REPORT
FORESTRY
IN URUGUAY





Uruguay XXI
INVESTMENT, EXPORT AND COUNTRY BRAND PROMOTION AGENCY

30 YEARS

2026

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FORESTRY SECTOR

Uruguay constitutes a strategic and competitive destination for investment in the forestry sector, underpinned by its political, economic, and social stability, as well as a robust and transparent regulatory framework. The country stands out in the region for its democratic tradition, strong institutions, and low country risk, attributes that reinforce investor confidence and the predictability of the rules of the game over the long term.

The country has established a world-class forestry industry, built upon a sustainable model that integrates high environmental standards with productive efficiency. Since the implementation of the Forestry Law in 1987, the sector has grown exponentially, establishing itself as a key driver of the Uruguayan economy and an international benchmark in the field.

A favorable environment for investment:

- Uruguay ensures equal conditions for both national and foreign investors, with clear and long-term regulations that promote business confidence.
- The Investment Promotion Law (16,906), the Industrial Parks Law (19,784), the Free Trade Zones Law (15,921), and the Forestry Law (15,939) provide tax benefits, exemptions, and favorable customs regimes, driving investment and industrial development.
- There are no restrictions on the purchase, sale, or transfer of foreign currency, thus enabling the free flow of capital, profits, and dividends.
- Uruguay is one of the leading exporters of cellulose pulp and solid wood, with a focus on expanding markets such as China, India, the United States, and Europe.

A sector with exceptional growth potential

Uruguay has an abundant, certified supply of forestry raw material, in both eucalyptus and pine, with more than 90% of its forests certified under the most demanding international standards (FSC and PEFC). Although the country already has primary and secondary wood processing industries, unprocessed wood is still exported. In the case of pine, for example, annual availability exceeds three million cubic meters, surpassing current installed industrial capacity. This potential enables the development of mechanical processing industries and high value-added products, such as plywood panels, structural timber, and construction materials.

The country features a diversified productive ecosystem, ranging from cellulose pulp and paper production to sawmilling, panels manufacturing, biomass energy generation, and the

growing wood construction sector. Investment in second processing technologies and biomass energy generation enhances the sector's competitiveness, fostering industry diversification and the efficient use of forest resources.

Strategic location and advanced logistics

Uruguay serves as the gateway to the Southern Cone, offering preferential access to the markets of Argentina, Brazil, and Paraguay. Its state-of-the-art logistics infrastructure supports multimodal solutions integrating railway, land, and sea transport, ensuring competitive costs and export efficiency.

The recent expansion of the railway system and the modernization of the Port of Montevideo further strengthen the connectivity of the forestry sector with key international markets.

Furthermore, the country has an energy matrix based on renewable sources, positioning itself as a regional leader in clean and sustainable energy in Latin America.

International competitiveness and sustainability

Uruguay provides productive conditions comparable to those of other leading forestry regions in the Southern Hemisphere, such as Australia, New Zealand, South Africa, and Chile, ensuring high productivity and global competitiveness. These international responsible-management certifications ensure access to markets that demand high environmental standards, strengthening Uruguay's position with regard to other sources of forestry raw material.

Additionally, the production of solid wood contributes to carbon capture and storage, aligning with global trends in sustainable construction and the circular economy.

- For further information, please contact our sector specialists here.

1. EXECUTIVE SUMMARY

The forestry sector has become one of the most dynamic drivers of the Uruguayan economy. Following the implementation of the Forestry Law in 1987, plantations grew significantly, leading to the establishment of relevant investments in the sawmilling and cellulose pulp industries, as well as the development of services and infrastructure.

This sector is a key economic driver, enhancing production and contributing to interconnected economic activities. Currently, over 4,000 companies are directly related to the forestry sector and employ more than 18,000 people. Foreign investment has played a key role in its expansion, facilitating improvements in efficiency and quality through economies of scale and adhering to international standards.

Forestry exports totaled US$2,786 million in 2025. Cellulose pulp continued to drive the sector's exports, remaining one of the country's main export products (it was the second-highest in export value in 2025, behind beef). Moreover, the growth of products such as sawn wood, chips, and roundwood has increased the sector's contribution to the total exports of goods.

An analysis conducted by Uruguay XXI[1] on the impact of the sector on the exported gross value added (GVA) highlights that the cellulose pulp industry generated US$ 827 million in 2022, representing 36% of the total agro-industrial sector. However, due to its advanced level of automation, the industry's impact on employment has been moderate. In contrast, the wood industry, being labor-intensive, provided employment for 6,735 individuals, which represented 20% of the total agro-industrial employment; however, its contribution to the exported GVA was only 7%. Furthermore, production within the forestry sector boosts other areas, such as modern services and transportation, which are indispensable for both export activities and the creation of value throughout the entire production chain.

[1] Gross Value Added in Exports by Uruguay XXI

2. THE FORESTRY SECTOR IN URUGUAY

2.1.SECTOR DESCRIPTION

The forestry sector in Uruguay encompasses several activities ranging from seeds and plants production to the industrial phase, transport and commercialization of end products. The sector is divided into four categories:

- Cellulose-Paper Chain: includes the production of untreated roundwood, chips, cellulose pulp, paper, cardboard and other related products.

- First Mechanical Transformation: includes activities that take wood from its initial state up to intermediate products such as boards, posts, wooden sheets, particles, among others.

- Second Mechanical Transformation: this phase focuses on the use of products obtained from the first transformation in order to manufacture goods such as panels, construction carpentry, glued laminated timber beams and boards.

- Energy: this category includes products such as chips, firewood, pellets and the energy production from biomass, among others.

The sector's activities can also be grouped into three types of phases according to the value-added chain.

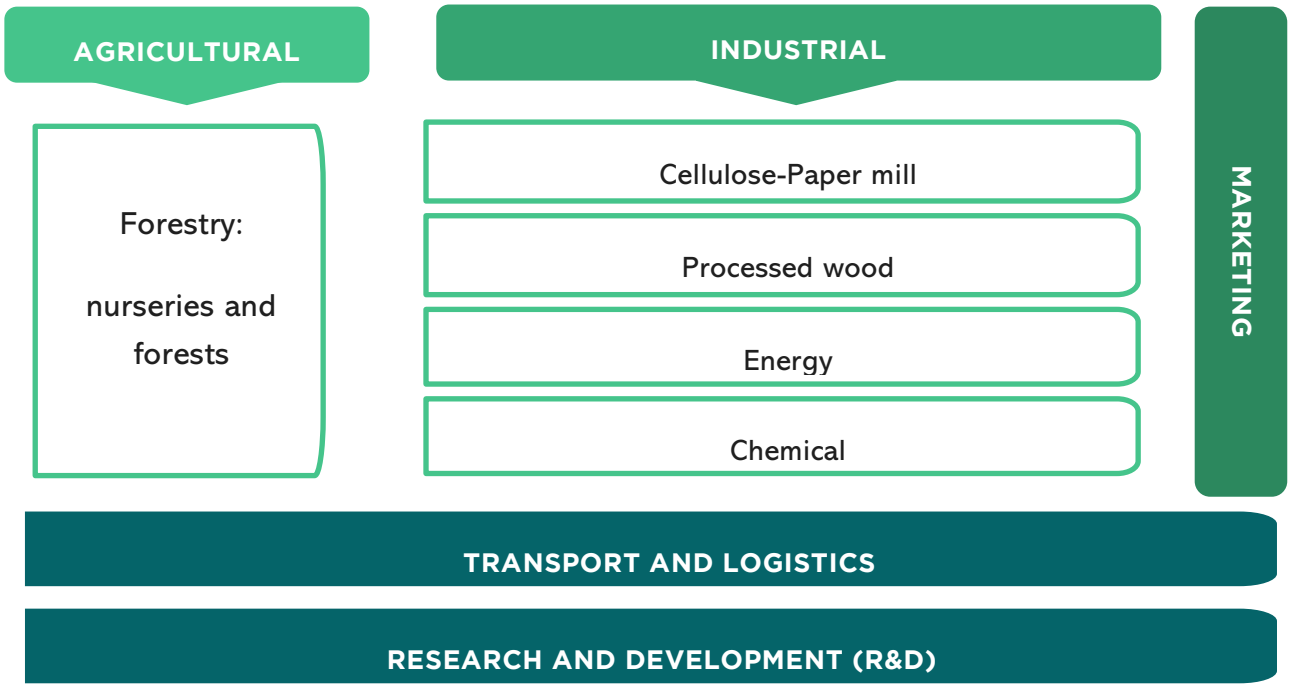
Primary Phase (Agriculture): includes the production of reproductive material and plants in nurseries, the planting and intermediary forestry treatments of the forests, as well as the harvesting of forestry products.

Secondary Phase (Industrial): includes the chemical or mechanical wood processing activities carried out in different lines, including the marketing of end products.

Logistics, Transportation and Associated Professional Services: covers a wide range of activities crucial to the efficient management and operation of the forestry industry. This includes the planning and execution of the supply chain logistics, the transport of raw

materials and forest products, as well as professional services such as forestry consulting, environmental engineering and sustainable management of forest resources. As a whole, this sector plays a key role in the supply of forest products, from the forest to markets and end consumers, ensuring the sustainability and profitability of the industry.

Figure No. 1
Main activities of the forestry sector

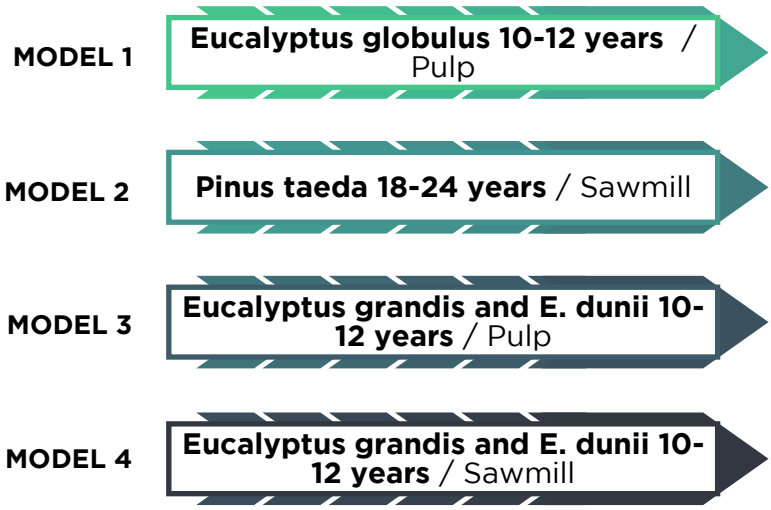


Source: Uruguay XXI based on the document in the Industrial Plan 1 of the Productive Office - Ministry of Industry, Energy and Mining (MIEM) - National Directorate of Industries.

The forest products industry in Uruguay has large companies vertically integrated that span from agricultural production to the final marketing step. Some of the main exporters are largely supplied by their own raw material. The largest and most productive sawmills mainly use domestic raw material and export their products. On the other hand, smaller companies focus on selling their products primarily in the domestic market and are not fully vertically integrated.

There are two main industrial chains in Uruguay: the cellulose chain and the mechanical transformation chain. In addition, other activities such as chips and roundwood exports are carried out, which may also be destined for pulp production or for sawmilling activities.

Figure No. 2
Main forestry models in Uruguay



Source: Uruguay XXI based on the document in the Industrial Plan 1 of the Productive Office - (MIEM) - National Directorate of Industries.

These models emerged to meet the changing demands that were a direct result of the Forestry Law of 1987 (No. 15,939) in Uruguay. Initially, wood exports were the first way in which the sector entered the international market for forest products.

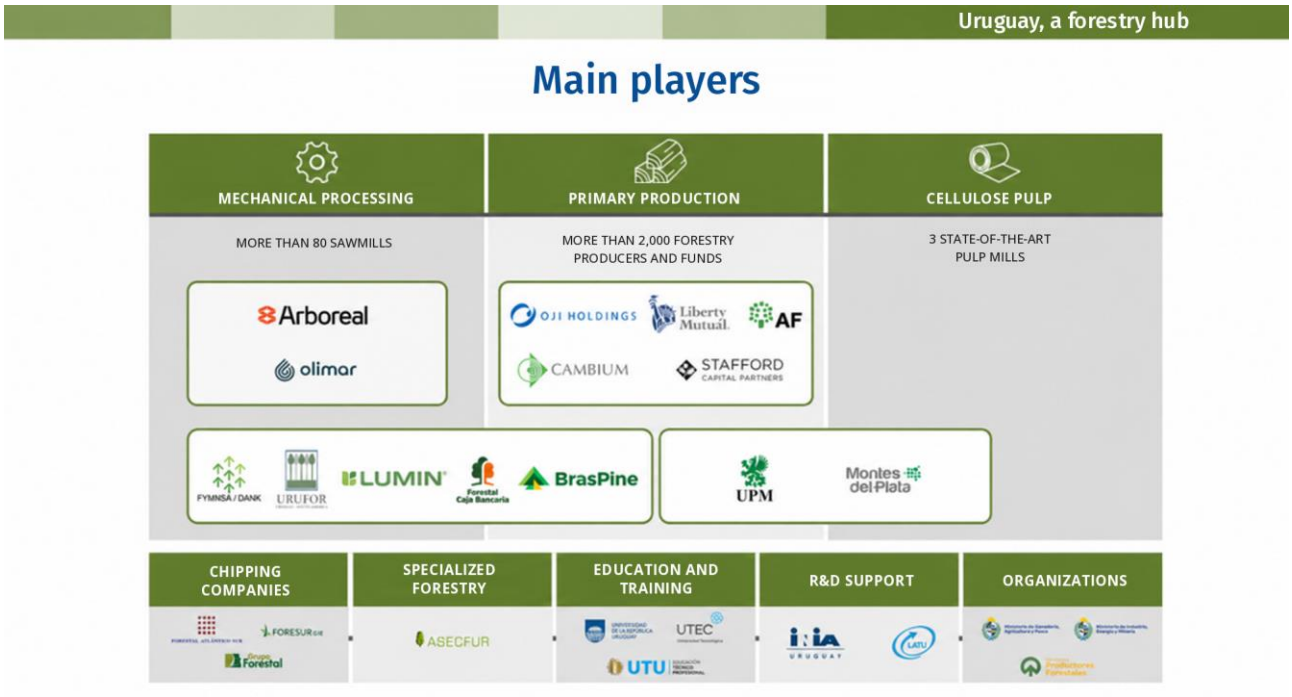
The relative weight of eucalyptus roundwood exports, which was originally destined for cellulose pulp production (E. globulus: model 1), gradually decreased with the emergence of local cellulose projects. Uruguay has the capacity to export almost two million tons of chips annually, although the local demand increasingly absorbs these products as input.

Sawtimber (E. grandis: model 4) has become a brand that mainly serves the Southeast Asian markets, serving as raw material for furniture industries targeting exports to Europe. However, its annual volume is highly variable and depends on trade prices in Asia.

Regarding process costs (which are the same for each individual stage of industrial transformation), 55% of the total accounting for a 20-year cycle is generated at “year zero”, mainly due to land acquisition and initial plantings.

The forestry chain, regardless of its industrial transformation purpose locally, keeps a relatively simple structure that encompasses the following phases:

- **Nurseries:** includes seedlings production and genetic improvement activities (breeding).
- **Forestry:** covers land preparation, planting and forestry management, including pruning and thinning, among other practices.
- **Harvest:** has to do with tree felling and timber harvesting in the field.
- **Timber loading and transportation:** involves the timber transport to industrial facilities by either land or riverways.
- **Industrial transformation:** here the activities are divided into:
    - Cellulose mills.
    - Mechanical processing industries: these include sawmills, peeling veneer plants, and plywood manufacturers, among other activities.
    - Wood-treatment plants (treatment of roundwood or already-sawn lumber through high-pressure chemical injection).
- **Energy Production:** includes generating energy by burning black liquor in cellulose mills as well as by burning solid biomass such as chips and sawdust.
- **Export:** end products are exported from ports in Montevideo, Nueva Palmira or Punta Pereira.



2.2. FOREST NURSERIES

The 2026 Forestry Nursery Survey (General Directorate of Forestry, MGAP) gathered information for the 2025 fiscal year. Twenty forestry nurseries were contacted, of which 16 provided information and were in production. These nurseries were distributed across seven departments: Durazno, Lavalleja, Paysandú, Río Negro, Rivera, San José and Tacuarembó.

In 2025, the surveyed production reached 99.7 million forestry seedlings. The genus Eucalyptus accounted for 98.7% of the total, with 98.4 million plants, while Pinus represented 1.3%, with 1.3 million. The survey also recorded production of 20,000 Casuarina seedlings.

Table No. 1
Seedling production in nurseries by department

(millions of seedlings)

Department	Eucalyptus	Pinus	Casuarina	Total
Paysandú	35.2			35.2
Durazno	21.9			21.9
Río Negro	14.7			14.7
Lavalleja	11.0			11.0
Rivera	6.9	0.1	0.02	7.0
San José	6.2			6.2
Tacuarembó	2.6	1.2		3.8
Total	**98.4**	**1.3**	**0.02**	**99.7**

Source: Uruguay XXI based on the survey conducted by the General Directorate of Forestry, MGAP.

Paysandú was the leading producing department, with 35.2 million seedlings and a share of nearly 35% of the surveyed total. It was followed by Durazno, with 21.9 million; Río Negro, with 14.7 million; and Lavalleja, with 11 million. Together, these four departments accounted for approximately 84% of the production.

The genus Eucalyptus predominated by a wide margin in all surveyed departments. Within this genus, the species with the highest production were *Eucalyptus dunnii*, with 49.4 million seedlings, and *Eucalyptus grandis*, with 37.6 million.

Pinus taeda production was concentrated in Tacuarembó, with 1.2 million seedlings, and, to a lesser extent, in Rivera, with 50,000 units. Rivera also recorded production of 20,000 *Casuarina* seedlings.

2.3. PLANTED AREA

The 2024 National Forestry Mapping[2] identified a planted forest area of 1.16 million hectares, representing 6.6% of the national territory. This area includes various categories of planted forests, such as commercial plantations, shelterbelts and shade-providing forests, windbreaks, parks, and planted coastal forests.

Table No. 2
Forest surface area and total surface area

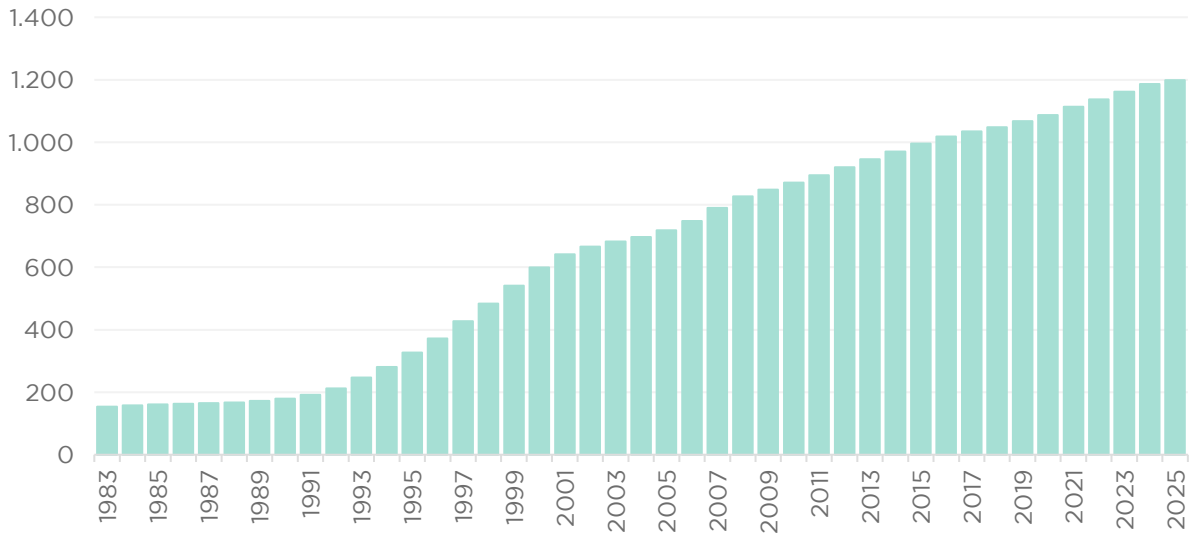
	Hectares	Percentage
Uruguay's total surface area	17,502,000	
Planted forest surface area	1,161,851	6.6%
Surface area of native forest	847,181	4.8%
Total forest	2,009,032	11.5%

Source: National Mapping of Planted Forest (2024) and Native Forest (2021). General Directorate of Forestry – MGAP

When analyzing the historical evolution of forest area, it can be seen that since the Forestry Law (in 1987) until present days, forest plantations have multiplied sevenfold. Although the sector has maintained a consistent growth pattern, the expansion of new forest areas remained moderated in recent years. In 2023, 24,914 additional hectares were added to the total planted area, which aligns with the trend observed over the preceding five years.

[2] The images used to produce the mapping correspond to the period between December 2023 and February 2024. Because of this, the Uruguay Forest Area Report (2025), prepared by the DGF, attributes these results to the year 2023.

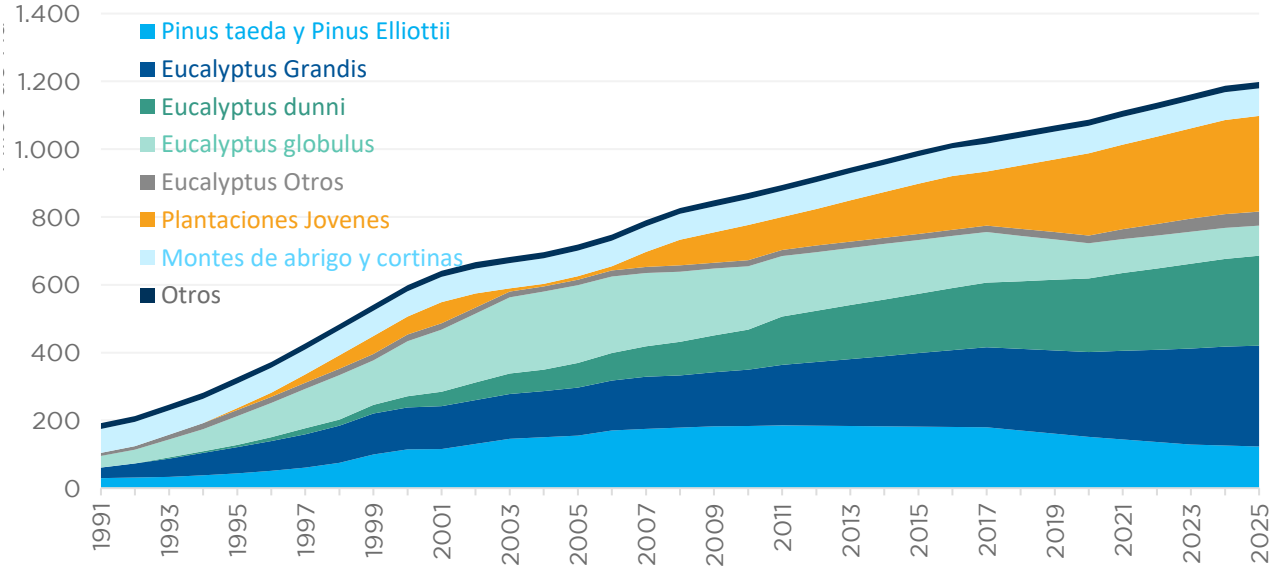
Graph No. 1
Evolution of forest area (thousand ha)



Source: Uruguay Forest Area Report 2025 (MGAP-DGF).

In 2025, 81% of the effective planted forest area consisted of species of the genus *Eucalyptus*, while approximately 10% consisted of *Pinus taeda* and *Pinus elliottii*. The remainder was distributed among shelterbelts and shade plantings and other species. Among the eucalyptus species, *Eucalyptus grandis* had the largest area, with 430,870 hectares, followed by *Eucalyptus dunnii*, with 371,618 hectares. These species are used mainly for cellulose pulp production and, in the case of *E. grandis*, also for solid wood products

Chart No. 2
Planted area by species (thousand ha)



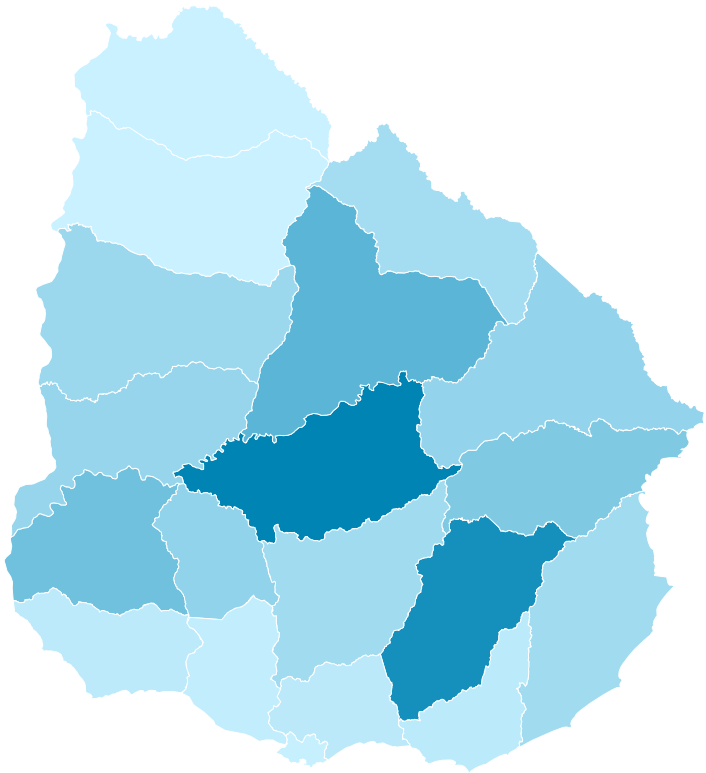
Source: Uruguay Forest Area Report 2025 (MGAP-DGF).

Compared with the previous National Forestry Mapping (2021), the total area destined to forestry use increased by nearly 7%. This represents an increase of 74,741 hectares and raised its share of the national territory from 6.2% to 6.6% Durazno and Lavalleja were the departments that recorded the largest increases in area.

Chart No. 3

Surface variation in planted area between 2021 and 2024

Department	Surface Variation (ha)
Durazno	14,620
Lavalleja	13,084
Tacuarembó	8,061
Soriano	6,456
Treinta y Tres	5,380
Flores	4,065
Cerro Largo	3,960
Río Negro	3,724
Paysandú	3,325
Florida	2,921
Rocha	2,895
Rivera	2,721
Canelones	1,005
Maldonado	992
Colonia	917
San José	477
Montevideo	148
Salto	-3
Artigas	-5
Total	**74,741**

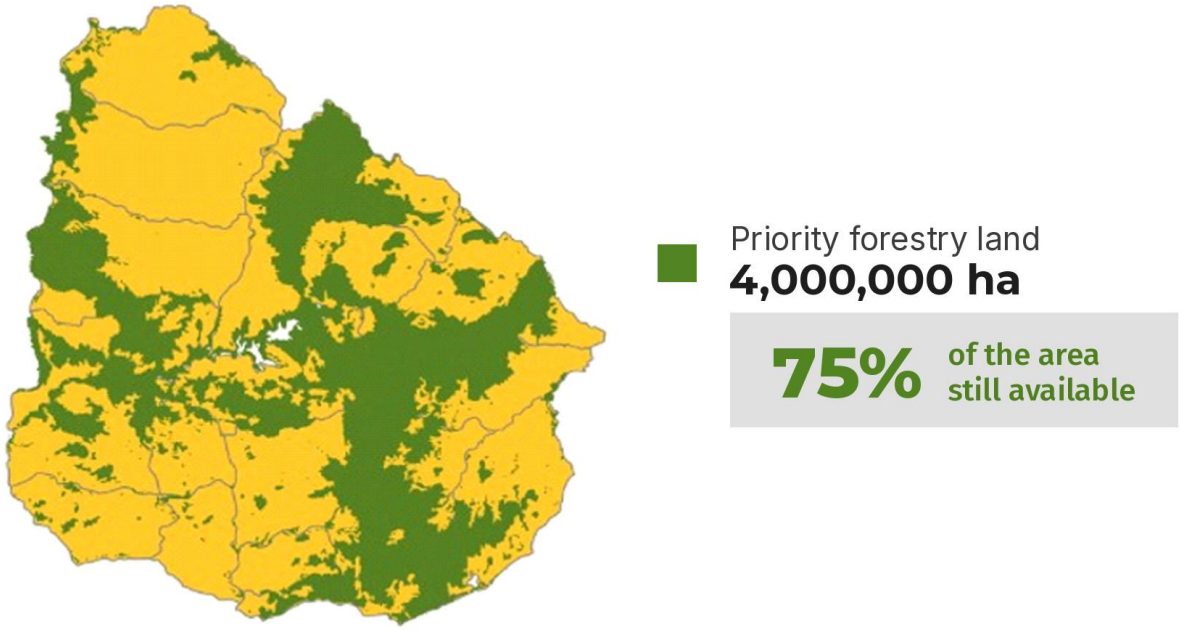


Source: National Forestry Mapping 2024 (MGAP - DGF).

The Uruguayan Ministry of Livestock, Agriculture and Fisheries (MGAP, for its acronym in Spanish) established priority forestry zones based on the suitability of soil for forestry activities, in accordance with Forestry Law No. 15,939. These soils, identified through the CONEAT (National Commission for the Agronomic Study of the Land) system, encompass groups such as 2.11b, 2.20, and 4.2 that can be integrated with other productive endeavors.

Currently, the area of land declared a forestry priority reaches 4 million hectares, representing 25% of the total agricultural area of the country.

Figure No. 3
Priority forestry zones



Source: compiled by Uruguay XXI based on data from the General Directorate of Forestry - MGAP.

2.3.1. LAND COSTS

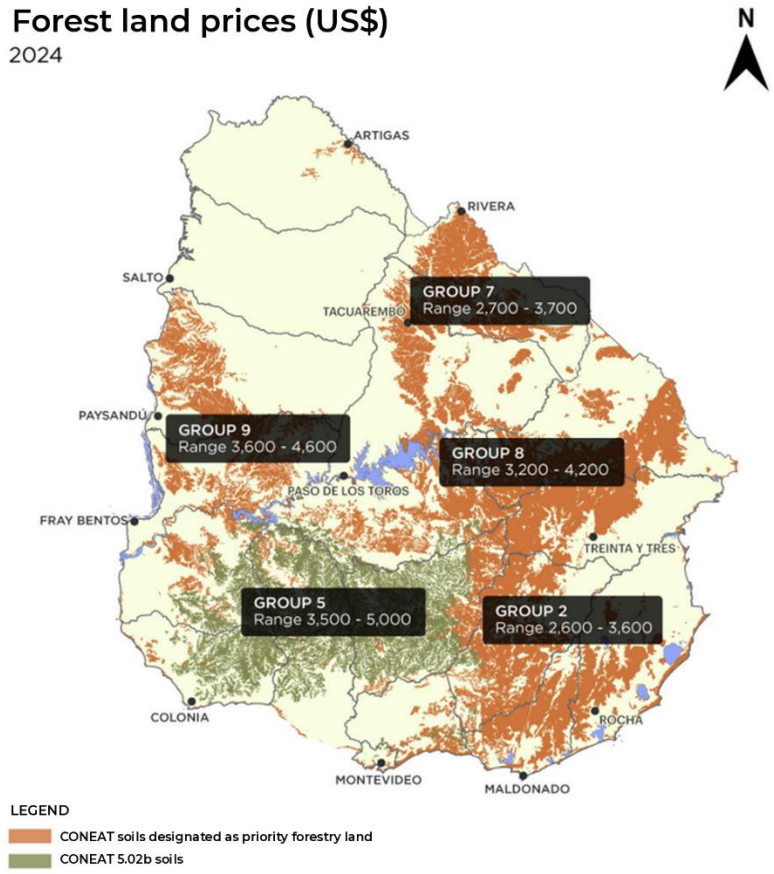
An important aspect of the economic equation of the production process is the cost of acquiring land. As previously mentioned in section 2.1, this cost will be included in the "year zero" budget, the period in which approximately 55% of the total cost for a 20-year cycle is generated.

Soil characteristics in Uruguay sometimes make forestry develop as the main activity, but it is also combined with agriculture or livestock farming. Most plantations are located on soils designated as priority soils for afforestation, which are part of the CONEAT (National Commission for the Agronomic Study of the Land) soil classification. However, in the southern and central regions of the country, where CONEAT 5 soils predominate, afforestation has experienced significant growth in recent years.

Several factors affect the value of land for afforestation, including the type of soil, the distance to ports or industrial facilities, and the percentage of the total area that can be allocated to plantations.

There is a forestry land rental market in the areas near cellulose mills, mainly in the coastal regions, the southern coast and the center of the country. This makes it possible to lease portions or all of the land for eucalyptus plantations, as long as a certain minimum scale is reached. On the other hand, in the eastern and northern regions, where plantations are mainly geared towards the production of high-quality timber, most of the companies involved in the business are also landowners. The valuation of forestry land becomes complex, as multiple variables must be taken into account. The following map provides price references for properties where forestry is the main activity.

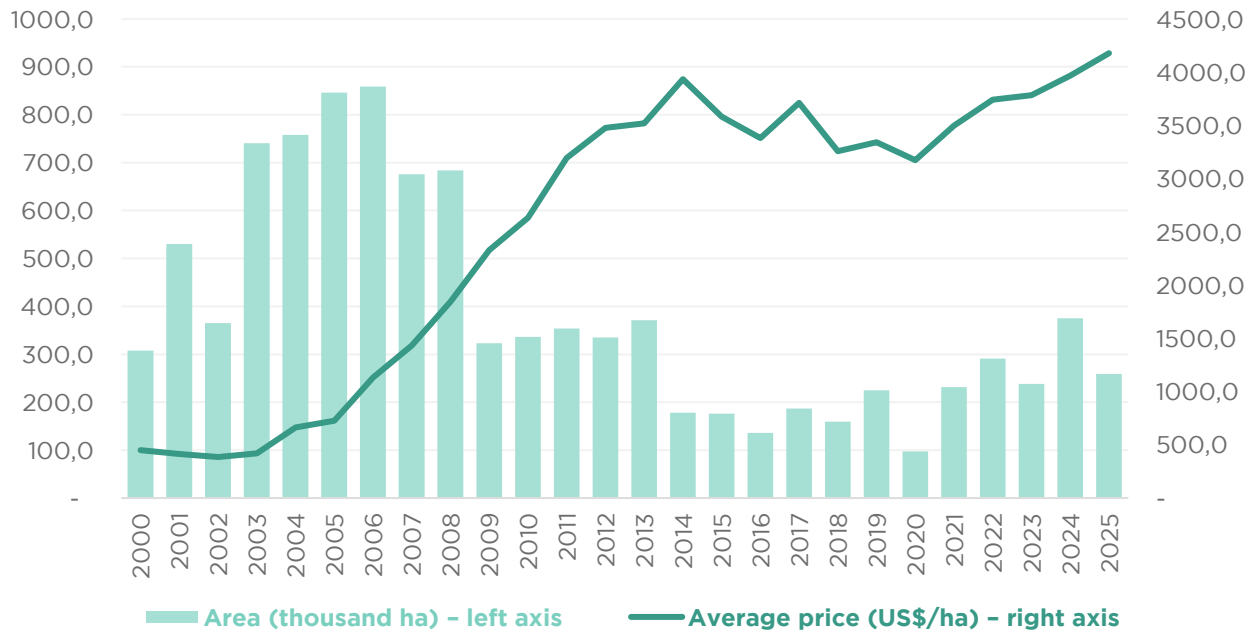
Figure No. 4
Reference prices according to soil
Price range per hectare based on recent sales



Source: Agroclaro based on MGAP and AGESIC/INC metadata.

Generally speaking, the land market in Uruguay experienced a significant increase in prices during the decade ranging from 2004 to 2014, largely driven by the boom in grain crops. As of 2019, there was a rise in demand for land, which led to an increase in property prices, especially in agricultural areas, in response to high grain prices. The upward trend in prices continued in 2025, with a 5% increase in the average price compared to 2024.

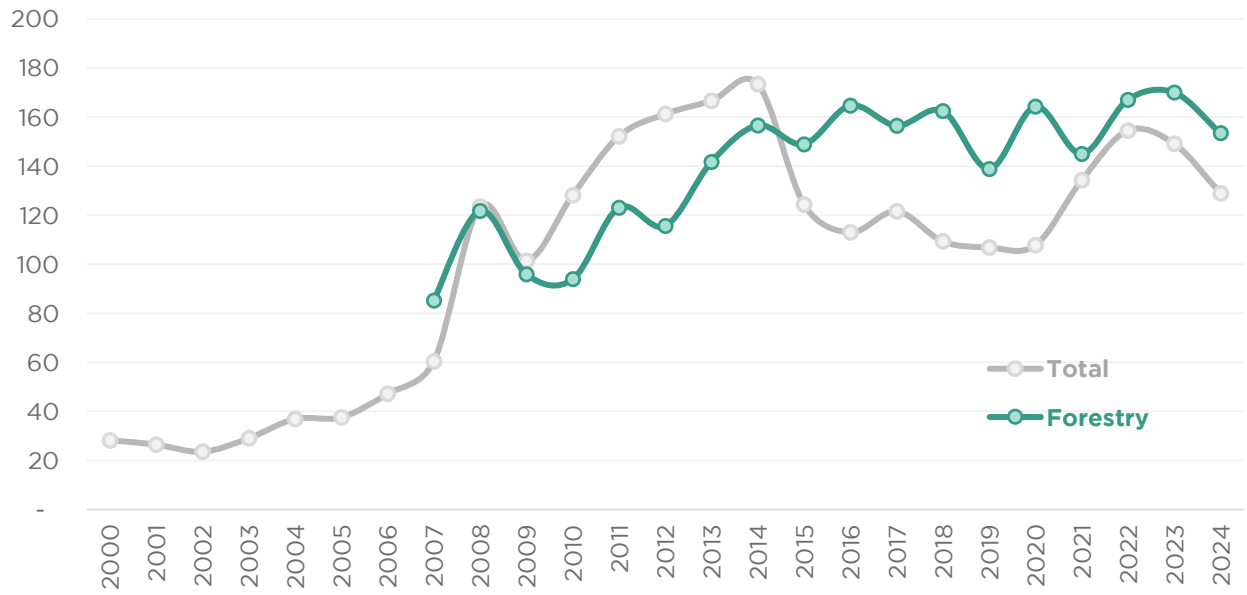
Graph No. 4
Area sold (thousand ha) and average price (US$/ha) in agricultural land sales



Source: Uruguay XXI based on DIEA-MGAP.

An analysis of lease contract data shows that in 2024 the downward trend in the average market price continued, with a 13% decrease compared to 2023. The available information on these contracts allows for a breakdown by productive use, so the particular situation of land for forestry use can be analyzed. In this regard, in 2024 prices for forestry lease contracts fell 10% compared to the previous year, in line with the general market trend. In this segment, the average price also declined, with a 10% year-over-year drop, to US$153 per hectare per year. Despite this decrease, the value of forestry leases was approximately 19% above the general market average.

Graph No. 5
Evolution of the average price of lease contracts (US$/ha)



Source: Uruguay XXI based on DIEA-MGAP.

2.4. MECHANICAL WOOD PROCESSING

According to the census conducted by the Forestry and Wood Technology Center (CTFM) between August 2024 and January 2025[3], Uruguay has 128 operating mechanical processing industries (sawmills and plywood plants), of which 97 were surveyed. According to the data obtained, these companies' **total consumption** was **2.6 million m³** of wood. This represents significant growth compared to the previous census, conducted for fiscal year 2019, when 77 companies were surveyed with consumption of 1.1 million m³, although it should be noted that the previous census did not include plywood companies[4].

Regarding the distribution of wood consumption by species, 41% of the surveyed companies use exclusively pine, 27% use only eucalyptus, and the remaining 32% use both species. In aggregate, about 70% of the raw material consumed comes from pine.

According to the information gathered by the census, the main demand for sawlogs was concentrated in three specific areas: Tacuarembó-Rivera, Paysandú, and the metropolitan

[3] CTFM – "Solid Wood Value Chain," April 2025 – Census conducted between August 2024 and January 2025 to determine the detailed situation of sawmills, wood-treatment plants, carpentry shops, and wood construction companies. Specifically, the companies were asked for annual data as of December 2023.
[4] In particular, the report highlights one plywood company with consumption of 640 thousand m³.

area. The first area was the most dynamic in terms of forestry activity and is where the industries with the greatest capacity were found. Industries established **in Rivera and Tacuarembó accounted for 87% of this industry's total wood consumption**, Paysandú consumed about 6% of the total, and the metropolitan area 3%.

When analyzing consumption distribution by company, it was observed that the **four largest companies accounted for 70% of consumption**, a figure that rose to 88% when considering the 10 largest. On the other hand, the smallest companies (consumption under 20 thousand m^3 per year) represented 90% of the total but used only 12% of the raw material.

The census also made it possible to estimate **these industries'**[5] **industrial capacity**. The 97 surveyed companies had a maximum processing capacity of approximately **3.8 million m^3**, which indicates that industrial capacity was operating at around 68% compared to the reported annual consumption.

Table No. 3
Consumption, industrial capacity, and production of mechanical processing

Stratum	Consumption range (thousand m^3)	Number of companies	Cumulative consumption (thousand m^3)	% of total consumption	Industrial capacity (thousand m^3)	Utilized capacity (%)	Production[6] (thousand m^3)
A	< 4	63	107	4%	421	25%	57
B	4-10	19	134	5%	253	53%	68
C	10-20	5	70	3%	129	54%	35
D	20-50	1	30	1%	72	42%	13
E	50-120	5	436	17%	640	68%	193
F	>120	4	1,822	70%	2,320	79%	806
Totals		**97**	**2,598**	**100%**	**3,834**	**68%**	**1,172**

Source: Census of Sawmills and Plywood Plants 2025 (CTFM).

According to the data gathered, these industries' **production** reached **1.2 million m^3**, which represents an **efficiency of 45% relative to wood consumption**. The main first-stage products were dried boards, laminated wood (panels), and green boards. About 20% of this production[7] undergoes a second stage of processing, yielding mainly finger-jointed boards, pallets/crates, and moldings. Lastly, 1.3 million m^3 of byproducts arise as waste from the main sawing process, of which chiefly chips and sawdust stand out (65% and 24% of the total, respectively).

[5] Total industrial capacity was estimated based on the yield reported by each company for its respective production lines, assuming operation of one 8-hour shift for 300 days a year. The reported installed capacity was used for those companies already operating under this schedule or a longer one.
[6] Only production of primary manufactures (first-stage processing) is considered.
[7] Laminated wood and beams and girders produced as first-stage manufactures are not included.

An estimated **76% of production goes to export**, although only 8% of companies export. This is explained by the fact that large companies direct most of their production to the foreign market, while the rest of the companies serve the local market.

The census also mapped the problems that companies face. Seventy-seven percent of companies cited access to raw material as the main constraint, a problem that is especially relevant for small and medium-sized companies. Some of the smaller companies reported problems due to rising raw material prices, caused by competition from log exports in the case of Pinus and from the cellulose pulp industry in the case of Eucalyptus, as well as increased freight costs resulting from the opening of UPM II. On the other hand, the larger companies supply themselves from their own plantations, so their access to raw material is guaranteed. Logistics costs, infrastructure problems, and finding skilled personnel appear as the main constraints cited by these companies.

Given the above, it is possible to observe a sector structure with marked differences. On one hand, there is a small number of large, vertically integrated companies that direct most of their production to the foreign market. These companies have a higher degree of automation and lower levels of idle capacity, producing mainly dried boards and laminated wood. These companies' main concern relates to logistics costs. On the other hand, there is a relatively large number of small and medium-sized companies that show lower levels of efficiency and focus mostly on the domestic market, producing mainly green boards. These companies face greater difficulties in accessing raw material because they do not own plantations, and they face growing competition for resources.

2.4.1. SAWMILLS

The largest local sawmills consume anywhere between 265,000 and 570,000 cubic meters of roundwood per year. Arboreal and Dank process exclusively pine wood (mainly *Pinus taeda*), while Urufor processes *Eucalyptus grandis* and will begin using pine wood once construction of its new plant is complete.

The most notable sawmills are listed below[8]:

- **Arboreal** (570,000 cubic meters/year): this company acquired Frutifor in 2021. This sawmill, located in Tacuarembó, uses pine wood and has implemented a highly automated production process. It is currently the country's largest pine sawmill, with an annual production capacity of 250,000 m^3 of dried and graded boards. In 2021, the

[8] Figures between brackets indicate consumption values. These are approximate values, compiled by Uruguay XXI from public information.

company invested in a solid wood manufacturing facility (CLT and GLT), the first in the country and one of the largest in the region, with a processing capacity of 50,000 cubic meters/year. In 2023, it obtained a certification from the Materials Testing Institute of the University of Stuttgart, which attests to compliance with the applicable European standards for its structural lumber.

- **Dank** (265,000 cubic meters/year): located in the department of Rivera, this company was one of the precursors of forestry in the area. It is integrated with the forestry side through the company FYMNSA and processes pine wood. It produces pallet wood, re-manufactured wood, engineered wood and offers drying capacity.
- **Urufor** (400,000 cubic meters/year): located in Rivera, Urufor and Cofusa are part of the same economic group involved in forestry production, industrialization and marketing of high-quality *Eucalyptus Grandis* (Red Grandis®) timber. They are a vertically integrated unit and produce kiln-dried sawn boards and glued laminated timber products, used in the construction and furniture industries. Currently, about 95% of its production goes to the international market. It is worth noting that a new plant (also in Rivera) for processing pine wood is under construction and would begin operating in the second half of 2026. It will have a processing capacity of 200,000 cubic meters per year[9].

Other notable sawmills are:

- **Forestal Caja Bancaria**: this pension fund has pine and eucalyptus plantations in Paysandú and Durazno. It exports most of its production.
- **Valetor**: located in the department of Tacuarembó, dedicated to processing Elliottii pine wood.
- **IMNSur**: this sawmill uses primarily pine, but also eucalyptus, and mostly exports its products to Mexico and the United States in the form of pallets and pallet wood.

2.4.2. PEELING VENEER PLANTS AND PLYWOOD PRODUCTION PLANTS

- **Lumin** (approximate wood consumption: 640,000 m^3): the company was established in Uruguay under the name Weyerhaeuser and began industrial production in 2006. In 2017, its operations were acquired by BTG Pactual Timberland Investment Group (TIG) and British Columbia Investment Management Corporation (BCI). It produces pine and eucalyptus plywood in different grades and finishes. In 2024, it produced about 268,000

[9] Source: https://www.revistaforestal.uy/la-nueva-apuesta-forestal-del-norte/

m^3, a record production volume for the company[10]. In 2019 the company invested around US$48 million in a new production line for high-quality panels. In 2023 the company announced an investment of a total of US$136 million in a third mill for the production of plywood in the department of Cerro Largo. This new plant will raise the company's production capacity to about 500,000 m^3 per year and would begin operating in 2026[11].

- **Olimar Forest Products** (annual production capacity: 30,000 m^3): wood peeling plant inaugurated in 2024 by Agroempresa Forestal in the department of Treinta y Tres. The project involved an investment of US$7 million and is geared toward producing wood veneer sheets, mainly for export. The plant allows to add value to wood from Bosques del Uruguay 4, improve logistics efficiency, and access new markets. It employs about 55 people and, depending on prices, can generate annual revenue of between US$10 million and US$15 million[12].

2.5. CELLULOSE PULP

The growth of the forestry sector drove the development of a vertically integrated cellulose pulp industry, spanning forestry production, industrial processing, logistics, and export. In 2007, the UPM plant in Fray Bentos began producing and exporting cellulose pulp and currently has a production capacity of 1.3 million tons per year. Montes del Plata began operating in Colonia in 2014 and has a production capacity of 1.4 million tons per year.

With a total investment of US$3,470 million, UPM built a second cellulose pulp plant in Paso de los Toros, which began operating in April 2023. This facility consumes 7.5 million tons of wood annually and produces 2.1 million tons of cellulose pulp.

With all three plants operating, installed cellulose pulp production capacity reaches approximately 4.8 million tons per year. Together, these facilities consume about 17 million cubic meters of wood per year. The cellulose production chain exported US$ 2,317 million in 2025 which represented 83% of the total value exported by the forestry sector.

[10] Lumin Annual Report (2024)
[11] Construction of Lumin's third plywood plant in Uruguay moves forward (May 22, 2025).
[12] Francisco Bonino, CEO of Agroempresa Forestal: after the cellulose pulp boom in Uruguay, "sawn wood is gaining prominence" – Forbes

This investment consolidated cellulose pulp as one of the country's main export products and strengthened Uruguay's position among the world's leading suppliers of short-fiber cellulose pulp.

2.6. ENERGY PRODUCTION FROM FORESTRY RESOURCES

Within the activities related to the industrial phase, the production of energy from forest by-products such as biomass and by-products of mechanical and chemical transformation is noteworthy. This activity has taken on a key role and has promising perspectives due to the increase of available raw material and energy-related governmental policies. In 2025, biomass accounted for approximately 50% of the country's energy supply mix, or primary energy matrix, establishing itself as its main energy source[13].

2.6.1. POWER GENERATION PLANTS FROM FORESTRY RESOURCES

Certain companies in the sector have biomass power generation plants:

- **UPM:** the UPM mill in Fray Bentos has the capacity to generate 161 MW of electric power, most of which is used to fuel its operations. Around 20 MW are commercialized with the National Administration of Power Plants and Electric Transmissions (UTE). UPM's second mill in Paso de los Toros generates a power surplus of over 110 MW.
- **Montes del Plata:** this company has an installed capacity of 180 MW, of which around 80 MW are fed into UTE's grid.
- **Fenirol:** located in the department of Tacuarembó, Fenirol has an installed capacity of 10 MW, of which half is supplied to UTE's power grid. This mill uses mainly chips, eucalyptus sawdust and bagasse as fuel sources.
- **Bioener:** located in the department of Rivera, Bioener has a 12MW capacity.
- **Lumin:** Lumin's plywood plant, located in Tacuarembó, is self-sufficient in terms of energy, using waste from the industrial process in its boiler and supplying energy (in steam form) to the industrial process itself. The installed energy capacity is 12MW.
- **Ponlar:** located in the department of Rivera, Ponlar uses by-products from the Dank sawmill as a source of energy and has an installed capacity of 7.5MW.

[13] Source: Preliminary Energy Balance (2025), MIEM–National Energy Directorate.

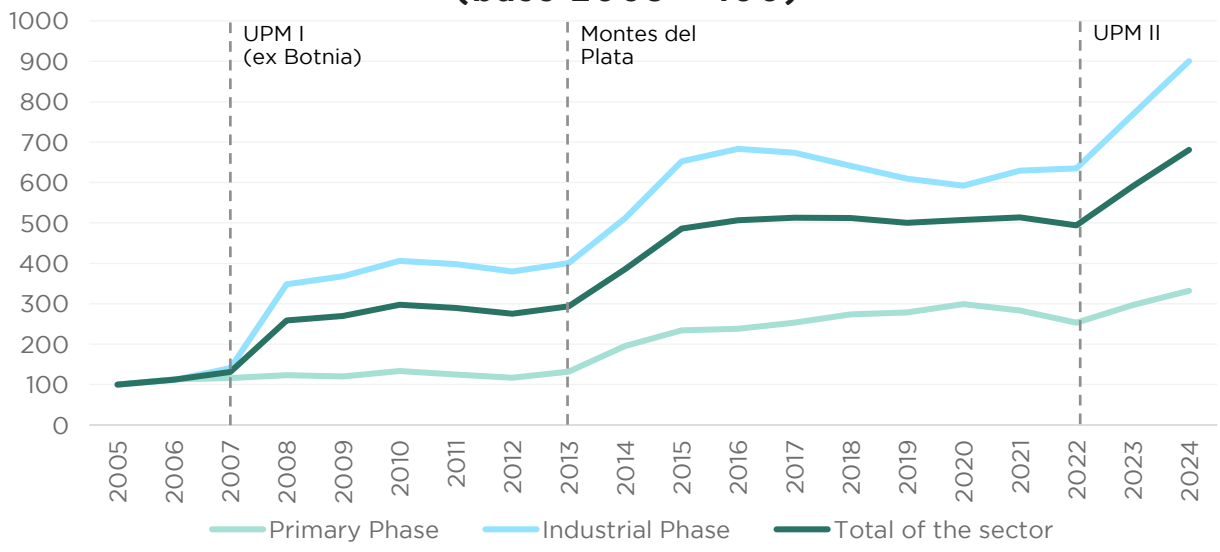
3. ECONOMIC RELEVANCE

The forestry sector has grown significantly over the past 20 years, helping to diversify the country's export mix. In 2024, the value added generated by the sector (primary and industrial phases) represented 2.4% of GDP. Particularly, the cellulose pulp industry impact stands out, since it not only contributes to the economic development, but also enhances local value chains, creates quality jobs, and establishes the country as a key strategic partner in global trade.

3.1.RECENT DEVELOPMENTS

The forestry sector has shown great momentum, driven by the development of the cellulose pulp industry. In this regard, jumps can be seen in the value added generated by the sector following the installation of each of the plants.

Graph No. 6
Evolution of GVA – Forestry Sector (base 2005 = 100)



Source: Uruguay XXI based on the Central Bank of Uruguay (BCU)[14].

[14] Note: The Primary Phase refers to "Forestry, logging, and related service activities". The Industrial Phase refers to "Production of wood and manufacture of wood and cork products, except furniture; manufacture of articles of straw and plaiting materials" and "Manufacture of wood pulp; manufacture of paper and paper and paperboard products." National accounts data with base year 2016

After the strong growth recorded between 2008 and 2015, with the installation of the first two plants, the sector stagnated somewhat between 2016 and 2022. Lastly, the sector received a new boost in 2023 with the start of operations at the third cellulose pulp plant (UPM II).

In recent years, greater momentum has also been observed in the mechanical processing of wood. Raw material consumption by the surveyed industries reached 2.6 million m^3 per year, accompanied by investments in automation, drying, and remanufacturing. In addition, local production of engineered wood has begun to develop, such as cross-laminated timber (CLT) panels and glued laminated timber (GLT), intended for construction. The investments by Arboreal and BrasPine's industrial project in Rivera reflect this diversification toward higher value-added activities with export potential.

3.2. ECONOMIC IMPACT

Wood and cellulose pulp are integrated within the agro-industrial sector, thus impacting the value chain. The input-output matrix reveals that forestry production generates significant demand in other segments of the economy, including modern services and transportation, which are essential for exports.

Uruguay XXI conducted research on the impact of exports on GVA[15]. The findings indicate that the agro-industrial sector in Uruguay, which includes activities related to the production and exports of wood, cellulose pulp, and paper, constitutes a substantial portion of the exported GVA. In 2022, the cellulose pulp industry generated an exported GVA of US$ 827 million, representing 36% of the total agro-industrial sector, thereby establishing itself as the largest contributor in terms of value. Nevertheless, with 2,824 workers its impact on employment was relatively low, due to the high degree of automation and capital-intensive nature of its production processes. In comparison, the wood sector employed 6,735 workers (20% of agro-industrial employment) but accounted for US$158 million in exports, or 7% of the exported GVA, highlighting its labor-intensive nature despite its lower added value[16].

These estimates correspond to 2022 and therefore do not incorporate the production and export impact of UPM's second plant, which began operating in 2023.

were used for the period 2016–2024. Given the lack of information for earlier years, the series were spliced with National Accounts data with base year 2005, using the annual variation.

[15] Gross Value Added in Exports- Uruguay XXI
[16] These estimates correspond to 2022 and therefore do not incorporate the production and export impact of UPM's second plant, which began operating in 2023.

The CERES Institute[17] highlighted in 2022 the strong spillover effect of the forestry chain on the economy. In particular, solid wood leads with a multiplier of 1.27, followed by cellulose pulp (0.97) and forestry (0.95), all above the economy-wide average (0.60). This shows its high capacity to generate productive linkages with other sectors and reinforces the potential for further deepening its development.

3.3. EMPLOYMENT

The sector directly employs around 19,319 workers[18], not including indirect jobs, which encompass transportation, logistics, and related services.

Moreover, it is important to note that 15% of the country's population resides in the departments with the largest forested hectares, which underscores the economic and social relevance of this industry in Uruguay[19].

Table No. 4
Number of direct employees in the forestry sector

Forestry Phase	2023	2024	2025
Forestry and related activities	4,027	4,021	4,719
Timber extraction	2,272	2,262	2,399
Harvest of forestry products (i.e. Timber)	32	31	21
Forestry support services	1,893	1,923	2,046
Industrial Phase			
Timber chipping, sawing and brushing	3,071	3,249	3,419
Manufacture of timber products	1,471	1,452	1,570
Manufacture of wooden furniture	2,713	2,722	2,813
Chemical transformation			
Paper and cardboard manufacturing	2,351	2,313	2,332
Total	**17,830**	**17,973**	**19,319**

Note: data as of December of each year.
Source: Uruguay XXI based on information from the Ministry of Labor and Social Security (MTSS).

[17] Forestry Production in Uruguay: A Leading and Sustainable Sector – CERES
[18] According to data provided by the Ministry of Labor and Social Security (MTSS) the sector employs 18,000 workers as of December 2025.
[19] Source: National Statistics Institute (INE) - Final results - Census 2023

3.3.1. TRAINING

Human resources play a key role in the development of the forestry sector, given the high technological level required and the potential increase in productivity that they can bring.

University education and technical training have adapted to meet the demands of this industry, preparing chemical engineers for cellulose production and architects specialized in wood construction.

The Labor University of Uruguay (UTU) also developed academic programs related to forestry and the timber industry. In the department of Rivera, one of the main centers of forestry activity, the Wood Technologist career is offered, which aims to train professionals capable of working in technologies, forestry harvesting and industrial wood engineering.

In addition, the Forestry and Wood Technology Center (CTFM) helps strengthen the sector's capabilities by coordinating among companies, public institutions, educational centers, and research organizations. Its initiatives include technical workshops, technology transfer activities, and, in coordination with the National Agency for Research and Innovation (ANII), scholarships for short courses, internships, and master's programs at institutions abroad. Besides, the CTFM has an agreement with the National Agricultural Research Institute (INIA) to promote applied research projects and the training of specialized human resources in priority areas for the forestry-wood chain.

A summary of the educational offers relating to the forestry industry can be found in this annex. This indicates that, although there are still opportunities for improvement, the growth of the sector has led to the creation of technical and university level training alternatives, as well as the issuance of specific diplomas related to this industry.

3.4. ENTREPRENEURIAL ECOSYSTEM

According to data from the Ministry of Labor and Social Security (MTSS), the forestry complex in Uruguay encompasses over 4,135 companies. Of this total, 97% are micro and small businesses that employ less than 20 workers. In terms of activities, the forestry sector is divided into forestry and manufacture of wood products. The first subsector concentrates 51% and the second one, 45% of the total sector. On the other hand, cellulose and paper production represents 4% of the companies.

Table No. 5
Forestry sector companies by segment and size – 2025

Sub sector	MSEs (Micro and small businesses)	Medium	Large	Total
Forestry	2,034	62	16	2,112
Timber products	1,824	28	-	1,852
Paper and paper products (including cellulose)	150	16	5	171
Total Companies	**4,008**	**106**	**21**	**4,135**

Source: Uruguay XXI based on information from the MTSS– December 2025.

4. HARVESTING AND PRODUCTION

4.1. WOOD HARVESTING BY PRODUCTIVE USE

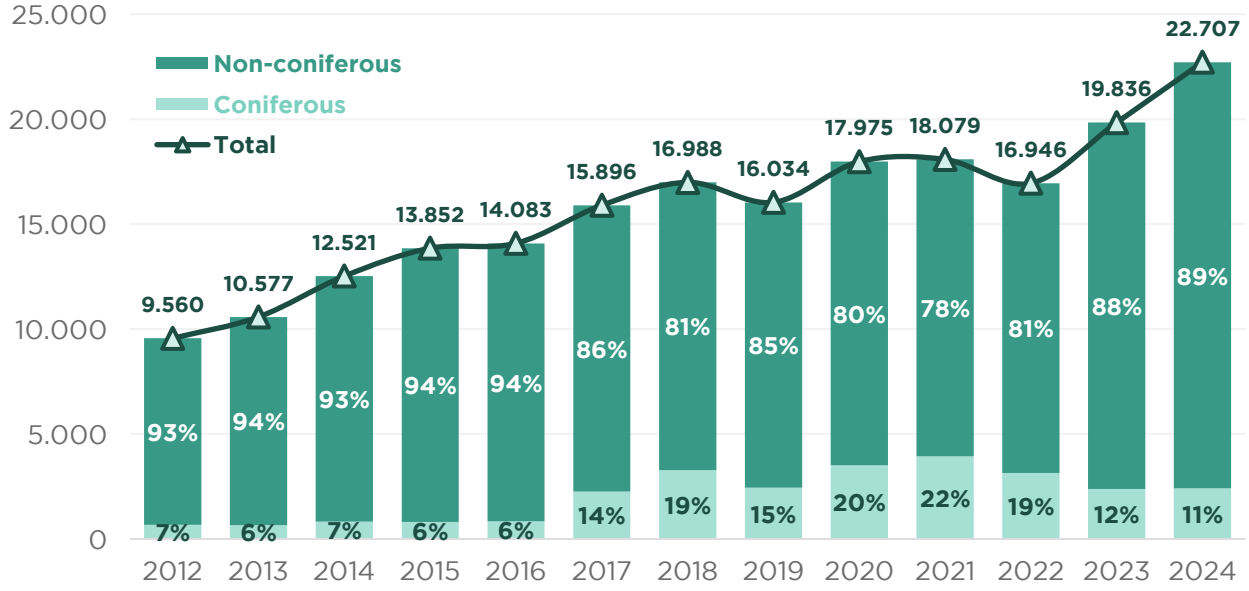
According to the General Directorate of Forestry, harvesting refers to the volume of roundwood harvested as raw material for subsequent processing, and is therefore associated with the forestry phase of the chain. According to data published by this agency, wood harvesting amounted to 22.7 million cubic meters in 2024, an increase of 14% over the previous year. Looking at developments in recent years, a sustained upward trend can be observed, with growth of nearly 140% between 2012 and 2024.

Regarding the origin of the harvested wood, wood from non-coniferous species (essentially Eucalyptus) stands out, currently accounting for 89% of the total volume harvested. Meanwhile, harvesting of wood from coniferous species (pine) grew significantly starting in 2017, although it remains a minority share of the total.

Pine wood is used in various mechanical processing industries, including the production of sawn wood, plywood, and cross-laminated timber. In this regard, it is worth noting that new investments in this sector are mostly associated with production using pine wood (for example, the projects carried out by Urufor and BrasPine – see more information in section 6.2), which could boost harvesting of this species.

Graph No. 7

Wood harvesting (thousand cubic meters), by species



Source: Uruguay XXI based on the 2025 Forestry Statistical Bulletin (DGF-MGAP)

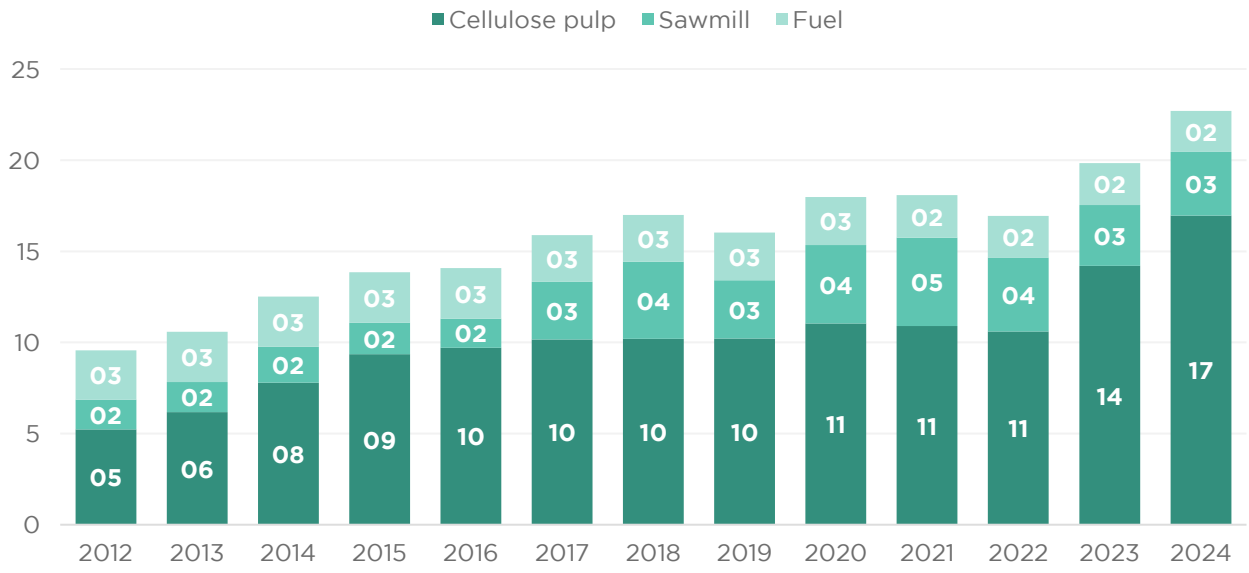
It should be noted that part of the harvested wood is exported raw. In 2024, raw wood exported represented 4% of the total volume harvested. Over the last five years, this figure averaged 12% of the total harvested.

The breakdown of the published data makes it possible to categorize wood harvesting by productive use: for fuel or for industry. The industrial use can be divided into chemical processing (wood for pulp) and mechanical processing (sawing and peeling). In 2024, 90% of the harvested wood went to industrial production and the remaining 10% was used for fuel.

The weight of the cellulose pulp industry stands out: with all three plants operating at full capacity, it consumed about 17 million cubic meters in 2024, representing 75% of the total harvested. The impact of UPM's second plant can be seen, as the volume harvested for cellulose pulp production increased 60% compared to 2022, the year before its installation.

Harvesting for sawmills amounted to 3.5 million cubic meters (15% of the total harvested), an increase of 6% over 2023. Looking at the species used, about 70% comes from pine plantations, which reflects a key difference from the cellulose pulp industry, where all the harvested wood used is eucalyptus, as mentioned above.

Graph No. 8
Wood harvesting by productive use
(million cubic meters)



Source: Uruguay XXI based on the General Directorate of Forestry, DGF-MGAP).

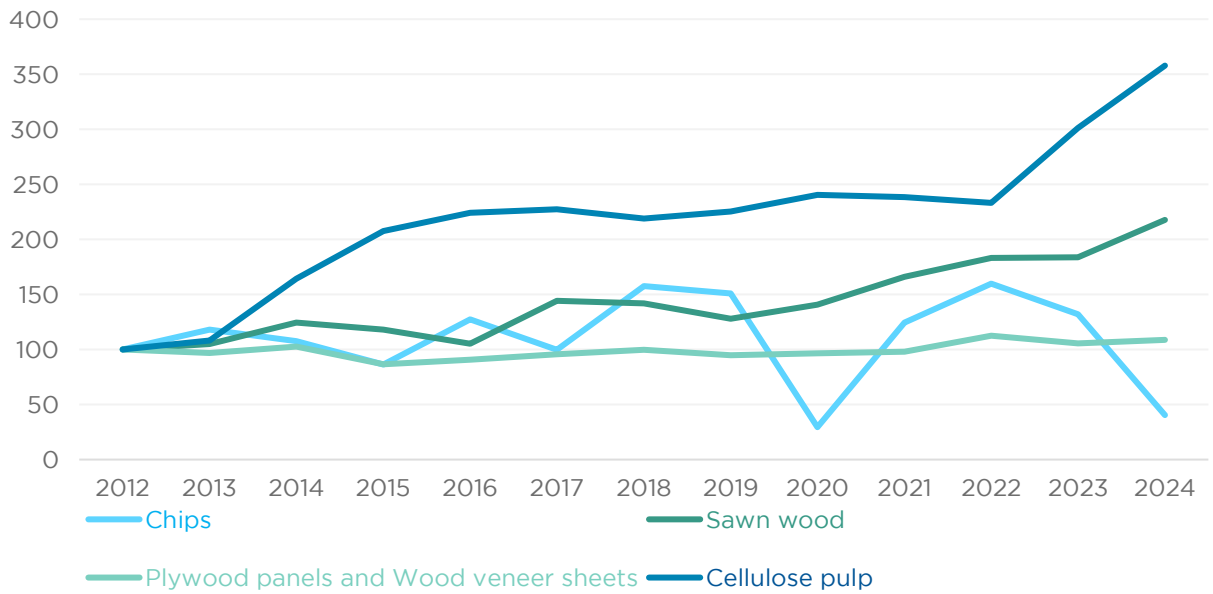
The transformation of the sector is evident when compared with the years before the cellulose pulp plants were installed, both in the growth of the volume harvested and in the changes in productive uses. In the 2004–2006 period, an average of about 5 million m^3 was harvested annually, and half went to cellulose pulp production. Currently, the volume harvested is four times higher, with 75% of the total going to cellulose pulp production.

4.2. PRODUCTION

Wood production is associated with the industrial phase. According to the 2025 statistical bulletin published by the General Directorate of Forestry, "the estimate[20] of this production represents the volumes of the different products obtained from wood processing (mechanical and chemical processing)."

[20] The DGF clarifies that "the volumes presented are estimates based on a survey of companies and qualified informants in the sector."

Graph No.9
Evolution of wood production, selected products
(physical volume index, base 2012 = 100)



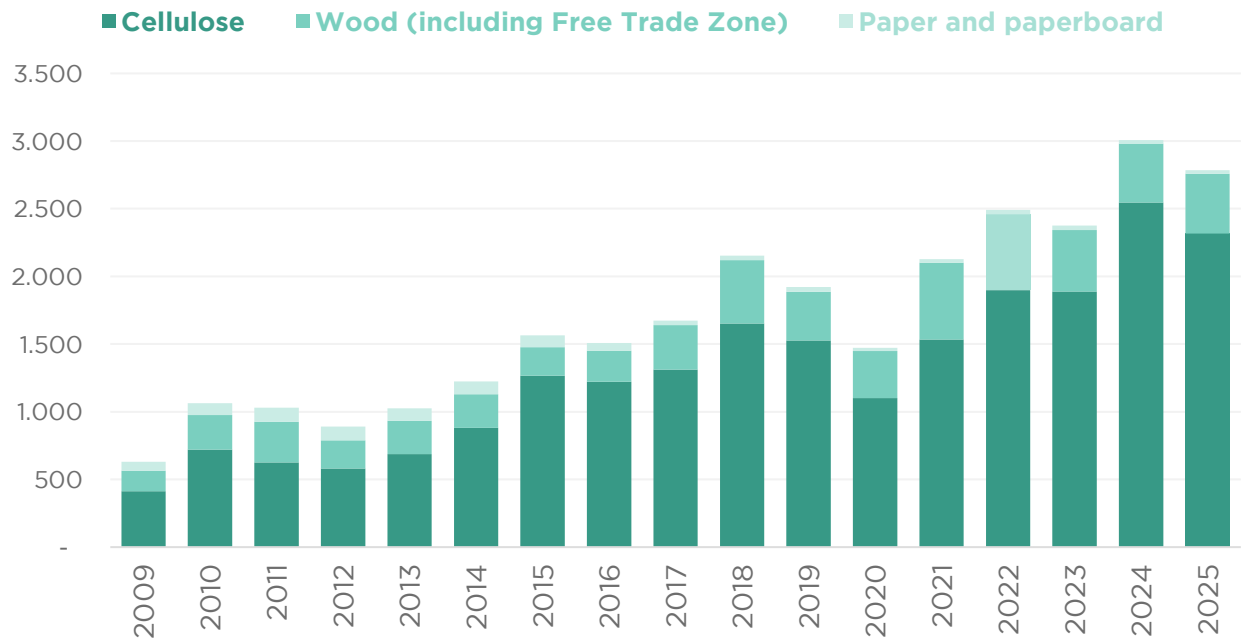
Note: the following products are not included: pellets, recovered paper, and paper and paperboard.
Source: Uruguay XXI based on DGF-MGAP.

Cellulose pulp production stands out, reaching 4.2 million tons in 2024, a 53% increase over 2022, reflecting the new pulp plant's operation at full capacity. Meanwhile, within the mechanical processing sector, there was a significant increase in sawn wood production (about 900 thousand m^3, 18% higher than in 2023), while there was a significant drop in chips, which fell from 1.1 million m^3 in 2023 to less than 340 thousand m^3 in 2024 (a 70% reduction).

5. FOREIGN TRADE

In 2025, forestry sector exports totaled US$2,786 million, a decrease of 7% from the previous year. However, in terms of volume they increased 5% over 2024, so a lower average price explains the decline in export value. The sector's export performance continues to be driven mainly by cellulose pulp, which ranked as the country's second most exported product and accounted for 17% of Uruguayan goods exports.

Graph No. 10
Uruguayan exports – Forestry sector
US$ Millions



Source: Uruguay XXI based on data from the National Customs Directorate (DNA), Central Bank of Uruguay (BCU) and Montes del Plata.

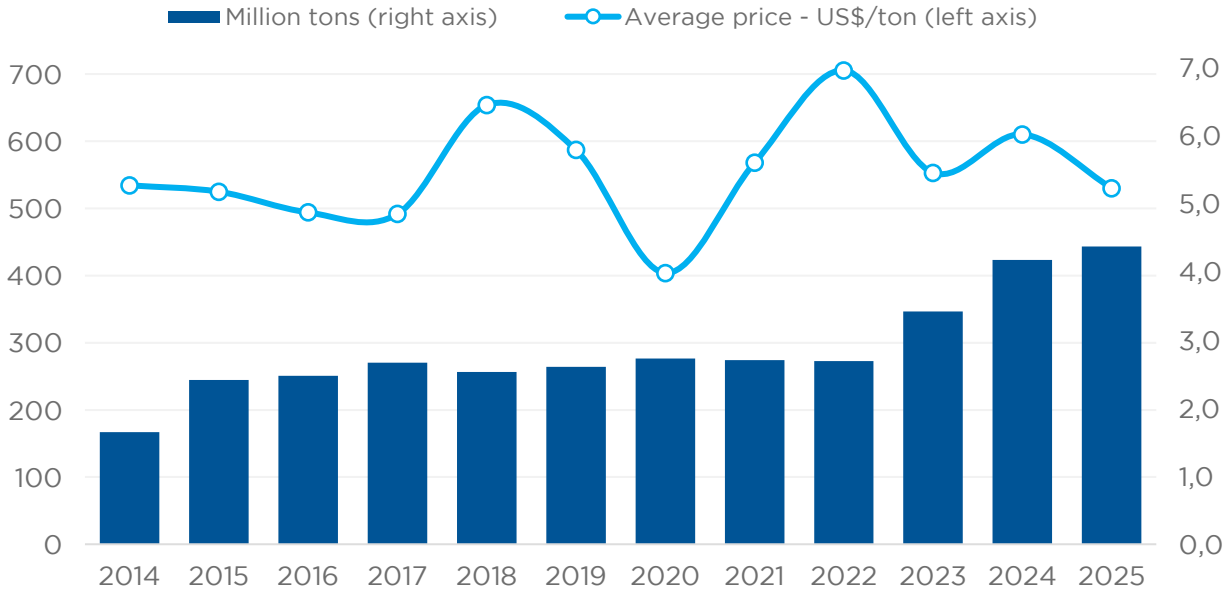
The top three markets accounted for 81% of wood and cellulose pulp product exports: China, the European Union, and the United States. In all three markets, cellulose pulp was the main exported product. China accounted for 40% of these exports, valued at US$ 1,108 million, while the European Union represented 29% of the total, reaching US$ 804 million. The United States accounted for 12% of the sector's exports, totaling US$348 million. The decline in the value exported to the European Union stands out (24% lower than in 2024), while exports to the United States increased 16%. Exports to China remained stable (a decrease of less than 1%).

5.1.CELLULOSE EXPORTS

Cellulose pulp is the main component used to manufacture paper and cardboard. In 2025, cellulose exports totaled US$ 2,317 million, which accounted for a 9% reduction compared to 2024. This decline was due to a 13% drop in average export prices, which went from US$610 per ton in 2024 to US$530. This negative price effect was partially offset by a higher export volume, which reached 4.4 million tons (5% higher than in 2024). In this regard, although the

impact of UPM's second plant had already begun to be seen in 2024 (a record year for cellulose pulp exports, when it established itself as the main export product), 2025 was the first year in which it operated at full capacity throughout the entire year, which is reflected in an even greater boost in the volume sold.

Graph No.11
Cellulose exports
Volume (million tons) and average price (US$/ton)



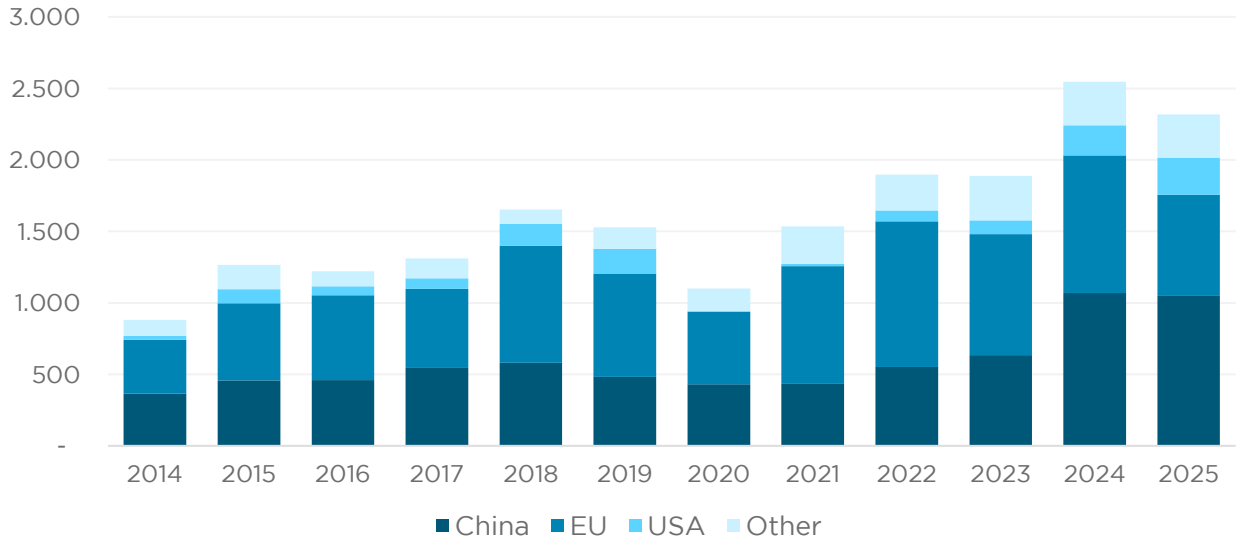
Source: Uruguay XXI based on data from the DNA, BCU and Montes del Plata.

Cellulose pulp exports are carried out from three free trade zones in Uruguay. Montes del Plata operates within the Punta Pereira free trade zone, utilizing its own port terminal for international shipments. UPM Fray Bentos transports its output to the Nueva Palmira free trade zone before loading onto deeper-draft vessels, while UPM Paso de los Toros transports its production to the port of Montevideo. Furthermore, direct road shipments to Argentina are facilitated from the free trade zones of both UPM Fray Bentos and Montes del Plata.

In line with the historical trend, in 2025 the main export destinations were China and the European Union, accounting for 45% and 31% of the total exported, respectively. It is worth noting that exports to the European Union fell significantly, by about 26% compared to 2024, while exports to China did not change significantly (only 2% lower). The United States established itself as the third-largest destination for cellulose pulp exports, accounting for 11% of the total. Exports to the United States increased 23% in 2025, which partially offset the

declines recorded to the European Union and China. Lastly, it is also worth noting the share of Türkiye (5%), South Korea (3%), and Argentina (2%), which are also the other three countries that have maintained a stable trade flow of this product.

Graph No. 12
Cellulose exports by destination
US$ Millions

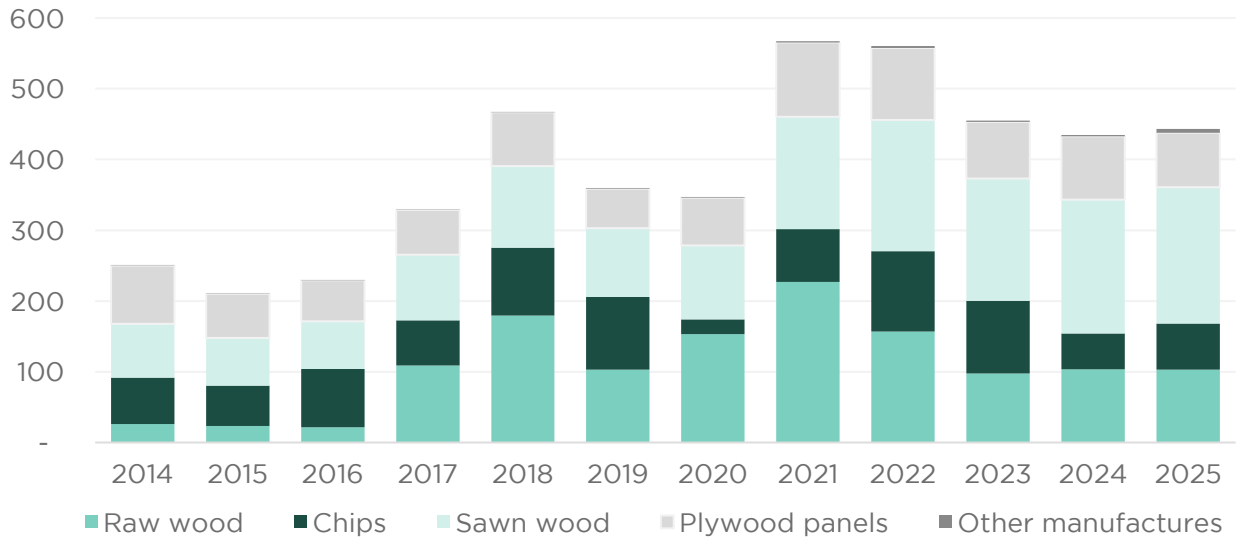


Source: Uruguay XXI based on data from the DNA and BCU.

5.2. WOOD EXPORTS

In 2025, timber exports and timber by-product exports (excluding cellulose pulp, and paper and carton board) reached a value of US$ 443 million (excluding inputs destined for free trade zones). This figure was slightly higher than that recorded in 2024 (US$434 million), mainly due to the increase in chip exports (29% higher than in 2024), partially offset by a 19% drop in plywood exports. The increase in "Other wood manufactures" stood out; although it remained a marginal category within the export basket, its value tripled compared to 2024 (from US$1.7 million to US$5 million). This increase was explained by two items: "Wood packaging materials" (which has trended upward in recent years and reached US$2.1 million in 2025) and "Builders' joinery and carpentry of wood," which totaled US$2.6 million (it had exported only US$300 thousand the previous year).

Graph No.13
Wood and wood product exports (excluding free trade zones)
US$ Millions



Note: chips includes pellets and other residues; sawn wood includes veneer sheets.
Source: Uruguay XXI based on data from the DNA and BCU.

Exports of wood products experienced a remarkable surge over the past five years. The sales during the 2021-2025 period were 42% higher than in the preceding five-year period of 2016-2020. The first significant jump in wood exports occurred in 2017 and was reinforced in 2018 thanks to the boost in raw wood exports. In 2021 and 2022, the highest values of the period were recorded, with a generalized increase across all categories, notably raw wood exports to China in 2021 and chip exports to the European Union in 2022. After this peak, exported values declined, although they stabilized at a level higher than that observed before 2021.

In particular, since 2022 there has been sustained growth in sawn wood exports, which helped offset the downward trend in raw wood exports. This can be explained by the greater industrial capacity the sector has been developing, with significant investments in recent years. In this regard, it is worth mentioning that new sawmill facilities are currently in the final phase of construction, and significant investments have been announced for the coming years (see section 6), which will give this sector an even greater boost.

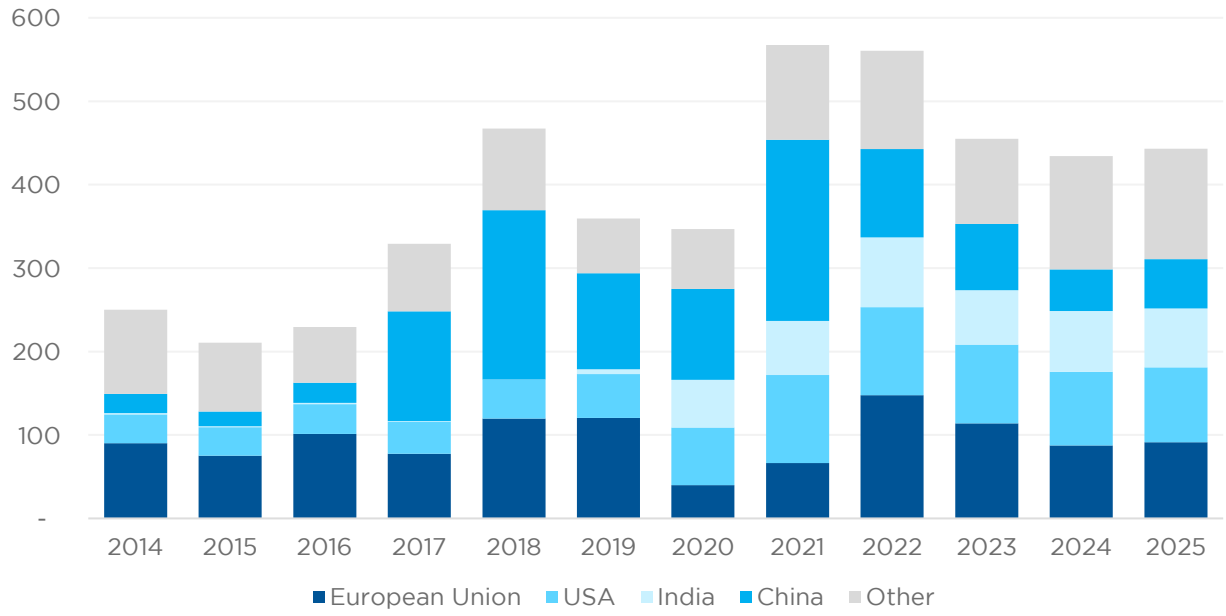
Looking at destinations, the distribution of exports in 2025 showed a structure similar to last year's. Of the total exported, 21% went to the European Union, followed by the United States with 20%, India (16%), and China (13%). Other relevant destinations were Mexico (7%) and Vietnam (6%), countries with which a relatively stable flow of exports of these products was

maintained.

The increase in exports to China stands out (18% compared to 2024), while exports to the European Union and the United States rose slightly (4% and 2%, respectively). Conversely, there was a significant decline in exports to Mexico (27% less than the previous year), while exports to India fell 4%.

The European Union has remained a relatively stable destination over the last ten years, while demand from China has been more volatile, with periods of great importance (2017–2021) and others in which demand was substantially lower (2014–2016, 2023–2025). The United States has raised its level of demand since 2020, becoming one of the most relevant destinations. Exports to India began in 2020, making the country an important destination from then on.

Graph No.14
Wood and wood products exports by destination
(Millions US$)



Source: Uruguay XXI based on data from the DNA and BCU.

5.2.1. SAWN WOOD

Sawn wood accounted for 43% of Uruguayan wood exports in 2025, reaching a total of US$ 192 million, accounting for a 2% increase compared to the previous year. In terms of volume, 294 thousand tons were exported, a decline of 2%. This was more than offset by the increase in the average price, which rose to US$654 per ton, an increase of 4% compared to 2024.

Sawn wood is one of the products that adds the most value to Uruguayan exports in the sector, which is shown in its export price, sevenfold higher than the raw wood average price in 2025. The main destinations for this product were the United States (30%), China (17%) and Vietnam (15%).

5.2.2. PLYWOOD PANELS

Wood-based panels represent another high value-added product in the sector. In 2025, plywood panels exports reached US$ 77 million, marking a slight decrease of 14% compared to the previous year. This decline was due both to a lower export volume (7% less than the previous year) and a lower average export price of close to US$600 per ton (7% less than in 2024). The main destination for boards was the United States, accounting for 42% of exports followed by Mexico with 36% and United Kingdom with 13%.

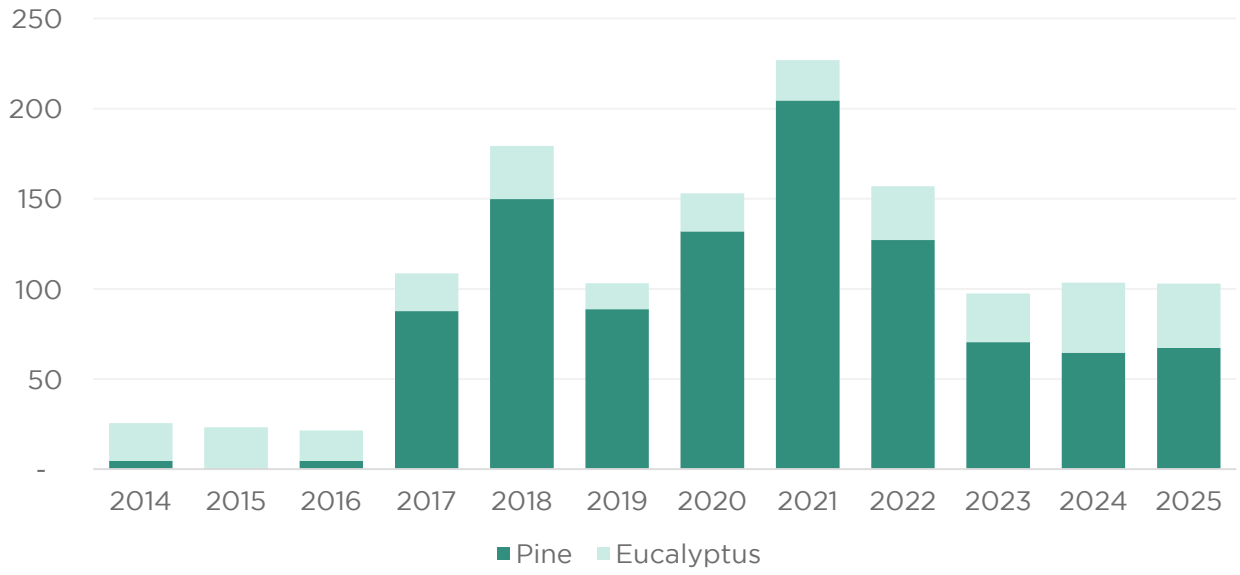
5.2.3. CHIPS

In 2025, sales of chips increased by 29% compared to 2024, totaling US$ 65 million. This increase was explained by the higher export volume (596 thousand tons, compared to 462 thousand tons the previous year), since the price remained stable (at around US$110 per ton, slightly above the last decade's average price of US$100). This increase is due to the resumption of exports to China (which accounted for 23% of the total), given that no exports had been made to this destination in 2024. The rest of the exports went to the European Union.

5.2.4. ROUNDWOOD

Exports of raw wood grew sharply from 2017 onwards due to an increase in India's and China's demand. The total value of exports reached US$103 million in 2025, similar to the recorded one in 2024. In terms of volume, exports totaled 1.2 million tons, slightly above the previous year (2%), offset by a decline in the average price of a similar magnitude (down from US$92 to US$90 per ton). India continued as the largest buyer (a trend that has held since 2022), absorbing 68% of the total value exported. Vietnam and China were the other most important destinations, with shares of 12% and 11%, respectively.

Graph No. 15
Raw wood exports – by species exported
Million US$



Source: Uruguay XXI based on data from the DNA and BCU.

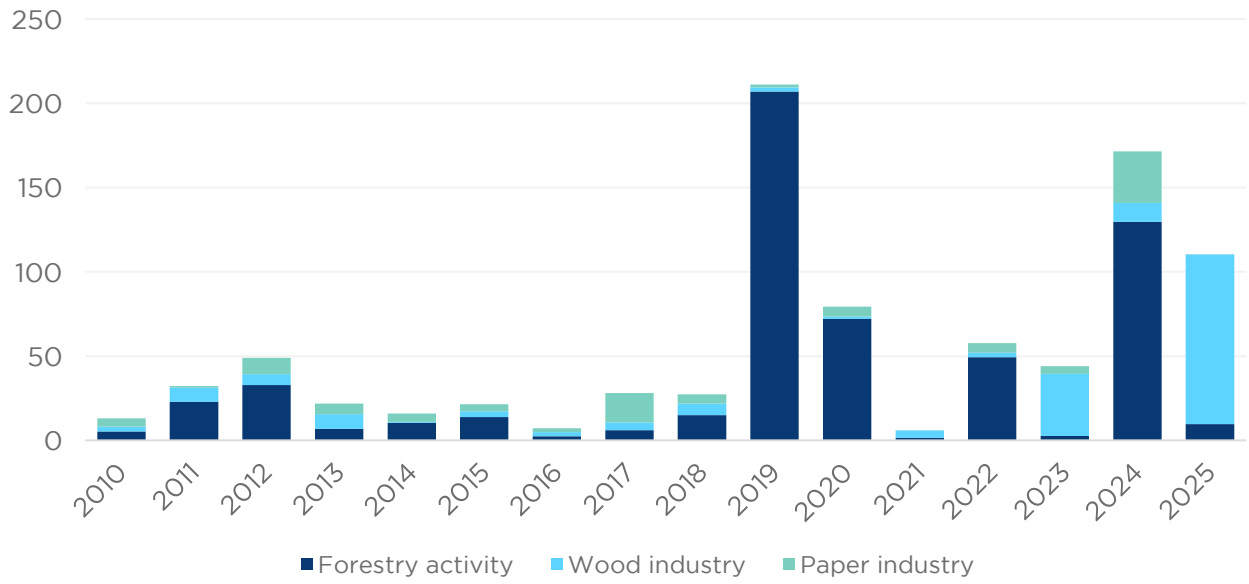
Analyzing the composition of exports by species type, in 2025 pine wood accounted for 65% of the total value exported and 79% of the total in terms of volume. This reflects the lower average price of raw pine wood relative to eucalyptus (in 2025 it was half, US$74 versus US$147 per ton).

Pine wood has predominated since 2017, thanks to the exceptional growth in demand from China. Since 2020 demand from India has been added, further boosting exports of this product. The distribution of these shipments is shaped by the harvesting cycles of the plantations as well as external demand, both of which influence fluctuations in supply and the destination of these exports.

6. INVESTMENTS IN THE FORESTRY SECTOR

Following the announcement of UPM's second plant construction, forestry-related projects experienced considerable momentum. Accumulated investments **between 2019 and 2022 amounted to US$ 354 million**, marking a **35%** increase compared to the previous decade (2009-2018). In particular, in 2019 three investment projects totaling US$484 million were recommended in connection with UPM's investment (port terminal, forestry agro-industry, and free trade zone operator), of which about 40% went to forestry-related activities. This explained the high value recorded for this activity that year. Moreover, in recent years projects associated with forest tree nurseries, sawmills, wood brushing and wood machine work took center stage.

Graph No. 16
Promoted forestry sector projects – COMAP
(US$ Millions)



Source: Yearbook 2021, Office of Agricultural Programming and Policy - (OPYPA) and Uruguay XXI

Recent data show a varying evolution across the different forestry subsectors. In 2025, investments promoted by the Investment Law Application Commission (COMAP) reached

US$110.5 million. The **wood industry** accounted for the largest share, with US$100.7 million, followed by **forestry activity**, with US$9.6 million, and the **paper industry**, with US$0.2 million.

6.1. NOTABLE INVESTMENTS

6.1.1. UPM

The Finnish company UPM is one of the world's leading cellulose producers, operating in 12 countries with a total of 54 production facilities and employing around 18,000 people. In 2009 it acquired a majority stake in Botnia S.A. in Uruguay (now UPM Fray Bentos).

In July 2019 UPM confirmed the establishment of its second cellulose mill in Uruguay. The total investment was of US$ 3.47 billion. This is not only the largest foreign investment ever received by Uruguay, but also the largest investment made by UPM in its over 100 years of history.

In February 2023 the company opened its third eucalyptus nursery in Sarandí del Yí, Durazno. This required an investment of US$ 25 million and it created new job positions in construction and operations[21].

The investment of the second mill also required the creation of a specific cellulose terminal in the deep-water port of Montevideo, as well as investments in infrastructure and local facilities in several regions of the country.

In Uruguay UPM is an important player in the economy, over 15,000 people have worked at the mills and over 3,700 indirect jobs were created through its operations whilst working with 235 contractors. The personnel are engaged in different stages of the production cycle, including activities in nurseries, forestry plantations, transport, mill operations and port activities.

With regards to primary production, UPM operates a subsidiary in Uruguay (UPM Forestal Oriental) which has over 30 years of experience in the country and supplies wood to the Fray Bentos mill. Approximately 70% of the wood comes from UPM plantations, while the other 30% is obtained from over 700 rural producers that participate in the company's Forestry Development Program. In 2022 an estimated 4.4 million tons of wood were sent from Uruguay to UPM.

[21] Lacalle Pou inaugurated UPM nursery in Sarandí del Yí - Office of the Presidency

UPM's industrial complex in Fray Bentos, inside the Río Negro department has a eucalyptus short-fiber cellulose mill with a capacity of 1.3 million tons. Most of this cellulose is exported and the shipping process requires transporting it by barge down the Uruguay river to the port of Nueva Palmira, where it is loaded onto transatlantic vessels bound for Europe or Asia. Aside from cellulose production, the mill in Fray Bentos also houses a biomass power generation unit.

UPM's industrial complex in Paso de los Toros has an eucalyptus short-fiber cellulose mill with a 2.1 million-ton capacity. The location selected for the project is in the area bordering the departments of Durazno and Tacuarembó, specifically in Pueblo Centenario. The location was selected considering the availability of forest resources as well as the goal to promote social and economic development to a region that historically has faced socioeconomic challenges. The departments that directly benefit from this investment - Durazno, Tacuarembó, Cerro Largo and Rivera - are areas with lower employment rates, less favorable education indicators and higher poverty levels compared to other parts of the country. The construction and operation of the facility is expected to have a significant impact on the economic growth and local development of this region.

Activities related to UPM's second mill in the value chain would result in a 2.4% increase of the GDP and would create 9,000 permanent job positions. The impact assessments suggest that cellulose production adds greater value, generates more employment and contributes to more tax revenue by hectare compared to other forms of land use.

Table No. 6
Economic impact of UPM investments[22]

	UPM Fray Bentos	UPM Paso de los Toros
% of the GDP	1.4%	2.4%
Positions (incl. Indirect)	7,000	9,000
Taxes	US$ 90 million	US$ 124 million

Source: study prepared by CPA Ferrere.

[22] Economic impact study of UPM operations in Uruguay - CPA Ferrere

6.1.2. MONTES DEL PLATA

The cellulose production company settled in Uruguay in 2009, as a result of an equal partnership between two of the most prominent companies in the global forestry sector: Arauco (Chile) and Stora Enso (Sweden-Finland).

The company manages around 165,000 hectares of forestland including its own and third-party properties in 13 of the country's departments. In addition, 35% of the properties handled by the company are protected areas for biological conservation, including native forests and endemic species subject to conservation and monitoring plans. In 2022, four million tons of timber were required to supply the Montes del Plata mill.

The company's industrial complex is in Punta Pereira, in the department of Colonia. It includes a mill with the capacity to produce 1.4 million tons of cellulose annually, a biomass power generation unit and a port terminal. The company directly employs around 620 people and, as a whole, the production chain generates around 6,500 jobs[23].

6.1.3. LUMIN

Lumin, a company with an outstanding track record spanning over two decades in the Uruguayan market, is a leader in the forestry sector and in the manufacturing of wood-related products. Its main focus is the manufacture of plywood, made from pine and eucalyptus wood.

The company settled in Uruguay in 1996 under the name Weyerhaeuser. In 2017 it concluded the sale of its operations in Uruguay to a consortium led by Timberland Investment Group, part of the Brazilian group BTG. Lumin owns extensive forestry areas in Uruguay distributed in the departments of Rivera, Tacuarembó, Cerro Largo and Treinta y Tres, totaling approximately 120,000 hectares, which include both pine and eucalyptus plantations. The industrial mill, located in Tacuarembó, has a panel production capacity of 300,000 m^3.

The company also operated a clonal nursery focused on growing trees specifically destined for the forestry industry and has a power generation plant that is supplied by factory waste and biomass. The generated energy is used to power the industrial plant and is fed into the power grid. Lumin employs 845 people directly in the five departments where it has operations and 1,516 people through outsourced companies[24].

The new plant for plywood production located in Melo, department of Cerro Largo, is currently in the final stages of construction. This new plant involved an investment of US$136 million

[23] Our company - Montes del Plata
[24] Lumin Annual Report (2024)

and is expected to be fully operational in 2026. It will have a production capacity of 164,000 cubic meters per year, which will expand the company's total capacity to about 500,000 m^3 per year. It is projected to directly generate about 300 jobs.

6.1.4. ARBOREAL

In 2021, Uruguay witnessed the arrival of the company Arboreal through its purchase of the Frutifor sawmill, having a significant impact on the country's wood industry by driving two projects: increasing the sawmill's drying capacity and building the first mass timber plant in Uruguay. Thus, in a first stage, the sawmill's drying capacity was doubled, from 125,000 m^3 to 250,000 m^3 per year, which had a positive effect on exports of processed wood. Then, in the second half of 2022, the first mass timber plant in Uruguay was inaugurated, one of the most advanced in South America, with a capacity of 50,000 m^3 per year. This plant uses technologies such as cross-laminated timber (CLT) and glued laminated timber (GLT), which enable the production of structural components for construction (both homes and buildings), representing an important advance for the forestry industry.

The total investment for the project was almost US$60 million, because it included the purchase of Frutifor for US$25 million, a new CLT plant for US$22 million, a drying unit and another automatic plank sorting facility, each for US$6 million. This investment not only contributed to strengthening Uruguay's forestry industry, but it also positioned the country in the global cross-laminated timber market.

6.1.5. AGROEMPRESA FORESTAL

In 2024, **Agroempresa Forestal**[25] entered the industrial sector by inaugurating a wood peeling veneer plant in Treinta y Tres, known as the Olimar Forest Products Peeling Plant. With an investment of US$7 million, it has a production capacity of 30,000 m^3 of wood veneer sheets per year and can generate between US$10 and 15 million in revenue per year[26]. Besides, it creates about 55 jobs.

6.1.6. OJI HOLDINGS

In May 2024, Oji Holdings Corporation, one of Japan's leading pulp and paper companies, announced the creation of Oji Uruguay Forest Company S.A.S. (OUFC) to acquire a forest

[25] Uruguayan company founded in 2000, with a regional presence (Brazil and Chile), dedicated to providing forestry services and land management. In Uruguay, it manages the four funds listed on the stock exchange. It covers an area of about 80 thousand hectares of forest on about 130 thousand hectares of land.
[26] Source: Francisco Bonino, CEO of Agroempresa Forestal: after the cellulose pulp boom in Uruguay, "sawn wood is gaining prominence"

plantation in the departments of Tacuarembó and Rivera, in northern Uruguay, for US$ 288 million[27].

The acquired forest assets include pine and eucalyptus plantations previously managed by The Rohatyn Group (TRG) since 2013. During TRG's management, these plantations were oriented toward solid wood production, with commercial thinning operations and log exports primarily to the Chinese and Indian markets.

6.2. NEW INVESTMENTS

The company **Urufor** has a new sawmill under construction in Rivera that will process pine wood with state-of-the-art technology (it will be added to the current plant that processes eucalyptus wood within the same industrial site). The plant would begin operating in July 2026 with a processing capacity of 200,000 cubic meters per year. The project involved an investment of US$100 million and will generate around 90 direct jobs at the industrial plant and another 300 in the associated chain (forestry, transportation, and logistics)[28].

The forestry-industrial company **BrasPine** will invest US$250 million in Rivera to set up its first plant outside Brazil[29]. It will be the company's third factory and is expected to begin operating in 2027. The project is expected to generate about 400 jobs and is part of a long-term regional expansion plan (integrated into BrasPine's regional production model). The project consists of setting up an industrial **pine wood processing** operation, and production will be primarily export-oriented.

In May 2026, Arboreal secured a US$40 million financing package to expand its production capacity and strengthen its operations in Tacuarembó. The financing comprises US$20 million contributed by the International Finance Corporation (IFC), a member of the World Bank Group, and another US$20 million mobilized through ILX Fund. The funds will be used to add a thermally modified wood production line, upgrade the industrial plant, and deepen the use of byproducts through the production of biomass briquettes, among other investments[30].

[27] Oji Holdings Press release - May 2024
[28] Source: https://www.revistaforestal.uy/la-nueva-apuesta-forestal-del-norte/
[29] Source: https://www.forbesuruguay.com/negocios/compania-forestalindustrial-braspine-invertira-us-250-millones-rivera-instalar-su-primera-planta-fuera-brasil-n85695
[30] Source: IFC invests in Uruguayan company Arboreal to scale sustainable wood-based solutions in Latin America

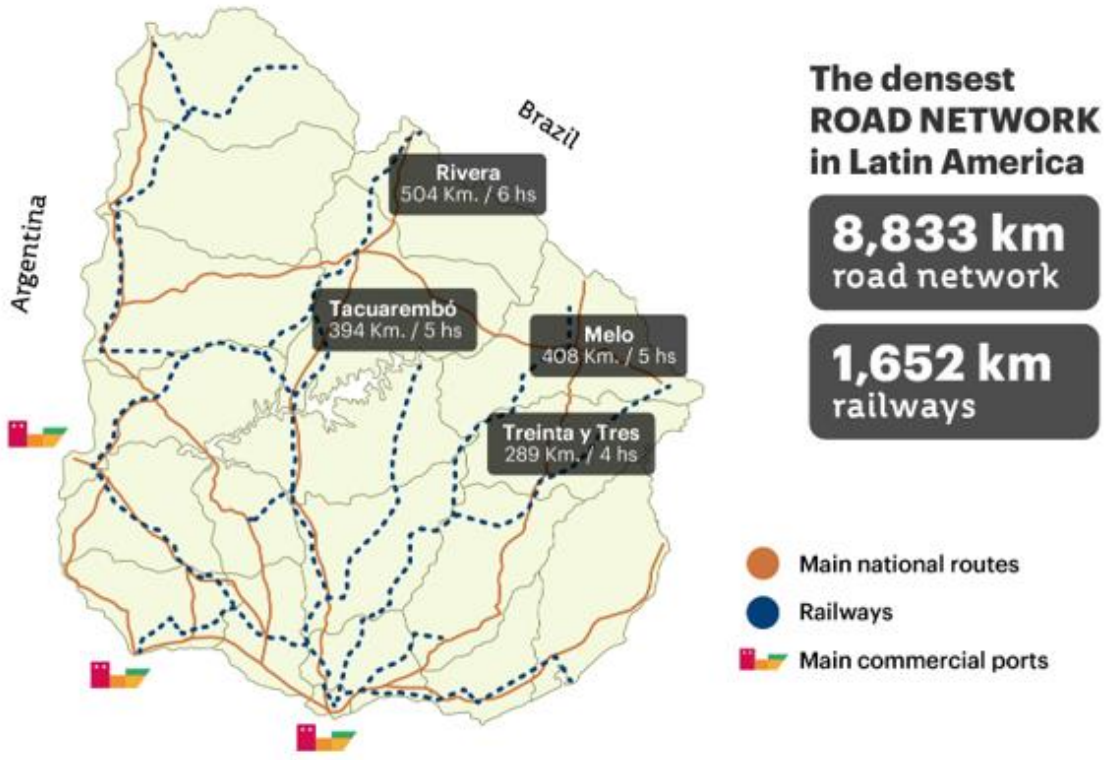
7. INFRASTRUCTURE

Uruguay has an extensive and well-developed road network that spans approximately 8,833 kilometers. This is equivalent to a ratio of 45 kilometers of paved roads per 1,000 square kilometers of surface area. This solid road infrastructure facilitates the connection of the main production centers and storage areas with the country's most important ports.

In addition, Uruguay has 15 ports, eight of which are considered commercial ports and are distributed in various regions of the country, including Montevideo, Nueva Palmira, Colonia, Fray Bentos, Paysandú, Juan Lacaze and La Paloma -which operate under a free port regime-, as well as Salto. Of these, the ports of Montevideo, Nueva Palmira and La Paloma have the deepest draft, which makes them essential for port operations.

Figure No. 5

Transportation network map



Source: Uruguay XXI based on data from the Ministry of Transport and Public Works (MTOP).

Nevertheless, the significant growth in production and exports led to considerable challenges in terms of infrastructure, especially in relation to roadways. In response to this demand, the country is working on important projects to improve and expand its infrastructure in order to have a first-class transportation network.

7.1.SPECIALIZED CELLULOSE PULP TERMINAL

In October 2022, UPM inaugurated a specialized cellulose pulp terminal at the Port of Montevideo, as part of the investment associated with its second plant. The terminal is directly connected to the Paso de los Toros plant via the Central Railway and operates 24 hours a day. It has an annual capacity of more than two million tons of cellulose pulp, can handle approximately 100 vessels per year, and has a storage warehouse of more than 50,000 m^2.

7.2. ROAD NETWORKS[31] AND NATIONAL HIGHWAYS

Due to the increase in the volume of transported goods, driven by the development of the agricultural and forestry areas, the need to establish efficient connectivity between production terminals and production units was identified.

In this context, the first Public-Private Participation (PPP) project in road infrastructure was carried out, which included improvements to Route 21 from the city of Nueva Palmira to Mercedes, as well as Route 24 between Highway 2 and Highway 3. Route 21 is mainly used by bulk trucks going to the port of Nueva Palmira, while Route 24 is predominantly used for transporting lumber cargo.

During the previous administration (2020–2025), the Ministry of Transportation and Public Works' five-year plan included an ambitious schedule of road investments, involving work on 7,692 km of roads (81% of the road system) with a total planned investment of US$3.3 billion. According to the government's 2023 budget accountability report, investments of more than US$2.8 billion were made between 2020 and 2023, with projections to reach more than US$3.8 billion by the end of the period[32].

[31] Please, refer to: Uruguay XXI – PPP Roads
[32] Source: Statement of purpose – Budget Accountability Report 2023. Note: values are estimates for 2024. According to more recent data, investments would have been around US$900 million in 2024.

Table No. 7
Road investments – MTOP (million US$, VAT included)

	2020	2021	2022	2023	2024*	Total 2020-2024*
DNV	48	76	112	183	88	507
CVU	163	252	364	619	816	2,214
Private concessions	7	22	56	95	74	254
PPP	128	128	250	178	32	715
Rural roads	28	27	30	38	45	168
Total	**373**	**505**	**812**	**1,113**	**1,054**	**3,858**

Note: the values for 2024 are estimates made in the Budget Accountability Report 2023. Consequently, the total for the 2020–2024 period is a projection and not final execution. Source: Statement of purpose – Budget Accountability Report 2023.

According to the Budget Accountability Report 2025, national road sector investment reached US$623 million in 2025 and included works carried out directly by the National Roads Directorate, through the *Corporación Vial del Uruguay*, the private concessions on Routes 5 and 8, and public-private partnership projects. In addition, US$51 million was allocated to rural roads. Together, the two components represented an investment of approximately US$674 million.

Regarding investments planned for the coming years, in 2025 the Ministry of Transportation and Public Works (MTOP) presented its plan[33] for what is expected to be carried out in the current administration (2025–2029), with an emphasis on connecting and completing the country's road network to support productive, economic, and social development. The road infrastructure investment plan contemplates a total amount of US$2,093 million, concentrated mostly on maintenance of the existing road network. In this regard, 50% of the investments will go to maintenance and 26% to rehabilitation of road sections, which together represent 76% of the total. Specifically, the proposed MTOP plan includes 231 km of new roads, 2,079 km of rehabilitation, and 5,681 km of maintenance of the national road network, as well as work on 102 bridges and road safety investments. The following table details the five-year road investment plan:

[33] Please, refer to: MTOP Five-Year Plan (2025–2029)

Table No. 8
Planned road investments, 2025–2029 period

Concept	Amount (US$)	% of investment	Intervened km
Construction	262,995,763	12.6%	231
Rehabilitation	544,947,224	26.0%	2,079
Preservation and maintenance	1,047,163,857	50.0%	5,681
Bridges	125,406,929	6.0%	*102 interventions
Road safety	112,686,121	5.4%	-
Total	**2,093,199,894**	**100.0%**	**7991**

Source: MTOP Five-Year Plan (2025–2029)

Among the strategic projects in the investment plan are the development of the Route 2 freight corridor and the connection of Route 4 with Route 26, the construction of bypasses in Tala (Route 7) and Rivera, the dual carriageway on Route 11 between the Interbalnearia highway and Route 8, the rehabilitation of the Route 26 corridor, the access works for the new bridge over the Yaguarón River, and comprehensive improvements to the access roads into Montevideo.

7.3. RAILWAY DEVELOPMENT

At present, Uruguay's railway network covers an extension of 1,652 kilometers and has a fleet of 52 mainline locomotives and 764 railcars. This network connects with the railroad networks of Argentina through the El Precursor branch, which crosses the Salto Grande dam and connects the cities of Salto and Concordia with equal gauge in both countries, as well as with Brazil at the Rivera-Livramento border crossing, where there is a different gauge. However, current technology makes it possible to resolve this difference in track width.

The Central Railway (Ferrocarril Central) project[34] is the most important project in the railway sector in Uruguay, which took almost five years and included a significant renovation of the country's railway network. This project comprises the construction and reconditioning of 273

[34] Central Railway Project - https://www.gub.uy/ministerio-transporte-obras-publicas/ferrocarril-central

kilometers of track connecting the port of Montevideo with Paso de los Toros (Tacuarembó). It also includes the rehabilitation of the Rivera line and the Litoral line, which connects Piedra Sola with Salto. Construction began in 2019 and the first shipment was made in April 2024, although the project reached 100% physical completion toward the end of that year, with the Certificate of Commissioning issued in August 2024.

The Central Railway line will allow freight trains to run at a speed of 80 kilometers per hour and with a load capacity of 22.5 tons per axis. The project includes an initial 26-kilometer section of double track, as well as multiple secondary tracks to facilitate train crossings and more than 40 rail bridges. Although the priority cargo is the cellulose pulp produced at UPM's new plant, the line is expected to be able to transport four million tons per year, while this plant's production would be around two million annually. In this way, this line will have alternative uses that will benefit the logistics of other production. In 2025, the cargo moved by the Central Railway was close to 1.9 million tons[35].

In summary, the Central Railway represents a significant breakthrough in promoting a complementary, competitive and sustainable mode of transportation, which will have a positive impact in terms of costs, travel times and logistical efficiency.

To continue advancing railway development, as part of its Five-Year Plan for 2025–2029, the MTOP seeks to consolidate the recovery and modernization of the railway system through a phased strategy with short-, medium-, and long-term actions. In the short term, priority is given to interventions aimed at ensuring the operability and safety of the existing network. These include the La Teja–Ancap and Ancap–Durazno railway connections and other interventions committed by the MTOP. In addition, the aim is to rehabilitate the bridge over the Río Negro, and major maintenance work will be carried out on the Rivera Norte and Río Branco lines. Other investments include advancing the rehabilitation and/or automation of grade-crossing protection systems (Rivera Norte, Río Branco, and Minas lines) and the commissioning of the railway traffic control system (STC).

Regarding the medium- and long-term strategy, the MTOP will focus its efforts on carrying out the projects prioritized under the **Master Plan for Railway Transportation** in Uruguay. This plan aims to improve the efficiency, sustainability, and accessibility of the railway, for both freight and passenger transportation. Its design is being financed by CAF under an agreement with the MTOP and the National Development Corporation (CND) signed in May 2025. The

[35] "The Ministry of Transportation and Public Works plans railway works worth US$15 million this year" – Ámbito article (01/24/2026)

estimated term under the agreement is 18 months, during which a call for consulting services will be issued for the preparation of the master plan[36].

Among the plan's specific objectives, the design of a public-private roadmap for the development of the sector stands out, as well as the integration of the railway with ports and logistics hubs, especially with the Port of Montevideo and, in a second stage, with the Port of Fray Bentos. It also aims to capture international transit and promote multimodal connections.

[36] In August 2025, the CND launched the call for the hiring of a technical consultancy that will be responsible for designing the plan.

8. WOOD IN CONSTRUCTION[37]

The use of wood in construction has historically been uncommon in Uruguay, which has favored construction methods involving heavier materials in recent decades. This is a significant cultural barrier that hindered research and progress in the use of wood as a building material and delayed its development as a major component in construction projects at a national level.

Growth of the domestic market is critical in order to expand the export of engineered wood products in the future. Increased local demand not only provides a solid foundation, but it also allows for better adjustment to the demands of other markets, while potentially generating economies of scale in an export-oriented industry. The local supply of raw materials, the ongoing development of related industries and the need for housing all offer significant potential for investment, exports and local housing.

These construction methods add a second mechanical processing to the material, adding value to the end product. In addition, wood production in construction promotes a sustainable system, with carbon sequestration throughout the production chain.

However, there are still certain challenges, such as the need to harmonize national and departmental regulations[38], and to promote the use of wood in business and civil construction, as well as in public works projects. It is worth noting that several institutions, mainly academic, have been analyzing the possibilities of wood construction for several years and support the widespread use of wood in housing construction.

Internationally, countries with a long-standing tradition in the use of wood for construction have made significant progress. Technological progress in structures has enabled the construction of multi-story wood buildings, supported by building codes that increasingly allow more levels, confirming the structural safety of this material and challenging cultural misconceptions that have limited its development.

[37] Sources referenced: Matías Marchesoni, Sophia Evans – "Wood construction in Uruguay - A pending story" || Forestry Magazine – "Wood construction: challenges and opportunities in Uruguay"
[38] The construction systems are validated through the Technical Aptitude Document (DAT), which validates the technical suitability and enables evaluation, technical and administrative instruments for these construction systems.

The global market for engineered wood products (EWP) reached approximately US$394 billion in 2025[39]. The most recent projections indicate sustained growth in the use of wood as a construction material globally, driven by demand for sustainable solutions and the reduction of the carbon footprint in the industry. An annual growth rate of between 6% and 7% is estimated through 2030–2035, with significant expansion in regions such as Asia, Latin America, and the Middle East[40].

Countries such as Canada, the United States, Austria, and the Nordic countries continue to lead in the adoption of wood construction systems. In Asia, particularly China and India, growth is driven by urbanization and sustainable construction policies. In Latin America, Brazil and Chile remain the main markets, although the region still shows gaps between the supply of and demand for EWP products, which represents an opportunity for local industrial development.

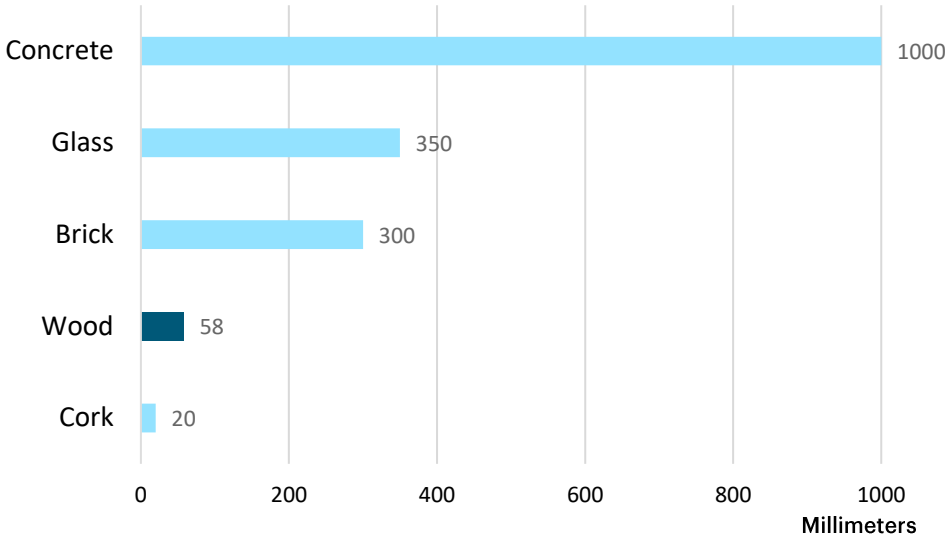
Among the main trends, the accelerated growth of mass timber solutions such as cross-laminated timber (CLT) stands out. This market has expected growth rates of between 12% and 16% per year, driven by its use in mid- and high-rise buildings and in modular construction systems[41]. In particular, its adoption in Europe stands out, where the market is already mature, while in North America it is one of the fastest-expanding segments.

The "wood revolution" has many benefits. First, it accelerates the construction process by up to five times the speed of traditional methods[42], which leads to savings in labor costs and other aspects of the process. The technology applied to construction also improves efficiency and reduces errors compared to traditional methods, which simplifies assembly and generates less waste.

Another major benefit of wood construction systems is its thermal insulation capacity, as wood requires significantly less thickness than other materials to achieve the same insulation efficiency, both in cold and warm climates, which contributes to greater energy efficiency in buildings. The history of wood as a building material in cold climate regions highlights the importance of its thermal insulation. Graph No. 12 compares wood thermal insulation capacity with other materials.

[39] Research and Analysis Network, 2025: https://www.reanin.com/reports/engineered-wood-market.
[40] Market Research Intellect, 2024: https://www.marketresearchintellect.com/product/global-engineered-wood-products-market/
[41] Market Data Forecast, 2024: https://www.marketdataforecast.com/market-reports/cross-laminated-timber-clt-market
[42] El Observador – "Wooden housing: the "stigmatized" material that the government wants to bet on".

Graph No. 17
Thickness required to reach the same thermal insulation value
(in millimeters)



Source: Jorge Calderón - "Design, manufacture and assembly of solid cross-laminated timber boards - CRULAMM & JMS" based on Holzbau, Grupo Rubner, Univ. Trento.

In the past, the main objections to the use of wood as a building material centered on safety concerns compared to other conventional options. Today, fire resistance regulations[43] guarantee greater structural strength over some of the more traditional building materials.

Wood is a renewable resource that promotes sustainability in construction processes and, in addition, captures one ton of carbon dioxide[44] in every cubic meter. It is also known for its low energy consumption during production and throughout its life cycle. Compared to other building materials that generate significant emissions during their manufacture, wood performs a reverse process by sequestering carbon.

These aspects align with the objectives of several ministries, including the Ministry of Environment, which seeks to promote environmentally sustainable production and

[43] Fire resistance is understood as the ability of an element to maintain its structural properties for a given time in the presence of fire.
[44] Source: Michael Green: Why we should build wooden skyscrapers. || Mechanical processing generates products called Harvested Wood Products, which can be included in National Greenhouse Gas Inventories. See National Greenhouse Gas Inventories.

consumption practices. In the United States, 47% of greenhouse gas emissions come from construction.[45]

Uruguay faces a housing deficit of approximately 65,000 homes and a qualitative housing deficit of 170 homes[46]. Wood is a natural alternative to address these problems, however, some challenges have yet to be overcome. First, it is necessary to advance in the standardization of structural wood in order to certify its use in construction, which would add value for both domestic demand and export. The UNIT committee for structural timber approved five standards since 2017 and further progress towards standardization is planned.

In addition, in 2020 the Honorary Timber Commission was established, which works to promote wood as a building material in Uruguay. In 2022, to address the standardization issue, the board introduced the project "Base Document for the Standardization of Wooden Buildings and Constructions", with the objective of increasing "the inclusion of domestically sourced timber in housing and building construction".

Some of the main engineered wood products include:

- **Cross Laminated Timber (CLT):** this building product is formed by joining panels of dry wood boards, in which one layer of boards is arranged perpendicular to the next. The boards are assembled laterally with glue on the edges and then joined to the next layer by applying glue across the width.
- **Laminated Veneer Lumber (LVL)**: LVL is produced by gluing several sheets of wood together with a variety of bonding adhesives. The main characteristic is that the sheets in LVL are all aligned parallel to each other, while in plywood they are arranged at right angles to the next layer or in alternating orientation.
- **Glued laminated timber (Glulam):** this engineered product consists of two or more sheets of wood arranged in the same direction as the fibers and joined together by their surfaces. The sheets are assembled at their ends by means of notched joints and shorter pieces of wood. The benefit of Glulam lies in the possibility of obtaining lengths and sections that are not found in sawn wood, in addition to allowing the manufacture of curved elements.
- **Nail Laminated Timber (NLT):** this material is formed by stacking lumber on edge and securing it with nails. Plywood is often used to make it into wall panels. It provides a solid, sturdy structure and is typically used for floors, decks, roofs and siding.

[45] Michael Green: *Why we should build wooden skyscrapers.*
[46] Five-year Housing Plan for 2020-2024 - MVOTMA

- **Dowel Laminated Timber (DLT):** is created by joining several blocks of wood with hardwood pegs. These are assembled into panels by means of a hydraulic press that joins the different layers by friction. The planks contract and the pegs expand. DLT is used in walls, floors and ceilings.
- **Plywood:** In Uruguay, Lumin produces structural plywood panels made from pine and eucalyptus. These facilities offer a variety of panel grades with various combinations of veneers. The panels are solid, light, durable and available in different aesthetic finishes. They are certified for use in construction in the United States and Europe and comply with the environmental regulations of several countries.

8.1. WOOD CONSTRUCTION COMPANIES IN URUGUAY

Based on a survey of wood construction companies conducted by the Forestry and Wood Technology Center (CTFM)[47], 14 companies in this sector were identified, seven of which were surveyed. The annual consumption of these companies totals 1,952 m^3 of wood. It is distributed across solid boards for interior and/or exterior cladding, flooring, ceilings, and doors and windows, as well as beams and joists used mainly for the general structure (wood framing). Laminated panels are also used as part of the home's walls, although to a lesser extent.

In total, the surveyed companies employ 100 people year-round (at assembly and wood treatment plants), rising to approximately 177 at the time of construction. Looking at labor per cubic meter used, this sector is estimated to employ one person for every 10 m^3 of raw material consumed.

Among the surveyed companies, virtually all of the wood used to build homes was found to come from domestic sources. However, purchases are concentrated among a few sawmills: the seven companies surveyed source their wood from only four sawmills in the north of the country. The most commonly used species is domestic pine (*Pinus taeda* or *elliottii*), accounting for 60% of the total, while the remaining 40% uses *Eucalyptus grandis*.

The report highlights that 85% of the companies build homes for private individuals or high-profile businesses, with an average size above 100 m^2, mostly in the eastern coastal region of the country (nearly 70%). On the other hand, only one of the companies builds social housing

[47] The survey was conducted between November 2024 and January 2025. It was carried out as part of the report "Solid Wood Value Chain" (as was the sawmill census), available on the CTFM website.

for municipal governments and for programs of the National Housing Agency (ANV) or the Honorary Commission for the Eradication of Unsanitary Rural Housing (MEVIR). These homes average 65 m^2. Based on the available information, it was also estimated that a 100 m^2 house requires between 8 and 10 m^3 of wood, since the volume of wood used ranges from 0.08 to 0.1 m^3 per square meter built.

Regarding the limitations these companies face, none reported problems with wood supply or quality. In fact, they generally have access to raw material of higher quality than they need, at a price in line with the quality delivered. All of the companies emphasize the quality of the domestic raw material they use compared with imported solid wood of the same type and species. On the other hand, the main problem cited is a shortage of workers trained in woodworking, which may limit the undertaking of new projects.

The surveyed companies observe that wood construction is on the rise nationwide, with significant participation by foreigners in the demand for this type of construction. Accordingly, 50% say their clients are mostly foreign, while a considerable increase in Uruguayan demand for this type of construction has yet to be seen. Regarding use in social housing, all of them acknowledge that efforts have been made, but they note that the process of becoming an approved construction company is very cumbersome and slow. Sixty-six percent of the companies say they have been going through the process for over a year without being able to complete it.

Given this, the companies stress the need to implement a robust policy to promote this construction method, with the aim of bringing about a cultural shift, especially in perceptions of wood's durability. It is also crucial to develop dedicated financing options and promotion policies for this type of construction, aimed at both high-value consumers and social housing, as well as public procurement policies for furniture, and even for the construction or renovation of public buildings.

8.2. PROMOTING THE USE OF WOOD IN CONSTRUCTION

In the Ministry of Housing and Land Management (MVOT) five-year plan for 2020–2025, one of the specific objectives established was "to promote the use of domestically sourced wood in construction solutions aimed at increasing the supply of public housing, reducing construction times and costs."

As part of this strategic objective, in May 2022, MVOT submitted a roadmap for the construction of social housing in wood, with support from the Inter-American Development Bank (IDB) [48].

The document recognizes that, although Uruguay is not a country with a long-standing tradition of wood construction, it is necessary to promote this construction material, especially in housings and buildings.

In order to provide housing solutions, the objective is to "promote the use of wood of national origin in construction solutions". This roadmap also establishes the inter-institutional work needed to achieve the objective: working jointly with the National Housing Agency (ANV) and other social actors such as the MEVIR.

Among the roadmap's strategic lines of action, an international call for proposals was issued, titled "Wood: Innovating Social Housing Architecture," with the goal of developing and executing a variety of wood projects. Three outcomes emerged from this call: 60 homes built in the town of Tranqueras, in the Department of Rivera (24 homes for MEVIR using a light-frame system and 36 homes for MEVIR using a Mass Timber construction system, in CLT and Glulam); 1 health clinic built with a Mass Timber system in CLT and Glulam in the Cauceglia neighborhood of Montevideo; and 9 homes in Rivera using light framing as a pilot project, under an agreement among the MVOT, MEVIR, the Municipal Government of Rivera, and other public sector agencies.

Finally, the new Five-Year Housing and Habitat Plan 2025–2029[49] does not specifically mention the use of wood in construction as a strategic objective, but it does promote it, primarily through the strategic axes tied to the housing emergency, access to adequate housing solutions, and environmental sustainability. Within these guidelines, the plan encourages diversifying construction systems and adopting technologies that allow faster, more efficient, lower-impact responses, especially in highly vulnerable contexts. In this framework, wood construction is valued as an industrialized alternative that shortens construction timelines, improves the energy efficiency of homes, and makes it possible to address housing emergencies with greater geographic flexibility.

[48] Roadmap for the construction of social housing in wood in Uruguay - MVOT
[49] Five-Year Housing and Habitat Plan 2025–2029

9. MAIN CERTIFICATIONS

9.1. FOREST PRODUCTS CERTIFICATIONS

Forest certification is the independent evaluation of an entity's operations according to standards previously established by external agencies. In general, this certification process acts as an incentive to improve forest management practices. There are international certifying entities that are responsible for assessing compliance with these requirements.

9.1.1. FORESTS CERTIFICATION

In a global context where significant deforestation trends are still evident in several countries, certification is offered to identify products that come from sustainably managed forests and in compliance with regulations. In addition, certification has become increasingly important as a market tool to differentiate products in the eyes of consumers who are increasingly aware and avid of sustainable production.

Uruguay has followed a forestry policy that ensures sustainable management in cooperation with its main companies, which have extensive experience in this area. Virtually all of Uruguay's forestry production and associated industries have obtained certification from the two main global agencies: the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC).

9.1.2. CERTIFICATION OF WOOD PRODUCTS

In terms of wood products certification, the Technological Laboratory of Uruguay (LATU, for its acronym in Spanish) plays a key role in supporting and promoting the development of the wood value chain. In this regard, LATU has a sawmill and lab where research is carried out on the physical, mechanical and chemical properties of timber from national plantations.

Although currently LATU does not carry out certifications of international scope, it has the technical capacity to do so, as it offers high quality analysis and testing services. A lab was recently added to carry out various tests on furniture and openings, with the capacity to certify European standards related to this type of products.

9.2. CARBON CREDITS

Growing international attention to reducing greenhouse gas (GHG) emissions has driven the development of various carbon markets. These include regulated mechanisms, established by governments or international agreements, and voluntary markets, in which companies and other organizations purchase credits to help meet their climate goals.

In general terms, one carbon credit represents one metric ton of carbon dioxide equivalent (tCO_2e) reduced or removed from the atmosphere. Issuing a credit requires that the reduction or removal be quantified using a recognized methodology, validated by an independent entity, and subject to periodic monitoring and verification.

Forestry projects can generate credits through afforestation, reforestation, restoration, or management activities that increase carbon storage relative to a baseline scenario. However, the existence of a plantation does not automatically generate credits. Projects must demonstrate, among other things, additionality, permanence of the stored carbon, control of potential emissions leakage, and compliance with applicable environmental and social safeguards.

In the voluntary market, there are international standards that establish methodologies and registry systems for these projects. One of them is the Verified Carbon Standard (VCS) program, administered by Verra. Uruguay has forestry projects registered under this standard, mainly tied to plantations established on land previously used for extensive cattle ranching. Among the projects published by Verra are Bosques del Uruguay II and Lumin's forest plantation project.

In 2021, Agroempresa Forestal announced the sale to European buyers of credits equivalent to 210,000 tons of CO_2, generated by plantations in the Bosques del Uruguay projects. The value of the transaction was not officially disclosed, although estimates reported in the press put it at around US$10 million. This transaction set a significant precedent for the Uruguayan forestry sector's participation in the international voluntary carbon market.

Developing these projects represents a potential opportunity to diversify income in the forestry sector and mobilize financing toward climate mitigation activities. However, generating and selling credits depends on meeting each standard's requirements, on the environmental integrity of the projects, and on how demand and prices evolve in international markets.

10. INSTITUTIONAL FRAMEWORK

- **General Directorate of Forestry (DGF) - Ministry of Livestock, Agriculture and Fisheries (MGAP)**

The DGF is the main authority responsible for forest policy in accordance with the provisions of Law No. 15,939. Among other tasks, it is responsible for approving plans for the use and extraction of forest resources.

Website: https://www.gub.uy/ministerio-ganaderia-agricultura-pesca/direccion-general-forestal

- **Forestry and Wood Technology Center**

Established through the Investment Agreement between Uruguay and UPM, the Forestry and Wod Technology Center (CTFM) operates via a trust and the Sectoral Innovation Fund (FIS). Its governance includes the MIEM (chair), MGAP, OPP, SPF, and ADEMA. The center's mission is to foster collaboration among stakeholders in the forestry and timber sector, promote innovative solutions, enhance competitiveness, and advance sustainable development.

Website: https://ctfm.uy/

- **Honorary Timber Commission**

It reports to the DGF and its purpose is to prepare, coordinate and monitor a plan for the promotion and development of the use of national timber for construction purposes, both for housing and furniture, among other uses. It is composed of representatives of the MGAP, the Ministry of Housing and Land Management (MVOT), the Ministry of Environment, the Ministry of Industry, Energy and Mining (MIEM), the Congress of Mayors, LATU, the University of the Republic and private universities[50].

- **Other institutions**
  - Society of Forestry Producers (SPF): www.spf.com.uy
  - Association of Woodworking and Allied Industries (ADIMAU): www.adimau.com.uy
  - Uruguayan Forestry Contractors Association - https://asecfur.com.uy/

[50] Source: Forestry Magazine – *"Let's study wood".*

- Chamber of Wood Processing Industries
- National Agricultural Research Institute (INIA) - www.inia.uy
- Technological Laboratory of Uruguay (LATU) - www.latu.org.uy
- Uruguayan Chamber of Industries (CIU) – www.ciu.com.uy
- National Energy Directorate (DNE - MIEM) – www.dne.gub.uy
- National System of Protected Areas - MVOTMA (SNAP) - http://www.mvotma.gub.uy/snap
- National Agency for Research and Innovation (ANII) - www.anii.org.uy
- National Development Agency (ANDE) - www.ande.org.uy
- School of Architecture of the University of the Republic http://www.fadu.edu.uy
- School of Engineering of the University of the Republic https://www.fing.edu.uy
- Litoral Norte University Center of the University of the Republic - http://www.unorte.edu.uy
- School of Architecture of ORT University - https://fa.ort.edu.uy/
- Ministry of Housing and Land Management - https://www.gub.uy/ministerio-vivienda-ordenamiento-territorial
- Architects Society of Uruguay - https://www.sau.org.uy/

11.ANNEX

11.1. REGULATORY FRAMEWORK

To see the annex with information on the regulatory framework of the Uruguayan forest sector, go to the following link: regulatory framework.

11.2. THE URUGUAYAN FOREST

Uruguay shares the same latitude and climate zone as southern Australia, New Zealand, South Africa and central regions of Argentina and Chile, where some of the main forestry projects in the southern hemisphere are located. These climate and soil conditions guarantee forest industry stakeholders outstanding levels of competitiveness at global level. The wood produced in Uruguay's plantations is high-quality, both the wood used for cellulose pulp production as well as the wood used for the manufacture of solid wood products.

11.2.1. FORESTRY PRIORITY AREAS

Forestry activity has grown steadily since the Forestry Law was passed in 1987. Since then, the effective area of planted forest has increased sevenfold, reaching 1.2 million hectares in 2025. On the other hand, the area of land declared a forestry priority[51] reaches more than 4 million hectares, equivalent to approximately 25% of the total agricultural area of the country.

Soil type, climate and distance to production outlets have an impact on the characteristics of forest plantations. This divides the country into **three regions** according to the criteria set by the General Directorate of Forestry:

[51] Decree No. 191/006, available at: http://www.impo.com.uy/bases/decretos/191-2006/1

Table No. 9
Forested and priority forestry area by region
(Thousands of hectares)

Area	Departments	Native Forests	Forested area	Forestry priority area
Central-North	Artigas, Rivera, Tacuarembó, Durazno, Cerro Largo and Treinta y Tres	359	531	2,202
West-coastal	Salto, Paysandú, Río Negro and Soriano	199	316	639
Southeast	Colonia, Flores, San José, Florida, Canelones, Montevideo, Lavalleja, Maldonado and Rocha	289	314	1,365
Total		847	1,162	4,205

Source: General Directorate of Forestry – MGAP[52]

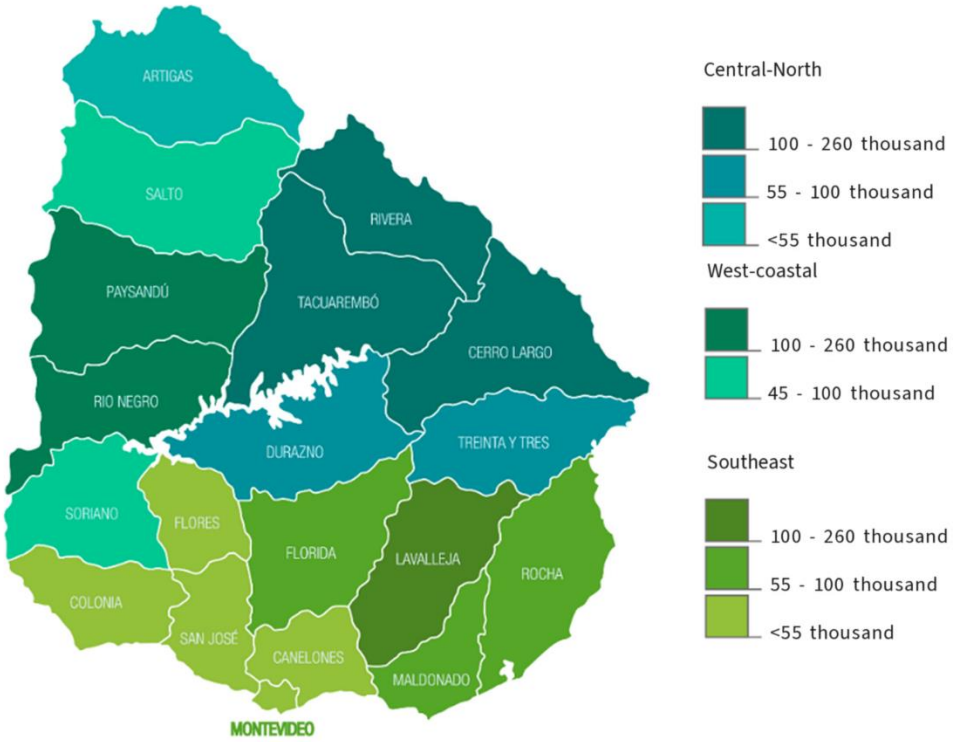
The **Southeast** region is the closest to the port of Montevideo. It is known for its strong maritime influence that avoids the existence of extreme temperatures, determining a better adaptation of species such as Eucalyptus globulus and lately E. dunnii has been included due to its productivity and adaptation to all soils. The main purpose of the plantations in this area is the production of pulp to supply the UPM mill in Fray Bentos and the Montes del Plata mill in Punta Pereira, Colonia, as well as the export of wood chips. The plantations destined for cellulose production have a short production cycle (10 to 12 years). In this region, the departments with the largest forest area are Lavalleja (97,000 ha), Rocha (53,000 ha) and Florida (57,000 ha).

The **Central-North** region is the largest forested area, concentrating 46% of the planted forests in Uruguay. It is known for its heavier frosts in winter, higher temperatures during the summer and the prevalence of sandy soils, which are conducive to the development of Eucalyptus grandis and Pinus. This region supplies the UPM II plant located in Durazno. The main outlets for timber production in this region are Paysandú, Fray Bentos or Montevideo, depending on the location and type of product. The departments with the largest forested area in this region are Tacuarembó (140,000 ha), Rivera (142,000 ha), Durazno (99,000 ha), and Cerro Largo (94,000 ha).

[52] Native Forest: National Native Forest Map (2021).
Forested area: National Planted Forest Map (2024).
Forestry priority soils: estimate of the total surface area broken down by departments of forestry priority soils set by the regulations in force, Decree No. 220/10. Includes conditioned soil groups, which require prior approval from the DGF. Link to information.

The **west-coastal** region is also characterized by the presence of frost and sandy loam to sandy soils. This area is dominated by different species of Eucalyptus and to a lesser extent Pinus. Both have a slightly lower yield in this area compared to the north. The ports and bridges used to transport forest products are Fray Bentos, Nueva Palmira and Paysandú. In this region, Río Negro (135,000 ha) and Paysandú (129,000 ha) are the departments with the largest forested areas.

Figure No. 6
Hectares forested by region



Source: compiled by Uruguay XXI based on data from the General Directorate of Forestry - MGAP.

In this link you will find the Forestry Geoportal developed by the General Directorate of Forestry, which geographically locates forest plantations, native forests and industrial facilities associated with the sector.

11.2.2.TYPES OF FOREST

The Forestry Law (Law 15,939) establishes different types of forests:

- **Protective forests:** their main purpose is to protect soil, water and other renewable natural resources. The destruction of these forests is strictly forbidden, but their

exploitation is not. This means that pruning, thinning and replacement of old trees with new ones is allowed, without threatening the survival of the forest.

- **Yield forests:** the main purpose of these forests is the economic exploitation of the trees. They can be composed of any species suitable for the production of wood or wood material.[53]
- **Native or indigenous forests[54]:** natural forests with endemic species. Any cutting or other activity that threatens their survival is forbidden.
- **General forests:** those not included in the previous categories.

11.3. FORESTRY TRAINING PROGRAMS:

Careers related to the forestry sector

- **Agronomy School of the University of the Republic:** it is the most traditional and oldest of the training opportunities related to the forestry sector. It offers the Agronomy degree (five years), which concludes with a degree in agricultural engineering. In the fourth year of the course, students have the possibility to choose between the agricultural, livestock, horticultural, fruit and forestry fields. The graduate who chooses the forestry option is called a forestry agronomist.
- **Forestry Engineering** (University of the Republic - College of Agronomy, College of Engineering and College of Chemistry):[55] the profile of graduates of the Forestry Engineering course requires a solid background in the basic and applied sciences necessary for their scientific and professional careers, with an in-depth focus on specific forestry areas and industrial processes related to the sector, observing aspects of the environment, especially social, environmental and sustainable management of natural resources, in order to allow critical and creative action in the identification and solution of problems. The course is taught at the University Center of Tacuarembó. The first student of this career graduated at the end of 2020.
- **Master's Degree in Cellulose and Paper Engineering** (Engineering College - University of the Republic):[56] the objective is to add to and deepen the scientific training and technique of the professionals in the cellulose and paper production engineering field, obtaining a greater specialization than the one received in the graduate degree. The curriculum of the Master's Degree in Cellulose and Paper Engineering spans over two

[53] Decree 191/06.
[54] Although they are included in the protective forests, Law No. 15,939 and Decrees 22/93, 24/93 and 330/93 establish specific regulations on the protection of indigenous forests.
[55] Source: UdelaR
[56] Source: School of Engineering

years and consists of programmed activities and a thesis. For each generation of students, a training plan of programmed activities (actualization and/or postgraduate courses, seminars, etc.) is established. The programmed activity is organized in a set of key subjects to broaden and deepen basic knowledge in the thematic area and a second set of specialized technological subjects.

- **Civil Engineering** (School of Engineering - University of the Republic): in this course there is a subject titled "Wooden Structures", which is mandatory for the structural profile, in order to train engineers in the use of domestic wood as a structural material. The Master's Degree in Structural Engineering also includes subjects related to structural calculations with wood.
- **Chemical Engineering** (School of Engineering - University of the Republic): in this course, there is an optional subject called "Fundamentals of Cellulose and Paper Production", which aims to introduce the student to the processes developed in cellulose pulp (particularly Kraft) and paper production mills.
- **Forestry Technician** (University of the Enterprise - UDE): this career offers a two-year program, which was the first alternative to agronomy offered by a private institution, directly focused on the needs of the forestry sector. The program covers all the steps in the forestry chain, except for chemical processing. The UDE also offers a course in Agronomy, but unlike the University of the Republic, it does not cover subjects directly related to forestry production, although it does cover plant production and protection.
- **Forestry Technician / Wood Technologist** (Labor University of Uruguay -UTU): the first, which lasts for two years, covers the entire forestry chain, from nursery and field work to forestry industries. The Wood Technologist program is developed in six semesters of related basic sciences, such as physics and mathematics, and a broad spectrum of subjects related to forest harvesting, mechanical wood processing and forest industry management.
- **Specialization Diploma in Design, Calculation and Construction with Wood** (DEEM) (School of Architecture - ORT University + School of Engineering - University of the Republic): although it is not directly linked to the traditional forestry chain, it seems important to mention this degree. It is taught jointly by the University of the Republic and the ORT University. It is a course specifically designed to provide knowledge about an area that is little explored by the current Uruguayan forestry sector, such as the use of part of the existing raw material to cover the needs of housing, civil construction, bridges, etc. in the country, both from solid wood and engineered wood products.

11.4. TAX TREATMENT OF THE SECTOR

11.4.1. PRIMARY PHASE

Since the enactment of Law No. 15,939 in 1987, the forestry sector has been subject to a distinct tax framework, incorporating exemptions and subsidies designed to stimulate production. Under the Corporate Income Tax (IRAE), any income generated from artificial forests classified as protective forests, or from MGAP-certified projects prior to harvesting, is exempt from taxation.

Furthermore, activities such as debarking, bucking, and the sale of timber may also qualify for exemptions. Regarding the Patrimony Tax (IPAT), areas afforested in priority zones are not deemed taxable, even though the forests incur a surcharge of between 0.7% and 1.5%. The Tax on the Sale of Agricultural and Livestock Goods (IMEBA) levies a 0% rate for forestry products, while other agricultural commodities face rates as high as 2%.

11.4.2. OTHER TAXES

The forestry sector does not receive specific benefits concerning the Primary Education Tax; however, waivers are available for small-scale producers. Since 2007, properties designated for forestry purposes are subject to a rural property tax of 1.25% of their cadastral value, except for quality timber projects and forests declared as protective forests. Additionally, companies with holdings exceeding 500 hectares are liable for a tax allocated to MEVIR. In terms of employer contributions to social security, the forestry sector adheres to the same regulations as other agricultural activities.

11.4.3. INDUSTRIAL PHASE AND FREE TRADE ZONES

Forest industries are required to pay IRAE, IPAT, and VAT under the general tax regime, although they can avail themselves of incentives such as projects promoted by the Investment Law Application Commission (COMAP) or benefits offered by free trade zones. Cellulose pulp plants in Uruguay operate within free trade zones, granting them exemptions from IRAE, IPAT, VAT, IMESI and other taxes Nonetheless, they are required to pay employer social security contributions for their Uruguayan employees (who must constitute at least 75% of the staff) and a fee based on the space's lease agreement. Exemptions granted to the free trade zones (ZZFF) averaged US$ 279 million between 2014 and 2019; however, for every dollar exempted, these zones generated a sixfold return in economic activity[57].

[57] According to CERES (2024) – **Forestry production in Uruguay: A Leading and Sustainable Sector**

12. URUGUAY AT A GLANCE

Official name	Oriental Republic of Uruguay
Geographical location	South America, located between Argentina and Brazil
Capital	Montevideo
Surface Area	176,215 km^2 95% of the territory is productive land suitable for agriculture and livestock farming
Population (2025)	3.44 million
GDP per capita (2024)	US$ 24,765
Currency	Uruguayan Peso ($)
Literacy rate	0.98
Life expectancy at birth	77.9 of age
Government form	Democratic republic with presidential system
Administrative Division	19 departments
Time Zone	GMT - 03:00
Official Language	Spanish

KEY ECONOMIC INDICATORS

Indicators	2021	2022	2023	2024	2025	2026*
GDP (Annual Var%)	5,8%	4,6%	0,8%	3,3%	1,8%	1,0%
GDP (US$ Millions)	60.709	71.319	79.101	82.291	85.645	91.791
Population (Millions of people)	3,44	3,44	3,44	3,44	3,44	3,44
GDP per Capita (US$)	17.643	20.710	22.994	23.922	24.897	26.684
Unemployment rate – Annual Average (% Workforce)	9,3%	7,9%	8,3%	8,2%	7,5%	7,4%
Exchange rate (Pesos per US$, Annual Average)	43,6	41,1	38,8	40,2	41,0	40,5
Exchange rate (Average Annual Variation)	3,6%	-5,6%	-5,6%	3,6%	2,0%	-1,3%
Consumer Prices (Cumulative annual % variation)	8,0%	8,3%	5,1%	5,5%	3,7%	4,7%
Exports of goods and services (US$ millions)**	19.991	23.562	22.304	23.443	23.493	24.182
Imports of goods and services (US$ millions)**	15.448	19.653	19.450	19.231	19.507	21.046
Trade Surplus/Deficit (US$ millions)	4.543	3.908	2.854	4.212	3.985	3.136
Trade Surplus/Deficit (% of GDP)	7,5%	5,5%	3,6%	5,1%	4,7%	3,4%
Overall Fiscal Result (% of GDP)	-4,1%	-3,4%	-3,2%	-4,1%	-4,4%	-
Gross Capital Formation (% of GDP)	18,2%	18,6%	17,7%	15,9%	16,2%	-
Public Sector Gross Debt (% of GDP)	69,8%	67,0%	67,6%	66,3%	74,9%	-
Foreign Direct Investment (US$ millions)***	2.977	3.386	2.434	- 1.906	791	-
Foreign Direct Investment (% of GDP)	4,9%	4,7%	3,1%	-2,3%	0,9%	-

*Projected data in red. ** Since 2012, foreign trade data follow the methodology of the 6th Edition of the Balance of Payments Manual, adopted by the BCU (Central Bank of Uruguay) in 2017, and include merchandise trade and re-exports. *** FDI data represent net flows and may therefore show negative values. Sources: BCU (GDP, foreign trade, FDI, exchange rate, international reserves, and external debt); INE (population, literacy, unemployment, and inflation); and MEF (fiscal balance, adjusted since 2018 for the effect of Law No. 19,590). Estimates are based on BCU expectations surveys and on projections by Exante.

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