



Exploring Uruguay

Uruguay, one of the most electrified countries in the southern hemisphere, with 99.9% of homes having access to electricity is ranked first in Latin America in democracy, peace, low perception of corruption, and e-government. It is first in South America when it comes to press freedom, size of the middle class, and prosperity.

Uruguay qualifies as one of the world's top retirement havens. The country boasts friendly people, pleasant weather and an infrastructure that includes reliable Internet access and drinkable water. It's also relatively easy to establish residency here.

One of the most amazing things about Uruguay is how eco-friendly it is, particularly when it comes to energy production. In 2020 it was estimated that between 98-100% of Uruguay's electricity is generated through renewable sources.



Uruguay exports a lot of wool and lamb and Uruguayan sheep shearers share their expertise around the world. However, it's not just sheep that Uruguay has; the country has the most cattle per capita in the world (2021 figures). With 11,946,000 cows, there are 3.45 cows per person.

The economy of Uruguay features an export-oriented agricultural sector and a well-educated workforce, along with high levels of social spending. Tourism and banking are also important sectors; Uruguay acts as a regional hub for international finance and tourism.



H.E. Mr. Alberto A. Guani,
Ambassador of Uruguay to India

We got an opportunity to meet H.E. Mr. Alberto A. Guani, Ambassador of Uruguay to India and discuss the opportunities for business in different areas/segments in Uruguay. So here is what he said:

What prospects does the Uruguay have for foreign investors in terms of business and investment?

For business investment, Uruguay has a strong democratic tradition, characterized by political and social stability; there is a strong respect for clarity and transparency in the enforcement of contracts. Uruguay is an open country in terms of trade; the exchange rate floats freely and there is free transfer of profits abroad. There are no limits for foreign capital funding in companies. Uruguay makes no distinction in the treatment of national and foreign investors.

What opportunities does the Uruguay offer for Indian businessmen seeking to capitalize in your country?

Uruguay has a wide range of incentives adapted to different types of activities, from industrial to commercial, infrastructure and service activities that are to be undertaken in the country. The investment Law, incentives by sector, free trade zones, free port and free airport systems, public-private partnership agreements, industrial parks and temporary admission are some of the main

incentives schemes available in the country. The country has a single tax system throughout Uruguay which comprises direct and indirect taxes. The country has a wide range of incentives which, among other benefits, allows deducting the investment made from future income levied by corporate income tax and receiving 100% exemption of Wealth Tax and import fees or duties for movable fixed assets (VAT included).

In 2009, Uruguay became the first country in the world to provide every school child with a free laptop and Wi-Fi access. What benefits country could reap by it and what all is being done in the development of other sectors?

It was in 2005 that the program inspired on Montenegro's one computer per child was adopted in Uruguay under the name "Plan Ceibal" which allowed each child in all schools of the country to own a small computer that could be used through access channels all over the territory. This has contributed to develop the IT sector and also democratize the spread of technology to low income population. The "Plan Ceibal" has been a success and has empowered the children to develop new skills like robotization and even satellites and drones. Uruguay is Latin America's top technology country and is one of the hot destinations for outsourcing.

Tourism in Uruguay is one of the most important facets of the nation's economy, what is being done for tourism development in your country?

Uruguay, a country of services and tourism being the main source of income by which the country has developed its promotion as a land to visit, especially by its neighbors and also by extra continental sources like we could think of India. We have clean air, no pollution, fresh and genuine cuisine; the development of tourism is one of the main policies for the government of Uruguay. Of course, the times of Covid have been very harmful for the tourism industry but slowly the country is coming back to normality.

What steps are being taken by the government of your country to recover the Pandemic losses?

We are re-adjusting our economy and mainly because we are a country that exports high quality food, we have been able to access to the most demanding markets. The recovery from the pandemic losses has been slow but now we are starting a pace which is taking our exports to grow and we expect that to happen in products being directed to India. Geography is not a barrier when quality is what counts.

Uruguay is the least corrupt country in Latin America and is ranked first in the region for democracy, peace, security and freedom of press. Elucidate the role of government in maintaining the law and order of the country?

Yes, the government has a strong compromise in maintaining the good characteristics of the country among which we have the fact of being the least corrupt country in the region and also that there are no racial or religious conflicts. Uruguay is also free from natural disasters. Maintaining law and order is indeed an important factor in the priorities and that the government takes very seriously.

BUSINESS OPPORTUNITIES IN URUGUAY

- Wine business possibilities
- Tourism promotion
- Two wheelers manufacturing

*For business opportunities
contact office@globalcci.com*

Talking more about Uruguay, The government operates a large number of corporations that produce electricity, refine imported petroleum, manufacture alcohol and cement, and process meat and fish; the government also controls the railways and the nation's largest telephone company. However, there have been attempts to privatize state-owned companies since the 1990s.

Uruguay imports most of its fuel, industrial raw materials, vehicles, and industrial machinery, because it has no domestic commercial sources of petroleum, natural gas, coal, or iron. Since the 1980s, manufacturing has declined somewhat in importance, and it now accounts for about one-sixth of the GDP. Major manufactures include processed foods, beverages, chemical products, textiles, and tobacco products. Most factories are concentrated in and around Montevideo.

The main exports are animal products (notably frozen beef) and live animals, food products, wool and other textiles, and hides. The chief imports include machinery, appliances, chemical products, transport equipment, and processed foods.

Brazil traditionally has been Uruguay's main trading partner, but by the 2010s trade with China had become equally as important as that with Brazil. Argentina and the United States are also the major partners.

Services such as public administration, education, computer programming, and tourism account for about one-fourth of the GDP. Tourism is a growing source of foreign exchange. Resort areas, particularly on the coast, attract visitors throughout most of the year. Uruguay's computer software industry has become increasingly important to the economy. Services and trade employ more than half of the Uruguayan workforce, whereas about one-fifth of workers are engaged in manufacturing. Relatively few are employed in financial institutions and agricultural enterprises.

Although Mining is a sector that does not make substantial contributions to the country's economy, in recent years there has been some activity in gold and cement production, and also in the extraction of granite.

Uruguay stands out in Latin America for being an egalitarian society and for its high income per capita, low level of inequality and poverty and the almost complete absence of extreme poverty. In relative terms, its middle class is the largest in America and represents more than 60% of its population.

Due to the pandemic, Uruguay's GDP contracted 6.1%, the first annual drop since the 2002 crisis (-7.7%), with negative growth rates in almost all sectors of activity. Although cushioned by the country's social protection system and containment measures introduced in response to the pandemic, the national poverty rate increased from 8.8% in 2019 to 11.6% in 2020. The economy recovered 4.4 % in 2021 despite the higher prevalence of COVID-19 in the country, driven by an early and effective vaccination campaign. In step with the increase in economic activity, poverty fell to 10.6% in 2021.

The pandemic also highlighted the strengths of the country. Uruguay was one of the best prepared countries in the region to make the transition to distance education, based on a national comprehensive



online learning platform. The content adapted for teachers, students, and families, as well as the wide access to the Internet and devices allowed more than 75% of the students and 84% of the teachers to stay connected to the platform when schools were closed. Uruguay was the first country in the region to gradually reopen schools.

Similarly, the existence of a broad social protection network, a strong health system with universal coverage, as well as comparatively positive levels of labor formality and social welfare, put Uruguay in a relatively advantageous position to timely, effectively, and continuously respond to the pandemic at a lower cost than other countries. In addition, the effective containment during the initial stages of the pandemic allowed a fast and broad reopening of the economy, which contributed to the reduction of the negative effects of the health shock, despite the fact that the country suffered a strong wave of infections in the first half of 2021. More recently, the fast and effective vaccination campaign was also crucial to maintain the ongoing economic reactivation, particularly in the activities most affected by social distancing measures.

The strong economic advances that Uruguay has made, particularly since the crisis in 2002, together with the solid social contract that characterizes it, support the path towards poverty reduction and the promotion of shared prosperity. The country has been strongly committed to social protection affairs. Historically, inclusive social policies have focused on expanding the coverage of programs. In this sense, around 90% of the population over 65 is covered by the pension system, representing one of the highest figures in Latin America and the Caribbean, along with Argentina and Brazil.



Today, there are structural constraints that may affect progress towards sustainable development goals. On the one hand, the country is going through an advanced phase of the demographic transition and is in the process of reforming its social security system, which currently generates large fiscal costs. On the other hand, Uruguay faces challenges regarding women inclusion into economic activities and the transformation of education and labor institutions in terms of taking advantage of technological changes and promoting investment in infrastructure and integration in global value chains. Finally, despite the fact that the Uruguayan poverty incidence remains relatively low compared to the region, there are significant inequalities in terms of age, sex, region and origin, which could have deepened with the pandemic.

Strong institutional performance in other areas, such as trust in government, low corruption, a consensus-based political approach, and a strong commitment to strengthening institutional arrangements gives the country a firm foundation on which to continue renewing its social contract and establish policies to face current limitations.



7 Interesting Facts about Uruguay

➤ Uruguay is the second-smallest South American country.

República Oriental del Uruguay, or Uruguay, is South America's second-smallest country after Suriname. It shares borders with Brazil and Argentina and lies along the Atlantic Ocean. The capital and largest city is Montevideo.



➤ Uruguay's name comes from the river of the painted birds.

The country's name comes from the Uruguay River. It means the river of the painted birds in the Guarani language.

➤ Uruguay has the world's longest national anthem

The "Himno Nacional de Uruguay" – the National Anthem of Uruguay – lasts more than five minutes. With 105 bars of music, it is the longest national anthem in the world.



➤ Uruguay gave a laptop to every primary school student

Uruguay was the first country in the world to implement a One Laptop per Child program. The country put in place Plan Ceibal, which stands for Conectividad Educativa de Informática Básica para el Aprendizaje en Línea (Basic Informatic Educative Connectivity for Online Learning).

➤ Uruguay is entirely outside of the tropics

Uruguay is below the tropical zone and is the only country in Latin America that is entirely outside of the tropics. It has four seasons, but because Uruguay is in the Southern Hemisphere, the seasons are opposite; summer is in December, January, and February. Winter is in June July and August.



➤ There are more sheep in Uruguay than humans

According to the national Ministry of Agriculture, Livestock and Fisheries (2019), Uruguay has 6,419,000 sheep – with a human population of less than 3.5 million, that's almost two sheep per person.

➤ Uruguay's national flag features the Sun of May

Uruguay's national flag features nine horizontal stripes that alternate between white and blue, which represent the nine original departments of the country. The blue and white colours are modelled after the flag of Argentina. In the top lefthand corner is a white square with the Sun of May – a golden yellow sun with a human face.

