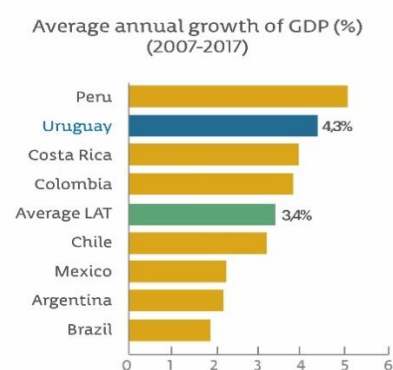
	Democracy Index Economist Intelligence Unit, 2017	#1		IT Development Index International Telec. Union, 2017	#1
	Low Corruption Transparency International, 2017	#1		Internet Average Speed AKAMAI, 2017	#1
	Prosperity Index Legatum Institute, 2017	#1		E-Gov Development Index United Nations, 2016	#1
	Rule of law Index World Justice Project, 2017	#1		Quality of living Mercer, 2017	#1

Macroeconomic stability

Uruguay has enjoyed 4 years of uninterrupted GDP growth. Between 2007 and 2017 the economy grew at an annual average rate of over 4,3%.



Source: BCU (Spanish acronym)



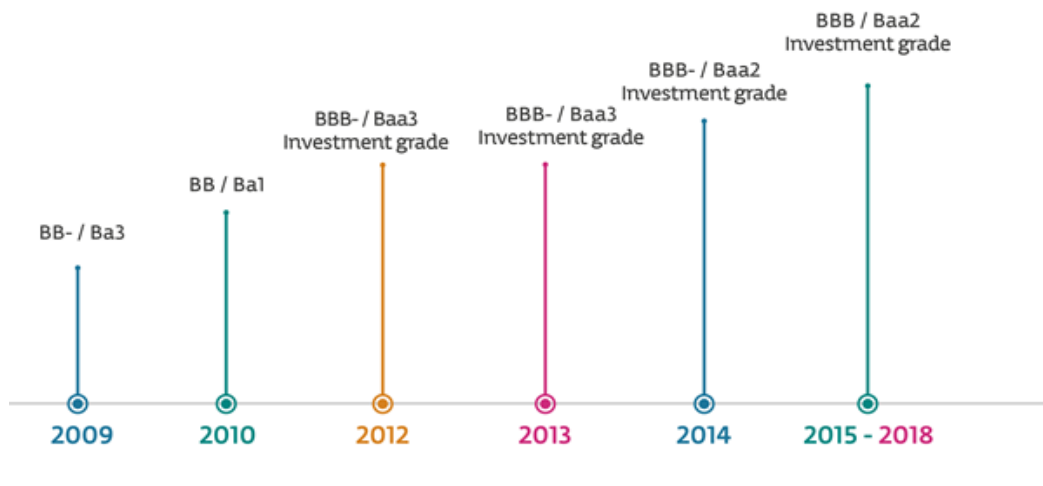
Source: WEO, IMF, October 2017

This expansion was accompanied by a growth in GDP per capita from US\$ 10,000 in 2005 to US\$ 17,153 in 2017, the highest in Latin America (measured in current US\$). Uruguay is also the most egalitarian country in Latin America according to any income distribution measure, including Gini Index.

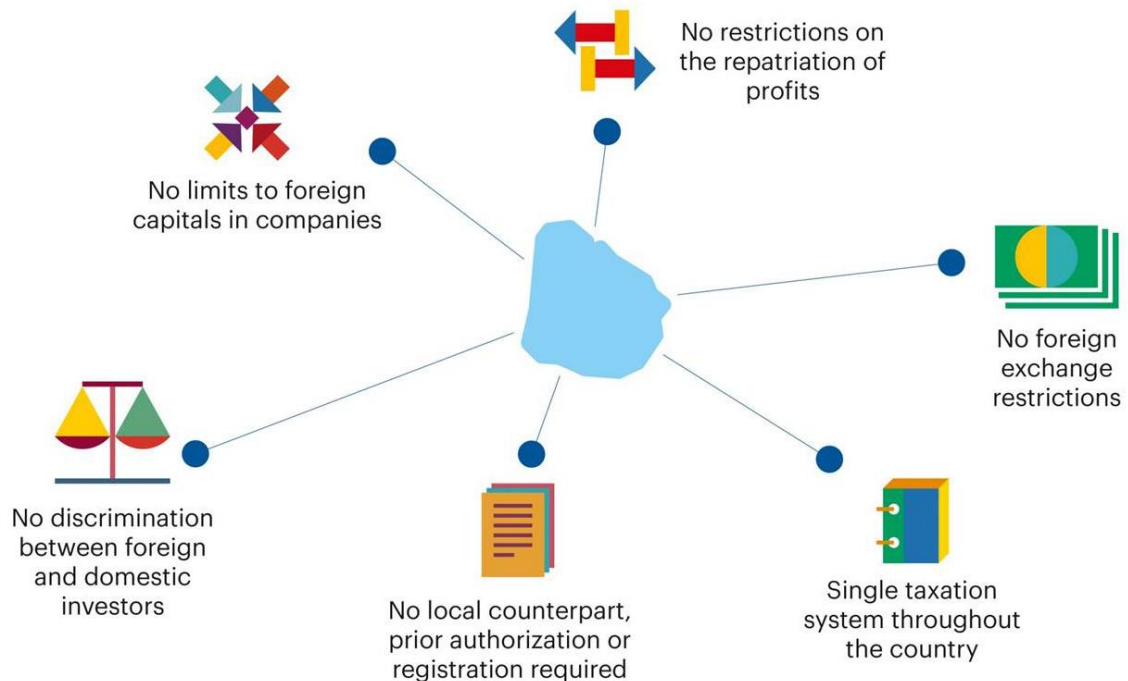
The country is recognized for its orderly management of public debt and for its fiscal stability. The three major credit ratings agencies Fitch (April, 2018), Moody's (July, 2017), and Standard & Poor's (May, 2018) have all ratified the country's **investment grade**. Moreover, the US Department of State has recognized Uruguay as a **fiscally transparent country**.

Uruguay has a set of multiple strengths that position it differently against possible external shocks. The very large stock of reserves (USD 18,500 million, equivalent to 32% of its GDP), the floating exchange rate scheme, and its excellent access to international financing are some factors that explain this shield.

Improvement in credit rating and investment grade



Regulatory framework · Easy for Business



By virtue of its investment law, Uruguay guarantees equal treatment for local and foreign investors.

No prior approval or registration is required to operate in Uruguay, and there are no restrictions on the transfer of capital or profits from investments. Companies can operate in both domestic and foreign currency. Furthermore, there is a single national tax system.

The most relevant benefits for service operations with an international focus are those stipulated in Uruguay's Investment Law and those offered at the country's free ports and airports, and free zones.



market access

Easy access to Brazil / Spanish-speaking countries
 Convenient time zone and cultural affinity
 World-class facilities and connectivity

Given the country's location, language, business history and trade agreements, Uruguay is an excellent platform to access markets such as Brazil and Spanish-speaking countries. As a MERCOSUR member and its Free Trade Agreement with Mexico, Uruguay has access to a market of 398 million people, which represents the 76% of Latin America's GDP.

The country's free zones, free ports and airport, and bonded warehouses are ideal places to set up distribution centers.

Strategic location



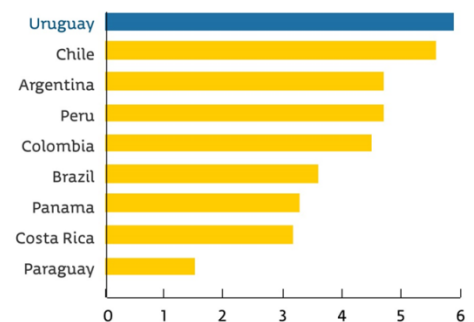
Transport times

		
Buenos Aires	1.00 h	24 hs
Porto Alegre	1.30 h	24 - 48 hs
Río de Janeiro	4.00 h	72 - 96 hs
São Paulo	2.30 h	72 - 96 hs
Asunción	2.00 h	72 - 96 hs
Santiago	2.30 h	72 - 96 hs
Lima	5.00 h	72 - 96 hs

Truck transport time includes average customs time.

Uruguay is leader in **communications** in Latin America according to the International Telecommunication Union's 2017 Information Technology and Communication's Development Index (ICT), which measures Internet penetration, mobile phone usage, and other related indicators.

Internet download speed (Mbps, average)





talent

Highly skilled and multilingual: Spanish, English, Portuguese
 Competitive, adaptable and committed labor force
 Free, high-quality public education through college

Human Resources in Uruguay are highly competitive due to a combination of several factors: high quality of basic, technical and university training and the flexibility and ease of Uruguayan workers that allows them to adapt to new production processes or technologies. The Uruguayan workforce has been showing a steady increase in its ability to master other languages, in particular English and Portuguese.

Languages

Languages	Reads	Writes	Speaks
English	75%	60%	55%
Portuguese	36%	14%	21%
Others	29%	13%	15%

Source: Uruguay XXI based on university census. UDELAR 2012 (self-perception of students)

TOEFL Ranking	
Uruguay	1
Costa Rica	2
Argentina	3
Jamaica	4
Bahamas	5
Brazil	6
Mexico	7
Peru	8
Suriname	9
El Salvador	10

#1
TOEFL English Examination

Source: TOEFL Test and Score Data Summary (2017)

Uruguay is ranked first in TOEFL examination scores in LAC (with 94 points). This way, Uruguay is positioned as second best in all the Americas, and number 17 in the world.

Uruguay has excellent educational levels and free access to education through the university level. More than 85% of college students enroll in public universities, 51% study business careers.

Important Tools: Finishing Schools. Smart Talent & Fast track for residencies.

The Finishing Schools program subsidizes up to 70% of job training costs in specific skills required by companies to establish or expand export operations.

Moreover, Uruguay offers Smart Talent, a website to post job opportunities focused on global services which offers tests to measure the registered candidates' knowledge. Through Smart Talent, companies can post their job vacancies and have access to tested profiles without any charge. It also works as a tool to promote the global services industry among young people in Uruguay through a series of awareness activities. The website was launched on March 2015 and today it has more than 300 global services companies, 21,000 registered candidates, and 24,000 performed tests.

Apart from the website, SmartTalent organizes different activities to foster companies' employer brand such as visits to companies, tech workshops and the annual Smart Talent Day. We organize 80 of these activities per year and we are looking forward to working with your company!



A free global services employment website

smart talent

People

Access to information of the sector, evaluate, apply and share opportunities.

Companies

Post opportunities and access to pre evaluated profiles

Academy

Link their students and graduates with companies of the sector.

finishing schools



Subsidies up to 70% of the costs

Who can access?

Companies requiring staff to set up or expand their operations of export of services from Uruguay

What kind of support?

Non – refundable contribution up to 70% for the cost of training in soft and technical skills.

How to access?

Once the idea is defined, the company sends its proposals which is evaluated by a specialized committee within 10 days.



FAST TRACK

Uruguay provides a fast track for Global Services enterprises when certain employees are needed from abroad. In just 8 days the employees will get their residence. This Fast Track is targeted at foreigners located whether in Uruguay or abroad. For further information, [click here](#).





lifestyle

Relaxing and enjoyable place to live
 Vast cultural, educational and health amenities
 Friendly and polite people

Uruguay ranks as one of the safest countries in Latin America on the Latin Security Index, developed by FTI Consulting for Latin Business Chronicle. The index measures security for multinational executives. According to the 2017 Legatum Prosperity Index, Uruguay is the best place to live in Latin America. The ranking is based on a variety of factors including wealth, economic growth, and quality of life.

Quality of life

#1
Latin America
Quality of Life

Quality of living (2017)

City	Latin America
Montevideo	1
Buenos Aires	2
Santiago	3
Panama City	4
Monterrey	5
San José	6
Asunción	7
Rio de Janeiro	8
Quito	9

On another note, a key fact about Uruguay is its strong network. Uruguay's scale enables actors to have an unlimited access to the whole network creating a secure environment to invest.

Annex 1 | Promotion of Investment and Export Incentives

Promotion of domestic and foreign investments

Uruguay is very attractive compared to other countries that receive investments from the rest of the world, and for several years now, it has had an active policy to promote investments in the country.

Uruguay has a wide range of incentives. There are general incentives such as the Investment Law (up to 100% return on investment), free trade zones (100% tax exemption) and free ports and airports (100% exemption on goods in transit). With respect to specific incentives, Uruguay offers certain benefits for Shared Service Centers operations, and a specific framework for trading activities.

Government General Export Incentives

1. Investment law

Law 16,906 (1998) declares of national interest the promotion and protection of domestic and foreign investments. One of its main features is that foreign investors are granted the same incentives as local investors and there is no tax discrimination or restrictions for transferring profits abroad.

Decreets 455/007 and 002/012 updated the regulations of this law. This regime enables the investor to pay less corporate income and wealth tax (between 20% and 100% of the amount invested).

That is to say, for all investment projects under this regime and promoted by the Executive Branch, it is possible to compute as part of the tax payment (IRAE - Corporate Income Tax) between 20% and 100% of the invested amount, depending on the type of project and the score obtained relying on different indicators.

The IRAE nationwide flat rate is 25%. Wealth tax on movable fixed assets and civil works is also exempted, and the VAT included in the purchase of materials and services for civil works can be recovered. Likewise, the law exempts import duties or taxes on movable fixed assets which have been declared non-competitive with the domestic industry.

2. Free Zones Law

Free Zones in Uruguay are regulated by Law No. 15,921 dated back to December 17, 1987. They can be operated by the State or duly authorized private entities. Free Zones under private operation are administered, monitored and controlled through the General Trade Office - Free Zone Area, Ministry of Economy and Finances. This office is the main point of contact for all the regulations, permits and

controls regarding Free Zones in the country. As for state operated free zones, this is the area in charge of their management.

Trade, industrial or service activities are allowed in Free Trade Zones. Moreover, companies in Free Zones can provide services to other countries and, in some cases, to Uruguay.

Businesses authorized to operate from Free Zones may be natural or legal persons under any corporate form. As for legal persons, there are no restrictions on their form but they need to have an exclusive purpose. There is no distinction between domestic or foreign investments and the latter are not required to meet any special process or requirement.

Regarding staff, up to 25% of it can be foreign. However, this percentage may be modified if necessary, with further explanation of the reasons why it is required.

Goods can be indefinitely kept in the free zones and their destination can be changed at any time.

Benefits granted to companies set up in Free Zones are:

- » **100%** Exemption from Corporate Income Tax (IRAE), Wealth Tax (IP) and any other current or future domestic tax. The State is the guarantor of this exemption.
- » Dividends distributed among shareholders with residence abroad are also tax-exempt in our country.
- » Foreign personnel may choose to contribute to social security in Uruguay or in their country of origin.
- » Sales and purchases of goods and services to and from abroad are VAT exempt. Sales and provision of services within Free Zones are also VAT exempt.
- » Companies may commercialize and provide services to Uruguay as well. In this case there are no tax exemptions for these goods and services provided to Uruguay.
- » Non-resident entities are also Corporate Income Tax exempt regarding activities developed with foreign goods declared in transit or kept within Free Zone, when they are not bound for the national customs territory. They are also Corporate Income Tax exempt when sales bound for the national territory do not exceed 5% of the total disposals of goods in transit or kept within Free Zone.
- » Goods traded by Free Zones with the rest of the world are exempt from customs duties.
- » Service companies may have up to 50% foreign personnel.