



The Forestry sector in Uruguay

FACT PACK

Swedish Trade Council in Argentina

November 2007



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

Sweden:

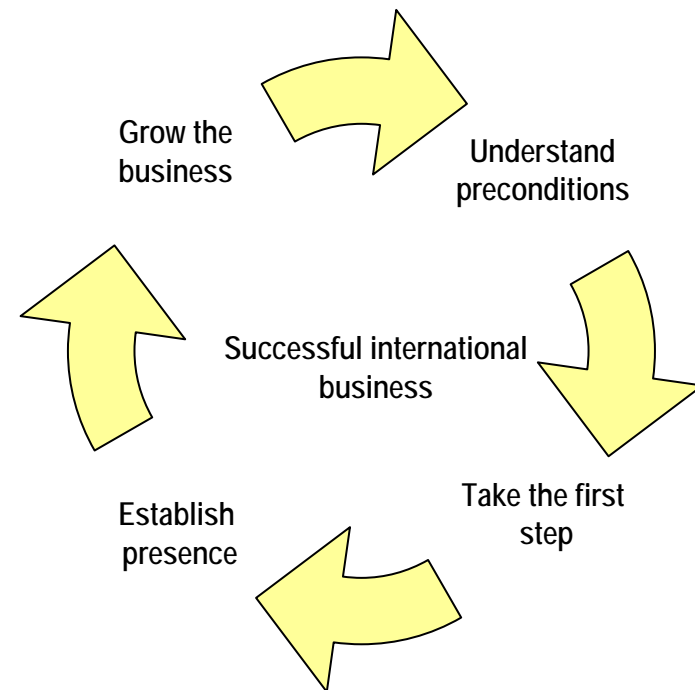
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

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

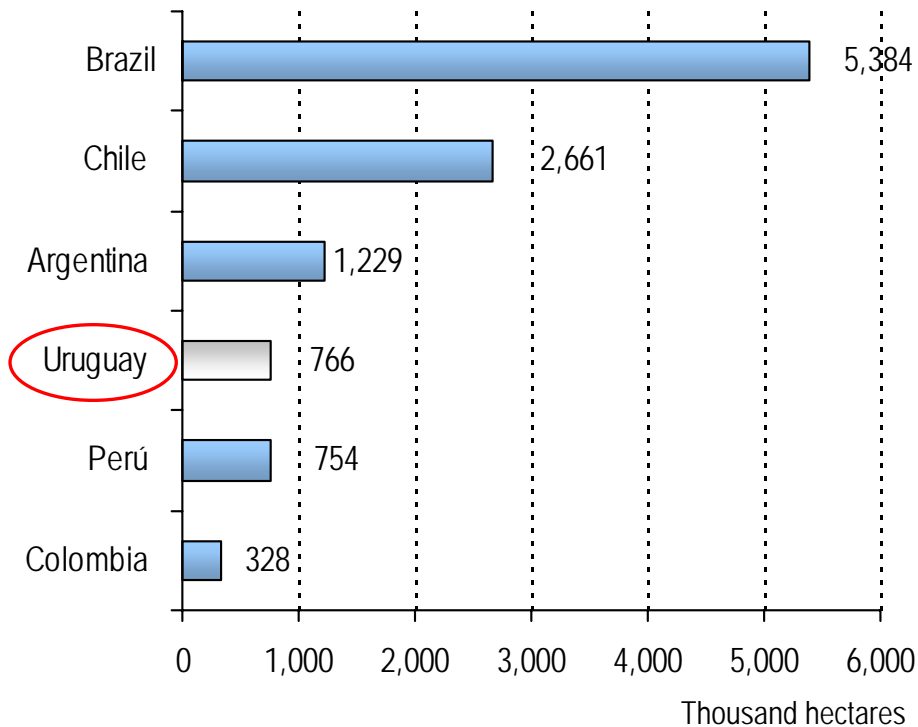
Swedish imports from Uruguay 2006: 152.9 MSEK



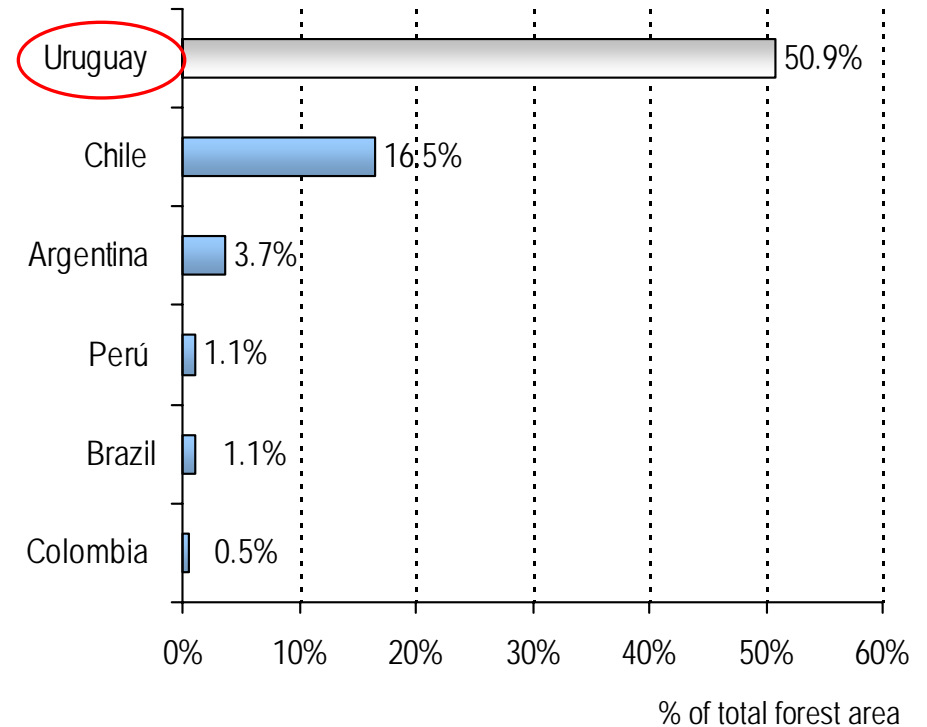
URUGUAY IS WELL POSITIONED IN LATIN AMERICA'S FORESTRY SECTOR

- Very high proportion of planted forests for industrial purposes

Total planted forest area (2003)



Planted forest area as share of total forest (2003)

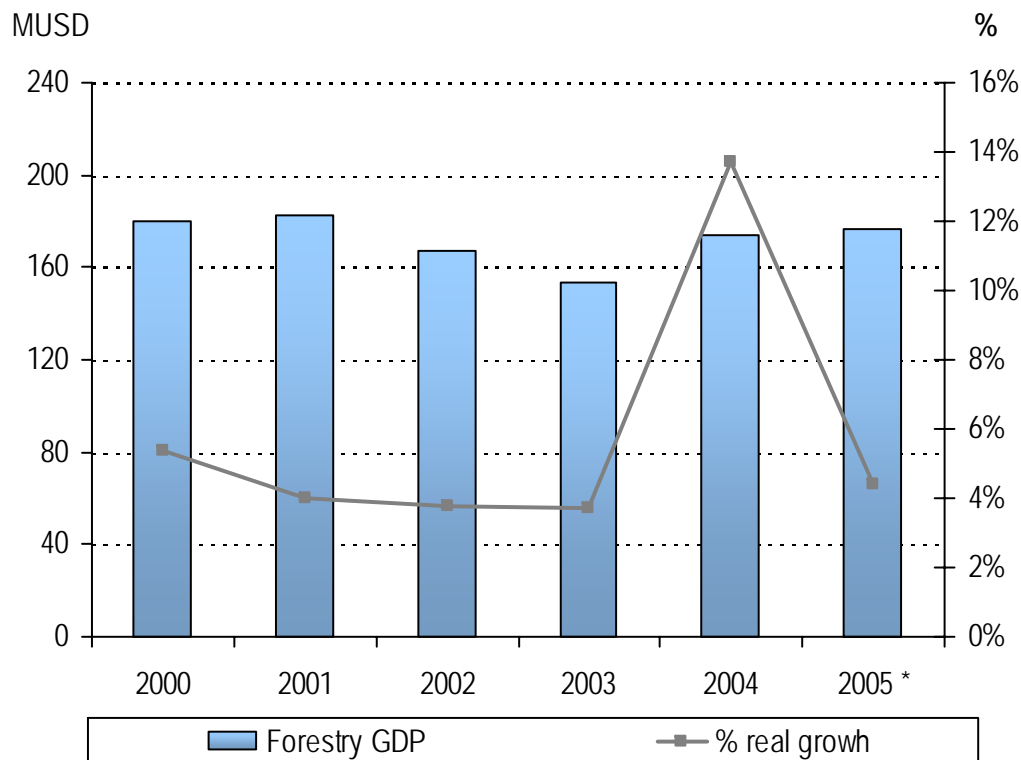


Uruguay strongly promotes forestry projects and has suitable lands for the activity.

URUGUAY IS ATTRACTING WORLD-CLASS FORESTRY INVESTMENTS

- Strong promotion of pulp & paper mills establishment also influencing forestry projects

Uruguay forestry GDP and growth



Comments

- High and sustained real growth over the past years. The sector grew steadily even during the economic crisis..
- Forestry sector is export oriented, but as new investments are made in processing plants, exported products will be with higher added value.
- The sector was able to maintain its level in USD through Uruguay's currency devaluation.
- Forestry supplies various Uruguayan industries. Among them: pulp & paper, saw mills, and furniture factories.
- Forestry represents 1.1% of Uruguay's GDP, and 11.5% of Agricultural GDP.

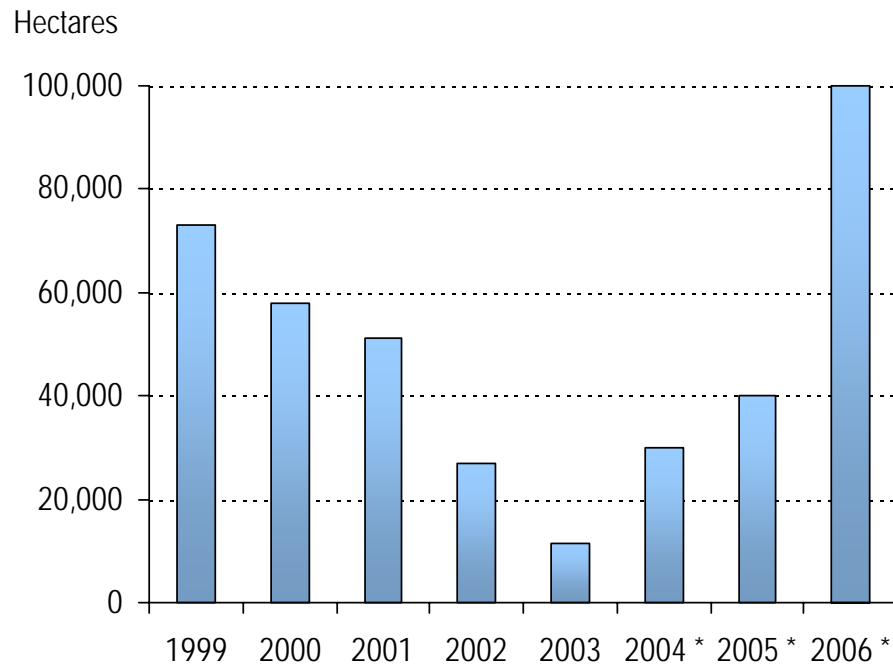
Forestry is expected to grow strongly over the next years due to the installing of new pulp & paper mills.



NEW FORESTRY PROJECTS ARE RAPIDLY INCREASING PLANTED AREA

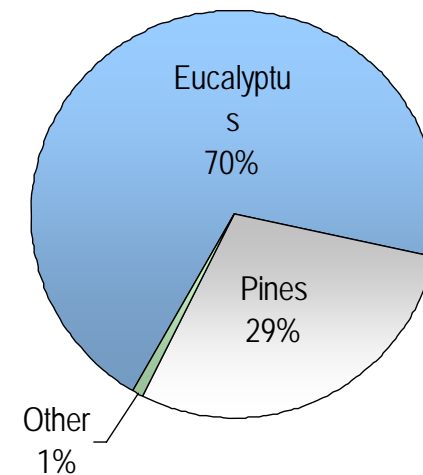
- New projects stimulated by high future demand by new pulp plants stimulate new projects

Planted area of new forestry project per year



* Estimated.

Planted species (1975-2003)



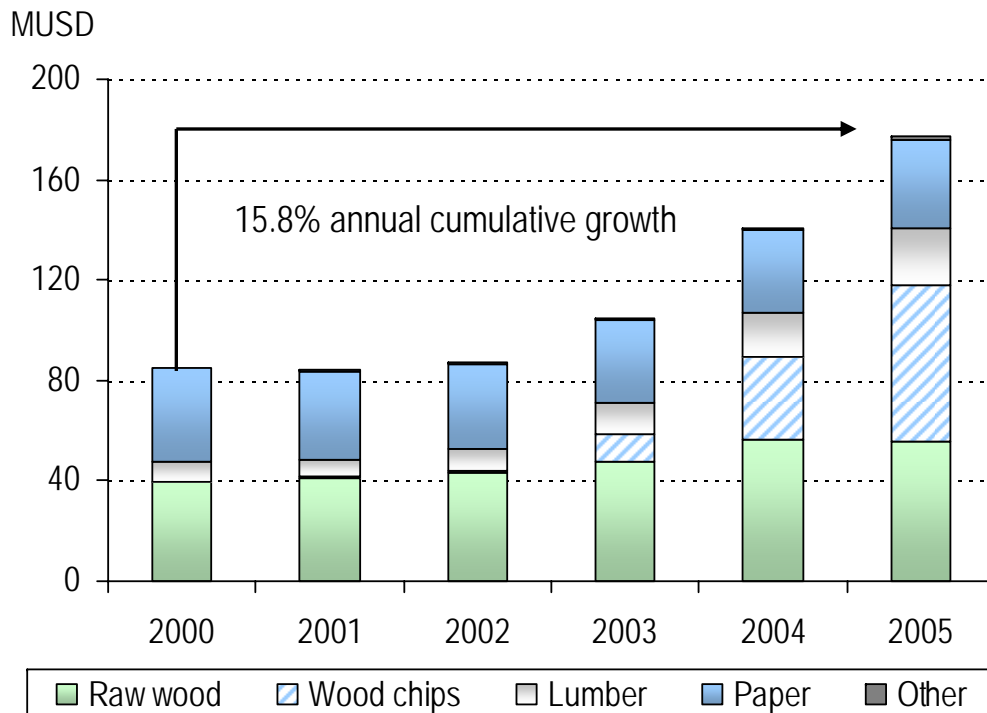
Tree growth rate in Uruguay is among the highest in the world

Current forested area represents approximately 20% of potentially forestable land

GROWING EXPORTS STILL WITH LOW ADDED VALUE

- Almost all export growth is derived from increase in wood chips exports

Forestry related products export



Comments

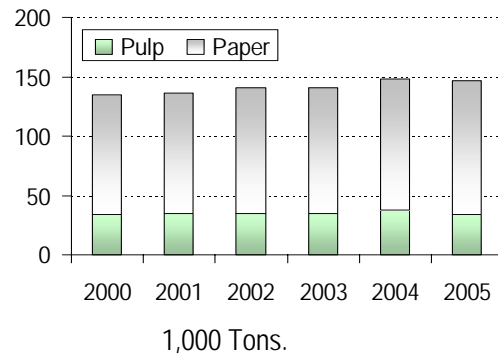
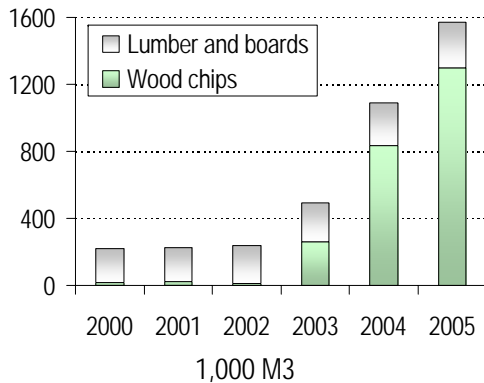
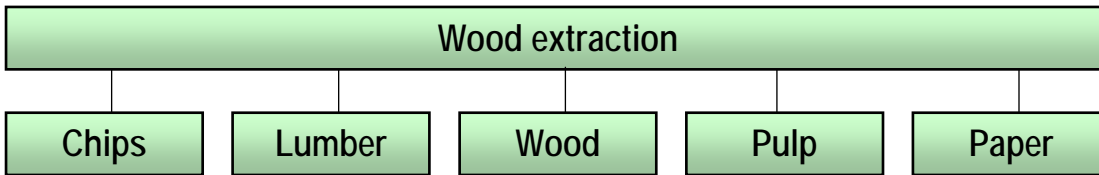
- Lion's share of forestry production is destined for export, as raw wood or processed wood
- Forestry producers actively seek to increase their exports. In many cases they create groups to commercialize the production abroad. The objective is to increase their scale and to be able to provide large international players.
- Exports of chips have grown at a 171% annual cumulative growth rate between 2000 and 2005. This is the most dynamic forestry export segment.
- Raw wood exports constitute an important share of exports. But Uruguay is actively seeking to attract investments to process the wood and export products with more added value.

Forestry related products represent five percent of Uruguay's total exports.

CHANGING SCENARIO IN URUGUAYAN FORESTRY SECTOR

- Investments in industrial plants will allow Uruguay to export more value-added products

Forestry related production



* 2005 and not included raw wood.

Comments

- Lumber mills currently represent no more than 0.8% of Uruguay's manufacturing industry turnover (pulp and paper represents 1.6%).
- Large international players are investing in forestry projects to supply the industrial plants that will be installed in Uruguay.
- Weyerhaeuser will install 5 lumber mills over the next few (2 are under construction today)
- Lumber projects lead to a change in the type of forestry projects, with higher quality and different production process.
- Pulp plants that are being installed represent the largest investments in Uruguay's history, and will strongly increase forestry related exports.

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

INE

(National Statistical Office)

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www.ine.gub.ar

Ministerio de Ganadería y Agricultura

(Agriculture Ministry)

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www.mgap.gub.uy

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(Forestry Secretary)

Tel: +59 82 915 1900

www.mgap.gub.uy/Forestal/DGF.htm

Banco Central de Uruguay

(Uruguay's Central Bank)

Tel: +59 82 1967

www.bcu.gub.uy

Cámara de Industrias del Uruguay

(Chamber of Industrial Companies)

Tel: +59 82 604 0464

www.ciu.com.uy

FUCREA

(Agriculture Producers Institution)

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