**Uruguay- Key Sectors**

1) Construction, infrastructures & transports

2) Environmental

3) Agribusiness

4) Logistics

5) Energy

6) Medical & pharmaceutical

7) ITC

8) Audiovisual

1. **Construction**

Since 2007, the construction sector in Uruguay has been one of the main beneficiaries of foreign investment. The sector has benefited from: major works for the installation of the two cellulose factories in the country (the largest in South America), diverse port works, real estate projects along seaside towns, logistics services and wind farms.

The sector represents 9% of PBI and has high impact on jobs creation for the Uruguayan economy, generating over 123.108 positions a 7.5% of the total job market in 2016. Almost a third of the sector's production (29%) goes to public works. A 22% corresponds to the building construction segment. While private construction projects, agro-industrial, industrial, free zones and others represent a 50% share.

The construction sector is closely related to gross domestic product (GDP) and is generally pro-cyclical and highly sensitive to economic cycles.

Despite several consecutive quarters of decline, the sector grew in the first quarter of 2017. This still marginal growth, could be explained by the dynamism of the public sector (road works and ports) which offset the decline in production-related infrastructure works, electrical energy and buildings. The sector's players remain relatively cautious, although they expect favorable effects in Punta del Este following an excellent tourism season in January 2018, where several investments have been announced.

In mid-2016, the Finnish company UPM announced its intention to build its second cellulose pulp mill in Uruguay. The investment ($4 billion estimated) and the construction of the plant are planned for the second half of 2018, aiming to be operational by 2020. The production capacity of this plant is expected be close to the added total of the two factories already working (more of 2 million tons) in the country. If so, Uruguay will become the world's second largest exporter, surpassed only by Brazil.

This news has been very well received by the construction sector because will not only improve railways to transport cellulose produced inland. It will also increase activities in the port of Montevideo and surroundings. Currently the infrastructure to access the port by rail is little.

Uruguay has a stable legal framework that encourages investment. Specially, in the construction sector, attractive opportunities are opening up with the public-private partnership law and the social housing construction promotion law.

-The law 18 .786 of Public-Private Partnership (PPP):

This law offers tax exemptions and establishes a framework for investment in infrastructure. These sectors are particularly targeted:

- Road, rail, port and airport works
- Energy infrastructure
- Disposal work and waste treatment
- Social infrastructure works that include prisons, health centers, educational centers, social housing, sports complexes, equipment and urban development.

The process comprises several stages: presentation of the public or private initiative, evaluation and approval of the project (by the OPP:Oficina de Planeamiento y Presupuesto and the Ministry of Economy and Finance), citation, presentation of offer, examination and adjudication.

To promote PPP’s projects, to monitor them and to draw up technical guidelines exists the CDN: Corporación Nacional para el Desarrollo.

- Law 18.795 of Promotion of housing with social interest:

The purpose of this law is to encourage investments on housing construction (subsidizedfor low/ medium income) throughout significant tax exemptions:

-Exemption from the income tax of economic activities (IRAE).
-Exemption from the property tax of constructions that have been declared as promoted.
-Exemption of VAT from activities of construction, renovation, expansion and recycling of housing.
-Reimbursement of the tax included in the purchase of goods and services, intended to integrate the direct costs of the works.

-Exemption of property transfer tax, for the buyer, the seller, or both, in the first sale of the property contained in the promoted projects.
-Exemption of VAT for warranty services related to the rental and acquisition of properties intended for social housing.
-Exemption from the wealth tax applicable to the assets affected by the provision of guarantee services related to the preceding paragraph.
- Exemption from income tax.

Under this law many projects have emerge, allowing the construction of more than 4,000 homes.

-The 19.196 law of penal liability of the employer:

This law, in force since April 2014, establishes criminal liability of the employer and aims to reduce the accident incident rates. The year 2014, with 12 registered deaths, became the one with the most deaths in construction since 2006.

Employers who fail to take the safeguards and safety measures provided for by law and regulations, involving a serious and specific danger to the life, health or physical safety of the worker can face from 3 to 24 months in jail.

**Opportunities:**

The construction sector presents many opportunities for Lux companies related with: building materials, equipment and suppliers of new technologies. Aluminum windows, flat glass for building, moldings, waterproofing and putty, insulation materials, home automation, lighting, floors and parquet floors are already well introduced.

Uruguay's construction sector has invested more than $1.400 million in equipment and technology, over the last decade. Despite, productivity has not increased.

Consulting and engineering companies, offering solutions to improve productivity and ensure the quality and sustainability of projects, are welcome. Brussels’ companies that analyze risks on major infrastructure, construction projects or those offering technical control; have found market niche in recent years. Also, as the security specialist becomes crucial in helping construction companies to prevent and control risks; opportunities are opening for accident incident prevention consultancy missions,

The UPM project will add opportunities for the construction sector, both during the construction period of the plant, plus also for the scheduled works in the railway and the port sector.

• **Infrastructure**

Uruguay is facing a serious infrastructure and logistic problem and cannot sustain the vigorous expansion of the economy. An extensive development program in the field of infrastructure offers interesting opportunities in the construction and development of public infrastructure services. Because of the current backlog, there is an important need for investment in road infrastructure. Resources in Uruguay are expected to be tripled, and an investment of more than $2,500 million will be assigned to address delays in maintenance and additional infrastructure. We must also rebuild the railways and develop the ports.

The government has announced a budget for $12,000 million dollars for its national investment plan between 2015 and 2019. The plan will focus mainly on energy with $4,200 million. Transport gets $2,400 million, allocated for the reactivation of roads. Social infrastructure: educational centers, improvement of hospitals and prisons, social housing will get $2.120 million. Water treatment, sanitation networks, drinking water and residual water treatment will do with $550 million, the remaining $2.730 million will spread among “others”, including railways and ports.

In the coming years, Uruguay will receive about $900 million to carry out projects financed by multilateral institutions such as the World Bank, the Inter-American Development Bank (IDB), Latin American Development Bank (CAF). The focus will be on the following strategic areas: water and water resources, energy, research and development, environment, transport, social development, public sector management.

Railway:

In November 2017, a pre-investment agreement between UPM and the Uruguayan government was signed for the installation of UPM's second cellulose plant. One of the conditions of this investment is to have a railway operational and reliable. Thus, Uruguay is committed to invest $1,000 million to improve railway infrastructure.

The call for tenders "Ferrocarril Central" was launched in August 2017 as PPP. The project promoted by the government will be the most important for Uruguay's railway.

The construction and maintenance of 273 km of railways between the port of Montevideo and the city of Paso de los Toros, will allow the circulation of freight trains at 80 kilometers per hour and 22.5 tons per axis. This will represent an opportunity for firms specialized in the manufacture of concrete sleepers and international companies experienced in the construction of tracks and the renovation of bridges.

The project includes an initial 26 km dual-track section, a dozen secondary roads for level crossings, a road section for industrial access and more than 40 reinforced or new railway bridges. The defined route includes the bypass of several population centers and the rectification of curves, to allow better safety in the movement of trains. Level crossings will be placed and barrier systems with light signaling, sound effects (automated system) will ensure the highest safety conditions.

Central Railroad is a crucial step in the transport infrastructure program for the country to develop and improve its logistics platform, its complementarity with the truck and port system.

This project as well as those underway, such as the rehabilitation of the Rivera line and the coastline between Piedra Sola and Salto, will revive the railway mode. The line linking Montevideo to Rivera (a border town up north) goes thru several agricultural, mining, industrial and forestry enterprises, some of which still use the railway, but are not satisfied with the service and the current state of the tracks. Improving the supply of this mode of transport by offering lower costs than trucks will encourage more intensive use of the rail mode.

**Opportunities:**

If this investment by UPM is done, it will offer great prospects for Lux companies in the railway sector, providing equipment for the construction of the plant and the treatment of effluents and the mitigation of odors.

Our companies follow the Ferrocarril Central project to provide goods but mainly for technical assistance and consultancy in engineering. There is a company in for the works control, specifically for the bridge reinforcement and the building of a new bridge. For this last there is a great interest of Chinese, French and Spanish in consortium with local partners (local construction companies).

The Belgian company Auraxis has proposed to the Minister of Transport a railway training center for the country with equipment from Transurb Simulation.

Negotiations are under way for the creation of the CUCAF (National Multidisciplinary Railway Training Center) with Belgian simulators and technical assistance.

For freights, there is need for modernization, repair and renovation of existing equipment and rolling stock. Mainly needed are wagons designed for food transport such as soybean and rice with closed hoppers and for transporting cement.

Opportunities for the integration of technologies into the rail system (tracking of locomotives and wagons and freight tracking), the implementation of management systems and the sharing of know-how in dry ports and multimodal transport.

Among the main port works announced, is the project Puerto Capurro. A project of a fishing terminal deserves attention. With 1.000 meters of dock and 7 meters of draft, with a $90 million investment.

There is also the private project for a new passenger terminal at Buquebus (Montevideo-Buenos Aires Ferry). The latter will be at the Dique Mauá. This project involves the construction of a 1.5 km breakwater, a 350-meter wharf, and three hectares of water to the river. Estimated budget is $150 million as for port infrastructure work. The architect Norman Foster has been approached by the Buquebus group for the design of the terminal project.

1. **Environment**

The explosive growth of the meat exporting sectors (slaughterhouses), leather processing, dairy sector, soybean cultivation and the presence of feedlots is causing an overflow of effluents and agrochemicals in the waters.

80% of the pollution of the land in Uruguay is considered "fuzzy" because it is caused by agricultural production in soils or fields of crops, fodder for livestock feed and milk or livestock production.

Industrial pollution sources (such as tanneries), solid residue disposal sites and treatment plant outflows pollute about 5%.

In relation to water, OSE a governmental entity, responsible for drinking water supply nationwide plus the sanitation service (with the exception of Montevideo); will build in the next five years several sewage treatment plants.

To ensure safe drinking water for the population, short-term measures will be taken to reduce odors and tastes in the nationally distributed water.

Among these measures is the purchase of granular activated carbon filters and ozonation for the Santa Lucia River (Aguas Corrientes plant) which supplies half of the country's drinking water, the budget is of $75 million dollars.

The project of mayor wingspan is the dam in Casupá which will be an alternative to ensure the water supply for the population of the metropolitan system for the next 30 years: budget estimated at $100 million dollars.

The Ministry of the Environment has less budget assigned, but is looking for water monitoring equipment to cover the following situations:

1) In natural lakes and reservoirs with areas ranging from 5 to 100 km2: they are interested in measuring: turbidity, chlorophyll, phosphorus and nitrogen.
2) In rivers with drinking water intakes: they are looking for automatic upstream stations to detect water quality anomalies.
3) In common rivers: automatic stations, not necessarily online the main parameters to be measured are nutrients of phosphorus, nitrogen and chlorophyll.
4) Simpler sensors, to determine pH, conductivity, OD, in strategic locations where there could be an illegal dumping of the industry.

Urban solid residues

Under the past administration, the Presidency of the Republic and the Bureau of Planning and Budget (OPP), in agreement with the Congress of Mayors initiated the actions to call a tender for waste in the metropolitan area. The initial objective of the "Solution for Waste Recovery and Disposal" project was the design, installation and operation of an energy recovery waste facility in the metropolitan area at a minimum of 1,600 tons per day. The project also included the design, supply and installation of up to 16 state-of-the-art sanitary landfills with a capacity of at least 50 tons per day, located in the different departments.

The project remained "stand by". It was partially re launched in 2017 by the Mayor of Canelones. Montevideo needs it the most.

Residues resulting from agro-industrial activities:

The most problematic and priority sectors are slaughterhouses, feedlots, pig farming, poultry, dairy industry, sugar/alcohol, wines and cider factories, tanneries, wool processing, packaging and fruit and vegetable processing.

**Opportunities:**

There is a concern on this government to strengthen the country's capacities for the conservation of biodiversity, the generation of alternative energies and the handling and reduction of pollutants. Much remains to be done in this sector which offers many possibilities for Belgian firms active in environmental consulting, the manufacture of equipment and products for the monitoring and treatment of water, residues and odors.

There are opportunities for Lux firms active in the manufacture of equipment and products which treat industrial wastewater and for their recycling, as well as the monitoring of industrial effluents.

In the agri-food waste sector, there are opportunities for companies offering anaerobic digestion processes for the production of biogas and biofertilizers, waste treatment for use as soil amendment, steam combustion or energy.

Close attention must be paid to future projects in the treatment of urban solid waste in Montevideo.

1. **Agribusiness**

Uruguay is among the first countries of the world in terms of area per capita dedicated to natural production. The activities of the agriculture and agri-food sector, based on the abundance of natural resources, play a main role in supplying raw materials for the industry. More than 50% of the industrial value added and more than 60% of industrial employment is concentrated in the branches of processing agricultural and food raw materials.

Agricultural products and its industrialized derivatives build a 75% of the total of Uruguay´s exports. Uruguay is a producer and exporter of soya, cellulose, meat (cattle and sheep), fish, dairy products, fruit (oranges and mandarins), rice, wine.

Exports of soybeans, wood, cellulose and beef had the largest impact on export growth in 2017.

Beef was the main export product in 2017 with total sales of $1.517 million, with an increase of 5.5% over 2016. Explained by an increase in the average price to 1,5% and a 4% increase in volumes exported. As for beef destinations, China stands out with a 40% share of the amount exported and 52% on the volume exported. The European Union was the second destination market with 25% of sales, followed by the United States with 13%.

Cellulose exports reached $1.327 million in 2017, ranking as the second largest export product. Sales increased by 7% compared to 2016. This increase was explained almost exclusively by an increase in exported volumes.

Soybean sales reached $1.189 million in 2017, with growth of 36% over 2016! The extraordinary 2016/2017 harvest, with production and performance records, enabled this increase in sales and an increase in export volumes of 40% compared to 2016. For its part, the average annual price at the export recorded a decrease of 2%. China buys 80% of Uruguay's soybeans.

Exports of dairy products totaled $591 million, up 4% from 2016. The variation is explained by a significant increase in prices by the 25%.

On the other hand, exported volumes decreased by 17%. Milk powder was the most exported product with a 64% share. Regarding destination of dairy exports, Brazil dropped participation in sales from 61% in 2016 to 39% in 2017, while Algeria has increased its participation from 7% to 20%.

With a $447 million, rice is up 3.5% from 2016. Peru was the leading destination at 26% up by 10%. Followed by Brazil at 19%, down by 18% compared with 2016. The volumes exported to Mexico, Iraq and Cuba experienced important increases.

China was the main partner in 2017 for Uruguay with $2.549 million, which implies a participation of 28%. Next are Brazil with 13%, followed by the Netherlands, United States and Argentina with 6% each. Looking at the European Union as a whole, exports totaled $1.453 million in 2017 a 16% of the total.

**Opportunities:**

This sector offers many opportunities for Lux companies’ active in the fields of agricultural equipment (exempted of import taxes), Genetics (bovine, ovine, porcine and equine) and technologies.
Biogenetics also have opportunities in the agriculture sector, as well as fertilizers.

Belgian companies developing veterinary biologic specialties, veterinary pharmaceutical companies, reagent producers or animal welfare products are already on the market. In addition, disinfectants and animal nutrition have great potential.

There is a market niche for technologies for the food industry (meat and dairy).
Services related to this sector may also have outlets, for example, specialized consultancy in the control of fresh fruit.

There are many success stories in this sector where our firms are recognized for the quality of their products and the innovation they bring.

The food ingredients sector is also very buoyant and we have Belgian firms that export to Uruguay's agro-industrial sector.

If we look at the import statistics from Belgium, it appears that the second import sector is composed of frozen vegetables and French fries, followed by chocolate.

1. **Logistics**

Uruguay is positioning itself as a logistic platform from which international exporting companies centralize their stocks of goods for distribution at the regional level. This is due to the existence of competitive advantages of the region, among which we can mention: its strategic geographical location, experience in the provision of logistical services, tax benefits for the development of regional distribution centers such as free zones, free ports, free airports.

For example, free-trade warehouses store and process goods without paying customs duties, import and export taxes, or income tax.

At present a large number of international and national pharmaceutical companies distribute their products in the region using these schemes: BAYER, Roche, Merck Serono, Abbot, Megapharma and in other sectors SKF, Nike, Du Pont, Louis Dreyfus Commodities, Trafigura.

Firms developing software, "call centers" or "shared service centers" also operate under this modality. The most notable example is the arrival in 2002, of TATA Consultancy Services (TCS) in Montevideo Free Zone. This firm offers from Montevideo abroad: IT solutions, Business Process Outsourcing (BPO). Currently, TCS Uruguay has more than 800 professionals working in Uruguay.

FAVORABLE REGIMES:
- Free Port of Montevideo
- Free zones

1. **Energy**

Uruguay has no fossil fuel reserves and the supply of energy historically depends on hydropower and imported fuels. However, it has vast natural resources for the development of renewable energy sources, including hydroelectricity, wind power, solar energy and biomass.

Approved by the Executive Committee in 2008 and ratified by Parliament's Multistakeholder Energy Commission in 2010, Uruguay's energy policy from 2005 to 2030 provides the main guidelines in the field of national energy with a long-term vision.

This energy policy has made a strong commitment to integrate renewable energy sources and supply diversification research in order to reduce costs and enable the national energy industry to become more active and reduce energy consumption of oil.

UTE (the public entity provider of electricity) holds the monopoly of the production, the transport and the distribution of the electrical energy.

The National Directorate of Energy (DNE) is the unit responsible for proposing and coordinating national energy policy. It is the executive brunch of the Ministry of Industry, Energy and Mines (MIEM). Its main tasks are to coordinate and guide the actions of actors operating in the energy sector and to participate in the development of policy and regulatory frameworks in the energy sector.

The Energy and Water Services Regulatory Unit (URSEA) is the sector regulator that was created as a decentralized executive body to control the activities of the electricity, gas, electricity and oil markets.

In the last ten years, projects have been put in place allowing Uruguay to increase its installed power capacity from renewable energies. There is a clear regulatory framework for the purchase and sale of energy produced by private actors at UTE, with transparent and agile procedures.

Short-term goals have been largely achieved. At present, there are more than 1400 MW of wind power, 200 MW of biomass and 50 MW of hydroelectric power (small sources) in use

An unforeseen fact is that in October 2017, for the first time in the history of the country, a private company (Ventus) began exporting surplus wind energy to Argentina.

Several multinationals have invested in renewable energy in Uruguay, both in electricity generation and biofuels.

During some months of the year 99.97% of the electricity supply is obtained from renewable sources. Wind energy reached 23%, biomass 9.8% and photovoltaics 1.37%. The rest of the production comes from the dam of Salto Grande and Rio Negro.

The participation of the wind in the matrix develops. According to the global report - renewable 2017- prepared by REN21, Uruguay is the fourth country in the world with the largest share of wind energy in the electricity matrix, preceded by Denmark, Ireland and Portugal.

The report notes that in 2016 wind energy covered 10.4% of electricity demand in the European Union and that only 11 countries exceeded this level: nine of them were European and two Latin American: Uruguay and Costa Riva. The participation of wind energy in the electricity matrix of Uruguay was 23% in 2016. Denmark, the leader of the ranking had 38%.

The works for the construction of a 540 MW combined cycle thermoelectric power plant are being finalized.

**Opportunities:**

Consultancy and maintenance services for wind farms Photovoltaics will increase steadily over the next few years. The LNG project is under study by Shell, if there were to be opportunities for engineering, dredging and construction could be of interest to Lux firms.

1. **Medical Sector**

With the introduction of the new National Integrated Health System (NHIS) in 2008, more than 200.000 people have been incorporated to global health coverage.

At the same time, the number of mutual members has increased by more than 300.000 people.
The strong growth in household income at the same time as the appreciation of the Uruguayan peso against the dollar has led to an increase in the consumption of high-quality products.

The domestic pharmaceutical industry has experienced steady growth in recent years, spurred by increased sales in both markets (domestic and export), which has been accompanied by a significant increase in investment. The prospects for the pharmaceutical sector in Uruguay are good.

The turnover of the sector is expected to grow in the period 2010-2020, at an average annual rate of 3% -9%, the minimum and maximum scenario respectively, to reach an estimated amount between 481 and 848 million USD.

Health expenditure was 7.5% of GDP in 2016. Although this share has declined compared to previous years, it is still a high percentage compared to other Latin American countries.

The Uruguayan pharmaceutical industry is made up of about 100 laboratories. The actors can be classified into three groups: those with industrial facilities (producing generics or similar) in the country and which in addition to their own lines represent international companies; those who only have representations of foreign laboratories and whose medicines are imported; or the subsidiaries of multinational companies producing patented medicines worldwide, the latter do not produce locally but import or use the Uruguayan free zones to distribute their products in the region.

The sector's turnover is estimated at 481 million USD. Uruguay's exports from this sector have increased in the last decade, but the increase in imports has been even larger, leading to a negative trade balance.

The structure of drug distribution channels is defined by three segments which are: private chains of pharmacies, public health centers (ASSE - Ministry of Health), clinics. Each of these channels has different on goings, volumes and terms of payment, determined price levels. According to the latest figures, pharmacies channeled 42% of drug sales, clinics 36% and government 22%.

The Uruguayan pharmaceutical market has a high level of legal and regulatory requirements for the import and distribution of products in this category. This feature, however, should not be a stumbling block for Lux companies.

This is a competitive market, particularly because of the margins practiced by the traditional players in the distribution channels and the practices imposed by the points of sale.

**Opportunities:**

Medicines for human use are among the main Uruguayan imports from Belgium.

There are opportunities for equipment for hospitals and clinics, instruments and technologies for surgery, anesthesia, diagnostic kits.

Aromatherapy and herbal medicine are starting to find their niche and increased interest from the population.

1. **TIC & Smart Cities**

**ICT:**

Uruguay's IT sector reached US $1.158 million in 2016, an increase of 2.9% over the same period in 2015, making it one of the fastest growing industries in the world. It is a sector of the economy that employs more than 13.000 people. Uruguayan software is exported to 52 different countries.
Uruguay is the leading exporter of software and associated services per capita in Latin America and the third largest in relative terms.

Uruguay's exporting companies in this sector have deep knowledge of the Latin American market. The country is geographically close to the markets of San Pablo in Brazil and Buenos Aires in Argentina, which are important ICT applicants.

So far, the local industry has excelled in the field of software for banks and the financial system, gaming, the agricultural sector, logistics and, increasingly, in the field of health.

Over the last decade, Uruguay has experienced a period of significant economic growth and social and tangible development.

The country has wide coverage in telecommunications infrastructure, with each household connected to fiber optics, free internet plans are offered to the population, the connection rates are the lowest in the region and at the highest speeds.

All children attending public schools have their own computer with Internet connection that they share with their families thanks to the "PLAN CEIBAL". The population has basic digital skills, and outstanding initiatives such as individual livestock traceability, digital government strategy and the national electronic health record are underway.

Uruguay is among the first countries in the region in the field of e-government.

Regarding the Digital Government Strategy, in the coming years the focus will be on four key pillars with a set of objectives and commitments:

1-Social Policies and Inclusion, for bridging the digital divide generated by unequal acquisition skills

 2-Sustainable economy and the full integration of technology in the productive sectors.

 3-Deepening of the links between the State and the citizens.

**Opportunities:**

Synergies are possible with Lux companies that will benefit from the network that local companies have in LA.

Uruguay has the opportunity to capitalize on developments in the world, such as the internet of things and big data.

Uruguay has modernized its public administration thanks to the important Incorporation of technology in processes, more investment is planned at this level

**Smart Cities**:

Montevideo proposes to develop transversal policies that promote the capital as an intelligent and innovative city, with the participation of citizens as essential when it is built.

There is already a series of initiatives that promote citizen participation, social inclusion, citizen control over management, and the adoption of innovative solutions mainly for issues related to mobility, cleansing and lighting.

Access to technology and connectivity in Uruguay has encouraged the widespread use of exchange platforms such as social networks, where people talk about their everyday reality. In this sense, the city, its works and services, recreation areas are part of it.

There are also various initiatives in the countryside. In Maldonado Department, a comprehensive security plan has recently been promoted by the county government and relies on the installation of cameras and a unified command and control center. The system monitors the security of all cities in the department, as well as traffic control and other services.

In San José, the Virtual Museum uses augmented reality to make culture more accessible, the Active Neighborhoods application that allows citizens to submit complaints (and management and response from them by the Municipality), total replacement LED luminaires, Sustainable Mobility Plans and the School of Governance (to promote the co-creation of public policies).

In the Department of Maldonado, public lighting has been replaced by LED technology in all the streets of the department. This contract was awarded to the Belgian company Schreder. This firm also illuminates several roads of Uruguay, the Montevideo International Airport and the Ciudad Vieja (old town) of Montevideo.

**Opportunities:**

The authorities of Montevideo are open to listen to different proposals and experiences of innovative cities such as data sciences - "big data" -, the analysis of social networks and their impact on participation, and new platforms - such than Block Chain - to modernize recording systems.

For this administration, these issues are of particular interest. Montevideo has launched its project "Cercanía Digital" which involves the use of some of these platforms. The goal is to be even more attentive to what citizens say and feel.

Montevideo is the ideal city to test technology, internet of things, video mapping.

1. **Audiovisual**

The audiovisual sector is the creative industry that generates a greater economic value representing 0.5% of GDP. It is also an important source of employment, employing more than 5.000 workers with a level of education above the market average.

The audiovisual sector in Uruguay has experienced explosive growth over the last fifteen years. The result of the generation of quality content is based, among other things, on talents, training levels, the cumulative development of cinematographic culture, the search for new markets, the certainty and the security provided by the technical means and local services.

Several aspects show the remarkable development of the audiovisual industry in Uruguay. While in the 90's there was a sporadic thread launch dilated in time; between 2008 and 2011, there were an average of 10 new releases per year, reaching a maximum of 16 versions in 2016.

The projects supported by film promotion fund, the Institute of Cinema and Audiovisual of Uruguay (ICAU), are over 270. According to public register, over 1.400 companies, professionals and institutions are expected to be registered.

This industry is of great importance to the country, given its potential power to sell out the country both inland as abroad. It is also extremely important for the economy as a whole, not only to generate high value-added services and products with skilled labor in various disciplines. But also to build relationships with other sectors such as demand for food service, accommodation, transportation, clothing.

In 2011 there were 4.000 students of cinema, communications, technical and artistic skills among public and private institutions.

The sub-sector with greater development potential in the audiovisual industry in Uruguay is advertising, which has grown steadily and was the first to launch internationally.

The animation and the video game industry has great potential for development

The Wallonia-Brussels Federation signed in May 2018 an audiovisual co-production agreement with Uruguay. The agreement is the result of a desire to open up Belgian and Uruguayan cinema to new territories and responds to a desire of the professional sector to Facilitate as much co-production relationships as possible. Thus, offering the possibility of diversifying the funding structure for movies. This will be the second co-production agreement signed by the Wallonia-Brussels Federation with a country in South America, the first signed in May 2017 with Chile. The establishment of a co-production agreement gives film and audiovisual projects dual citizenship and opens productions access to resources available in the territory of the co-production.

**Opportunities:**

The sector is in a growth phase due the increased demand of leisure films, plus the new products and technologies that offer new possibilities for audiovisual products.

Uruguay has several strengths and features which promote the success of the sector’s activity since there is a good return on value/money of human resources. In addition to the variety of geographical landscapes, ethnic diversity, logistical facilities, safety and appropriate climate.

Animation and video game industry have great potential for development. The film and audiovisual coproduction agreement with the Wallonia - Brussels Federation should open up many possibilities.