

URUGUAY

A Sustainable Economy

An important and credible player within Latin America, the country has grown substantially and consistently over the past decade

Secure, modern, and boasting an attractive investment climate, Uruguay enjoys a strategic location between the continent's largest economies—Brazil and Argentina—and access to a market of around 200 million through the Mercosur customs union, thereby offering an excellent platform for regional investment.

After eight years of government under the center-left Frente Amplio party, headed by President José Mujica since 2009, Uruguay's time has come. The country celebrated both its bicentennial anniversary and its 15th Copa America soccer victory in 2011, and its 3.3 million people are benefiting from the best economic, social and living standards in its history. Foreign investment for 2011 was up 30% from the year before.

According to Vice President Danilo Astori: "Uruguay offers important fiscal incentives through its free trade zones and is the only country in South America offering free port and airport regimes. The sectors with most potential are agroindustry, mining and logistics, based on our prime transportation, communications and port infrastructure. Uruguay is an excellent service provider for IT and financial services."

Tourism is also booming. In 2009, Uruguay welcomed more visitors per capita than any other Latin American country.

With GDP growth at 5% and exports high, the government expects its debt to recover investment-grade status this year. It has already signed seven new agreements relating to the exchange of tax information, bringing the total to 18. The markets have reacted quickly to Uruguay's solvency and solidity. "Evidence of our posi-

The Telecommunications Tower, headquarters of government telecom Antel, was designed by the renowned Uruguayan architect Carlos Ott. It is a landmark of Montevideo and a national symbol of modernity and progress. Ott is also the architect of the Burj al Arab Hotel in Dubai and the renewal of the Bastille Opera in Paris

tioning can be seen in the swap and issuing of new bonds successfully accomplished by Uruguay in late 2011, totalling more than \$1.8 billion," Astori says.



Close Links to the U.K.

Fernando Lorenzo, Minister of Economy and Finance, explains that the relationship between the U.K. and Uruguay goes back to the founding of the country. "This historical link has marked the country's development, the democratic institutions and many of its best virtues," he says. "Britain was our first direct investor."

A new public-private partnership (PPP) law is boosting FDI and infrastructure, Lorenzo adds, and the government will use this unprecedented growth as an opportunity to increase exports and invest in new sectors of the economy.

People are another valuable resource, says Luis Almagro, Minister of External Affairs. "International investments in Uruguay are endorsed by the suitability, technical capacity and educational



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level of our human resources, which are fundamental aspects of an investor's final decision," he says. "Uruguayan services are excellent, and this, linked with our legal security and economic stability, brings the nation to investment level." Energy security is a key to the nation's development. Some 99% of the population has access to electricity, and the government expects that half of the national grid will come from renewable energy sources in the coming years.

In terms of industry, Roberto Kreimerman, Minister of Industry, Energy and Mining, says, "Our goal is to complement our capacities in the typical sectors, with our outstanding high-tech, IT and software industry. We also want to boost exports of automotive, pharmaceutical and other medium and high-end technology to the region. Last year our products and services exports reached \$11 million—some 20% more than 2010."

Booming Financial and Services Sectors

Mario Bergara, President of the Central Bank of Uruguay, is encouraged by the positive reputation Uruguay enjoys within a regional context. "FDI has averaged between 5% and 7% in the past four years," he says. "We now live in a moment of sustainable growth and have high levels of employment. As *The Economist* reported, we are the only Latin American country with a full democracy and the best indicators of transparency. Our financial system is robust and well supervised, and we are recognized as one of the countries that best meets the recommendations of international organizations regarding the prevention of money laundering and terrorist financing."

Productivity, qualifications and education are the priority now, Bergara says. Uruguay's excellent connectivity has enabled it to become the first country in the world to implement the "One

Laptop per Child" program, in which children are given their own laptop for the first eight years of their education.

"Uruguay is at the head of tourism, logistics, software, financial services and professional services in Latin America," Bergara says. "It is an excellent service platform, making the country a dependable, secure and competitive investment location."

Created in 1996 by the government, República AFAP is a public company that stands as an international example of a successful national security system. Its mandate is to ensure safety and reliability in Uruguay's pension system, and with 1.4 million pensions, it represents 57% of the total pension funds.

The trusted institution is looking forward to funding many infra-

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structure projects under PPP contracts, says Luis Roberto Costa Ferreiro, president of República AFAP. "International companies with the know-how can come and set up, and República AFAP can provide part of the funding. Uruguay needs help to develop its trains, ports, roads, energy and communications links."

Growth in telecommunications has been exponential in recent years, and Uruguay now has the highest Internet, broadband and PC penetration in Latin America. Antel, a government-owned company that has a 95.5% share of the nation's broadband market, is investing heavily in technology and infrastructure.

"We have given universal access to Internet, providing a fixed 256 kilobytes per second ADSL communications service to households for a flat \$25 installation rate," says Antel's President, Carolina Cosse. "The package grants up to 1 gigabyte free, and there is access to more for less than \$30."

"We are duplicating its capacity within broadband (512 kilobytes). Our main goal is to have 100% Internet household penetration by 2014 through fiber optics," says Cosse.

Cosse describes Antel's close relationship with the private and educational sectors as "fundamental" in terms of innovation. "Our first satellite will be launched next year, thanks to a joint venture between the Universidad de la República and Antel. It will be a milestone for the country," she says. "We will continue to promote the telecom sector, e-commerce and the software industry. International investors will always have an ally in Antel."



República AFAP is Uruguay's leading pension fund, with \$4 billion worth of assets—some 10% of Uruguay's GDP—under its management. With a 57% share of the market, República AFAP is the firm people most trust with their futures.

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