



Uruguay – Establishing a Business

Fact Pack

Swedish Trade Council in Argentina
November 2007



THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

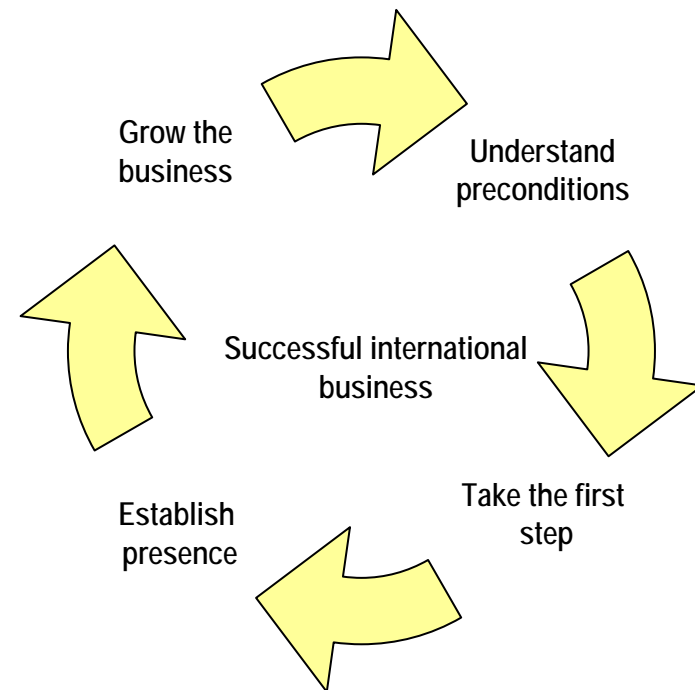
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Uruguay:

- Covered from Buenos Aires office (Argentina)
- 5 employees



Vision of the office:
STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Uruguay

URUGUAY IN BRIEF

Area: 176 215 km²

Inhabitants: 3.47 million

Constitution: Democratic republic

Head of State: President Tabaré Vazquez

Languages: Spanish (official), English often spoken in business

Inhabitants per km²: 20/km²

Currency: Peso

GDP 2006: 19 308 MUSD

GDP per capita 2006: 5 500 USD

Inflation: 6.3% (2006)

Main exports: Meat, food & beverage and agriculture products

Main imports: Machinery & equipment, oil & gas, inputs for production

Swedish Exports to Uruguay 2006: 194.4 MSEK

Swedish imports from Uruguay 2006: 152.9 MSEK



FOREIGN INVESTMENT IN URUGUAY

- Uruguay is an open country for foreign investments

Foreign Direct Investment in Uruguay

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| <ul style="list-style-type: none"> • No discrimination between foreign and domestic investors in Uruguay. • Foreign investors don't have restrictions for capital or profits repatriation. Foreign investors don't have to have previous registration or authorizations. • Uruguay has signed a treaty with Sweden for equal treatment and non discrimination. The treaty also assures the free transfer of profits. • Uruguay's investment incentives are available both for domestic and foreign investors. • 100% foreign ownership of a company is permitted. | <ul style="list-style-type: none"> • There are not exchange controls in Uruguay. The exchange market is open and deregulated. Contracts can be signed even in foreign currencies. • Uruguay has an offshore banking system free of taxes. Financial investment corporations can function under the offshore regime with a favorable tax treatment. • Restrictions on foreign investments apply only in particular markets such as public utilities, refining of petroleum, issuance of mortgage bonds and alcohol distillation. • Corporate Vehicles for foreign investments in Uruguay can be: <ul style="list-style-type: none"> • Corporation • Limited liability company • Branch (agencia) • Offshore investment corporation (to operate abroad) |
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Uruguay has several advantages for foreign investments.

OVERVIEW OF DIFFERENT INVESTMENT VEHICLES IN URUGUAY

Corporation – “Sociedad Anonima”	Limited Liability Company – “SRL”	Branch
<ul style="list-style-type: none"> • A minimum capital is required: approximately 10 000 USD • Shares can be nominative or to the bearer. The corporation can be open or closely held. Shareholders can be residents or non residents • There must be at least two shareholders • Shareholders´ liability is limited to their contributions • Free transfer of shares is not limited for this type of investment vehicle. But the bylaw can limit the transfer (not forbid it though) 	<ul style="list-style-type: none"> • A minimum capital is required: approximately 250 USD • There may be two to fifty partners • Partners´ liability is limited to their contributions • Transfer of quotas is free among partners, but must be approved by the partners when transferred to third parties • In order to register a “SRL” basically the same applies as for “Sociedad Anónima” 	<ul style="list-style-type: none"> • Simple requirements for incorporation • The branch must have a local representative in Uruguay • The head office is responsible for all its branch’s debts, obligations and actions done by the local administrator • In order to register a branch, the required documentation must be legalized by the Uruguayan consulate in Sweden; after that it must be registered and the national register of commerce
<p>Corporations are subject to the control of AIN (National audit office)</p>	<p>This investment vehicle is mainly used by small companies</p>	<p>For the Branch there is no limitation of liability of parent company</p>



COSTS AND TIMES TO ESTABLISH A CORPORATION IN URUGUAY

- The whole process takes approximately 45 days

Procedure	Time	Cost to complete
Notarize articles of incorporation and signature	1 day	150 USD – 0.5% of capital
Obtain approval of company's bylaws from AIN	24 days	370 USD
Register at the National Registry of Commerce	7 days	133 USD
Publish summary in the official gazette and newspaper	3 days	155 – 285 USD
Application at DGI (internal revenue service) presented by public notary	1 day	42 USD
Obtain declaration of company founders identity	1 day	110 USD
Registration at BPS (social security bank)	2 days	1.5% of capital
Register payroll at the ministry of labor	2 days	23 USD
Obtain accident insurance for employees at the State Insurance Bank	1 day	No charge

It's possible to acquire previously formed corporations that are not operative.

LEGAL ENVIRONMENT IN URUGUAY

- Always seek advice in advance concerning legal issues

Import / Export

- With timely planning, trade with Uruguay is smooth
 - A good freight forwarder is imperative
 - There are ten free-zones, with no import or export tariffs on transactions of goods

Patents and Trademarks

- Strong protection of Intellectual property, Patents and Trademarks
 - Agreement on reciprocal protection of investments signed between Uruguay and Sweden in 1997
 - Act of Private Investments protects patents and trademarks as investments

Labor law

- Labor law is clear in Uruguay
 - Employment of foreign personnel is generally not restricted
 - Law establishes a maximum schedule of 48 hours/week and 20 days of paid vacation after one year of work



URUGUAY HAS A DEVELOPED FREE TRADE ZONES REGIME

- The regime allows use of Uruguay as a logistical center for distributing to MERCOSUR

- **Free trade zones:** Free port and easy transit of goods in different special zones of the country. Activities allowed within FTZ are among others distribution, storage and fractioning of goods. Manufacture plants can also be installed and offshore financial activities can be done among others.
- **Incentives:** There's a wide exception of import duties and the areas are free of taxes. Current taxes are exempt and also potential new taxes are exempt in advance. Uruguayan products that enter to the FTZ are considered as if it would be an Uruguayan export.
- **Other benefits:** Public monopolies (industrial and public utilities) don't apply inside FTZ; promotional fees are allowed for public utilities inside FTZ; port services have to be charged without profit (covering only the cost).

URUGUAY PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- A small but fast growing economy open to foreign investments.
- A transparent government and an economy with clear rules. A member of MERCOSUR - an springboard to a larger market
- New sectors are developing fast and require equipment & technology, such as forestry, wood, pulp & paper and telecommunications
- High growth of imports over the past years, particularly of inputs for production.

... which has contributed to...

...the fact that more than **10** Swedish companies are registered in Uruguay and many more are there as sub suppliers or via distributors.

STC in Buenos Aires is the natural partner for all Swedish companies who want to establish or develop their business in Uruguay



USEFUL CONTACTS

Gobierno de Uruguay

(Uruguay's government on the Internet)

Tel: +59 82 1712 2262

www.uruguay.gub.uy

Agencia de Promoción de inversiones y exportaciones

(Exports and Investment Promotion Agency)

Tel: +59 82 900 2912

www.uruguayxxi.gub.uy

DGI – Dirección General Impositiva

(Internal Revenue Service)

Tel. +59 82 1344

www.dgi.gub.uy

Banco Central de Uruguay

(Uruguay's Central Bank)

Tel: +59 82 1967

www.bcu.gub.uy

Gobierno de Uruguay

(Uruguay's government on the Internet)

Tel: +59 82 1712 2262

www.uruguay.gub.uy

Auditoria Interna de la Nación

(Uruguayan corporation control entity)

Tel: +59 82 902 7303

www.ain.gub.uy

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