

# EQUESTRIAN SECTOR IN URUGUAY



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**Uruguay XXI**  
INVESTMENT, EXPORT AND COUNTRY  
BRAND PROMOTION AGENCY

## WHY INVEST IN THE EQUESTRIAN SECTOR IN URUGUAY?

- » Uruguay has a consolidated democratic system. The country's three main political parties have alternated in government, maintaining their commitment to respect the business climate and provide for clear rules of the game. Moreover, it is today one of the most equitable countries with the highest per capita income in Latin America and the Caribbean.
- » Macroeconomic soundness, cautious policies, export diversification and an adequate level of reserves allowed Uruguay to be resilient and preserve stability within a complex global and regional environment.
- » The Investment Promotion and Protection Law Nº 16.906 provides for the same treatment of both domestic and foreign investment. There are no restrictions on capital repatriation or on the transfer of profits, dividends and interest.
- » According to the ESG index, which considers the governance, social and environmental factors, Uruguay is among the world's leading attractive economies for investment. In turn, these factors are weighted in the EMBI, which places Uruguay among the most reliable emerging countries to invest.
- » There is total freedom to buy and sell foreign currency. No prior authorization is required for inflows and outflows in foreign currency, and there are no restrictions on capital flows, transfer of profits, dividends, interest, etc.
- » Uruguay has excellent conditions for the development of equestrian activities. The country's natural and climatic resources make it an absolutely suitable location for the development of this sector.
- » Uruguay is ranked 24th in the world in terms of equine stock. If we consider the ratio of inhabitants per horse, Uruguay ranks fourth in the world, with approximately one horse for every eight people.
- » Uruguay has the most modern equestrian center in Latin America, an exclusive betting system that allows the exchange of races between Europe, North America and Latin America.

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## 2. EXECUTIVE SUMMARY

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- » Horses were introduced in Uruguay along with livestock activities and since then they have become part of the landscape, tools for agricultural production and the main characters of different recreation and sport disciplines (high competition).
- » Uruguay has excellent conditions for the development of equestrian activities. Its natural resources and climatic conditions make Uruguay a suitable location for the development of this sector.
- » The horse population worldwide reaches 59<sup>1</sup> million. Uruguay ranks 24th in the world ranking of horse population, and fourth -after Mongolia, Iceland and Kazakhstan- considering the ratio of inhabitants per horse, with approximately one horse for every eight people.
- » The northern departments of the country have the largest number of horses. The area of the department and the prevalence of meat and wool farming as compared to other land uses determine the number of animals. A large part of racing, instruction and riding horses are concentrated in the departments of Montevideo's metropolitan area. Tacuarembó is the department with the highest concentration of horses, with 41,517 head, 10% of the total national stock.
- » According to information from the International Federation of Horseracing Authorities (IFHA), Uruguay is the world's eighth country with the largest number of thoroughbred racehorses (SPC, in Spanish) for breeding purposes (in the list of 80 countries surveyed by IFHA), having 2% of the world stock of breeding horses as of 2019.
- » Uruguayan exports of live animals in recent years have been oscillating, and although there has been a downward trend in recent years, exports in 2020 grew by 0.5% as compared to 2019 sales, despite the COVID-19 pandemic.
- » As for pure-bred breeding horses, the main and almost the only destination for Uruguayan exports is the region, led by Paraguay. Outside the region, one of the main countries in 2019 was the United Arab Emirates.

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<sup>1</sup> Source: prepared by Uruguay XXI based on data from FAOSTAT, 2019

- » Uruguayan equine imports are mainly pure-bred breeding horses, which accounted for 78% of total imports in 2020. Within this category, Thoroughbred racehorses stood out, which accounted for 40% of total imports.
  
- » Horse breeding activities, together with the Thoroughbred races and the marketing thereof, generate direct employment for approximately 5,600 workers across the country. In addition, 4,500 jobs shall be added when taking into account indirect employment.
  
- » The company Hípica Rioplatense Uruguay S.A. (HRU) is the one that has invested the most in the equestrian sector. With a strong commitment to technology, it has turned this equestrian center into the most modern in Latin America, offering an exclusive simultaneous betting system via satellite television that allows the exchange of races between Europe, North America and Latin America.

## 3. INTERNATIONAL AND REGIONAL CONTEXT

This section presents horse stocks worldwide and Uruguay's positioning. Subsequently, the world trade in live animals is analyzed.

### 3.1. GLOBAL STOCKS

The number of horses in the world amounts to 59<sup>2</sup> million. The countries with the largest horse populations are the United States, Mexico and Brazil, followed by Mongolia and China. Uruguay ranks 24th in this ranking and it is the fourth after Mongolia, Iceland and Kazakhstan when considering the per capita horse population.

TABLE N°1- GLOBAL STOCKS

COUNTRY	HEADS <sup>3</sup>	person/horse <sup>4</sup>	COUNTRY	HEADS	person/horse
United States	10,702,799	31	Senegal	571,966	28
Mexico	6,382,699	20	Venezuela	525,515	54
Brazil	5,850,154	36	Kyrgyzstan	522,611	12
Mongolia	4,214,818	1	Bolivia	509,316	23
China	3,673,395	380	Haiti	504,238	22
Kazakhstan	2,852,256	6	Romania	447,791	43
Argentina	2,543,908	18	Sierra Leona	443,328	18
Ethiopia	2,319,656	48	United Kingdom	418,856	160
Russia	1,282,964	113	<b>Uruguay</b>	<b>409,365</b>	<b>8</b>
Chad	1,268,660	13	Canada	398,701	94
Colombia	1,144,651	44	Indonesia	393,454	688
Cuba	944,701	12	Pakistan	371,000	584
Sudan	792,459	54	Dominican Rep.	360,876	30
Peru	751,076	43	India	342,226	3,993
Mali	584,184	34	South Africa	329,992	177

<sup>2</sup> Source: prepared by Uruguay XXI based on data from FAOSTAT, 2019.

<sup>3</sup> Source: prepared by Uruguay XXI based on data from FAOSTAT, 2019.

<sup>4</sup> Source: prepared by Uruguay XXI based on data from FAOSTAT and the World Bank.

TABLE N°2 – GLOBAL STOCKS BY CONTINENT

CONTINENT	HEADS	%
Asia	13,925,579	24%
South America	12,455,788	21%
North America	11,102,540	19%
Africa	7,397,922	13%
Central America	7,293,956	12%
Europe	4,696,333	8%
The Caribbean	1,824,178	3%
Oceania	345,429	1%
<b>World</b>	<b>59,041,725</b>	<b>100%</b>

Source: prepared by Uruguay XXI based on data from FAOSTAT 2019.

In terms of continents, half of the world's horses are equally distributed between Asia, South America and North America. Africa is in fourth place, followed by Central America and Europe, with Oceania being the continent with the least number of these animals.

### 3.2 ANIMAL TRADE

Exports of live horses worldwide can be divided into two groups: **animals for slaughter** and **animals for equestrian activities**. Unfortunately, the available official information does not allow to differentiate between animals for slaughter and others. However, it can be stated that animals for slaughter represent the largest part of the world trade. This type of trade takes place mainly between regions (mainly USA, Mexico, Canada, or within Europe).

Most of the trade for equestrian purposes is in sport horses, whether already trained animals, foals or breeding animals, such as stallions and mares. Trade in equestrian and breeding animals takes place mainly between **countries with highly developed equestrian activities or other equestrian competitions**, generating inflows and outflows that account for most of the equine trade.

Horse racing is understood as the organization of Thoroughbred racing competitions, the main market for sport animals. Within Europe, the trade in equestrian animals is also important, polo has its market in several countries with high purchasing power, and recently-due to the influence of Middle Eastern countries- endurance riding also generates a certain flow of animals at a global level.

**Elite horses are bought at the highest prices**, reaching millions of dollars. As prices fall, the transportation costs increase, which defines intra-regional trade.

Although unit values are a good indicator of the market type, the information presented is based on averages that in most countries include both animals for slaughter and for other purposes in different proportions that cannot be determined within the scope of this study.

As shown in Table N°3<sup>5</sup>, **Mexico, Spain and Italy -listed according to the number of heads imported- lead the statistics with a very high proportion of animals for consumption.**

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<sup>5</sup> All information on animal trade was obtained from the United Nations Food and Agriculture Organization (FAO) and 2019 data are presented because is the most recent complete list.

TABLE N°3 – WORLD IMPORTS IN HEADS

Position	Country	Heads	%	U\$/horse
1	Mexico	63,282	23%	1,120
2	Spain	28,833	10%	387
3	Italy	28,361	10%	1,407
4	Philippines	24,739	9%	25
5	United States	19,103	7%	33,055
6	Canada	18,566	7%	3,680
7	Belgium	11,416	4%	3,010
8	Denmark	7,837	3%	3,570
9	United Kingdom	5,890	2%	84,994
10	Ireland	5,228	2%	63,465
<b>Rest of the World</b>		<b>62,820</b>	<b>23%</b>	<b>35,083</b>

Source: prepared by Uruguay XXI based on data from FAOSTAT, 2019.

If the data is sorted according to the amounts imported, countries such as China, Hong Kong, the United States, the United Kingdom, Ireland and Japan rank first, as their highly developed equestrian centers are consumers of high-value animals.

TABLE N°4 – WORLD IMPORTS IN US\$

Position	Country	Thousand US\$	%	US\$/horse	Heads
1	China	691,727	18%	172,932	4,000
2	Hong Kong	672,560	17%	249,466	2,696
3	United States	631,457	16%	33,055	19,103
4	United Kingdom	500,612	13%	84,994	5,890
5	Ireland	331,794	8%	63,465	5,228
6	Japan	166,174	4%	35,050	4,741
7	Australia	110,046	3%	28,883	2,191
8	France	90,393	2%	18,550	4,873
9	Switzerland	83,570	2%	19,417	4,304
10	Netherlands	74,177	2%	22,090	3,358
<b>Rest of the World</b>		<b>568,553</b>	<b>14%</b>	<b>2,588</b>	<b>219,691</b>

Source: prepared by Uruguay XXI based on FAOSTAT data, 2019.

In terms of exports, the United States is the largest horse exporter, eight times more than its nearest competitor.

TABLE N°5 – WORLD EXPORT IN HEADS

Position	Country	Heads	% of total	US\$/heads
1	United States	121,473	48%	3,051
2	Netherlands	14,112	6%	24,861
3	France	13,291	5%	15,765
4	Canada	11,382	4%	41,251
5	United Kingdom	11,240	4%	6,500
6	Belgium	10,315	4%	11,233
7	Ireland	6,334	2%	46,587
8	Poland	6,103	2%	1,972
9	Germany	4,811	2%	46,565
10	Spain	4,285	2%	2,904
<b>Rest of the world</b>		<b>51,484</b>	<b>20%</b>	<b>30,975</b>

Source: prepared by Uruguay XXI based on FAOSTAT data, 2019.

When considering the total amounts, China leads the list, as the country with the largest flow in foreign exchange, both for horse imports and exports.

TABLE N°6 – WORLD EXPORTS IN US\$

Position	Country	Thousand US\$	%	US\$/horse	Heads
1	China	567,944	15%	219,963	2,582
2	Hong Kong	567,827	15%	221,461	2,564
3	United Kingdom	469,524	13%	41,773	11,240
4	United States	370,633	10%	3,051	121,473
5	Netherlands	350,832	9%	24,861	14,112
6	Ireland	295,085	8%	46,587	6,334
7	Germany	224,024	6%	46,565	4,811
8	France	209,536	6%	15,765	13,291
9	Australia	117,310	3%	58,480	2,006
10	Belgium	115,868	3%	11,233	10,315
14	Argentina	25,033	1%	9,475	2,642
<b>Rest of the World</b>		<b>414,159</b>	<b>12%</b>	<b>6,526</b>	<b>63,460</b>

Source: prepared by Uruguay XXI based on FAOSTAT data, 2019.

Argentina is the closest case, as an undisputed animal exporter. In 2019, Argentina exported 2,642 animals for more than USD 25 million<sup>6</sup>. The largest market for Argentine horses is polo, which has grown in recent years, followed by the equestrian sport market, which has been a traditional export sector.

In 2019, Argentina had 0.9% of the world's market share in horse exports with 42 active markets. The United States is the main buyer of Argentine horses, which accounted for 40% of the volume of exports by FOB value in the last FY (see Table No. 7).

TABLE N°7 – ARGENTINE HORSE EXPORTS BY DESTINATION-2019 IN US\$

Destination	US\$ Total	Participation
United States	11,229,974	40%
United Kingdom	3,141,659	11%
Chile	1,980,944	7%
United Arab Emirates	1,327,480	5%
Saudi Arabia	1,179,500	4%
Other 37 destinations	9,347,145	33%
<b>Total</b>	<b>28,206,701</b>	<b>100%</b>

Source: Equine Directorate - with data from the National Institute of Statistics and Census of Argentina (INDEC).

When analyzing exports according to the number of horses exported, the United States and the United Kingdom again lead the ranking with 23% and 15% of total exports respectively.

In terms of unit value per horse, Saudi Arabia is the main customer for Argentina's high-value horse exports with US\$ 294,875, followed by Ireland and Japan.

<sup>6</sup> Most likely this value is even higher, since Argentina's horse exports are mainly declared based on estimates.

TABLE N°8 – ARGENTINE HORSE EXPORTS BY VALUE.  
 INDIVIDUAL AVERAGE - 2019

Destination	Average price per horse US\$
Saudi Arabia	294,875
Ireland	79,195
Japan	55,000
South Africa	36,353
Singapur	20,702
United States	16,563
<b>Average unit price</b>	<b>9,497</b>

Source: Equine Directorate - with data from INDEC.

In global terms, horse trade and demand for equestrian activities is concentrated in Western Europe, the United States, Canada, the Middle East, Japan, emerging Asian economies and Oceania.

Horse racing, polo, horse jumping and endurance riding are the main consumer audiences for high-value animals, with high international freight costs. There is also a functional competition market in the United States and Europe, which have a potential audience associated to recreational riding horse market.

## 4. EQUESTRIAN SECTOR IN URUGUAY

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### 4.1 STOCKS

This section analyses the horse stock in Uruguay. In order to provide an overview of the national equine market, horse stocks have been classified according to their **use and breed** by **category**.<sup>7</sup>

In terms of use, available information sources allow us to break them down into four groups, as shown in Table N°9. The first use category comprises animals whose main activity is equestrian competitions or equestrian sports of various kinds that take place in the country. The second group considers registered purebred animals (all breeds except Thoroughbred racing horses), which are defined as "functional breeds", separately because of their importance. Animals competing in functional and morphological tests fall into this category. A third group covers activities that are referred to as "agribusiness and services". Within "work and services" are included animals that used in agricultural establishments, pack horses and those used by the State, among others. Finally, those horses used to provide services to people other than their owners them are grouped under "tourism and education": equestrian tourism (e.g. tourist ranches, horseback riding), festivals and tradition (animals used in *criollas*), education and pleasure (animals used to provide various classes and those riding horses used by private owners).

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<sup>7</sup> The classification method was the best understood for the purposes of this study.

TABLE N°9 -CLASSIFICATION CRITERIA OF THE HORSE  
 INDUSTRY

USE		RACES	CATEGORIES
RACING HORSES	FIELD WORK	THOROUGHBRED	STALLIONS
RAID	POLICE AND ARMY	CRIOLLOS	MARES
ENDURANCE	RENTAL, HORSEBACK RIDING AND RURAL TOURISM	ARABIAN	UNTAMED
JUMPING HORSES		QUARTER HORSE	ADULTS ACTIVITY
POLO	CRIOLLAS	OTHERS	
FUNCTIONAL HORSES	TRAINING AND RIDING HORSES	CROSS-BRED	

Source: Report "[CHARACTERIZATION AND POTENTIALITIES OF THE EQUESTRIAN SECTOR IN URUGUAY](#)", 2012.

In terms of breeds, as in the rest of the world, there are many breeds in Uruguay that are ideal for different activities and in many cases compete for the same market. The breeds included in the pedigree records of the Rural Association of Uruguay (ARU) are in order of importance by number of registered animals: Criollo, Arabian<sup>8</sup>, Quarter Horse, Appaloosa, Lusitano, Shetland Pony, Percheron, Paint, Peruvian Paso, Belgian, Hanoverian, Breton and Mangalarga Marchador. The Criollo breed accounts for approximately 75% of these records.

By way of example of the main uses for the different breeds, the following table shows, on the one hand, those breeds with a significant presence in the country, and on the other hand, the different uses that a priori could have potential in foreign markets.

<sup>8</sup> It groups Arabian, Anglo-Arabian and Arabian crossbred

TABLE N°10 –ACTIVITIES AND BREEDS

	THOROUGHBRED	CRIOLLOS	ARABIAN	QUARTER HORSE	OTHERS	CROSSBRED
RACING HORSE	X					
ENDURANCE	X	X	X			X
JUMPING HORSE					X	X
POLO	X					X
FUNCTIONAL USES		X	X	X	X	X
HORSEBACK RIDING	X	X	X	X	X	X

Source: Report "[CHARACTERIZATION AND POTENTIALITIES OF THE EQUESTRIAN SECTOR IN URUGUAY](#)", 2012.

The northern departments of the country have the largest number of horses. The area of the department and the prevalence of meat and wool farming as compared to other land uses determine the number of animals. A large part of racing, instruction and riding horses are concentrated in the departments of Montevideo's metropolitan area.

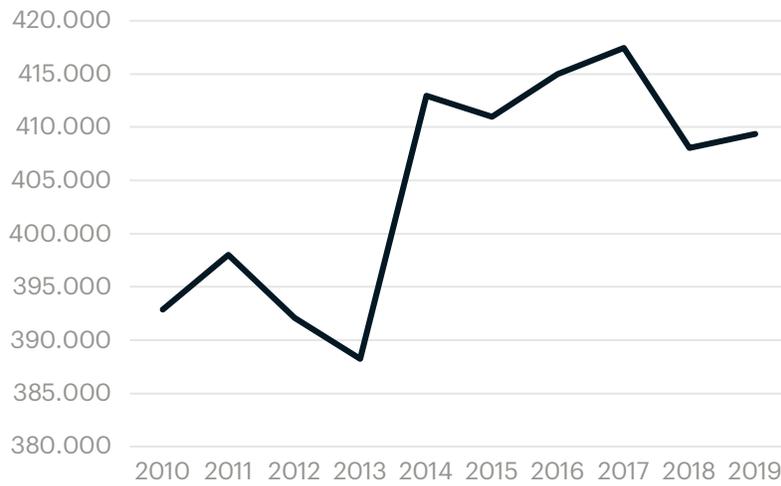
TABLE N°11 – STOCK BY DEPARTMENT-YEAR 2019

DEPARTMENT	HEADS	%
TACUAREMBÓ	41,517	10%
CERRO LARGO	37,978	9%
SALTO	33,351	8%
RIVERA	32,413	8%
PAYSANDÚ	30,857	8%
ARTIGAS	28,571	7%
LAVALLEJA	28,026	7%
ROCHA	24,180	6%
DURAZNO	23,602	6%
FLORIDA	22,300	5%
TREINTA Y TRES	21,493	5%
CANELONES	15,267	4%
MALDONADO	14,417	4%
RÍO NEGRO	14,135	3%
SORIANO	12,857	3%
SAN JOSÉ	9,926	2%
COLONIA	8,991	2%
FLORES	8,523	2%
MONTEVIDEO	961	0%
<b>TOTAL</b>	<b>409.365</b>	<b>100%</b>

Source: Prepared by Uruguay XXI based on data from the Agricultural Statistics Office of the Ministry of Livestock, Agriculture and Fisheries (MGAP-DIEA), based on the DICOSE Affidavit

As for the evolution of the stock, data from the Division for the Control of Cattle (DICOSE) show a peak in 2017 of 417,000 head, the highest recorded since 2010. In 2019, the number of head was 409,000, 4% higher than the number recorded in 2010.

TABLE N°1 – ANNUAL EVOLUTION OF THE STOCK IN HEADS



Source: Prepared by Uruguay XXI based on data from DICOSE.

One of the most important assets of the equestrian sector is the national horse racing activity, which is constituted by the Thoroughbred racehorse stock. The estimation of the value of this stock will be carried out using the market price criterion based on the auction value at the fundamental horse stages<sup>9</sup>. According to estimates made by the Center for Economic Research (CINVE) for 2019, the value of the Thoroughbred racehorse stock amounts to approximately U\$S 66 million.

<sup>9</sup> If, on the contrary, industry experts' opinion is taken into account, the total stock value would be a smaller figure.

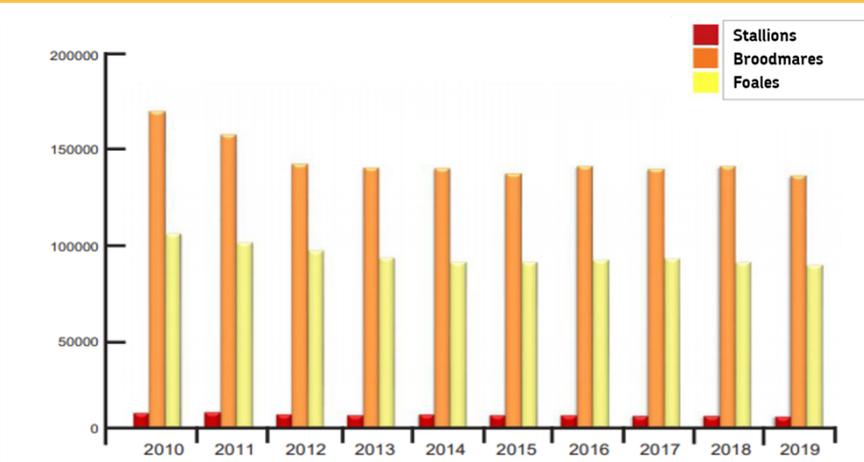
TABLE N°12 - THOROUGHBRED STOCK IN 2019 AND ESTIMATED AVERAGE UNIT VALUE (US\$)<sup>10</sup>

Category	Number of horses	Average unit value by category (US\$)	Total value (US\$ mill.)
Brood mares	3,494	2,147	8
Stallions	313	13,884	4
Generation	1,642	8,512	14
Training	3,219	3,505	11
Training without official aims	3,038	2,503	8
Weaning	1,373	4,062	6
Others	12,717	1,235	16
<b>Total</b>	<b>25,796</b>	<b>2,558</b>	<b>66</b>

Source: "Bases para el desarrollo de la actividad hípica en Uruguay", CINVE, October 2020.

In recent years, the breeding stock in Uruguay has undergone downward adjustments, but this does not seem to be a country-specific trend, as there is a global downward trend. According to IFHA data, covering the period from 2010 to 2020 for almost 70 countries, in 2010 there was a peak in the breeding stock, which then declined to reach a stable number of around 150,000 mares and 100,000 foals.

CHART N°2 - TOTAL NUMBER OF HORSES IN BREEDING ACTIVITIES WORLDWIDE <sup>11</sup>



<sup>10</sup> The criterion used to estimate the average price is the market value. In the process of valuation of the Thoroughbred stock, all animals born in the country were considered, adding imported horses and deducting exported horses that were less than 16 years old in 2019.

<sup>11</sup> Source: [Annual Report 2019, IFHA](#).

If Uruguay is compared with international averages, it can be seen that the Thoroughbred horse breeding activity in Uruguay has a very important economic weight. According to IFHA information, the country had 1.96% of the world stock of breeding horses in 2019 (jointly stallions, broodmares and foals). These data reflect a marked specialization of the country in the Thoroughbred breeding activity, a phenomenon that responds to the exceptional conditions that Uruguay offers for the development of this type of activity.

In particular, Uruguay ranks eighth in the world ranking of thoroughbred breeding stock (considering the list of 80 countries surveyed by IFHA). In Latin America, Uruguay is second in the ranking, above Brazil, Colombia, Ecuador, Mexico and Chile, and below Argentina.

## 4.2 EXPORTS BY ACTIVITY

This section analyses Uruguayan exports and imports of live animals.

### 4.2.1 LIVE ANIMALS

Customs records identify exports of Thoroughbred racing horses, breeding stock of all breeds, and riding and sport horses, including those for different competitions and riding horses<sup>12</sup>.

Animal exports<sup>13</sup> in recent years have alternated between peaks<sup>14</sup> and lows, and although there is a downward trend, exports in 2020 grew by 0.5% compared to the previous year's sales.

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<sup>12</sup> The tables are based on customs data on the number of animals, and in some cases unit prices were estimated, as customs records do not necessarily reflect the real value of the transactions and are usually lower.

<sup>13</sup> Commonly referred to as "heads".

<sup>14</sup> The 2007 peak is generated by two shipments to Italy of approximately 300 animals each, whereas in previous and subsequent years only one shipment was made

TABLE N°3 – ANNUAL EXPORTS IN HEADS



Source: Prepared by Uruguay XXI based on data from the National Customs Directorate (DNA) and Penta Transaction.

Imports are concentrated in breeding stock, which accounted for 78% of total imports in 2020. Within this category, the most imported horses are Thoroughbred racehorses, which accounted for 40% of total imports. On the other hand, the main exports are of Thoroughbred racehorses, together with riding and sports animals, with endurance riding being the discipline with the highest incidence.

In 2018, comprising 43% of total animals, endurance horse exports in values were close to 80% of total horse exports, revealing significant differences in unit values in favor of this market. In 2019, total horse exports were US\$ 2 million, 21% higher than the total exported in 2018. In this year, exports of Thoroughbred racehorses decreased and exports of other horses increased. Exports in 2020 fell by half compared to 2019, but grew in terms of the number of heads traded, showing a decrease in the export price.

TABLE N°13 – EXPORTS OF LIVE ANIMALS

NCM	Description	2018				2019				2020			
		US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit
0101290099	HORSES - THE OTHERS	121.996	15.850	34	3.588	1.117.500	86.062	178	6.278	761.974	129.893	273	2.791
0101210000	HORSES - PUREBRED BREEDING STOCK	210.845	84.280	219	963	196.558	53.000	120	1.638	209.411	55.200	121	1.731
0101290030	HORSES - BREEDING STOCK	33.905	10.800	26	1.304	11.000	2.000	4	2.750	27.319	3.200	7	3.903
0101290010	HORSES - RACE HORSES (THOROUGHBRED RACING HORSES)	1.352.278	83.950	168	8.049	760.928	51.020	103	7.388	17.010	2.920	6	2.835
0101290020	HORSES - FOR POLO	12.000	2.000	4	3.000	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1.731.023</b>	<b>196.880</b>	<b>451</b>	<b>3.838</b>	<b>2.085.986</b>	<b>192.082</b>	<b>405</b>	<b>5.151</b>	<b>1.015.713</b>	<b>191.213</b>	<b>407</b>	<b>2.496</b>

Source: compiled by Uruguay XXI based on data from DNA and Penta Transaction.

TABLE N°14 – IMPORTS OF LIVE ANIMALS

NCM	Description	2018				2019				2020			
		US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit
0101290010	HORSES - RACEHORSES (THOROUGHBRED RACEHORSES)	1.061.858	96.490	199	5.336	899.826	79.907	166	5.421	665.087	73.600	149	4.464
0101210000	HORSES - PUREBRED BREEDING	1.543.071	97.530	208	7.419	698.567	87.266	189	3.696	624.080	99.676	207	3.015
0101290099	HORSES - OTHERS	164.901	8.936	19	8.679	155.659	5.517	11	14.151	263.094	11.238	23	11.439
0101290030	HORSES - BREEDING	24.757	2.500	6	4.126	4.592	500	1	4.592	109.433	4.520	18	6.080
<b>Total</b>		<b>2.794.587</b>	<b>205.456</b>	<b>432</b>	<b>6.469</b>	<b>1.758.644</b>	<b>173.190</b>	<b>367</b>	<b>4.792</b>	<b>1.661.694</b>	<b>189.035</b>	<b>397</b>	<b>4.186</b>

Source: compiled by Uruguay XXI based on data from DNA and Penta Transaction.

The opening by destination for each export item is presented below. For breeding animals, the main and almost the only export destination is the region, led by Paraguay. Outside the region, United Arab Emirates was one of the most important countries in 2019 (US\$ 21 million and an average price of US\$ 3,000 per head).

TABLE N°15 – EXPORTS OF BREEDING STOCK

NCM	Description	Destination	2018				2019				2020				
			US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	
10121000	HORSES – PUREBRED BREEDING	PARAGUAY	129.507	78.280	207	626	115.377	38.500	91	1.268	134.185	51.200	113	1.187	
		USA	35.000	500	1	35.000					50.600	500	1	50.600	
		ARGENTINA	31.595	3.500	7	4.514	26.648	6.000	12	2.221	12.220	1.500	3	4.073	
		GERMANY									9.000	1.500	3	3.000	
		BRAZIL	14.743	2.000	4	3.686	16.532	2.500	5	3.306	3.406	500	1	3.406	
								18.000	3.000	6	3.000				
10129003	HORSES – BREEDING						20.000	3.000	6	3.333					
		BELGIUM									10.000	500	1	10.000	
		ARGENTINA									9.215	1.000	2	4.608	
		USA									6.000	1.000	2	3.000	
		BRAZIL									2.104	700	2	1.052	
		PARAGUAY	33.905	10.800	26	1.304									
		UK						3.000	500	1	3.000				
		UAE						3.000	500	1	3.000				
ITALY						5.000	1.000	2	2.500						
<b>Total</b>			<b>244.750</b>	<b>95.080</b>	<b>245</b>	<b>999</b>	<b>207.558</b>	<b>55.000</b>	<b>124</b>	<b>1.674</b>	<b>236.730</b>	<b>58.400</b>	<b>128</b>	<b>1.849</b>	

Source: compiled by Uruguay XXI based on data from DNA and Penta Transaction.

For the Thoroughbred racehorse, Brazil has led the region's small market in the last two years, with a very low number of total exports, and with exceptional cases standing out that are exported to markets with high purchasing power such as the United States, the United Kingdom, the Netherlands or the United Arab Emirates.

TABLE N°16 – THOROUGHBRED RACING EXPORTS

NCM	Description	Destino	2018				2019				2020			
			US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit
0101290010	RACEHORSES (THOROUGHBRED RACEHORSES)	BRASIL	8.188	1.000	2	4.094	23.360	5.120	11	2.124	8.500	1.920	4	2.125
		GERMANY	12.000	2.000	4	3.000	6.000	1.000	2	3.000	5.510	500	1	5.510
		USA	34.000	2.000	4	8.500	282.000	1.900	4	70.500	3.000	500	1	3.000
		ARGENTINA					108.403	13.000	26	4.169				
		ITALY					11.612	2.000	4	2.903				
		HOLLAND	15.000	2.500	5	3.000								
		IRELAND	9.518	1.500	3	3.173								
		UAE	1.003.000	53.000	104	9.644	230.000	11.500	23	10.000				
		PARAGUAY					6.511	1.000	2	3.256				
		UK	180.000	7.550	16	11.250	3.000	500	1	3.000				
		FRANCE	36.572	6.000	12	3.048	33.630	5.500	11	3.057				
		SPAIN	54.000	8.400	18	3.000	56.412	9.500	19	2.969				
<b>Total</b>			<b>1.352.278</b>	<b>83.950</b>	<b>168</b>	<b>8.049</b>	<b>760.928</b>	<b>51.020</b>	<b>103</b>	<b>7.388</b>	<b>17.010</b>	<b>2.920</b>	<b>6</b>	<b>2.835</b>

Source: compiled by Uruguay XXI based on data from DNA and Penta Transaction.

Recorded polo horse exports are marginal and go to several markets outside the region. In the last three years, only exports of polo horses to Germany were recorded (in 2018), which amounted to US\$ 12,000 for four heads.

For sport and riding animals, customs information does not allow to classify exports according to the different uses of the animals (enduring riding, jumping horses, riding horses, etc.). Nevertheless, some conclusions can be drawn. During the last three years, animals were exported to 16 countries. The main destination in dollars is the United Arab Emirates, which accounts for US\$ 460,500 (2020). From there, animals are generally purchased for endurance riding competitions. Paraguay was the second export destination in 2020 with US\$ 85,896. The average price of a horse to this destination is US\$ 1,000, which is 58% lower than the average export price to the United Arab Emirates.

TABLE N°17 –EXPORTS OF HORSES FOR OTHER SPORT AND RIDING HORSES (EXCEPT POLO AND THOROUGHBRED)

NCM	Description	Destination	2018				2019				2020			
			US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit	US\$	Kg	Heads	US\$ per unit
010129 0099	HORSES- OTHERS	UAE	25.000	500	1	25.000	834.198	54.500	109	7.653	460.500	69.450	150	3.070
		PARAGUAY	15.984	4.850	12	1.332	11.028	2.563	11	1.003	85.896	32.493	66	1.301
		ARGENTINA	10.000	500	1	10.000	36.000	5.500	11	3.273	45.000	7.500	15	3.000
		FRANCE	6.000	1.000	2	3.000	34.542	5.500	11	3.140	33.000	3.500	7	4.714
		SWISS					5.000	500	1	5.000	30.060	500	1	30.060
		BARHEIN									27.000	3.750	8	3.375
		SPAIN					18.000	3.000	6	3.000	22.500	3.700	8	2.813
		BRAZIL	20.012	3.000	6	3.335	49.956	4.000	8	6.245	19.500	3.000	6	3.250
		BELGIUM					13.176	2.000	4	3.294	18.000	3.000	6	3.000
		GERMANY	24.000	3.000	6	4.000	6.000	1.000	2	3.000	10.500	1.500	3	3.500
		UK					25.000	500	1	25.000	6.512	1.000	2	3.256
		ITALY					63.600	4.000	8	7.950	3.506	500	1	3.506
		CHILE	6.000	1.500	3	2.000								
		USA	15.000	1.500	3	5.000	21.000	3.000	6	3.500				
<b>Total</b>			<b>121.996</b>	<b>15.850</b>	<b>34</b>	<b>3.588</b>	<b>1.117.500</b>	<b>86.062</b>	<b>178</b>	<b>6.278</b>	<b>761.974</b>	<b>129.893</b>	<b>273</b>	<b>2.791</b>

Source: compiled by Uruguay XXI based on data from DNA and Penta Transaction.

#### 4.2.2 HORSE MEAT

Uruguay also exports horsemeat. For information on horsemeat exports, please click on the following [link](#).

#### 4.2.3 OTHER PRODUCTS

As complementary products in the sector, exports of veterinary products (vaccines, anti-parasitic products and feed supplements) are identified. The main exporting company in this area is the MICROSULES URUGUAY S.A. Laboratory, which in 2020 exported US\$ 1 million, which is fourfold the amount exported in 2019. The main destinations of these sales were Mexico and Brazil, which accounted for 64% of total exports.

TABLE N°18 – EXPORTS OF MICROSULES

DESTINATION	2018		2019		2020	
	U\$S	Kg	U\$S	Kg	U\$S	Kg
Mexico	3.600	62			426.694	24516
Brazil			35.731	1408	295.791	17566
Ecuador	47.399	2744	55.242	3870	108.350	7096
Mauritania					99.368	5980
Bolivia			51.179	1072	47.243	534
Paraguay	8.348	90	14.445	578	54.452	2872
Panama	1.880	24	30.955	1074	29.634	816
Bahrain	10.800	78	31.504	354	6.240	60
Chile			14.210	310	13.162	310
Sudi Arabia			12.800	124	12.400	124
Trinidad and Tobago	15.828	874			5.657	337
Qatar	14.357	72	2.003	21	5.122	66
Peru					18.552	422
Turkey			18.223	528		
Kuwait	2.387	82	5.517	465		
Jordania	1.434	8	2.232	20	1.200	10
Dominican Republic	2.621	18				
UAE					500	55
<b>Total</b>	<b>108.653</b>	<b>4.053</b>	<b>274.040</b>	<b>9.824</b>	<b>1.124.364</b>	<b>60.764</b>

Source: compiled by Uruguay XXI based on data from DNA.

## 4.3 EMPLOYMENT

Equestrian activities generate different forms and opportunities for work that could be divided, first of all, into two main groups

1. **Direct work:** specialized and semi-specialized workers and professionals, directly related to the actors defined in section N°4 as members of the core of the sector (breeders, organizers of activities, equestrian centers, stable hands, slaughterhouses, specialized media, among others), including farm laborers, horsemen, horse breakers, tamers, tack men, farriers, professional riders, grooms, trainers, horse riding guides, veterinary professionals, personnel linked to the organization of events, among others.
2. **Indirect work:** generated by the different supply chains (feed, health, transport, animal and rider equipment) both at the production or import stage and at the distribution stage. This group also includes non-veterinary professionals in general (agronomists, accountants, lawyers, etc.) who provide services to all stakeholders. With the information available, it is very difficult to establish the number of jobs generated by these stakeholders in the chain that can be specifically attributed to the equestrian sector. Although it is estimated that this is a very significant number of jobs, with average salaries higher than those of direct labor, it is beyond the scope of this report.

The breeding and reproduction activity, together with the equestrian competition of thoroughbred horses and their respective commercialization, generates direct sources of employment for approximately 5,600 workers throughout the country. This estimate made by CINVE includes employment generated by the equestrian activity itself, but also includes direct linkages with other actors that are linked to the equestrian sector (suppliers, among others). In order to estimate employment in the breeding and reproduction stage, jobs strictly related to horses (veterinarians, laborers, foremen, among others) were taken into account.

TABLE N°19- ESTIMATED DIRECT EMPLOYMENT IN THE EQUESTRIAN ACTIVITY – THOROUGHBRED RACEHORSES YEAR 2019

	Number of people	Full-time jobs
<b>Breeding</b>	<b>1,714</b>	<b>1,714</b>
Direct employment stud farms	1,282	1,282
Herd suppliers	396	396
Transport	36	36
<b>Marketing</b>	<b>20</b>	<b>10</b>
<b>Competition</b>	<b>3,884</b>	<b>3,149</b>
Direct officials - racecourses	865	485
Jockeys	241	241
Gaming agencies	175	166
Racetrack concessions	518	258
Caretaker	217	217
Steward	599	599
Trackers/tamers	121	121
Veterinarian	55	55
Farrier	44	44
Saddlery	56	11
Stud Suppliers	343	343
Racecourse suppliers and related activities	593	593
Journalists	57	16
<b>Employment Total</b>	<b>5.618</b>	<b>4.874</b>

Source: "Bases for the development of equestrian activity in Uruguay", CINVE, October 2020.

It is estimated that the Thoroughbred racehorse breeding and reproduction activity is responsible for the generation of direct employment for almost 1,700 workers with different levels of qualification. Given that in recent years there have been no substantive changes in the organization of production at stud farms of different relative sizes, it is estimated that jobs in this activity amount to 1,700 workers, of which 396 jobs are due to suppliers, as presented in the table above.

The employment generated by official equestrian competition remained stable over the last seven years due to the fact that the number of racing horses has remained stable since then. At this stage (marketing and competition<sup>15</sup>) more than 3,900 direct jobs are generated.

<sup>15</sup> For competition-related job estimates, all official races of the National Racetrack of Maroñas and Las Piedras Racetrack are considered.

If indirect jobs are considered, employment could increase by approximately 4,000 people, which, added to direct employment, makes it possible to estimate that the sector employs approximately 10,000 people.

Equestrian activity has important relationships with other productive sectors that generate spill-over effects in terms of indirect employment. The activity demands goods and services produced by other economic actors (backward linkage) and also generates resources that are used by other sectors of activity (forward linkage).

These links can be observed, for example, with feed production, both in breeding and reproduction activities, and at the competition stage. The main suppliers for the sector are companies supplying feed and vitamin complexes. Feeding is one of the main costs of the activity. Feed is supplemented with grain, which is usually purchased from specialized producers or from stockyards, and concentrated feed in the form of pellets, produced by specialized feed manufacturers, who develop special lines for horses.

On the other hand, the role of veterinary services is of utmost importance for the sector. Veterinarians play an important role in official competitions, as they have to assess, prior to the race, the physical fitness of the horse to compete. At the same time, the professionals have to take care of clinical consultations, DNA control, vaccinations and chip implantation. It is estimated that approximately 55 veterinary professionals are involved in competition-related activities.

In the marketing stage, there is a strong linkage with transport services, since they include transportation of horses for auctions and those for buyers and professionals who provide services to studs and stud farms. On the other hand, when the commercialization is with another country (for export and import operations), national and international transport services are required, as well as the intervention of foreign trade agents.

Considering the backward linkages, the connection with the blacksmith sector stands out. This sector often provides services at the breeding and competition stages. Before each participation in a race, the horse must be shod with a special shoe, and they require other shoes for daily training or resting. Among the forward linkages, mention can be made to the media (written, radio, television, etc.) linked to competitions and auctions, as well as agencies related to betting activities.

TABLE N°20- SUMMARY OF THE NUMBER OF PEOPLE WHO DIRECTLY OR INDIRECTLY DEPEND ON EQUESTRIAN ACTIVITIES - YEAR 2019

	Number of people
Direct Employment	5.618
Indirect Employment	4.551
Total (Direct+Indirect)	10.169
Persons dependent on the activity*	40.674

\*Assuming families with 4 members

Source: "Bases para el desarrollo de la actividad hípica en Uruguay", CINVE, October 2020.

The spillover of the entire equestrian chain and its social impact can be estimated considering the people who directly or indirectly depend on the activity. This work estimates the number reaches over 40,000 people (assuming families with four members)

## 5. INVESTMENTS IN THE SECTOR

### Projects approved by the Commission for the Implementation of the Investment Law (COMAP)<sup>16</sup>

The institution receiving applications to enter the investment promotion regime is the Private Sector Support Unit (UnASeP), which -based on all the information required by the Commission for the Application of the Investment Law (COMAP)- will determine which Ministry and body will be responsible for its evaluation, depending on the nature of the project and the activity to which it corresponds.

The total investment value promoted by COMAP in the last decade was around US\$ 77 million in projects in this sector and they are from the company Hípica Rioplatense Uruguay S.A. (HRU). In 2012 investments reached a maximum of US\$ 39 million. Hípica Rioplatense Uruguay S.A. (HRU) manages the Maroñas National Racetrack. The company was created in 2001, when a strategic agreement was signed between Sociedad Latinoamericana de Inversiones (SLI Group) and Codere S.A. (Codere Group), with the aim of investing in equestrian businesses in Latin America.

TABLE N°21 - INVESTMENT PROMOTED BY COMAP-HRU

Año	Mill. US\$
2010	24
2011	2
2012	39
2014	9
2017	3
<b>Total</b>	<b>77</b>

Source: Uruguay XXI based on data COMAP data.

Codere -of Spanish origin- concentrates its operations in **Montevideo and its periphery**, where it manages the **Maroñas National Racetrack** and the activities derived from it: betting point, gaming room, online activities and horse betting system.

In 2002, the Uruguayan government awarded a 30-year concession for the operation of the Maroñas racetrack to Hípica Rioplatense S.A., a group formed by Sociedad Argentina de Medios S.A. (part of the SLI Group) and Codere. The reopening of the Maroñas Racetrack in 2003 involved an investment of US\$ 50 million and gave back to the venue its prestige as a **first-class equestrian center**. This business involves the **transformation of the racetrack into an entertainment center**, combining

<sup>16</sup> [COMAP](#)

horse races with casino games, such as slot machines and other types of betting. The strong technological investment made in Maroñas turned this equestrian center into **the most modern in Latin America**, also offering simulcasting, an exclusive simultaneous betting system via satellite television, which allows the exchange of races between Europe, North America and Latin America.

In 2012, Codere expanded its businesses in Uruguay with the **Las Piedras racetrack**<sup>17</sup>, after being awarded with a new license for ownership, use and operation, also valid for a period of 30 years. It was inaugurated in mid-2013, and it also added the **Hotel Casino Carrasco** to its portfolio of activities, which was reopened on 7 March 2013. In 2014, Las Piedras Racetrack launched the School for Jockeys and Trainers, for the professionalization of the sector, and the Sofitel Montevideo Casino Carrasco & Spa reinforced its brand positioning based on the concept "Flagship of Entertainment", redefining the gaming areas and VIP spaces. Since 2015 Uruguay has 12 races in Volume I of IFHA's International Cataloguing Standards Book<sup>18</sup>, thus the main races of the Maroñas National Racetrack are world-class and are considered world-class races once again. In 2015, the Sofitel Montevideo Casino Carrasco & Spa completed the works committed to the Montevideo City Council and boosted its entertainment areas with new spaces, services and activities for customers. In 2016, Codere integrated its business in the country with the purchase of an additional 50% of HRU, its subsidiary in Uruguay. At the Maroñas venue, it made significant investments in its facilities and equestrian village. In recent years, the company's operations were affected as a result of the COVID-19 pandemic<sup>19</sup>.

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<sup>17</sup> For further information, see: <http://www.maronas.com.uy/hipodromos/hipodromo-las-piedras>

<sup>18</sup> For further information, see: <https://www.ifhaonline.org/>

<sup>19</sup> For further information, see: <https://www.grupocodere.com/uruguay/>

## 6. INSTITUTIONAL FRAMEWORK AND RELEVANT STAKEHOLDERS

In Uruguay there are several stakeholders and institutions linked to the equestrian sector. Public, private and mixed entities that, directly or indirectly, contribute to the development of the equestrian sector in Uruguay are presented below.

### Public Sector

There are several public institutions with tasks related to the sector, among which the following stand out:



**National Meat Institute (INAC)<sup>20</sup>:** its objective is to promote, regulate, coordinate and supervise the activities of production, transformation, commercialization, storage and transport of bovine, ovine, equine, porcine, caprine, poultry, rabbit and small game meats, their offal, by-products and meat products.



**Ministry of Livestock, Agriculture and Fisheries (MGAP<sup>21</sup>):** responsible for sanitary aspects and stock control. Within the MGAP is the General Directorate of Livestock Services (DGSG)<sup>22</sup>, which includes the Animal Industry Division (DIA) that deals with slaughterhouses. Then, the Animal Health Directorate (DSA)<sup>23</sup> controls and certifies the hygienic-sanitary conditions for the entry, import and export of animals, genetic material, etc. Finally, there is DICOSE, associated to stock control and DILAVE (laboratories).



**Ministry of Tourism (MINTUR)<sup>24</sup>:** it is responsible for aspects related to equestrian and event tourism through the Directorate of Infrastructure and Sports Promotion<sup>25</sup>. **The Ministry of Education and Culture**

<sup>20</sup> For further information go, see: <https://www.inac.uy/>

<sup>21</sup> For more information, see: <https://www.gub.uy/ministerio-ganaderia-agricultura-pesca/>

<sup>22</sup> For more information, see: <https://www.gub.uy/ministerio-ganaderia-agricultura-pesca/dgsg>

<sup>23</sup> For more information, see: <https://www.gub.uy/ministerio-ganaderia-agricultura-pesca/institucional/estructura-del-organismo/division-sanidad-anim>

<sup>24</sup> For more information, see: <https://www.gub.uy/ministerio-turismo/>

<sup>25</sup> For more information, see: <https://www.gub.uy/secretaria-nacional-deporte/node/442>

(MEC)<sup>26</sup>, which is responsible for regulating aspects related to education, is also involved in some of these issues.



**The Ministry of Economy and Finance (MEF)<sup>27</sup>:** regulates taxation aspects and is of particular importance for the sector through the following:



**1. National Customs Directorate<sup>28</sup>:** whose main function is to verify and control the different customs operations of loading, unloading and clearance of goods from the country.



**2. National Casino authority<sup>29</sup>:** the National Casino authority is in charge of controlling and supervising the activities of the Maroñas National Racetrack<sup>30</sup> and the racetracks recognized by the Directorate General of Casinos of Uruguay, as well as the activities of horse racing agencies across the country.



**Hípica Rioplatense Uruguay S.A.<sup>31</sup>:** is an entertainment company that after a bidding process was awarded in 2002 the Maroñas National Racetrack to be managed together with the General Directorate of Casinos. Its reopening, on June 29 of 2003, gave back to Uruguay a first-class equestrian and entertainment center, strengthening an activity that is estimated to be the source of 50,000 people's livelihoods throughout the country. HRU has invested more than U\$S 100 million in Uruguay in the refurbishment, equipment and maintenance of two racetracks and five slots parlors, and it employs more than 1,000 people.

<sup>26</sup> For more information, see: <https://www.gub.uy/ministerio-educacion-cultura/>

<sup>27</sup> For more information, see: <https://www.gub.uy/ministerio-economia-finanzas/>

<sup>28</sup> For more information, see: <https://www.aduanas.gub.uy/>

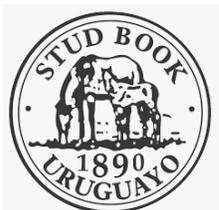
<sup>29</sup> For more information, see: <http://www.casinos.gub.uy/>

<sup>30</sup> For more information, see: <http://www.casinos.gub.uy/hipodromos/>

<sup>31</sup> For more information, see: <http://www.hru.com.uy>



**Inter-ministerial Commission on Equestrian Affairs<sup>32</sup>**: was created in 2007 as the governing body for equestrian activities, as well as an advisory body to the Executive Branch on the many horse-related activities carried out in the country.



**Uruguayan Stud Book<sup>33</sup>**: it was created by Executive Decree on March 22, 1890, in view of "(...) the need to give unity to the registers and authenticate the origins of racehorse breeds, as an appropriate means to promote a convenient selection that can be easily accredited (...)".



**Uruguay XXI<sup>34</sup>**: export promotion agency, attraction of productive foreign investment and promotion of the country brand.

### Private sector



**Criollo Horse Breeders Association of Uruguay (S.C.C.U.)<sup>35</sup>**: founded on September 1, 1941, its purpose is the promotion and development of the Criollo breed, looking for its improvement and diffusion. At the same time, due to the growth of the breed in the country in the last years, a commission was created (within the SCCC, which reports to the board of directors), in charge of technical training of members and those related to the breed.



**Thoroughbred Breeders Association (ACCPC)<sup>36</sup>**: although the origin of the Breeders' Association dates back to September 28, 1923, when it was founded, among others, by pioneers such as **Jorge Pacheco, Adolfo Artagaveytia, Guillermo Young and Juan Amoroso**, obtaining its legal status on April 4, 1924, the breeding of Thoroughbred Race horses in Uruguay began almost five decades earlier, in the second half of the 19th century.

<sup>32</sup> For more information, see: <https://www.gub.uy/ministerio-educacion-cultura/institucional/recursos-humanos/funcionarios-publicos-inciso/comision-asuntos-ecuestres>

<sup>33</sup> For more information, see: <http://www.studbook.com.uy/index2020.htm>

<sup>34</sup> For more information, see: <https://www.uruguayxxi.gub.uy/es/>

<sup>35</sup> For more information, see: <https://caballoscriollos.com.uy/>

<sup>36</sup> For more information, see: <https://criadorescpc.com.uy/>



**Uruguayan Racehorse Owners Association (AUPC)<sup>37</sup>** : was created with the objective of bringing together Uruguayan racehorse owners in order to give them an organization enabling them to analyze their aims, as well as to promote and encourage social links between the racehorse owners.



**Uruguayan Federation of Equestrian Sports<sup>38</sup>**: it carries out amateur equestrian sports activities related to dressage, show jumping, combined outdoor events, endurance, carriage riding and para-equestrian activities. Local, international and Olympic competitions are held.



**Arabian Horse Breeders Association of Uruguay<sup>39</sup>**: on August 16, 1965, the breeders of Arabian horses in Uruguay met with the purpose of creating the Arabian Horse Breeders Association, a guild of the Rural Association, which would be governed by the statutes of the latter, and those accepted by its members. Its purpose was bringing together all Uruguayan breeders to promote and improve the breed.



**It is the Uruguayan Endurance Association<sup>40</sup>**: a member of the International Equestrian Federation (FEI). It is a non-profit organization that is part of the Uruguayan Federation of Equestrian Sports (FUDE), member of the Uruguayan Olympic Committee. It participates in the organization and supervision of national and international competitions and championships held in the country.



**Rural Association of Uruguay (ARU)<sup>41</sup>**: comprised by the country's agricultural producers, its objective is to defend and promote the interests of agricultural production and complementary and derived industries. Founded in 1871, it is the oldest agricultural institution in the country.

<sup>37</sup> For more information, see: <https://apc.com.uy/>

<sup>38</sup> For more information, see: <https://www.fudeuru.com>

<sup>39</sup> For more information, see: <https://www.sccau.com.uy/>

<sup>40</sup> For more information, see: <https://uruguayendurance.com/>

<sup>41</sup> For more information, see: <https://www.aru.org.uy/>



**National Commission For Rural Promotion<sup>42</sup>:** The National Commission for Rural Promotion is the main organization of small and medium-sized rural producers across the country. It currently brings together 98 rural development associations, agricultural cooperatives and other organized groups, which in turn gather 15,000 family producers from all over Uruguay. This Commission combines trade union and promotional activities, seeking the social and economic development of rural areas.



**Rural Federation<sup>43</sup>:** the Rural Federation is a federative institution of rural producers' associations. It seeks to increase and improve agricultural production in Uruguay, promote the care and conservation of the soil, as well as the settlement of families in rural areas and the balanced distribution of the country's production.

## Training

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Education and training of specialized human resources in the sector, such as professional riders, horseback riding guides, trainers, farriers, coaches, instructors, equine managers and specialized veterinary professionals, are fundamental activities for the development of the equestrian sector in Uruguay. The development of this type of specialized training services is at a very early stage.



**Equine Department and Faculty of Veterinary Medicine - University of the Republic of Uruguay<sup>44</sup>:** the Equine Department is part of the Veterinary Hospital Center of the Clinical Institute of the Veterinary Medicine School of the University of the Republic of Uruguay (UdelaR). Its activities include teaching, clinical-surgical assistance, research and extension in equines, tasks developed both in Montevideo (Central Headquarters) and in the city of Salto (Northern Regional Headquarters). The team is made up of veterinary teachers specialized in equines, students of the Doctor of Veterinary Sciences program and auxiliary nurses, who work daily to provide first-class veterinary care to horses.

<sup>42</sup> For more information, see: <http://www.cnfr.org.uy/>

<sup>43</sup> For more information, see: <http://fr.org.uy/>

<sup>44</sup> For more information, see: <http://www.fvet.edu.uy/index.php/institutosdepartamentosclinicasveterinarias-5/2016-07-14-00-56-09/departamento-pequenos-animales>



**Army Riding School<sup>45</sup>**: is the local institution that offers training for riding and equine therapy trainers, offering the following programs: specialized riding teacher (two years), specialized riding instructor (one year), specialized riding assistant (one year), course for equestrian rehabilitation instructors.



**University of Labor of Uruguay (UTU)<sup>46</sup>** : UTU is part of the National Administration of Public Education (ANEP), offering technical and technological education at intermediate and tertiary level, and basic and higher vocational training throughout Uruguay. UTU offers basic professional training program in equestrian studies, for those aiming at working in the equestrian-sports field, assisting professionals in the area, recognizing and guiding their potential and interest in working with horses and giving them strategies to be significantly useful in the community.



**University of Enterprise - Equine Management Technician<sup>47</sup>**: this two-year course is aimed at training technicians providing knowledge in production, health, management and other areas related to horses.



**Ma-pa School - Equine Production Technician<sup>48</sup>** : Ma-Pa School is a private institution dedicated to training in trades and short careers, as well as courses in preventive areas. One of the courses offered is the equine production technician program.



**Army Veterinary and Breeding Service<sup>49</sup>**: offers different courses such as veterinary nurse, farrier, rational dressage, artificial insemination and saddlery.



**Quarter Horse Breeders Association<sup>50</sup>**: organizes clinics and seminars, offering activities that improve presentation techniques, dressage, genetics, handling, competition, etc.

<sup>45</sup> For more information, see: <http://www.imaedu.edu.uy/escuela-EEQE.html>

<sup>46</sup> For more information, see: <https://www.utu.edu.uy/formacion-profesional-basica-hipica>

<sup>47</sup> For more information, see: <https://www.fca-ude.edu.uy/tecnico-en-gestion-equinos.php>

<sup>48</sup> For more information, see: <https://www.escuelamapa.edu.uy/cursos/tecnico-en-produccion-equina/>

<sup>49</sup> For more information, see: <https://www.ejercito.mil.uy/>

<sup>50</sup> For more information, see: <https://www.rural.com.uy/empresa/sociedad-de-criadores-cuarto-de-milla/1114>

## 7. REGULATORY FRAMEWORK

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### 7.1 INVESTMENT PROMOTION REGIME

The main investment promotion regime is set forth in Law No. 16,906, which states that it is the national interest to promote and protect investments made by domestic and foreign investors in the national territory. The Law is regulated by a series of decrees. It classifies tax incentives into two groups: general incentives for investment and incentives for specific investments.

#### MAIN ASPECTS

The Law establishes:

- Equal treatment for foreigners and locals.
- No limits on foreign capital endowment in companies.
- Single tax system for the whole national territory.
- No local counterpart, prior authorization or registration are required.
- No restrictions on profit repatriation

#### 7.1.1 GENERAL INVESTMENT INCENTIVES

The beneficiaries of these tax incentives are all taxpayers of the Income Tax on Economic Activities (IRAE) and of the Tax on the Sale of Agricultural and Livestock Goods (IMEBA) who carry out industrial or agricultural activities, and cooperatives. For these taxpayers, the Investment Law automatically grants some benefits to personal property directly destined to the productive cycle (industrial machinery, industrial facilities, agricultural machinery, utility vehicles and equipment for electronic data processing and other capital goods). These are:

- **Exemption from the net worth tax (IP)** to the referred assets, which are considered taxable assets for the purposes of deducting liabilities for the calculation of the tax.
- **Exemption from import VAT and refund of VAT** paid in local purchases of these goods.
- **Exemption from IMESI** on imports of the referred goods.

Furthermore, the Executive Branch is entitled to grant the following tax benefits for intangible assets (trademarks, patents, industrial models, copyrights, etc.), concessions granted for prospecting, cultivation, extraction or exploitation of natural resources, etc. and other assets, procedures, inventions or creations that incorporate technological innovation and involve technology transfer:

- **The exemption from net worth tax** on fixed improvements, intangible assets and other assets. These goods are considered as taxable assets for liability deduction purposes.

- **An accelerated depreciation regime for IRAE and net worth tax purposes** for personal property directly destined to the productive cycle, electronic data processing equipment and intangible assets.
- **The reduction of employer contributions** for special social security contributions of up to three points for companies in the manufacturing industry.

## 7.1.2 INCENTIVES FOR SPECIFIC INVESTMENTS

Those companies of any industry who submit an investment project promoted by the Executive Branch will be eligible for a series of additional benefits. The granting of the benefit will depend on the score obtained in the matrix of objectives and indicators prepared by COMAP based on information provided by the investor. The indicators that make up this matrix are: Employment generation, Decentralization, Increase in exports, Cleaner production, Investment in R&D and Sectoral indicator.

The benefits granted are:

### Tax on Income from Economic Activities (IRAE)

Exemption:

- The tax exemption can range between 20% and 100% of the amount effectively invested in the assets detailed in the project, depending on the score obtained.
- In each fiscal year the IRAE exempted may not exceed 60% of the payable tax. In the case of new companies the percentage will be 80%.
- The IRAE's exemption timeframe is established according to a pre-established formula and may not be less than three years.
- The investment execution schedule is limited to five years with the possibility to be extended for up to 10 years upon justified request.
- Micro and small companies will receive an additional 20% of IRAE benefit.

Eligible investment:

- Personal property directly destined to the company's activity, construction of real estate or fixed improvements (excluding those destined to housing), intangible property (determined by the Executive Branch), seedlings and the costs of planting fruit trees and bushes, electric passenger vehicles directly destined to the company's activity.
- Investments made in the six months prior to the date of application, that do not exceed 20% of the total eligible investment are considered eligible. Investments that receive subsidies from public agencies for the directly subsidized portion will not be eligible.

#### Net worth tax (IP)

- **Personal property that are fixed assets:** exemption for the entire useful life of these assets, provided that they cannot be exempted under other benefits.
- **Civil works:** exemption for up to eight years if the project is located in Montevideo and ten years if it is located in other parts of the country.

#### Import duties and taxes

Exemption from import duties and taxes, including VAT, on personal property purchased as fixed assets that have been categorized as non-competitive for the domestic industry.

#### Value Added Tax (VAT)

Refund of VAT paid on the local purchase of materials and services for civil works.

In the case of investment projects of great economic significance for amounts equal to or greater than 7,000 million tax units<sup>51</sup>, the regulation establishes the possibility to apply for additional tax benefits.

## Trade and investment protection agreements <sup>52</sup>

Uruguay has been a member of the World Trade Organization (WTO) since its creation in 1995, and is a member of the Latin American Integration Association (ALADI, 1980). In addition, since 1991, together with Argentina, Brazil and Paraguay, it has formed the Southern Common Market (MERCOSUR), which became a Customs Union in 1995, with free circulation of goods, elimination of customs duties and non-tariff restrictions between the parties, and a Common External Tariff vis-à-vis third countries. Venezuela has been a full member of the block since 2012, but is currently suspended.

### 1) Trade agreements with access in goods

Uruguay has signed, as part of MERCOSUR or individually, a series of trade agreements that give it access to other markets with preferential tariffs. As part of MERCOSUR, Uruguay has signed trade agreements with several Latin American countries: Chile (1996), Bolivia (1996), Colombia<sup>53</sup>, Ecuador and Venezuela (2004), Peru (2005) and Cuba (2006). With Mexico (2002), it signed an agreement exclusively covering the automotive sector. Outside the region, MERCOSUR has signed agreements with Israel (2007), India (2004), the Southern African Customs Union (SACU) (2008), Egypt (2010) and Palestine (2011). The agreement with Palestine has not yet entered into force.

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<sup>51</sup> Approximately USD 1.5 million at August 2021 values

<sup>52</sup> For a more detailed description of current international agreements, see: <https://www.uruguayxxi.gub.uy/es/centro-informacion/articulo/acuerdos-comerciales-de-uruguay/>

<sup>53</sup> A new Agreement was entered into with Colombia in 2017 (ACE 72) que una vez en vigor sustituye al ACE 59 para las relaciones entre las partes.

Except for the agreements with Cuba, India and SACU, which include preferences for a limited number of products, the remaining agreements signed by MERCOSUR create free trade zones, with tariff reduction schedules that are completed for the bulk of trade on dates that vary from country to country. The agreements with Chile and Bolivia have already reached 100% tariff reduction for the entire universe of goods. Except in the case of the agreement entered into with Egypt, whose entry into force is recent (late 2017), for the remaining agreements in force, full tariff elimination will be achieved for the substantial part of trade by 2019.

MERCOSUR recently concluded negotiations for free trade agreements with the European Union and the European Free Trade Agreement (EFTA), both of which are currently being reviewed to be signed by the Parties. Negotiations are also underway with Canada, Korea and Singapore.

MERCOSUR is part of the Global System of Trade Preferences among Developing Countries (GSTP), in force in Uruguay since 2005. The latest round (2010), not yet in force, involves preferences from 20% to 70% of tariff lines with Cuba, Egypt, India, Indonesia, Malaysia, Morocco and the Republic of Korea.

Uruguay also signed a bilateral Free Trade Agreement with Mexico (2003), which allows the free circulation of goods and services between both countries since June 2004, with certain exceptions whose treatment is expressly provided for.

With Chile, Uruguay signed a bilateral Free Trade Agreement in 2016, which included areas not covered in ACE 35.

Finally, it should be noted that Uruguay is a beneficiary of unilateral preferences granted under the Generalized System of Preferences of Australia, New Zealand, Norway, Switzerland and the Eurasian Economic Union.

## 2) Investment protection agreements

Uruguay has signed investment protection and promotion agreements with 31 countries, including, among others, Spain, the United States, Finland, France, Japan and the United Kingdom. Within MERCOSUR, an Investment Cooperation and Facilitation Protocol is in force. It has also signed an agreement with the United Arab Emirates, which was approved in April of 2021<sup>54</sup>.

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<sup>54</sup> For more information see: [https://parlamento.gub.uy/documentosyleyes/ficha-asunto/144396/ficha\\_completa](https://parlamento.gub.uy/documentosyleyes/ficha-asunto/144396/ficha_completa)

Likewise, Uruguay has negotiated chapters on investment disciplines in the agreements negotiated with the EU in the chapter on Services and Establishment, and EFTA in the Chapter on Investments for Non-Services. Both processes are currently at the legal review stage.

Negotiations are underway with Canada, Korea and Singapore.

### 3) Service Trade Agreements

Uruguay participates in various service trade negotiations:

**General Agreement on Trade in Services (GATS):** multilateral negotiation within the WTO. All 159 members of the WTO participate, but negotiations have been at a virtual standstill since 2008.

**Preferential agreements with services chapters:** in parallel to the GATS, and as allowed by its regulations, several preferential agreements that include services negotiations have emerged.

At the MERCOSUR level, the Montevideo Protocol (which entered into force in 2005) establishes the conditions for the liberalization of trade in services in MERCOSUR, including schedules of individual commitments per country. The protocol was incorporated by Paraguay in 2014. So far there have been seven rounds of negotiations in MERCOSUR deepening the list of initial commitments. Uruguay is the only country that has incorporated the VII Round, with the Law No. 19,629 published on July 27, 2018. In 2009, the Protocol on Trade in Services between MERCOSUR and Chile was signed, and it entered into force in 2012 between Uruguay and Chile. The FTA between Uruguay and Chile contains a chapter on services that includes commitments already negotiated with this country in the SCM-Chile Agreement. In July 2018, the MERCOSUR-Colombia Services Agreement was signed.

The MERCOSUR-European Union and MERCOSUR-EFTA Agreements, both currently under legal review, contain provisions and commitments on services.

Finally, the Uruguay-Mexico Free Trade Agreement includes provisions for all types of services covered by the GATS. Uruguay is currently negotiating trade agreements within MERCOSUR that include services chapters with Canada, Korea and Singapore.

### 4) Double taxation and information exchange agreements

Uruguay has agreements in force to avoid double taxation with 22 countries. Germany (2011), Argentina (2013), Belgium (2017), Chile (2018), South Korea (2013), Ecuador (2012), United Arab Emirates (2016), Spain (2011), Finland (2013), Hungary (1991), India (2013), Liechtenstein (2012), Luxembourg (2017), Malta (2012), Mexico (2010), Paraguay (2019), Portugal (2012), United Kingdom (2016), Romania (2014), Singapore (2017), Switzerland (2011), and Vietnam (2016).

It should be noted that in the case of the agreement with Argentina, it is an information exchange agreement with a clause to avoid double taxation in certain cases.

Negotiations have been concluded, but double taxation agreements with Brazil, Italy and Japan are not yet in force.

In addition, Uruguay has 14 other information exchange agreements and the Multilateral Convention on Mutual Assistance in Tax Matters.

### **Additional information**

For more detailed information and reference to the applicable regulations see: [Investor Guide](#)

## 8. URUGUAY IN FIGURES

### URUGUAY IN FIGURES

OFFICIAL NAME	ORIENTAL REPUBLIC OF URUGUAY
Geographic location	South America, bordering with Argentina and Brazil
Capital	Montevideo
Area	176,215 km <sup>2</sup> . 95% of the territory is productive land suitable for agriculture and livestock farming.
Population (2019)	3.52 million
Population growth (2019)	0.3% (annual)
GDP per capita (2020)	US\$ 15,173
Currency	Uruguayan peso (\$)
Literacy rate	0,98
Life expectancy at birth	77.6 years
Form of government	Democratic republic with presidential system
Political division	19 departments
Time zone	GMT - 03:00
Official language	Spanish

### MAIN ECONOMIC INDICATORS

INDICATORS	2016	2017	2018	2019	2020	2021*
GDP (Annual % Variation)	-	1.6%	0.5%	0.4%	-5.9%	2,6%
GDP (Millions US\$)	57,287	64,223	64,431	61,176	53,575	57.412
Population (Million people)	3.48	3.49	3.51	3.52	3.53	3,54
GDP per Capita (US\$)	16,461	18,385	18,377	17,387	15,173	16.204
Unemployment Rate - Annual Average (% EAP)	7.8%	7.9%	8.3%	8.9%	10.4%	10,9%
Exchange Rate (Pesos per US\$, Average Annual)	30.1	28.7	30.8	35.3	42.1	43,1
Exchange Rate (Annual Average Variation)	10.1%	-4.8%	7.3%	14.7%	19.2%	2,6%
Consumer Prices (Annual Cumulative % Change)	8.1%	6.6%	8.0%	8.8%	9.4%	7,1%
Exports of goods and services (US\$ Million)**	15,460	16,798	17,038	16,992	13,552	16.881
Imports of goods and services (US\$ Million)**	12,441	13,338	13,816	13,311	11,285	13.961
Trade Surplus / Deficit (US\$ Million)** Trade Surplus / Deficit (US\$ Millions)	3,019	3,460	3,222	3,681	2,267	2.920
Trade Surplus / Trade Deficit (% of GDP)	5.3%	5.4%	5.0%	6.0%	4.2%	5,1%
Overall Fiscal Result (% of GDP)	-3.4%	-3.2%	-3.9%	-4.4%	-6.0%	-
Gross Capital Formation (% of GDP)	17.5%	15.8%	15.0%	14.6%	17.0%	-
Gross Public Sector Debt (% of GDP)	58.5%	60.5%	59.6%	60.8%	-	-
Foreign Direct Investment (US\$ Million) ****	-1,825	-601	163	1,837	2,630	-
Foreign Direct Investment (% of GDP)	-3.2%	-0.9%	0.3%	3.0%	4.9%	-

Sources: Central Bank of Uruguay (BCU), National Statistics Institute (INE), MEF and estimated data (\*). Fiscal outturn data include the effect of Law N°19590 (fifty-year-old people). In 2017 the BCU adopted the methodology of the 6th edition of the Balance of Payments Manual. Based on this new methodology, data include purchase and sale of goods and re-exports, and are available since 2012. Data are net flows so they may take negative values (\*\*).



**Uruguay XXI**

INVESTMENT, EXPORT AND COUNTRY  
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